

Labor Racketeering

Paul Castellano, a former boss of Gambino crime family in the early 1980s, claims: “Our job is to run the unions.” (FBI website 2010) Since labor unions provide Cosa Nostra with many possibilities of exploitations, they are the fundamental cause of Italian mafia power and wealth. Therefore the aim of this paper is to present the explanation of labor racketeering phenomenon and its significance to organized crime, unions, and American nation.

There was no strong unionism before the Civil War, due to the lack of large industry and close relationships between employers and employees. This period was characterized by small entrepreneurs and those who aspired to similar status. (Herling 1964:8)

However, after the Civil War, the industrialization era began resulting in the acceleration of unionization. As an American scholar Charles Heckscher points out, what is interesting, those craft organizations were more similar to medieval guilds rather than to unions. “Like the guilds, they controlled the tools and knowledge necessary for production, and they shared a rich culture that linked them closely to outside communities,” (1988:16) Heckscher writes. Furthermore they could “set standards of fair rates” (16) and as a consequence they very rarely struck since craft bodies were strong enough to refuse to work for lower rates. Between those first craft unions and first groups of Sicilians conducting illegal activities one can draw a parallel. In other words they both were closed associations that took advantage of their clannishness over the rest of the population.

Herling writes that the growth of labor unions caused opposition of majority of employers. On the other hand, initially secret unions of unskilled workers, like the Knights of Labor, advanced rapidly, as “belonging to it became a form of ‘economic citizenship;’ workers ... joined and found an identity.” (Herling 1964:12)

According to the Report on Corruption and Racketeering in the New York City Construction Industry, labor racketeering happens when organized crime, in this case Cosa Nostra, takes advantage of labor unions. Abusing unions by racketeers always involve commitment of some criminal offenses. For instance, extortion of employers in the form of the threat of strike, work stoppage, picketing, and sabotage; soliciting and receiving bribes from employers in order to conclude ‘sweetheart contracts’¹; thefts and embezzlement from union’s welfare and pension funds; and other crimes and felonies like murder and assault. (Report 1990:14-40)

James Jacobs, legal scholar, writes that organized crime figures started to penetrate labor unions in late nineteenth century. (2006:7) Besides, what was characteristic of the 19th century

¹ A contract made through collusion between management and labor representatives which contains terms beneficial to management and unfavorable to union workers.

was the growth of unionization as well as the development of big business. As a matter of fact the rapid growth of unions came with the industrial expansion. Herling maintains that even though employers' approach remained hostile, they started accepting the process of collective bargaining "by which unions and employers sit down together to work out contracts and resolve differences." (1964:41)

Only during a strike in 1909 the union "engaged gangsters to protect women strikers and pickets against employer thugs," (1938:46) as Harold Seidman, political scientist, states. At that times many union leaders, like Samuel Gompers, believed that recruiting mobsters was essential in order to build strong union movement. Another key point is the fact that only gangsters could effectively fight other gangsters hired by employers. At the beginning only employers, to be more precise antilabor employers, used to hire mobsters in order to 'solve' union's problems, fix prices, as well as guarantee protection from other business competitors. That is to say, on the one hand there were employers cooperating with organized crime, on the other - the unions paying mobsters for support in dealing with entrepreneurs and for protection of striking workers. Sidney Lens, labor leader, explains: "Once the employers took to hiring thugs as strike breakers, the unions took to hiring their own muscle men." (1959:108) As a result gangsters were providing assistance to both sides. Furthermore they "did not accept temporary work. Once hired, they remained permanently employed, whether the union like it or not," (47) Seidman points out. As it was already mentioned, employers were the first ones to start to resort to organized crime support. According to Seidman many companies preferred to deal with Mafiosi than with union officials who were often radical. (47) Therefore it seems that hiring gangsters became some kind of vicious cycle and the whole illegal phenomenon contributed exclusively to growing power and strength of American Cosa Nostra: "it was labor racketeering that made Cosa Nostra part of the sociopolitical power structure of twentieth-century America," (24) Jacobs explains.

Concurrently for mobsters it became both easy and secure way for empowerment of their criminal organization, and a method to gain huge profit. In other words they "went into the labor movement to make money," (2003:924) as historian David Witwer puts it. Moreover after the abolishing of the Prohibition, Witwer continues, money pulled out of unions constituted great part of Cosa Nostra's profit. And with the money came real power and strength that enabled to build unique position of American Cosa Nostra among other gangs and criminals present in the United States.

As Witwer further explains, not all unions were equally subject to labor racketeering. Among the most "susceptible unions were those whose members worked for numerous small employers both for "construction and longshoring," (2003:7) likewise craft unions. As an example of susceptibility of unions to organized crime activities it would be proper to present the situation of the New York harbor waterfront. As Jacobs points out, in 1937 Anthony Anastasio (known as Anastasia) took control over some New York harbor locals on behalf of Cosa Nostra. (Jacobs 2006:49) Controlling harbor of such a huge and important city as New York can be compared to having power over the whole city, as well as a great part of the east coast. For instance, all the decisions regarding unloading cargo were in hands of members of Cosa Nostra. Consequently they could easily cut off access to essential consumer goods to New Yorkers and inhabitants of other cities. As we read in a report of Senate Permanent Subcommittee on Investigations regarding waterfront corruption:

Organized crime exerted significant influence over the ILA [International Longshoremen's Association] and many shipping companies. . . . The free enterprise system has been thrown off balance. . . . Profitability was not based on efficiency and hard work but rather on bribery, extortion and underworld connections. Much of the corruption on the waterfront stemmed from organized crime's control over the ILA, a condition that has existed for at least 30 years. (1984)

Another important point in the consideration regarding trade union history and labor racketeering occurred in 1955 when the AFL (American Federation of Labor)² and CIO (Congress of Industrial Organization) drew together. The main reason of the merger was the presence of racketeers and the intension to solve that problem by eliminating phenomenon of labor racketeering. Moreover the AFL-CIO wanted to increase their organizational scope together and widen their defensive power. (Herling 1964:34)

Members of organized crime could use different ways in order to enter unions. As Pulitzer Prize winner Malcolm Johnson reports, gangsters applied traditional mafia methods like "threats and violence." (1950:12) The other system was fixed election that might also become a good modus operandi to establish employer's monopoly of power: "Once in power, he can bribe his opposition into cooperation, or he can sew them in sacks and drop them into the river." (12)

Numerous ways were adopted by organized crime in order to take control over unions. Sometimes mobsters created a union, like the infamous "local 530 [which] was founded in 1978 by gangsters for gangsters and the companies affiliated with them." (2005:6) On the one hand, Cosa Nostra was able to guarantee legal work for its associates and their family members. On the other hand, union leaders very often needed support and votes from mob directed unions. For instance Jimmy Hoffa³, in order to assure the result of election, reached an agreement with capo of Lucchese crime family who subsequently created seven local unions, (1991:86-87) as Arthur Sloane explains.

As Jacobs reports, among other ways of obtaining control over unions, organized crime used intimidation of union leaders and union officials, as well as fraud due to win election for top union position, or recognition by employers as bargaining agent. (Jacobs 2006:29-31) Once the union was taken over, the only problem for mobsters was to consolidate the power. In other words Cosa Nostra had to eliminate "enemies" and reward "friends". Those who had the courage to "challenge the mob faced loss of employment and/or violent reprisals." (31) In contrast, supporters were paid very well for their loyalty to Cosa Nostra in the forms of overpaid jobs and lucrative contracts. Finally mafia was capable of making use of unions as "cash cows," (xi) Jacobs writes. Cosa Nostra pulled money out of unions in salaries and bribes, from pension and welfare funds, as well as by monopolizing industries. When mafia created a cartel, all companies that were not members were expelled from that industry. As a consequence Cosa Nostra gained even larger profit not only by controlling but also by directing all the decisions and operations among "cartelized industry," (34) as Jacobs points out.

² American Federation of Labor was founded in 1886

³ Jimmy Hoffa was the creator and president of one of the most successful and powerful labor unions, the International Brotherhood of Teamsters

As an illustration to factors described above, it would be necessary to cite the words addressed to a Senate Permanent Subcommittee on Investigations by Vincent Cafaro, a member of Genovese crime family:

We got money from gambling, but our real power, our real strength, came from the unions. With the unions behind us, we could shut down the city, or the country for that matter, if we needed to get our way.... In some cases, we got money from our dealings with the unions, in some cases we got favors such as jobs for friends and relatives – but, most importantly, in all cases, we got power over every businessman in New York. (1988:16-17)

Hence, one should remember that labor unions were not exclusively a great source of income for Cosa Nostra, but first of all an important factor that contributed to empowerment of that criminal organization. According to Jacobs, labor racketeering constitutes a distinctive characteristic of Italian mafia among other illegal organizations. Likewise the uniqueness of Cosa Nostra, which consists in its political and economic power, comes from labor unions. (xii, 36)

To indicate importance it would be adequate to present Fortune Magazine's 1986 ranking of "The 50 Biggest Mafia Bosses" displaying a wide spectrum of names, nicknames, headquarters, families, and sources of income. What is interesting, the source of income of more than twenty bosses of the top fifty is connected with unions and constructions (very often related with unions). The number one of the ranking, Anthony Salerno, owed his position, wealth, power and influence to construction, unions, gambling, and loan-sharking. (1986:25)

There is also the other side of the coin, in other words the consequences of labor racketeering that union faced. First of all, it is impossible to state that the only contributing factor to its decline was labor racketeering, although it was very important one. Since the 1950s, as Stanley Aronowitz, sociologist and scholar of labor movement points out, a significant decline in union membership could be observed. (1998) Certainly there were many other reasons of decreasing number of union members, like the economic situation. However, labor racketeering was detrimental to the reputation of all labor movement, even to unions without organized crime influence. As a consequence less young people were willing to join unions due to their bad reputation.

As far as counteraction against labor racketeering is concerned, one should remember that the operations of U.S. Congress in the form of "hearings, reports, and legislature" (13) constituted significant opposition, as Jacobs claims. The first important event that directed public attention toward the presence of Cosa Nostra in labor movement was The Senate Select Committee on Improper Activities in the Labor or Management Field (1957-1959). The McClellan Committee hearings, which were covered by mass media and aroused huge interest from the public, presented links between organized crime and various unions. Senator John McClellan in his book *Crime Without Punishment* declares that: "Hundreds of honest, decent union officials throughout the country, and perhaps millions of their hard-working members, are daily subjected to the manipulation of these racketeers and their henchmen." (1962:116) Nevertheless not only unions are subject to possible danger of mafia influence. The abuse of unions by organized crime was actually a public menace, Robert Kennedy warned: "If we do not on a national scale attack organized criminals with weapons and techniques as effective as their own, they will destroy us." (1960:265)

The consequence of The McClellan Committee hearings was the passage of Labor Management Reporting and Disclosure Act in 1959. According to Jacobs, the Landrum-Griffin Act “enlisted union democracy as a key strategy in fighting labor racketeering.” (15) Equally important are the requirements regarding obligatory reports to the U.S. Department of Labor on “income, expenditures, and salaries,” in like manner prohibition of loans to union members of amount higher than \$2000. What is more, as it is reported by a labor historian Philip Taft, under the Landrum-Griffin Act it was a federal offence to defalcate union funds. (1964:686)

Furthermore already mentioned the Racketeer Influenced and Corrupt Organizations Act (RICO) from 1970 was a significant instrument prior to fight efficiently against labor racketeering. According to Robert Blakey, law professor and nation’s foremost authority on the RICO, and Ronald Goldstock, former director of the New York State Organized Crime Task Force:

RICO provides the flexibility required to implement a comprehensive strategy in the labor racketeering area. To the extent that it is used appropriately and with discretion, it offers significant potential to affect what is clearly a national problem. (1980:365)

Accordingly in following years about twenty civil RICO suits resulted in elimination of Cosa Nostra from that unions, as Jacobs states. (19)

To summarize it would be necessary to emphasize the importance of Cosa Nostra influence over some labor unions in the United States. At the same time, keeping in mind that organized crime managed to exploit both unions and union power only in the United States. In case of International Brotherhood of Teamsters, one of the largest unions, it is possible to argue that Cosa Nostra not as much influences it but keeps the whole union, all its members, and officials under control. Moreover mafia by controlling Teamsters’ pension and welfare funds, has access to almost interminable amount of money. Last but not least there are labor union leaders that facilitated development of Cosa Nostra illegal activities concerned with labor racketeering. Most of the leaders, obviously with some exceptions, get used to presence of organized crime in their unions.

To cut long story short, one might venture the hypothesis that without the wealth and power achieved prior to labor racketeering, Cosa Nostra would have not been able to succeed in seventies and eighties, as well as become the most powerful criminal organization in the United States.

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STRESZCZENIE

Labor racketeering jest zjawiskiem występującym na terytorium Stanów Zjednoczonych, gdzie grupa przestępczości zorganizowanej, w tym przypadku amerykańska Cosa Nostra, czerpie różnego rodzaju zyski z legalnej działalności związków zawodowych. W artykule staram się przedstawić początki zjawiska, wyjaśnić przyczyny jego powstania oraz reakcję amerykańskiego rządu. Oprócz omówienia korzyści płynących dla Cosa Nostry, postaram się opisać jaki wpływ na związki zawodowe miała 'współpraca' z mafią. Na koniec pokuszę się o hipotezę, że dzięki związkom zawodowym Cosa Nostra zdobyła ogromną władzę i bogactwo, a co za tym idzie stała się najpotężniejszą organizacją przestępczą w Stanach Zjednoczonych.