

CHAPTER VII

GOVERNMENT AND THE UNDERWORLD

RULERS AND THE RULED

A great change has taken place since the end of the World War in the condition of nearly all States, regarding the relationship of the rulers and the ruled. Before the War it was not difficult for the critic to refer to nearly all States in general terms, because there were similar main and vital features of polity and procedure in them. For instance, all the chief States of western civilization enjoyed the franchise, periodical elections, cabinets responsible to Parliament (with the exception of the United States), and there were other presumably enlightened features which revealed a likeness. Although there were two which leaned towards absolute monarchy, the others could be called in round terms, democracies. There were certain restrictions in some of them on press and speech; there were other slight differences, annoying to many no doubt, but taking them as a whole on each side of the Atlantic, they practiced much the same political, industrial, and social policies. Now it is all changed, and it is not so easy to speak in general terms. Three of the States are changed out of all recognition—Russia, Italy, and Germany. England is now accused of perfecting the cabinet system to the detriment of Parliament, and the United States is now merely a democracy in name. Here, the chief Executive is, in many respects, even more powerful as an autocrat

than Hitler or Mussolini. He dictates to Congress, and Congress often bows to his will. His cabinet has ceased to have any significance whatever, as heads of departments, and must do his bidding. And as for the Senate and the House of Representatives, the great bulk of the members go now by the name of "rubber stamps." Independence of thought is frowned upon; the minority is checked at every turn, and scarcely any measure of importance that has been passed since 1933 has been debated with reason and judgment. Everything has been speeded up in the parliamentary machine to place measures understood by few upon the statute book as quickly as possible. The Executive has even gone so far as to say that they were to pass the measures, although Congress might think they were unconstitutional. Before the end of the last Congress, in the haste to send a measure to the Executive for his signature, the legislator in charge of it scoffed at an appeal that it should be read in its entirety, slowly and clearly. His rejoinder was that if he consented to the suggestion, "the members wouldn't understand what it was about."

The question is: does it matter when a politician takes office whether there are certain conditions and responsibilities to be accepted and maintained? Are there obligations to the oath that is administered to the incumbent on inauguration?

POLITICAL ANARCHY

There is now practiced in the United States a subtle form of political anarchy by the Executive and by Congress, which is fraught with the gravest danger. The utter disregard for the rules of the old game is patent to everybody who thinks, whether he supports the administration or not. But no one seems to realize that the

action of the head of the State, and the legislators, too, is comparable in many respects to the action of racketeers and the denizens of the underworld. The significant feature of both is the disregard for the rules. I, myself, have noticed since the incoming of high protective tariffs that our language has changed from the cautious "I guess and calculate" and "Wait a minute, let me think" of the old Yankee stock, to the flippant language of the crook, such as "I'll do anything once," "If I can get away with it," "getting by," "putting it over," "taking while the taking's good," etc. Many other such disreputable expressions seem to have entered into the speech of the people. Even the children use these phrases. Anyone who pretends to observe and study the reports concerning crime in the United States must shudder if he stops for a moment to think of what has taken place in official Washington since 1933. How much more, however, will he be disturbed, if he thinks at all about these matters, when he reads and studies the reports of educationists on the spread of crime among our youth. The utter disregard for the rules of the game runs through all sections of society.

NEW RULES

The craze for new rules is a sure indication of a desire to abolish rules altogether. No matter whether it be in sport, or in parlor games, or in gaming, one has not to wait long to learn how soon those who welcome new rules agitate for newer ones. The old amateur standing in sport is gone. All the laws which were made to differentiate strictly between an amateur and a professional no longer exist. Moreover, one now seldom meets anyone who notices the extraordinary change and, not infrequently, the man who enters a protest, and

objects to all this unseemly change, is laughed at for his pains.

It is probably because distinctions have been removed that the generality of people fail utterly to appreciate the gravity of one section of society committing the faults of the other. The popularity of the underworld movie is a case in point. Fathers and mothers do little or nothing to check the desires of their children to witness pictures which reveal the gangster and his crimes. Years ago it would have been impossible to find parents who would permit their children to see these things. Then again, the vast majority of people cannot distinguish between the practices of the underworld and the upper world. Perhaps they think the so-called respectable sections of society may indulge in a little crime just to get "a kick out of it." The distinction, if there be any left, in this case seems to be just a matter of environment and affluence.

Take the matter of using funds granted by Congress to the Executive for relief purposes. These funds were to be used by him, specifically, for the conditions of the emergency which the administration invented in 1933. It is true that the huge grant was made in broad terms; but no matter how broad the Executive may imagine the conditions of the grant to be, he could not possibly find a reason for diverting these funds to local communities to build power plants to compete with individual enterprises. What then is the difference between a bomber, who pitches his bomb into a shop and wrecks it, because the owner of it will not pay tribute to the racketeer, and the government, which is bent on wrecking the power plants of private companies? The result is the same, though the method may be different. Yet, in the one case, that of the racketeer, the criminal is

liable to be prosecuted; but the government is free, and the shareholders of the private company have no redress. As was said by a Supreme Court judge in a minority decision: the shareholders have no avenue of justice save that of the ballot box. But the government has taken good care to bribe, in its own interest, a sufficient number to give it a majority at the polls. This method, to insure a decision in their favor, is that of the gangster who bribes the judge.

And what is to be said of the silver-buying racket? That was one of the most notorious pieces of racketeering that has been done by a government for centuries. Representative Taber stated that it is one of our worst rackets. The reason for this disorderly piece of State racketeering was to hold the silver mining interests of a few sparsely populated states in the Democratic party. The damage that was done internationally by this extraordinary manipulation can scarcely be computed because it was so widespread. It not only injured the vast majority of people in this country, but it caused untold damage to millions scattered all over Asia. All the denunciations that we hear from the Pharisees of Washington about private industrialists rigging prices under what is called, for party purposes, "monopolistic misdoings," amounts to nothing at all. Indeed, who has caused so much damage as this government itself in rigging prices of silver and gold and every other commodity that is of use to the community?

COUNTERFEITING

The government even permits the States to counterfeit money. Indeed, the issue of discs and tokens to represent mills, because of the sales tax in certain States, has become a most annoying racket. The other day a

lady was given some of these tokens in change in a shop. She protested because she was leaving town that night and they would be of no use to her in another State. The salesman laughed at her. A chauffeur got off the train when passing through Kansas City and was given cardboard discs for change. He protested, and said that he was not living in Missouri and the tokens would be useless to him elsewhere. The cashier said, "I should worry!"

But the comic part of this racket touches the distribution of the discs and the tokens. A town in the northern portion of a Western State required fifteen dollars worth of tokens. To get the packet from the Capitol to the town, two men were engaged for the job, and when they returned after delivering the fifteen dollars, they handed in an expense bill (often called "the swindle-sheet") which amounted to \$16.75. There is no end to the racketeering perpetrated by the governments!

Then, was ever a greater fraud exercised upon innocent people than that of paying gold certificates with a fifty-nine cent dollar? And yet, the Executive was, in all probability, quite conscious that the reduction of the gold content of the dollar was an unmitigated fraud, for when he was out for votes in 1932, he said: "I might add Senator Glass made the devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew the promise, yes, the covenant embodied in those securities."

But the list of racketeering acts of this government, if given in length, would require a volume. Anyway, there is not one thing that the government has blamed business for doing in a nefarious manner, that it has not perpetrated day in and day out for the past five years.

IMPUNITY OF OFFICE-HOLDERS

An example of what may be done with impunity by office-holders is revealed in the evidence of a case now before the courts. A public official entered the plea that the embezzlements with which he is charged were largely committed in the interests of the political party he served. Another case not so long ago in a midwestern town, where an embezzlement amounted to hundreds of thousands of dollars was one in which the culprit said he merely borrowed the money and intended to pay it back. A sympathetic jury found him not guilty of crime. Scarcely a day passes now when similar cases are not reported. In numbers of cases in recent years, the authorities have found it exceedingly difficult to get a jury to try a public official. Nothing is done; the soul of society is not shocked.

I have just read an article called *Crime as a Profession*, by Fletcher Pratt. He says:

“General statistics reveal that if you commit a murder in the United States, you stand a fifty per cent chance of never being tried, better than a seventy-five per cent chance of not being convicted, and something like a ninety per cent chance of receiving no heavier punishment than five years in prison. It is usual to divide the blame for this condition between the police and legal establishments, and there is a certain amount of seepage through sentimental juries, clever advocacy, and antiquated legal procedure.”

THE INCUBUS OF THE RACKETEER

Mr. Martin Mooney, in his book called *Crime Incorporated*, which is endorsed by the Director of the Federal Bureau of Investigation, tells us that there are

sixteen rackets which take millions a day from the pockets of the people. It is estimated that the pin-ball racket alone accounts for at least five million dollars a day. Further, he states that "ninety per cent of all industrial activity in the country is racketeer-ridden." The Chief of the Federal Bureau of Investigation, in an address before the International Association of Chiefs of Police, said:

"There is the legal shyster in law-making, who, in meetings of bar associations and legislatures, cries out against every statute which aids the law-enforcement officer and works with fanatical zeal for laws which will hamper him. He orates loudly and blatantly upon the constitutional rights of the criminal jackal and totally ignores the sacred and human rights of honest citizens.

"He is backed by the politician, crooked and otherwise, who is willing to trade the property, the well-being, the security and even the lives of law-abiding persons for ballots spawned in prison cells, and the support of gutter scum."

The indictment, in Mr. Mooney's book, of lawyers, politicians and police departments is terrible reading. Yet, the Federal Government and its supporters in Congress concentrate their attention, so far as reform is concerned, on holding companies, short sales in the stock exchange, and "monopolistic" practices of what they call "Big Business." No effort is made to free the people from the incubus of the racketeer. The work of Mr. Thomas E. Dewey, the District Attorney in New York, is his own, and the success that he has so far had in prosecuting a few of the great racketeers, is to be attributed to his own individual effort. Congress and the State legislatures are silent. An excuse for the

inaction of legislators is that the rackets are local matters and concern the municipalities. Still, the Federal Government some years ago unearthed Al Capone and sent him to the penitentiary because he had defrauded the Treasury. Now, if it could be done in the case of Capone, it could be done in the case of almost any racketeer they wish to lay their hands upon. Evidently they think it is better policy to destroy the private utility companies because these have scarcely any political influence. No one should know better than the Executive what the racketeering business in this country amounts to, for he was once Governor of the State of New York.

Mr. Mooney says that the racketeering business "probably ranks second only to the United States Treasury in the amount it has liquid and ready for immediate action. Cash in hand, the super-racketeers have always found, is worth two billion of securities in the bush." Here, evidently, is a source from which the Treasury might find old-age pensions for the poor who have been robbed by the racketeers.

Mr. Martin Mooney in an article on "Paroles over the Counter" in *The American Magazine* asks:

"How is it possible for vicious criminals—for murderers and gangsters—to get paroles? Who are the men who can make a 'fix' so that desperadoes can stroll through prison gates to freedom and more crime?"

"One answer is that parole and politics go hand in hand. Paroles in a number of states are the negotiable bonds in the business of unscrupulous politicians, be they ward heelers, state senators, governors, congressmen, or United States senators. Paroles are sometimes powerful at the polls because they can be traded with

profit for votes. The power to make a parole 'fix' is as good as cold cash for those politicians who abuse their office by selling paroles."

A few days ago, three young criminals were caught, together with an arsenal of weapons. Two of the criminals had been paroled twice; the third had been paroled three times. Investigation showed that these three persons had "political pull" in the district where they operated.

Mr. Henry M. Hyde, Washington correspondent for *The Baltimore Evening Sun*, is responsible for stating that Thomas Corcoran, one of the inner circle of White House advisors, told him that "the definition of private property in the United States must be changed." Probably Mr. Corcoran is not aware that Dillinger, Baby Face Nelson and other desperadoes were of the same opinion.

Mr. Felix Frankfurter in *The Yale Review* told us:

"Under the guidance of a Supreme Court responsive to the potentialities of the Constitution to meet the needs of our society, it would now lie within our power to have an enduring diffusion of the goods of civilization to an extent never before attainable."

Ma Barker's family held similar ideas. The only difference between their way of achieving the diffusion and Mr. Frankfurter's was one of method.

That the American public generally is so light-minded that it may be called upon to follow the slogans of thoughtless "reformers" has been shown by investigators, and the literature on this condition of affairs is voluminous. As someone said, speaking of more than fifty per cent of the people of the United States, if most of them were not racketeers, they were

fit and proper persons to become victims of racketeers. Rackets run in every direction, and now that the report of the Ruth Commission of Pennsylvania is published, we find that the matter of placing reliance in a jury to decide the case on the evidence is becoming somewhat rare. Mr. Upton Close, in *The Christian Science Monitor*, referring to the report of the Ruth Commission, says:

“Most common of the sins of juries, says the Ruth report, is their tendency to regard lightly misconduct in office: a mayor sharing the proceeds of prostitution, a police chief collecting from illicit liquor dealers, political bosses conspiring to deprive the American citizen of his right to vote freely seem to arouse jurors so little that they are willing to determine the verdict by the flip of a coin.”

Such a state of affairs could only be tolerated in a society that has lost all the old distinctions and respect for law. Neither the Federal, nor the State legislatures, seem to be much perturbed about it, although it may be said, so far as kidnapping is concerned, and gangsters who have been guilty of infractions of the interstate law, that these offenses are now dealt with by Federal authority. Yet, in order to curb these misdemeanants, it has adopted their tactics, which often amount to remorseless war upon the guilty. All this is to be expected from a system that permits the law court to be used as an adjunct of a Hollywood rehearsal studio. A retired judge told me that “the shot of the photographer-journalist was quite as important as the shot that killed the victim.” Newspaper readers who cannot attend the trials must get “a kick out of it,” no matter if the whole of the dignity of the bench has to be jettisoned in the process. And the strange part about it all is that the

judges are helpless! Most of them, no doubt, when they turn back to Bret Harte and his contemporary novelists, must sigh for the "good old days" of summary procedure in the courts of mining camps.

RACKETEERING OF THE GOVERNMENT

Take the matter of what is called racketeering and attempt to draw the distinction between it as practiced, say in New York City, by the people who have been prosecuted by Mr. Dewey, and the actions of Congress and the Executive. Racketeering is practiced upon defenseless people in the form of exacting tribute. The racketeering of the government, as practiced upon industry, differs in no vital respect, save one which I shall deal with, for it must be understood that the intention of the government in its method of practicing this science is made clear now; to single out the people of means (which in America is taken to be those who are industrious) and exact tribute from them, which, in other words, means that they are to be penalized for their industrial exertions.

Consider the methods employed to sell the Democratic Year Book. A more flagrant piece of blackmail was never attempted. The sale of as many as a thousand signed copies of a literary work by an author of repute is rarely heard of; but when the Executive signs a book of no literary value at all, for the purpose of collecting funds to wipe out the party's deficit, the edition runs into tens of thousands, I am informed. Mr. David Lawrence says that the methods of Federal officials, in their efforts to get evidence with which to compel automobile manufacturers to agree to a plan sponsored by the government, amounts, in some respects, to blackmail. He says:

“Not only has there been a plain threat to obtain criminal indictments against the principal automobile personalities of the business world . . . but there has been a tacit understanding that if these companies would sign a consent decree amounting to a confession of guilt, they would go scot-free.”

It is alleged that a member of the cabinet suggested to the Governor of a State that he should kidnap certain employers and hold them in restraint until they signed an agreement dictated by labor unions. There is very little practiced by the *bona fide* racketeer that this administration has not attempted in some form or another. The selling of the Democratic Year Book was conducted according to strict racketeering methods.

POLITICIANS AND CRIMINALS

It is scarcely necessary to mention the general bribery and corruption that are practiced on nearly every hand by the local officials and political spoilsmen. No matter where you look in the records dealing with local political crime, you are bound to find what Mr. Dewey has found in New York: that the alliance between local politicians and criminals is based on an *entente cordiale*, the first provision of which lays down the basis on which the graft is to be distributed.

And legislators say that all this is done because the “economic royalists” and the “stuffed shirts” have taken unfair advantage of their employees and are responsible largely for the poverty that exists. This is supposed to be the saving grace of these humanitarians. And all this is exacted and prosecuted in the name of humanity—humanity being those who deserve help, the minority; those who support the party, whether deserv-

ing or not; and all those politicians, Federal and local, together with their mighty phalanxes of pay-rollers who elected this administration. This means there must be something like one-third of the electorate of the United States excluded from the chief Executive's conception of humanity. It is amazing how indifferent the general public is to the utter cant and hypocrisy expressed in the speeches delivered by the chief Executive and his servile legislators. No one thinks it strange, in what is supposedly a democratic country, legislating through the media of parliamentary institutions, that only a very small percentage of the men in league with the administration have any commercial knowledge or business reputation. The vast majority are mere odds and ends of law schools who would certainly never think of going to Congress if they had shown the competence and ability to succeed at the Bar. Burke Cochran years ago said there would be "damned few men in Congress if it were not for the mediocrities of law schools." It is a racket, and all done in the name of humanity.

But the racketeer, presumably, could easily make a case if he had the wit to say to the magistrate that he exacted tribute because his old mother and father had been defrauded by the "economic royalists." Perhaps he could point to his brothers and sisters who had been brought up in poverty and say that his heart bled for them, and there was no other career open to him but politics. One said, "I didn't try that because I thought I wouldn't have a chance." Nobody seems to think that there have been rules laid down to be followed by people who accept the conditions and responsibilities of citizenship, and that obligations concerning these rules and the importance of observing them, are essential for the preservation of the State.

HIGH PROTECTION

A long generation reared under the tenets of high protection (which is nothing more or less than a matter of robbing the consumer to benefit the producer, by leaving him an industrial field without alien competition) is now bearing fruit. Strangely enough, while this has been going on, industry, generally in the country, has been reforming itself from within. And now it can boast a fairly clean sheet. How strange that it should emerge from the nefarious business of high tariffs, quick profits, and low wage (for it must be realized that high wages, in general were paid by none but unprotected industries) into the serener atmosphere of striving to do better for employees, and so fashion their produce as to give a better article at a lower price! The spectacle is a curious one: as industry has improved, and the conditions of the workers in the industry have been bettered, the system of government has grown steadily worse. Local government generally is just as rotten as it can be! This country of all countries in the world, which practiced to advantage pioneering, inventiveness, large scale leisure, risk, frugality and thrift, when I knew it first, has become to a very great extent, so far as politics are concerned, a relief constituency.