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### Quest for the American Dream by Prohibition Era Racketeers

The pursuit of the American Dream is often times associated with homesteaders and immigrants, but a new breed emerged after the 18<sup>th</sup> Amendment was passed in 1919. Prohibition, powered by the Volstead Act, led the way for organized crime to enter American cities in order to produce, traffic and sell alcohol in addition to other types of illegal activities in the depression and interwar period. The collaboration of anti-Prohibition activities, such as racketeering and prostitution, allowed for an illegal rendition of rags to riches, thus the American Dream. A prime example of this can be seen throughout the life of Alphonse Gabriel "Al" Capone as he rose up from the slums in New York City to create his empire in Chicago, creating monumental revenues of the time through the black market.

The significance of this topic is both an interesting and capturing spin on how the American dream does not stop in our history at the Homestead Act. Instead, it may shed new light on the meaning and introduce to students a rather interesting phenomenon, how legislation to clean up society actually birthed gang activities and employed boss politics.

New technologies in weaponry aided the mobs to intimidate both law enforcement and their foes. Commonly weaponry of Prohibition era gangsters included Thompson 9mm submachine guns which gangsters created 50 round drum magazines so

they could eliminate the need to reload in the middle of a firefight or drive-by. Another common modification to weaponry was the sawed off 12 gauge shotgun, this to make them easier to conceal and lighter to carry.<sup>1</sup> This is just part of the weaponry used by Capone, as mentioned by Virgil Peterson in her article "Chicago: Shades of Capone."

Peterson also writes that one of the shades of Capone included the power that bosses had over everyday people. Loan sharking was a way that gang member increased revenues from the main sources of income, gambling. It was reported that a small businessman of Cicero, Illinois "became indebted in the amount of \$1,600 to a bookmaking establishment under the control of Sam 'Mooney' Giancana and other Capone-syndicate hoodlums." The interest rates had this loan increased to \$4,000 in twenty weeks, and "when he was unable to meet these payments, he was threatened with death unless he could produce the money by a specified date."<sup>2</sup>

Peterson also reveals other industries where they gangs weighed in heavily aside from gambling, alcohol markets, and brothels. The "restaurant association was only one of several trade associations in which Capone gangsters have exerted influence in those years"<sup>3</sup> Attorneys that represented Capone's members on multiple occasions helped to defend those in the food processing business as well. As "a number of important syndicate hoodlums have engages in the food industry." Among those convicted was Joseph Siciliano, who was sentenced to serve a total of ten years for bribing a state food inspector. Invested in Siciliano's meat company were four of the most notorious and

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<sup>1</sup> Peterson, Virgil. "Chicago: Shades of Capone." *Annals of the American Academy of Political and Social Sciences* 347, no. (1963): 37.

<sup>2</sup> Peterson, 36.

<sup>3</sup> Peterson, 35

powerful members of the Capone organization.<sup>4</sup> The automobile sales industry was also influenced by postmortem Capone gang leaders. The Sterling Harris Ford Agency in Chicago filed bankruptcy and soon lost 300 automobiles as well as documentation for them. “Many of the cars were found registered in the names of friends and associates of Capone-gang leaders.” Another newer industry was also heavily influenced. “The Capone syndicate has been particularly interested in almost all phases of the coin-machine business. Though banned in the City of Chicago, coin machines were allowed in surrounding counties and “Al Capone in the 1920’s is a dominant figure in the pinball, joke-box, and cigarette vending-machines business in the Chicago area.”<sup>5</sup> “The jukebox industry in Chicago has been under the domination of the Capone organization for several decades.” Though their music players were manufactured by reputable firms, “the boxes are sold to distributorships which are often mob owned or controlled.” Capone’s mob had a part in the distribution of phonograph records to jukebox operations.<sup>6</sup>

Historians such as Jason Porterfield often attribute the **American dream** to homesteaders and immigrants. However, Laura Beshears, Michael Woodwiss, and Andrew Cohen claim that prohibition had birthed a new, illegal rendition of the American dream.

Jason Porterfield, author of *The Homestead Act of 1862 : a primary source history of the settlement of the American heartland in the late 19th century*, argues for what one

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<sup>4</sup> Peterson, 37.

<sup>5</sup> Peterson 38.

<sup>6</sup> Peterson, 39.

of the original meanings of what was the American dream. Porterfield stakes his claim that Homesteaders are those who went west of the Mississippi to stake their claim of 160 acres of land to be cultivated in accordance with the Homestead Act of 1862, passed by President Abraham Lincoln in promotion of Manifest Destiny. This gave those on the East coast the opportunity to create a better life for themselves by taking a risk and using hard work and determination to possibly reach fortune on their farms.<sup>7</sup>

However it is taught in history classes that the true achievers of the American dream reflect the lives of big business for this time. Those studying about the 1920's reflect the lives J.P. Morgan, J.D. Rockefeller, Henry Ford or George Eastman. All of these men rose up through the ranks and brought their businesses into power throughout the Gilded age and into the Industrial age. But what about those who did achieved similar wealth through illegal activities?

In 2010, a historian of *The Journal of American Culture* wrote "Prohibition, supposedly created to prevent drinking, presented gangsters with an opportunity to profit from illegal bootlegging."<sup>8</sup> Laura Beshears also stated that by the roaring twenties, crime "became as organized and structured as most legitimate businesses... because gangsters took their economic role to be the provision of goods and services that society demanded, even though supplying those goods and services was against the law."<sup>9</sup> Similar to the flapper's attire signified the changes of the 1920's, Gangster's attire "spoke to the rampant growth of organized crime in major American cities during the Jazz Age." She

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<sup>7</sup> Jason Porterfield. *The Homestead Act of 1862 : a primary source history of the settlement of the American heartland in the late 19th century*. New York: Rosen Central Primary Source, 2005.

<sup>8</sup> Laura Beshears. "Honorable Style in Dishonorable Times: American Gangsters of the 1920's and 1930's." *The Journal of American Culture* 33, no. 3 (2010): 200

<sup>9</sup> Beshears, 200.

then attributes the link between the 18<sup>th</sup> amendment and revenue. “Much of this crime hinged on the passing of prohibition in 1920, and many gangsters made good money from bootlegging and racketeering for over a decade, as prohibition was not repealed until 1933.”<sup>10</sup> Beshears’ most important declaration however, states that the gangsters of this time period were in fact an example of the American dream. “Forging their way to the top through hard work, even though it was criminal, gangsters ironically achieved the American dream: success and wealth through effort and persistence.”<sup>11</sup>

Michael Woodwiss of *History Today* stakes his claim that illegal forms of profitable crime existed in America long before Declaration of Independence was written. He stated that piracy and smuggling were notable features of the colonial experience and that crime syndicates that organized gambling and prostitution were often times run by politicians that wanted to “carve out their illegal fortunes.”<sup>12</sup> Woodwiss also stated that bootlegging presented second generation southern and eastern European immigrants that were Jews, Italians, Sicilians, Poles, Slavs and others with opportunities to climb the criminal hierarchy, many of whom accepted this as a form of occupation.<sup>13</sup> He also comments that “Prohibition created a vast new market for illegal goods and services and, in bootlegging a brand new industry.”<sup>14</sup> This gave young men in juvenile gangs an opportunity to prosper, much more rapidly than their parents had in their occupation. Woodwiss notes that Al Capone made his fortunes by combining “legal and semi-legal” businesses such as, :breweries, distilleries, warehouses, fleets of trucks and boats,

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<sup>10</sup> Beshears, 197.

<sup>11</sup> Beshears, 201.

<sup>12</sup> Michael Woodwiss. "Capone to Kefauver: Organized Crime in America." *History Today* 37, no. 6 (June 1987): 8.

<sup>13</sup> Woodwiss, 8.

<sup>14</sup> Woodwiss, 8.

nightclubs, gambling houses, horse and race tracks, brothels” and others into what would become an “industry” producing a yearly income of millions of dollars. Interestingly the author claims that this was successful because of Capone’s relations to Chicago’s City Hall and officials at all levels, ultimately granting him immunity.<sup>15</sup>

Andrew Cohen, author of "The Racketeer's Progress: Commerce, Crime and the Law in Chicago, 1900-1940" in the *Journal of Urban History* writes about the response to the insubordination and neglect of the law. The secretary of the Employers Association, Gordon Hostetter, invented the criminal category of racketeering. He defined a racket as a “scheme by which human parasites graft themselves upon and live by the industry of others, maintaining their hold by intimidation, force and terrorism.” The public defined a racket as “various forms of illicit enterprises such as bootlegging, prostitution and gambling.”<sup>16</sup>

Historians of the Prohibition Era include American federation of Labor Samuel Gompers, and historians Nicholas Murray Butler, and Daniel Gilgoff. Many of them talk of the opportunities prohibition provided and others give their assessment of the effectiveness of the legislation.

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<sup>15</sup> Woodwiss, 8.

<sup>16</sup> Cohen, Andrew. "The Racketeer's Progress: Commerce, Crime and the Law in Chicago, 1900-1940." *Journal of Urban History* 29, no. 575 (2003): 587.

Virgil Peterson writes in her article "Chicago: Shades of Capone" about the relation between the alliances between Chicago's First Ward politicians and the gambling leaders and brother owners. She goes on to explain the corruption of the 1880's gave birth to the infamous Capone Gang and the effects that it has today. Though the flashy and ostentatious appearance of gangsters in Al's gang has changed their operations styles have not. "Of fifteen gang killing in the Chicago area in 1961, eight of the victims had connection with Capone's syndicate gambling establishment and five were dealing with load sharks."<sup>17</sup> (30).

Samuel Gompers exposed his opinions of prohibition in 1924, specifically "The question as to the effect of the manufacture and sale of a beer with 2.75 percent in weigh, what influence it would have upon the enforcement of the Constitution, or a law passed in pursuance of that amendment." The famous president of the American Federation of Labor answers that "I think I might answer in a sentence by saying that in my judgment it would transform the people of the United States from a whiskey drinking to a beer drinking people."<sup>18</sup> He furthers his argument by claiming that "I believe in the principles of freedom. I have had the word 'freedom' as my guiding spirit, the guiding spirit of whatever there is in my and of me, and that which I could do; a freedom within justice and the law; and I count it one of the sources of pride that from my early young manhood I have pretested again this movement of prohibition by law. You cannot make men sober by law." Gompers then goes onto explains his reasoning for intoxication and need for

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<sup>17</sup> Peterson, Virgil. "Chicago: Shades of Capone." *Annals of the American Academy of Political and Social Sciences* 347, no. (1963): 30.

<sup>18</sup> Gompers, Samuel. 1924. "Shall America Maintain Her Stand Against Liquor? CON." *Congressional Digest* 4, no. 1: 24.

prohibition, and how his causes in regulating labor have contributed to the nation's sobriety. "I have endeavored with my associated to try and bring some degree of comfort and safety in the lives and the work of the great masses of the toiling people of America, so that, with better homes and better working conditions, and better standard of live and living, they would not require the artificial stimulants found in alcoholic drinks. The fact of satisfaction, not gluttonous nor bibulous but satisfaction physical and mental and spiritual. It is the long houred man or the loafer, whether he be rich or poor, who is drunk the drunk. The eight hour worker, the man who worked the normal work day, is not the habitual drunkard. It is the long houred worker who is having the spirit crushed out of him by his day's labor, today who requires the artificial spirits to stimulate him."<sup>19</sup>

In Gompers debated argument, in *The Congressional Digest*, of "Shall American Maintain Her Stand against Liquor?" Frederick W. Brill of the Brill Car Company in Philadelphia claims that "Prohibition has not fulfilled what its proponents have promised. It has not reduced taxed; and it has not increased the efficiency of the workman. The reason that it has not reduced taxes is because we are paying more taxes. The reason it has not increased the efficiency of the working man is because I know thousands of them. We employ some 3,000 normally." Brill then recalls many worked at his plant having stomach troubles, "In our plant, and in other plants in Philadelphia... The universal opinion is that these stomach troubles are caused by the drinking of bad liquor." He then answers the question "why do men drink bad liquor with, "because they can not get good liquor. That is the only answer I know. They want it, and you can not stop them from getting it." Brill then goes on to explain how prohibition has forced the usage of poor

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<sup>19</sup> Gompers, Samuel. 25.

quality, strong alcohol. “Before prohibition, there were saloons, one of two of them, adjacent to our works... If a man was drinking too much, we would give him a talking to. We had the drinking question, the drinking of strong liquor, pretty well in hand. Now we can not control it at all.”<sup>20</sup>

Contrasting Gompers and Brill is Elbert H. Gary, the Chairman of the United States Steel Corporation. He argues that “There are always some persons who will object to the passage or enforcement of any penal or prohibitory law and, as a rule, they are the men who do the most talking on the subject. I have no hesitation in saying with emphasis that the Volstead Act and State laws for prohibiting the manufacture and sale of intoxicating liquors have been very beneficial to the industry of this country and to the workmen connected with it and their families.” He backs his argument by claiming that “The sale and use of automobiles has been largely increased by the fact that a large majority of the workmen now prefer to take excursions with their families by automobile instead of spending their time at saloons of other places and wasting their money in practices that are physically injurious instead of beneficial.”<sup>21</sup>

Similarly to Gompers’ article, *The Congressional Digest* did another pro vs. con on the topic of America’s Policy of Banishing Liquor by Federal Action. In this article, Nicholas Murray Butler, President of Columbia University takes the con argument and states that it cannot be regulated or enforced. “The reason why the national prohibition law is not enforced is that it cannot be enforced. The reason why it cannot be enforced is that it ought not to have been passed. In its attempted forcible interference with the food and drink and medicine of the people, it is a form of oppression to which a free people

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<sup>20</sup> Gompers, Samuel. 24.

<sup>21</sup> Gompers, Samuel. 24.

will never submit in silence. No liberal can possibly defend it. The unmoral conditions which have followed the ratification of the 18<sup>th</sup> amendment are the direct and natural results of its own immorality.”<sup>22</sup>

Prohibition did not fail because of its ideas, claims author Dan Gilgoff, it failed because of its timing and enforcement. In his article, he exposes the amount of attraction the 32,000 speak-easies that had been counted by NYPD by 1928, received by off duty policemen. He claims that in “San Francisco, New Orleans, Chicago, and other cities, where cops had grown accustomed to ducking into saloons after work and where politicians needed votes, enforcement was spotty. The market was booming in a post-World War I euphoria," and that because of the “waves of eastern and southern Europeans, who'd brought in more drinking" it was simply just the “wrong time for Prohibition.”<sup>23</sup>

Those who write of Capone give many different interpretation of what he was. Virgil Peterson, Thomas Reppetto and Richman give historical information about one of the most legendary and infamous gangsters in history. Marie Capone Deirdre gives an insightful look into her great uncles contributions to his family, as well we a more personal level look at Al Capone.

Historian Thomas Reppetto writes of Al Capone’s former “Five Points” gang of New York City. Another member that took advantage of the profits offered by

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<sup>22</sup> Butler, N 1924, 'America's Policy of Banishing Liquor by Federal Action. PRO', *Congressional Digest*, 4, 1, pp. 22.

<sup>23</sup> Gilgoff, Dan. 2005. "THE BOOZE BAN BACKLASH. (Cover story)." *U.S. News & World Report* 139, no. 6: 50-51.

prohibition was Salvatore “Lucky” Luciano. Although his operations in New York City did not create revenues that Capone’s operations had in Chicago, it still provides evidence of how Prohibition sparked ways for small time gang members to accomplish the illegal version of the American Dream.

The profits made by the Five Points gang allowed them to further their business in organized crime. The Boss, Joe Masseria, ran his operations in his apartment overlooking Central Park, appointed Luciano top lieutenant because of Luciano’s familiarity with the streets, and the region and people, which made him such a prime candidate for the position.<sup>24</sup>

To exemplify the hard work and risks that Luciano took to achieve the American dream other than the threat of the law, he was abducted at gunpoint, tortured and left to die in 1929. Luciano recalled being “hung by his thumbs from a tree” and tortured in various ways. He recalls being lacerated with a razor blade, burned on the soles of his feet, being punched, kicked and rifle butted until he lost consciousness before was left for dead. When he gained consciousness in the early hours of the morning, he stumbled from the deserted beach on Staten Island where the vigilance took place and was taken to a hospital by a police officer. This near death encounter is where Salvatore Luciano received his nickname, “Lucky,” and rightfully so, as he was left for dead by his assailants.<sup>25</sup>

Gilgoff claims that prohibition did not hit these small bars the heaviest, but instead large scale hotels. “It’s likely that Prohibition’s most lasting damage to cocktail

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<sup>24</sup> Reppetto, Thomas. *American Mafia: A History of Its Rise to Power*. New York: Henry Holt & Company LLC, 2004.

<sup>25</sup> Reppetto, Thomas. *American Mafia: A History of Its Rise to Power*. New York: Henry Holt & Company LLC, 2004.

culture was the closure of America's premier hotel bars. Bartenders at New York's Waldorf-Astoria and Algonquin had become celebrities by inventing new drinks with fresh ingredients and embarking on international tours. A lot of American bartenders packed up and went to London or Capri.”<sup>26</sup>

A different outlook on Capone is written by his grandniece, who was harassed, bullied, fired from her job, and left trying to hide her identity all because of her hated last name of Capone. “Al Capone got into some trouble in 1920 and had to leave Brooklyn. Johnny Torrio offered him the opportunity to come to Chicago and be his first lieutenant in his bootlegging business.” She is speaking of course of the Prohibition era during the roaring twenties as “Women were bobbing their hair and shortening their skirts. Jazz was coming into being and all of these pastimes revolved around the serving of alcohol. People in rural areas could make their own by building stills, but city residents needed someone to supply them, which is what Torrio provided.”<sup>27</sup>

Deirdre Marie Capone goes on to tell how Italians were discriminated against in Chicago and how Al Capone, traditionally thought of as a monster, took care of his family after moving to Chicago in hopes of a better life for them. “Al moved to Chicago with his wife Mae and son Albert (Sonny), his father Gabriel died suddenly, leaving my grandfather Ralph” was married and had one son, my father Ralph” who was the oldest, and assumed the role as head of this family. “He was working as an accountant and suddenly he had to feed and take care of his mother and five siblings still at home. Al telephoned and said, "Ralph. I think there is an opportunity for us here in Chicago to

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<sup>26</sup> Gilgoff, Dan. 50-51.

<sup>27</sup> Capone, Deirdre Marie. 2012. "REMEMBERING UNCLE AL (CAPONE, THAT IS)." *USA Today Magazine* 140, no. 2802: 52-54.

make enough money to take care of everyone, but I can't do it without you. You are the businessman." Later, She recalls her grandfather, Ralph Capone, that Al was "running more than 300 different businesses—and he did it all without a cell phone, fax machine, or computer." She also goes on to tell that both Al Capone and Ralph Capone donated \$10,000 every month to the Chicago City Council to finance the soup kitchens after the 1929 stock market crash. <sup>28</sup>

Historian Daniel Richman writes a great overview of who Al Capone was as a historical figure and his trial. "In 1931, Al Capone was the leading mobster in Chicago. He had violated the Volstead Act on a massive scale, bribed a large fraction of Chicago officialdom, and murdered various criminal competitors." His crimes were known not only on a local basis but on a nationwide scale, yet these crimes were hard to prove because of his wealth and mastery in politics, so much that "federal prosecutors charged Capone not with running illegal breweries or selling whiskey or even slaughtering rival mobsters, but with failure to pay his income taxes." <sup>29</sup>

The legal tactics that were involved in prosecuting Capone are still widely used in courtrooms today. Richman claims that it's common to go after a criminal defendant for a small violation against government, as they had multiple in Capone's trial, and then go after something smaller, and unrelated. The defense attorneys will then go after an unfair treatment. Richman then argues that by doing so, and accusing of a governmental crime, as in Capone's case, will result in the government responding "that nonpayment of income taxes (or false statements, or mail fraud, or whatever the charged offense) is a

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<sup>28</sup> Capone, Deirdre Marie. 54.

<sup>29</sup> Richman, Daniel C., and William J. Stuntz. 2005. "AL CAPONE'S REVENGE: AN ESSAY ON THE POLITICAL ECONOMY OF PRETEXTUAL PROSECUTION." *Columbia Law Review* 105, no. 2: 583.

legitimate crime, something for which any ordinary citizen might be prosecuted and punished if guilty.”<sup>30</sup>

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<sup>30</sup> Richman, 584.

In 2009, an article in *History Today* depicts one of the most notable actions of Capone's gang. Often times associated as the most creative and brutal act, the Saint Valentine's Day Massacre, was delivered by members of Capone's gang. As the author mentions at the start of his article, "Prohibition in the United States gave a massive boost to crime. In Chicago in the 1920s gangs made fortunes from illegal liquor and the

associated protection and vice rackets.” With so much money to make, it was obvious that leaders of these different gangs were hostile towards one another; after all it was a money game. “In 1924 a storm of violence broke out between the Italian-Sicilian mob led first by Johnny Torrio” and later by Al Capone “on the city's South Side and the Irish-Jewish crew under Dion O'Banion on the North Side.” These gang wars were reported as 'the bootleg battle of the Marne' by The Chicago Sun-Times as gang killings and gun battles shook the city.<sup>31</sup>

Though there was an attempted peace treaty in 1926, Capone was still determined to take over Chicago and becoming the most infamous criminal of his time and would do anything to get an edge. His rivals, the North Side Gang was led by O'Banion, who “was eventually succeeded... by George 'Bugs' Moran, an Irish gangster known more for muscle than brain power, who had no intention of submitting to 'them Sicilians'.” On February 13<sup>th</sup>, 1929, Bugs received “a tempting phone call to Moran told him that a truckload of whisky had just arrived from Detroit and he could have it at a bargain price. He ordered the whisky to be delivered at 10.30 the next morning at the garage of the S.M.C. Cartage Company on North Clark Street, where he kept his bootlegging trucks.” Twenty minutes after the delivery, 5 men, two dressed as policemen, pulled up to the garage and exited a Cadillac disguised as a police car. “Eight minutes later, after loud rattling noises and what sounded like trucks backfiring, two of the Chilians came out with their hands up, shepherded by the third, and the two 'police officers' with guns in their hands, described by a witness as 'walking slow and easy-like'.” There were no immediate calls for the police, as it was assumed the men were apprehended. However, after “the

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<sup>31</sup> 2009. "FEB 14 1929: The St Valentine's Day Massacre in Chicago." *History Today* 59, no. 2: 10.

men drove away, neighbors cautiously investigated and found a scene which would make headlines all over the country. Six dead men and another who was dying were lying on the concrete floor among scattered tires, pools of blood, chairs and shell casings at the foot of a wall.” Five of the six men killed belonged to Moran’s North Side gang. Had Moran arrived on time to the delivery, it would have only added to the success of the operation for Capone, who was not in Chicago at the time.

The results of the massacre for Moran were heavy, as he “managed to keep control of his territory for a while, but the North Side gang never recovered and was presently taken over by an operation called the Chicago Outfit.” Capone, though not directly involved drew attention by law enforcement, which would eventually lead to his demise. “He was convicted of income tax evasion in 1931 and sentenced to prison for 11 years. He died in 1947. Moran died in prison ten years later.” To show the “After long and complicated investigations, two Capone gunmen were accused of the killings and sent for trial, but one of them was murdered and the other was given an alibi by his girlfriend. He too was murdered later on.”<sup>32</sup>

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<sup>32</sup> 2009. "FEB 14 1929: The St Valentine's Day Massacre in Chicago." *History Today* 59, no. 2: 10.