

The Managerial Mob

by Samuel Francis



Anna Mycek-Wodecki

“Michael, we’re bigger than U.S. Steel,” boasts gangland mastermind Hyman Roth to his (quite temporary) partner, Michael Corleone, in Francis Ford Coppola’s *The Godfather, Part II*. Hyman, however, was not the first to say it, and those familiar with the life history and achievements of the gentleman on whom Roth’s character is obviously based, the late Maier Suchowljansky, better known to posterity as Meyer Lansky (or, to his friends and partners, temporary or otherwise, as “The Little Man”), may know that it was Meyer who said it first. So crime experts Ralph Salerno and John S. Tompkins reported in their 1969 book on the Mob, *The Crime Confederation*, and they also reported that “Mr. Lansky was being modest.” In 1967, the U.S. Steel Corporation enjoyed assets of some four billion dollars and profits of \$172.5 million. Next to the crime confederation, U.S. Steel was a panhandler. The Mob, Salerno and Tompkins wrote, “on the most conservative basis,” raked in a gross of no less than \$40 billion a year, ten times the value of the steelmakers and without the bothersome overhead of taxes, although, as they allowed, “payoffs and other overhead expenses do cut heavily into the gross.” On the whole, they calculated, “The corporate giant of crime annually enjoys a profit greater than General Motors, Standard Oil, Ford, General Electric, and U.S. Steel combined. Its gross business is larger than that of all American automobile companies put together.” And, we might add, that was 30 years ago, before free trade and foreign competitors had gutted the steel and other American industries. Today, the Mob remains with us, even though its (somewhat) more law-abiding corporate cousins have long since embarked for Mexico, Brazil, Thailand, and other locations where, as Hyman also remarked, “they really understand how to do business.”

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But analogies between the Mob—also known as La Cosa Nostra (in New York), the Outfit (in Chicago), the Syndicate (everywhere), and the Mafia (inaccurately except in Sicily)—and “legitimate” corporations are more than metaphors, whether exaggerated or understated. Organized crime, as novelists from Henry Fielding to Mario Puzo have glimpsed, reflects the political, social, and cultural trends of “legitimate” society. Puzo’s epigraph to *The Godfather*, “Behind every great fortune there is a crime” (from Balzac), points directly to the analogies, and it is no coincidence that C. Wright Mills also quoted the same line in his study of corporate power and wealth in American society, *The Power Elite*. As with the myths of primitive cultures, the crime that lurks in the social underbrush tells us something important about the nicer and cleaner world that sits on the front porch, except, as also with myth, the truths it reveals are starker and less encumbered by the moral and rhetorical draperies with which the legitimate society on the front porch decorates itself.

The history of the Mob, the mainly Italian and Sicilian organized crime syndicate that came to typify gangsters in the 1930’s, is in fact the history of American corporate business and of American society in the first part of the 20th century. The world-historical process that James Burnham labeled “the managerial revolution” was not confined to American firms and the U.S. government but also took place in the back parlors of wine shops and spaghetti houses in Brooklyn and the guest suites at the Fontainebleau, and the same dynamic of organizational colossalism, social and ethnic fragmentation, and internal bureaucratization that has overtaken American society because of the victory of the managers also snuck up on the godfathers and underbosses. There are, of course, differences. The godfathers and underbosses do not enjoy the luxury, essential to corporate oligarchs, of operating within the law, and they have to enforce their contracts through administration of their own violence. Moreover, the mafiosi, even today, seem to retain more alle-

giance to ethnic and family bonds than the liberated managers and bureaucrats of transnational firms. Nevertheless, the same historical pattern that brought American society under the control of managerial elites in state and economy can be perceived weaving its way through organized crime, and looking at the managerial revolution as it triumphed among the mobsters helps us see ourselves and what has happened to us.

At the beginning of the 20th century, organized crime was less organized than criminal, based on small gangs that dominated the immigrant neighborhoods of the larger cities, ruled by tightly enforced ethnic, family, and community bonds, and governed by patriarchal (though usually brutal and avaricious) leaders who had deep roots among both their followers and their victims. Its activities were the usual vices that legitimate society forbids—gambling, prostitution, fencing stolen goods, extortion—and its scale was comparable to that of the mom-and-pop businesses and owner-operated firms that typified the American economy of the day. The larger gangs at the turn of the century were not Sicilian but Irish, Jewish, and not a few Anglo-Saxon.

With the advent of Prohibition, this began to change, and by the mid-1920's the Sicilians had formed their own syndicate under a founding father named Giuseppe ("Joe the Boss") Masseria. Something of a megalomaniac, Masseria demanded unconditional submission from his fellow Sicilians and distrusted those who declined to give it. Distrusted in particular were a bunch of Sicilians who hailed from the northern coast of the island, Castellammare del Golfo, and who were raking in big money from the speakeasies. The Castellammarese, as they were known, included such future statesmen as Joe Bonanno and Stefano Magaddino, but their leader was an erudite soul named Salvatore Maranzano. In his youth, Maranzano had studied briefly for the priesthood and, if he learned little of piety, had absorbed enough ancient history to pick as his personal icon Julius Caesar. His apartment was filled with books on Caesar and his political and military tactics.

In 1928, Masseria, increasingly alarmed at the independence of the Castellammarese, decreed an increase in the tribute they were supposed to pay him. At the time, he still held the loyalty of most Sicilians and the services of a good many young men who would soon become famous—Salvatore Lucania, a.k.a. Charlie Lucky, and better known as Lucky Luciano; Vito Genovese; Albert Anastasia; and Bonanno—but the higher tribute and Masseria's increasingly domineering view of himself as "Joe the Boss" grated on them, as did their insubordination on him. In 1930, one of Masseria's gunmen shot down one of Maranzano's less submissive confederates, Gaetano Reina, an act that sent the whole underworld to the mattresses. What ensued is known in Mob circles as the "Castellammarese War," a year-long bloodletting that eventually brought most of the famous names of Mafia lore into the newspapers and dispatched several now obscure names to the funeral parlors. The main figure to emerge into prominence was Luciano, who had been busy constructing his own alliances.

With his pal Genovese, Lucky cut a deal with Maranzano and then made a luncheon appointment with Joe the Boss at Scarpatò's Clam House on Coney Island for April 15, 1931. After stuffing himself for some three hours, Joe played cards with Lucky for a while, and then Luciano excused himself to go to the men's room. During his absence, four men armed with pistols charged into Scarpatò's and splattered Masseria all over the

tablecloth. Luciano was able to tell the police that he had no idea who the killers were or why they would want to murder his beloved patron—he was in the men's room the whole time. "I always take a long leak," he insisted to the cops. In fact, the four killers were Luciano's new allies—Vito Genovese, Albert Anastasia, Joe Adonis, and Bugsy Siegel—and the whole murder had been planned carefully by Lucky and New Ally Number One, the Little Man.

The Castellammarese War did not quite end with the execution of Masseria, though his death did promise a new stability to the mob. But Maranzano soon declared himself *capo di tutti capi*, "boss of all bosses," which was not exactly what Lucky and his friends had had in mind. Maranzano also exploited his learning in Roman history to remodel the whole organization. From now on, the gangs would be structured into units analogous to Roman legions, each led by a *capo*, assisted by a *sottocapo* or underboss who would command the *caporegimi*, or lieutenants, who led the actual troops. But if Masseria's megalomania had been annoying, Maranzano's soon became insufferable. He concocted the notion that all the little bosses would gather around him, as he sat on a raised platform in their midst, and do him homage. Luciano had moved up in the world with his betrayal of Masseria, but not high enough, and neither he nor his new friends had any intention of letting Maranzano lord himself over them. By September 1931, Lucky and his friends had decided on a course of action.

His friends included the distinctly non-Sicilian group known as the "Bug and Meyer Mob" after their leaders, Benjamin "Bugsy" Siegel and Lansky, along with allies such as Al Capone (like Luciano, a Neapolitan by birth), Murray "the Camel" Humphreys (a Welshman), and Arthur Flegenheimer, popularly known as "Dutch Schultz." The alliance of mainland Italians, Jews, and the odd Welshman was a novelty, since the old "Italian Society" set up by Masseria was a closely knit band largely confined to Sicilians and distrustful of mainlanders and other aliens. But in the minds of Luciano and his confederates, it was merit that counted, not ethnicity, and the course of action they followed against Maranzano and his old Sicilian *Mustache Petes* created the modern Mob.

The course of action kicked off on September 11, 1931, when a group of "four Jews" (as Joe Valachi would call them some 30 years later) entered Maranzano's business office and shot him to death. But Maranzano's execution was not the end of the action. Over the next two days, some 40 to 50 bosses, underbosses, and lieutenants were cut down all over the United States. Most of these were the Castellammarese with whom Luciano and Lansky had allied against Masseria. Crime writer Peter Maas calls the series of executions "an intricate, painstakingly executed mass extermination." Crime historian Donald Cressey writes that "the losers of the war's last big battle were members of the Sicilian Castellammare group in New York, and Sicilian 'greasers,' 'handlebars,' and 'mustache Petes' all over the country." It was a daring and brutal bid for power, but it was also an act of mini-genocide. In Mob folklore it is known as the "Sicilian Vespers."

After they made the desert, Luciano and Lansky called it peace. Luciano decreed that the Maranzano-Caesarean model of organization would be retained, but there would be no "boss of all bosses" (at least in principle). Instead, there would be a "council of six" composed of the leaders of what soon came to be known as the "Five Families" of New York and one

representative from New Jersey. The council would be a regional body, intended to keep the peace in the New York-New Jersey area. Nationally, there would be a "Commission" composed of members from the major "families" around the country, and while the Commission would refrain from interference in local families' businesses, no one could be executed without its approval. Moreover, Luciano ordered that no more members would be inducted into the secret society of Sicilians that had dominated the business until that time. Non-Italians and non-Sicilians could not actually be members of the Commission, but Luciano was opposed to continuing the Italian-Sicilian monopoly of power. He explicitly wanted to end the ethnic homogeneity of the organization, in part to allow room for himself and his allies and in part to place a limit on the expansion of the remaining Italian-Sicilian families. By forbidding future inductions and also prohibiting expansion of the families without approval by the Commission, Luciano ensured that no rival gangs could gain enough muscle to challenge his own power.

The organization that Luciano established was at least as much the creation of his ally, Lansky, as it was his own. In *The Last Testament of Lucky Luciano*, a memoir he dictated in his last years to Martin Gosch and Richard Hammer, Luciano acknowledges that it was Lansky who grasped the realities of power for both the emerging Mob as well as for the emerging corporate power structure in the legitimate society. He recounts how Lansky, whom he had known since grade school, once read him a passage from a book entitled *Making Profits* by economist William Taussig of Harvard. "This writer," Lansky explained to the virtually illiterate Luciano, "talks about a thing called the law of supply and demand. What he says applies to us right now. If you have a lot of what people want and can't get, then you can supply the demand and shovel in the dough. In other words, that's what we ought to do with whiskey—get plenty of it, good, uncut stuff right off the boat and then sell it at a high price to a bunch of people who don't have brains enough not to drink it." Luciano was immediately seized with the brilliance of Lansky's elementary economic insight, which came to be called "Lansky's Law" among their associates.

When Luciano went to prison in 1936, it was Lansky who took charge of his personal finances and soon those of other leading gangsters. Lansky also began to move into Cuba and, through his friend Siegel, Los Angeles and Las Vegas, which Siegel virtually created. (Contrary to the movie version in Warren Beatty's *Bugsy*, Lansky, according to Luciano's testament, did not plead with the Commission not to execute Siegel after he committed the costly blunder of opening the first casinos in Las Vegas right after Christmas, but actually took the lead in urging the Commission to authorize his execution.) Yet despite his leading role in the creation of the modern crime corporation, Lansky was virtually unknown to the public until the 1970's (unlike flashy hoods like Luciano and Capone, he was careful to keep his own name out of the tabloids), and though his mastery of financial and managerial details kept the cartel in business long after Luciano, Genovese, Frank Costello, and Albert Anastasia had vanished, he was never a voting member of the Commission. As a Jew, he was ineligible for formal membership, and he reportedly always had to sit outside while the Commission was in formal session.

Yet the distinctive feature of the new crime cartel that Luciano and Lansky created was not only its ethnic diversity but also its emulation, conscious or not, of the emerging corporations in its organizational strategies. "Luciano," writes Gay

Talese, "urged that mafiosi no longer seek power through threats and vendettas, but instead adopt the more subtly aggressive tactics of large modern corporations, some of which had been founded by robber barons but were quietly committed to profiteering within a free-enterprise code of rules and restrictions."

What was emerging as the prevalent form of American organized crime, thanks to Luciano and Lansky, was the domination of foxes over lions, of cunning, manipulation, and organization over force and the ethnic-social solidarity on which the earlier gangs were based. It was a transition exactly parallel to the changes taking place in American business and society. As each sector, the criminal and the legal, expanded the scope and sophistication of its operations, the older forms of organization, discipline, and bonding ceased to work. The older forms were the products of traditional societies of comparatively small scale, few members, limited resources, and community-rooted leadership. The gangs of Masseria's day and before could easily extort protection money from local businesses and shopkeepers, beat up or kill traitors, enemies, and rivals, and run small-time gambling and prostitution rackets in their neighborhoods, just as law-abiding businessmen could produce and distribute their own goods and services throughout the local markets of their home bases.

But just as the corporations that were expanding their own businesses throughout the world by manufacturing and distributing goods through advanced technologies were unable to retain earlier owner-operator forms of organization and just as those corporations had undergone processes of internal bureaucratization, so the corporation of organized crime also had to modernize. Luciano and Lansky could not expect to fulfill Lansky's Law with respect to bootleg liquor by relying on the Mustache Petes and their limited skills, methods, and men. They had to mobilize the cash to buy the ingredients of bootleg whiskey and beer abroad (in Cuba or Canada), organize its manufacture outside the United States, pay the overhead costs of production and transportation, distribute it throughout the areas under their control, and at the same time provide their own protection and security. Similarly with the numbers racket, pioneered by Lansky and Schultz in New York and imitated by Al Capone in Chicago. The numbers required a vast street organization that collected the bets, counted the money, paid the winners, and protected the whole apparatus from both the police (through payoffs) and competitors (through muscle). The same was true of drug peddling (initiated by Lansky and Genovese and opposed by Luciano, according to himself). And to run these transnational operations required more specialized skills than a neighborhood *paisan* was likely to possess. In short, the new crime syndicate needed managers.

There are obvious limits to how far the process of managerialization can be applied to criminal enterprises. Criminals, as noted, have to provide their own security and enforcement. They can't take violators of contracts to court; instead they take them on the long ride. The need to supply its own enforcement limits the number of "foxes" who can take part in organized crime. Unless the managerial criminal is as prepared to execute and terrorize traitors, competitors, and reluctant underlings as he is to rely on organizational planning, legal tricks, and financial gimmicks, he won't last. Moreover, the codes of silence and loyalty that successful crime demands means that those drawn into its secret empire and especially those who sur-

vive and advance within its ranks are likely to be less treacherous and to retain more allegiance to ethnic, community, and social bonds than managers in the law-abiding firms. Nevertheless, the Commission system inaugurated by Luciano and Lansky did reduce internecine wars, vendettas, and unauthorized assassinations among the gangs for a generation. Corporate management and manipulation of markets became the main pillar of organized criminal enterprise in the United States rather than blasting away personal enemies in elevators and phone booths.

The Luciano-Lansky *coup d'état* of September 11-13, 1931, was an event comparable on a much smaller scale to a bloodless coup mounted two years later by Franklin Roosevelt. Like FDR's, the Luciano-Lansky coup involved the elimination of a competing old elite, an elite that was socially rooted and ethnically homogeneous. It also involved the creation of a new elite as the ruling class of organized crime, new institutions through which the new elite exercised power and controlled the remnants of the old elite, and a new ethic and operational style of managerial manipulation in place of the old ethic of conspiracy and vendetta. The new elite was both ethnically diverse and more managerially skilled than the old one and thus could more effectively control and manage the vastly more complicated and specialized operations of the new cartel. The transition in crime was comparable to the larger transition in the American economy from the locally based, owner-operated, production-oriented businesses and industries of pre-managerial society to the transnational, managerially controlled, and service-oriented businesses of the managerial order. Commenting on the transition in the larger society, the late E. Digby Baltzell wrote in *The Protestant Establishment*:

the real schizophrenia within the ranks of the business community came, by and large but of course not entirely, from the conflict between this old-stock concentration in the older, more production-oriented seats of economic power and the newer consumer and communications branches of the business community. Thus, not only were those leaders in communications (radio and motion pictures), in retail sales, and especially in the new electronic appliances, more likely to support the New Deal economically because of its efforts to redistribute wealth and place purchasing power in the hands of the masses of consumers; it was the members of the newer ethnic minorities, especially the Jews, who supported the New Deal because they had taken the lead in developing these newer, consumer fields, partly because of the caste monopoly of the older centers of production and commercial banking maintained by established members of the old-stock upper class.

It was no accident that what really excited the Little Man and his crazy sidekick Bugsy Siegel were the communications and consumer-oriented pastures of Los Angeles and Las Vegas or that Bugsy himself was obsessed with Hollywood, nor probably was it an accident that Luciano threw his support behind Roosevelt in the elections of 1932 (he later soured on FDR when the President reneged on his deal with Lucky; the experience went far to disillusion Luciano with politics in general. "What I did was illegal. . . . What he did was legal. But the pattern of it was exactly the same. . . . I never knew that a guy who was gonna be President would stick a knife in your back when you

wasn't lookin'. I never knew his word was no better than lots of racket guys," he whined to Gosch and Hammer.) One can easily imagine some old-stock Sicilian Mustache Pete, forced out of his neighborhood brothels and speakeasies by the new Caesar, ranting about Charlie Lucky, a traitor to his own blood and surrounded by Jewish advisors, destroying everything that was decent. It is in fact precisely the complaint that Frank Pentangeli brings against Michael Corleone in *The Godfather, Part II*, and it is precisely the same complaint that the old-stock business leaders brought against Franklin Roosevelt. The analogies between Roosevelt and Luciano are clear enough; whether there are significant differences between the managerial Caesar in the White House and his counterpart who created the thoroughly modern Mob and who died in exile in Italy in 1962 is perhaps best left to those who knew them as well as Charlie Lucky came to know FDR.

The Albatross

by Charles Edward Eaton

Among all your gains—women, the sea, fruit, art—
and not a single albatross?—
The list is so compressed it begs another point of view:
There is some expansion, surely one considers loss.

Lips cannot kiss every minute, every hour,
The sea recedes like sexual deflation,
The nose in all its arrogance can never smell every
single flower.

Some women promise you no breaking-off, no gap—
Then one glorious afternoon you think is all-out love,
She yawns, a chasm in her mouth, proceeds to take a
nap.

Somewhere the long-struck harp is mute —
There are no bridges in the silence of the house,
The pictures pornographic, the table decked with bitten
fruit.

There at sea you swear you glimpse a shipwreck—
Your gleaming body says, you say, it still adores the
world,
But cannot shake the heavy feeling of a weight around
the neck.

Resignation rises in between the close interstices—
Bagged and feeling beaked, you clear the table, gather
musty clothes,
Kiss the woman wide awake, and make the bird itself
pick up the pieces.