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# Racketeering and the decline of the labor movement

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## Racketeering and the decline of the labor movement

The employers who paid Scalise were, like the producers who paid Bioff, purchasing a service, in this case a compliant union. Scalise and his mafia sponsor Carfano profited handsomely by taking money from employers in return for betraying the union's role as a collective bargaining agent. The true victims were the union members, many of whom became deeply disillusioned with the labor movement. (Witwer, p. 108)

Curiously, labor scholars and commentators have not identified corruption generally nor organized crime's labor racketeering specifically as factors contributing to the decline of the US labor movement. Perhaps to avoid an unpleasant subject, labor scholars and commentators focus on Machiavellian employers, right-wing politicians, globalization and large-scale economic forces. Remarkably, some of the classic histories of the US labor movement do not even mention labor racketeering or labor racketeers.<sup>1</sup> Several labor studies academics have told me that 'mobbed-up' unions produced good contracts and benefits for their members. Apparently, some labor scholars and commentators believe that, even if labor racketeers unlawfully enriched themselves and violated union members' rights, the rank and file still came out pretty well.

David Witwer's *Shadow of the Racketeer* provides more evidence to refute this wrong-benign view of labor racketeering. However, even his previous history of the Teamsters Union<sup>2</sup> and the present volume which deals in large part with the International Alliance of Theatrical Stage Employees (IATSE) and the Building Service Employees Union (BSEU) will probably not persuade mainstream labor scholars or mainstream labor leaders to come to grips with the negative impact that labor racketeering has had on the American labor movement. Nevertheless, where there's life there's hope! This short essay attempts to draw out and set forth the boiled-down thesis of David Witwer's excellent book, i.e. that labor racketeers were not and are not good labor leaders, labor organizers, contract negotiators, contract enforcers or stewards of their unions' treasuries. To the contrary, they have done immense, probably irremediable, harm to the labor movement's social, political and economic goals and to that movement's status in US society. Labor racketeers are not good union leaders

A corrupt labor leader, especially a member, associate or ally of a Cosa Nostra organized crime family, has a blatant conflict of interest; indeed, his interests are diametrically opposed to those of his union. The racketeer's goal is to enrich himself and his cronies as much as possible and to maintain and constantly to increase his influence, control and dominance. The labor racketeer regards the

union as a cash cow and is always looking for new ways to exploit his position for personal gain.

Labor racketeers are greedily creative in finding ways to enrich themselves at the expense of their unions and their unions' members. Witwer's books, my own, and those of a few other historians and journalists are filled with examples of labor racketeers who loot their unions' treasuries via bloated salaries, extravagant fringe benefits and embezzlement, divert members' dues and special assessments, siphon money from pension and welfare funds, sell out provisions of collective bargaining contracts, and hire incompetent and no-show employees to staff their unions.

Labor racketeers take bribes to permit employers to operate non-union or as a double breasted shop, to forego making pension and welfare benefit payments, and to pay wages lower than what the bargaining agreement requires. Some have even set up parallel high wage and low wage bargaining units. Those employers who pay bribes are assigned to the low wage unit. Those who do not pay bribes are assigned to the high wage unit. In short, labor racketeers' are in the business of selling union members' contractual rights.

Labor racketeers do not invest pension and welfare funds wisely. They regard these funds as a trough. They make 'loans,' sometimes loans that are unconscionably risky, to themselves and their friends on favorable terms or without any expectation of repayment. They embezzle from the funds and use the funds' resources to purchase inferior, over-priced and unnecessary goods and services to enrich themselves and their cronies. They certainly do not fret over the possibility that retirees will take home less money or no money.

Perhaps some labor scholars and commentators are under the misimpression that labor racketeers' primary victims are employers from whom they extort money for their own pockets. This is rarely the case. Rank and file union members are almost always labor racketeers' primary victims. The money that flows from employers to union officials is usually intended to purchase a benefit like being permitted to hire non-union workers or to pay lower wages than the contract requires. Even in cases of labor racketeers extorting money from employers, the union member is victimized to the extent that had these monies not been diverted into the labor racketeers' pockets, they would have been available for higher wages and benefits.

Trampling on union members' rights

As Witwer has shown, labor racketeers like George Scalise and William Bioff are not accountable to the rank and file; they do not depend on nor seek the support and good will of their unions' members. Their leadership positions are assured by

their organized crime backing and by the carrots and sticks which they have at their disposal. Union democracy is a threat to their power and prerogatives.

For 'carrots,' labor racketeers dole out union jobs and the promise of future advancement. They also turn a blind eye to various forms of thefts from the union's treasury, e.g. reimburse phony expenses, pay unearned bonuses, permit unjustified use of union vehicles and other property, and pay bloated and undeserved salaries. When the union operates a hiring hall or other system of job referral, the labor racketeers can assign their cronies the most desirable jobs with the most desirable employers. Sometimes, they can also force employers to take on a certain number of no-show employees.

With respect to 'sticks,' those union members who dare to challenge the racketeers' authority, decisions or judgment face blacklisting and violent reprisals. If the union operates a job referral system, the 'dissident' union member will not be assigned good jobs or any jobs. If the dissident union member has a job, the labor racketeer will 'request' the employer to fire that person, explaining that the dissident's continued employment might be an impediment to a good working relationship between the union and the employer. Witwer illustrates how labor racketeers use blacklisting to punish critics by recounting the experience of IATSE member Francis Black, who objected to the union's 2% assessment on earnings.

Outraged, Black sent in his assessment but accompanied it with a protest. Three days later, Warner Brothers Studios fired him, explaining that it had done so at the request of IATSE officials. When Black applied for work elsewhere in Hollywood, he learned that his union had blacklisted him and no other studio would hire him. (Witwer, p. 104)

The threat of blacklisting is usually enough to persuade a rebellious member to back down and to deter others from openly complaining. It is rarely necessary for the labor racketeers to resort to violence; nevertheless, the annals of twentieth century labor history provide numerous examples of labor racketeers threatening, beating and murdering dissidents. Some dissidents have been attacked at union conventions and union meetings in full view of other members; others have been attacked in their cars or homes. Either way, the rank and file members get the message - opposition, criticism or even questions will not be tolerated.

Labor racketeers do not respect members' Landrum Griffin (Labor Management Disclosure and Reporting Act of 1959) rights. The labor racketeers' critics are intimidated from seeking union office, speaking at or attending meetings, circulating newsletters and statements and even voting. Mobbed-up union locals rarely hold meetings and elections. When elections are held, they are frequently marred by intimidation and fraud.

## Mismanagement and opportunity costs

Labor racketeers are not good managers, recruiters or organizers. Their unions are not well-run. Typically, the racketeers do not keep accurate books and records; sometimes they keep few, if any, records. They do not award contracts for goods and services on the basis of best price and quality, but on the basis of organized crime ties, corrupt relationships and kickbacks.

Labor racketeers do not recruit competent and dedicated individuals to serve as organizers, business agents and administrators. Instead they treat union jobs as carrots to be handed out to friends, cronies and organized crime members/associates who need a legitimate cover for their criminal careers. In mobbed-up unions, some of these jobs are understood to be 'no-show'. In any event, personnel decisions are unrelated to the value of service provided to the union and its members.

Rank and file union members in corruption-ridden unions are cynical and apathetic about their union's governance and operations. They do not vote, attend meetings or volunteer. They are not responsive to their union officers' endorsements of local, state and national political candidates. This is not a recipe for a vibrant labor union or labor movement. In fact, it is a recipe for decline. Damaging the union's and the labor movement's reputation

To the extent that a labor union comes to be seen as racketeer-ridden, it seems likely that it will lose the respect of its members and of the general public. Indeed, the public's respect and support for unions and their leaders peaked in the 1940s and dropped sharply after the US Senate's McClellan Committee hearings in the late 1950s exposed widespread corruption and racketeering in the labor movement. One recent analyst of Gallup Poll data observes that:

Turning to labor leaders' occupational reputation, the Gallup Poll shows that the percentage of the public that rates the 'honesty and ethical standards' of labor union leaders as 'high' or 'very high' ranged from 12% to 16%, moving neither upward nor downward between 1977 and 1998. Little change has occurred in labor leaders' relatively low ranking compared to the other twenty-seven occupations for which Gallup Poll opinion data are available. For example, the pattern of the public's ethical evaluation of labor leaders is much the same as that for Congressmen, state office holders, real estate agents, and insurance salesmen. Labor union leaders are consistently and evaluated substantially lower than pharmacists, clergy and medical doctors, and somewhat higher than advertising practitioners and car salesmen. In short, the stability of labor's position in the

reputational hierarchy of societal institutions and occupations implies that the recent increase in the level of public approval of labor unions is a random blip.<sup>3</sup>

The stain of labor racketeering is likely to produce public disillusionment with the labor movement; the only question is how large the effect is. There can be no doubt that over the course of the twentieth century the labor movement's attraction to and support from intellectuals has substantially diminished. It also seems likely that fewer idealistic young people aspire to careers in the labor movement. These are hypotheses that await empirical study. We can only speculate as to what the labor movement's public standing would have been if there had been no significant history of corruption and racketeering

Finally, as Witwer, has pointed out, labor racketeering has provided a foundation for opponents and critics of unions and organized labor. Critics motivated by ideological antipathy for unions can and have latched on to the corruption issue as a means for furthering an anti-union agenda. Widespread corruption and racketeering makes labor unions more vulnerable to diverse criticisms and attacks and less able to rally support.

The doubters' rebuttal

The fact that labor racketeers have significantly exploited the labor movement throughout the twentieth century seems so indisputable to scholars like Witwer and myself that we are left to wonder about the bona fides of labor studies scholars and commentators who ignore the whole phenomenon. Can they possibly doubt that organized crime families exerted significant influence in dozens of major unions over the course of the twentieth century and that dozens of other unions have been severely exploited by corrupt leaders unaffiliated with organized crime families?

Perhaps some mainstream labor studies scholars believe that labor corruption and racketeering have been limited to just a few unions, and that those few are not important enough to warrant much attention? It would be hard to take such a position seriously. I would think that it would be difficult to write a realistic history of any of the following US unions without devoting substantial attention to the role and influence of organized crime: International Brotherhood of Teamsters, Waiters Union, Cafeteria Workers Union, International Longshoremen's Association, Laborers International Union of North America, Hotel & Restaurant Workers International Union, Operating Engineers, the Carpenters Union, and as Witwer, has so richly described and documented, the Building Services Employees International Union, the International Alliance of Theatrical Stage Employees and the Stage Hands Union. There are also many others.<sup>4</sup> Focusing on Chicago alone, Witwer points out:

That year [1983] the federal government's Organized Crime Strike Force in Chicago estimated that there are approximately 85 labor organizations affiliated with twenty separate international, national, or independent parent unions that are suspected of being associated with, influenced, or controlled by organized crime and racketeering elements. Many of those unions have served the mob for well over fifty years. (p. 56)

Perhaps mainstream labor studies scholars believe that, although labor racketeering is a real phenomenon, its impact on particular unions and on the labor movement generally has not been very important? Perhaps they believe that 'so-called labor "racketeers"' have not been unequivocally ineffective union officials and labor leaders? While I believe that there is already a great deal of evidence available to support the opposite hypothesis, I strongly support more empirical research into the question. For example, it would be very useful to see empirical studies comparing the functioning and achievements of corrupted and non-corrupted locals within the same parent union. Admittedly such studies would be very hard to conduct. In their absence, we should encourage case studies of particular unions where labor racketeering has been extensively documented. These case studies, following the model Witwer has provided, should aim for detailed descriptions of how the labor racketeers affected the union's operations, governance, organizing, elections and finances.

Perhaps David Witwer's new book and this symposium will finally stimulate an honest and realistic reexamination of the history of the American labor movement.

Notes

1. For example, each of Irving Bernstein's two volumes on the History of the American Worker (Chicago: Haymarket, 2010) devotes just three pages to labor racketeering. Melvyn Dubofsky's *The State and Labor in Modern America* (Chapel Hill: University of North Carolina Press, 1994) and Christopher Tomlin's *The State and the Unions* (Cambridge: Cambridge University Press, 1985) do not contain index entries for labor racketeering. In 'Misunderstanding the Anti-Union Narrative', *The Chronicle Review*, 22 January 2010, B8--B10, Nelson Lichtenstein argues that 'conservatives' deploy corruption and racketeering 'tropes' as anti-union weapons.

2. David Witwer, *Corruption and Reform in the Teamsters Union* (Urbana: University of Illinois Press, 2003).

3. Daniel B. Cornfield, 'Shifts In Public Approval of Labor Unions in the United States, 1936-1999', <http://www.gallup.com/poll/24937/Shifts-Public-Approval-Labor-Unions-United-States-19361999.aspx>

4. See e.g. President's Commission on Organized Crime, *The Edge: Organized Crime, Business and Labor Unions* (Washington, DC: Government Printing Office, 1986).

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