

CHICAGO, CITY OF CORRUPTION

BY TED LEITZELL

IN 1931 Chicago's liberal and reform elements were encouraged by two events. The first took place at the polls, where Democrat Tony Cermak was elected mayor by an incongruous combination of churchmen, bankers, reformers, liberals, ward-heel politicians, and Capone gangsters. The second occurred in Federal Court when Al Capone was sentenced to spend eleven years in prison.

Soon, however, the liberals were reeling in confusion. For the relatively harmless complacency of the Big Bill Thompson regime, they had substituted the Nash-Kelly-Arvey machine, which has given Chicago the most corrupt and ruthless city government in America. Taxes and expenditures have reached an all-time high; city services are at an all-time low. Ward heelers occupy fat sinecures, while Reliefers starve on 10 cents a day. Streets are filled with holes, alleys littered with garbage. The schools have been corrupted, and civil service rules for city employees have been consistently violated.

Standard prices have been established for jobs on the police force; a jury recently convicted Alderman Konkowski because he *failed* to deliver some police jobs for which he had taken payment — he would never have been prosecuted if he had delivered. The machine has reduced vote buying and stealing to an exact science, and formed a definite alliance with the criminal elements that operate the highly profitable gambling and vice concessions throughout the city and county.

And the Capone Syndicate? During Al's incarceration it increased in power and wealth, muscling into the legal liquor business as effectively as it did with the bootleg stuff. It controls some of the AFL labor unions, and dominates several important legitimate industries. It is a typically Chicago Micawber touch that Al Capone's release from Alcatraz synchronized with two important developments: a new outbreak of gang warfare that riddled Edward J. O'Hare, front for the Capone Syndicate,

with shotgun slugs; and the cancellation of nationwide wire service to bookies, which gives a hope — a bare hope — that Chicago may once more have a decent government.

The lifeblood of the Kelly-Nash-Arvey machine, like any corrupt political organization, is cold cash on the line for supporters. This can come in the form of jobs, graft on municipal contracts, or cash for political workers, judges, clerks, etc., at the polls. Tony Cermak, who had been backed by some of Chicago's moralists, first saw how to make one dollar of graft do the work of four or five; he made the bookies lay it on the line, enough to take care of the Syndicate, police captains, politicians, and his gambling overlord. In so doing he sewed up the votes of the bookies who paid, secured jobs in bookie joints for deserving precinct workers, and insured the support of Capone muscle at the polls.

Here is how Cermak did it: as soon as he became mayor he put police captain Martin Mullen in charge of vice and gambling. Thereafter, every complaint in these fields had to clear through Mullen before the district cops could take action. At the same time Tony called in Billy Skidmore, with whom he had once operated a bookie joint on 22nd

Street. Skidmore became collection man for the money paid by the bookies for police protection and, as pay-off man, also attended to splitting the take. Anyone who wanted to open a bookie joint first saw Skidmore to make sure of police protection; then he visited the representative of Moses L. Annenberg, who had a monopoly on racing news. Annenberg's Nationwide News Service gathered minute-by-minute post and running information from all tracks, and relayed it by loudspeaker to bookies all over the country. Once a week at first, later once a month, Skidmore's collectors visited the bookie joints. They checked books and, if profits increased, upped assessments. Any who failed to pay regularly were wiped out of business by the police just as rapidly as though they had neglected to get permission from Billy Skidmore in the first place.

Between the first and tenth of each month Skidmore paid off. His combined money came from the bookie joints, from Ely Kelly, the policy king, who paid \$250 a week for each of his twenty-eight policy wheels, and from Bill Johnson, who turned over a cut from his seven large gambling houses. The money was split four ways — Skidmore kept part, while the rest

went to representatives of the Capone Syndicate, the city and county politicians, and the police captains.

Under this program there was, until last November, an average of 900 bookies in Chicago paying an average of \$100 a week to Skidmore and about \$50 a week to Annenberg. Skidmore collections grossed about \$5,000,000 a year from 1932 until the heat really went on the cash box in November. Annenberg, after being indicted on income tax evasion and lottery charges, and having his Chicago telephone service cut off by pressure from county and federal officials, voluntarily announced dissolution of his racing-news service. Twenty per cent of his former profits went direct to the Syndicate; another 30 per cent went somewhere among the politicians. A Federal grand jury reported that Annenberg also made substantial Christmas gifts to various city judges and other officials, and had two state senators on his pay roll.

Vice does not play an important part in Chicago political profits. Most Irish politicians shun the business, fearing that God won't let them into Heaven when they die if they contribute to sending so many girls' souls to hell. They leave that source of revenue chiefly to

those less worried about the hereafter, and as a form of private graft for coppers on the beat.

II

In 1933 Mayor Cermak was shot while in the company of President-elect Roosevelt. The city council appointed a temporary mayor while Edward J. Kelly and Pat Nash got the state legislature to legalize election by the council. That done, Kelly was elected to fill out the term. He announced that he would continue the policies laid down by Cermak, which is one political promise Kelly has kept.

Mayor Kelly has had a long and interesting career on the public pay rolls. He began as an axman for the Sanitary District, and hasn't missed a pay check since. In 1920 he was appointed Chief Engineer of the Sanitary District; in 1924 he became president of the South Park Board as well. Not much was heard of Kelly until the "whoopie days" scandal broke in 1930. It seemed that under his regime as chief engineer the district had squandered vast sums. Boulevard maintenance worth \$6000 a year cost the taxpayers \$164,000. A bridle path was built at a cost of \$1,016,000, and appraised by competent engineers at \$292,000. There

was a little item of \$400,000 charged to excavations, when no excavating was done. The district paid high rates to friendly companies for hauling cinders from its plants, and then bought them back at fancy prices to put on the bridge paths. Some members of the board used district funds for paying private employees. Fortunes were squandered on gala parties. Dozens of men, including known racketeers and several state senators, were on the pay rolls for doing nothing.

Kelly, as chief engineer authorizing the construction expenditures, was indicted along with nine others on a charge of conspiring to defraud the district of \$5,000,000. John Northrup, assistant state's attorney, fought for convictions, but he was up against too potent a machine. The indictments were *not pressed*. Northrup got new ones, but this time Kelly escaped, largely because incriminatory records disappeared. Every conceivable effort was made to defeat prosecution. After changes of venue, continuances, delays, and what not, Northrup succeeded in getting one conviction. The indictment naming Kelly disappeared from the files.

Kelly was compelled to pay the Federal Treasury \$105,000 in penalties for failing to report \$450,000 in his income tax returns for 1925-

28. But the government did not bring criminal charges, as it had with Capone and others.

When Kelly became mayor, his first big objective was to secure perpetual political dominance. The machine was already sitting pretty, with support from most of the "respectable" and financial elements. The police were under control through the central pay-off system on gambling graft. The Capone Syndicate was loyal for the same reason, and because it could have undesirable cops demoted, transferred, or fired. Alderman William Pacelli and State Senator Dan Serritella brought a group of Republicans with them to the Kelly-Nash pay roll. WPA and Relief provided thousands of jobs to people endorsed by Democrat ward committeemen, and Kelly wangled a New Deal loan to pay the schoolteachers, firemen, and cops. There remained the schools, courts, labor unions, and park boards. The machine high-pressured a bill through the state legislature consolidating the parks into one district, under the domination of Robert J. Dunham. Bi-partisan deals with the Serritella faction of the Republicans established an unbeatable line-up of judicial candidates at elections.

The schools required a little more

maneuvering. Mayor Thompson had drawn a lot of snickers because he fired Superintendent McAndrew as part of his campaign to make King George "keep his snoot out of Chicago." But Thompson refused to exert political pressure on the school board. Kelly had William H. Johnson appointed superintendent, and the fun began. Teachers who would not actively support the administration were demoted or transferred. Examinations for principal became a joke; dozens of men who passed the written exams with flying colors were flunked on their oral, unwitnessed tests; others who flunked the written tests were passed. In 1920 only 5 per cent of the principals were qualified by oral examination; in 1936 the percentage had increased to 81. School board purchases from dummy corporations were made by splitting orders into units of less than \$300 each, thereby evading the requirement that orders over \$300 be placed by competitive bidding. R. V. Arvey, brother of Jake Arvey of the Kelly-Nash-Arvey triumvirate, headed a firm that sold the schools more than \$70,000 worth of material in 1938. In one year nine dummy corporations, six without commercial rating, sold the schools \$786,000 in orders of less than \$300.

Another source of jobs for the faithful was found in abrogation of the civil service laws. That was done by withholding the results of civil service examinations and making "temporary" appointments. A new variation came in when employees actually under civil service were forced to sign waivers to their rights for promotion; this gave an opportunity to reward certain workers or to collect a fee from an ambitious man by jumping him over the heads of others.

Another bill threw real estate into receivership if delinquent in tax payments. This gave the machine a chance to appoint hundreds of receivers, and what a sugar bowl it became! Receivers collected fat fees, provided convenient addresses for fake election registrations, and were not checked on how much graft flowed from the purchase of supplies if they did plenty of business with friendly companies. In spite of the fact that receivers had absolute control, delinquency was reduced only 4 per cent in five years.

The Capone Syndicate shares domination of certain AFL labor unions with the machine. This began back in 1934, when Repeal made the Syndicate look around for new enterprises, and it was done strictly on a muscle basis. In the

Painters, Decorators, and Paper Hangers Union, for example, there have been six officials murdered in the past five years, which is typical of many Chicago unions. Red Barker and Three-Finger Jack White, notorious Syndicate racketeers, moved in on the Teamsters union in 1934. They are both dead now. Umbrella Mike Boyle, who has heard a jury say "guilty," has made a fortune from the Electrical Workers Union. Since bullets ended Tommy Maloy's career in the Motion Picture Operators Union, it has been in the gentle hands of Nick Dean, who also operates the swanky Colony Club. Bartenders pay their union dues to Louie Romano, member of the Syndicate. Mike Corrozzo, head of the Street Cleaners Union, and real power in every union identified with paving, thought his political power was so great that he would not have to play with the Syndicate. One night a dozen slugs tore past his head. Mike took the hint.

Control of union treasuries is a source of fantastic revenue, but that is far from being their entire value. The strike threat is a powerful weapon in making unfriendly business organizations fall in line and in keeping outsiders from underbidding favored firms. Unions can be a lot of help at elections, too;

in the last mayoralty campaign billposters refused to handle anti-Kelly placards.

III

By 1935 Kelly and Nash had about 400,000 voters dependent on their favor for at least part of their incomes. Elections were a travesty. Fake registrations, Republican sell-outs in various wards, crooked judges and clerks, purchased votes, organized mobs of floaters, muscle support from the Syndicate, counterfeit ballots, gave the machine overwhelming majorities in all the cheat wards. Kelly was elected by a vote of 798,150 to 166,571 for his Republican opponent. Some precincts did not show a single Republican vote.

This gave the CityHall gang absolute control of the city, and filled them with ambition for complete domination of the state and county administrations. Governor Horner had refused to follow orders from Nash, so why not throw him out? Horner fought back. He had his own patronage machine, and plenty of money contributed by state employees. States Attorney Thomas J. Courtney (who had been on Kelly's Sanitary District pay roll back in 1928 while holding three other jobs on public pay rolls)

lined up with Horner. It was a close fight, but Horner's downstate strength rode over Kelly's grip on Cook County. Then the boys all got together again, and rode into office on the New Deal tidal wave.

The party rift continued into the 1939 campaign, however, with District Attorney Courtney opposing Kelly for the mayoralty nomination. As part of his ammunition Courtney shouted about the gambling corruption, and put his cops to work raiding. That started a new record for judicial handsprings. Judge Eugene Holland held that the cops must have search warrants, and released gamblers at the rate of seven hundred a month. Judge Oscar Caplan insisted that there was not evidence unless the copper first made a bet, then secured a search warrant, and finally placed another bet. One judge's cases were sometimes turned loose even before court went into session; the bookie would turn his bail slip over to his attorney, who would present it to the clerk, who in turn would discharge the bookie. Only a certain favored few attorneys could get such quick and favorable action. When cops met judicial requirements, judges laid down new ones. Judge Eugene McGarry evolved the theory that a bet must be placed to prove gambling, but

that if it were placed, the bookie was a victim of entrapment and should be released. (McGarry, incidentally, was recently indicted for malfeasance and accepting phony bonds to the tune of letting one plot of land worth less than \$100 serve for more than fifty bonds simultaneously. Holland is in hot water because he was a business partner of just-murdered Edward O'Hare, manager of the Capone race tracks.) The whole thing was, of course, just a game of ring-around-the-rosy. Kelly's cops joined in the raiding; nobody expected convictions, but the official record shows that the cops did an honest job. The bookies had to submit to the inconvenience of these shadow raids as part of their contribution to civic virtue.

Courtney did not have a chance. Governor Horner was ill in Florida, and many deputy leaders of the state machine held out. Ward committeemen were intimidated; those who announced support for Courtney found that saloons in their ward were closed promptly at the closing hour. That was bad for the machine, since the two hours after legal closing are recognized as the "Captain's hours," when the police captain of that district gets all of the graft from cheating saloon keepers as his personal take.

The Republicans nominated Dwight Green for mayor and put up a good fight. Kelly conducted a typical campaign. Not once did he defend himself against the charges brought by Green. He insisted that he had been a good mayor, "All this talk about huge taxes is the bunk!" But tax bills were not mailed until after the election, even though the delay cost the city thousands of dollars a day in interest. No effort was made to enforce vehicle tax collections, saloons stayed open as long as they wished. Kelly's machine spent \$5,000,000 to elect him.

With Kelly safe in office, things began to happen. Saloons were suddenly locked tight at closing hours; then came new license regulations, with new hours — the net result of all this being to collect seventeen months in license fees during the calendar year. This brought an extra \$3,000,000 to be spent in 1939. Drivers were jerked into court for failure to have city vehicle tags, and the judges who released bookies in wholesale numbers punished drivers with savage ferocity. Tax bills went out, and set a new high: \$9.17 per hundred dollars valuation — one of the highest rates in the country and more than 43 per cent over Chicago's 1933 rate.

The new budget of \$330,000,000 was the highest in Chicago's his-

tory, and did not provide full service for all departments through the entire year. The park district got its pegged levy increased 39 per cent over 1938, and the schools got \$6,000,000 more without increasing expenditures in any way. The park district tried to put a bill through the legislature authorizing a bond issue for running expenses without a popular referendum.

Gambling, while thrown into confusion by cancellation of telephone service, is as flagrant today as ever. Bookie joints operate so openly that many of them put out advertising matches. There are joints operating in sight of the city hall, next door to churches, and in many a respectable office building. With one exception, the newspapers have done little to preserve Chicago's decency. The exception is *The Daily News*, published by Col. Frank Knox, with Paul Scott Mowrer on the job as editor. Mowrer began gathering facts and when he had enough the *News* began publication of exceedingly uncomfortable and incontrovertible data about the Kelly-Nash-Arvey rackets.

Chicago could never have slipped into its present rotten state of affairs if it were not for the complacency of the decent element. When reputable businessmen are

willing to pay graft for the privilege of selling supplies to tax receivers, honesty in government gets a black eye. When respectable businessmen are willing to deal with ex-convict union officers, lawlessness is encouraged. The situation is not, however, entirely hopeless. Other papers have followed the *News'* lead, and the real filth of Chicago's administration is being hung on more lines than one. The facts so far produced have shocked the decent citizens, many of whom needed prodding of this sort to make them get out and vote. Even though Chicago has four times as many robberies as New York City, the cops on the whole are honest, able men, and can't be blamed for not bucking the politicians.

After a generation of fumbling, Chicago still has the world's worst transportation system, but a subway has actually been started — with Federal funds — even though nobody knows where to find the \$9,000,000 that will be needed to equip it for operation. The millions squandered needlessly by the park board have produced some construction that is not hideous or unneeded, and the thirty miles of unspoiled lake front are still there.

Kelly is still sitting pretty with his \$34,000 home in Miami Beach,

his three-story brick house in Chicago, and his seventeen acre estate with its palatial fourteen-room summer home at Eagle River, Wisconsin. But he is no longer impregnable. City Hall has been watching Kansas City with anxious eyes; when the Federal heat goes on it is hard to stop. Even the leap to the third term bandwagon may not save the machine.

Kelly's term runs to 1943, but there is a general election coming up next fall. Judge Edmund K. Jarecki — county election judge and political enemy of Kelly — is gradually bringing vote fraud under control by sending a steady stream of Kelly henchmen to jail, many from Jake Arvey's 24th ward. (In the last mayoralty election, the 54th precinct of that ward showed 500 more ballots cast than voters registered.) There is dissension in the machine, with many of the minor grafters frantically trying to cover up before they are inspected by Uncle Sam. Graft from gambling has been greatly curtailed, and indications are that it will be reduced still more. With a smaller war chest, fewer jobs, and increasing obstacles to vote stealing, it seems possible that the Kelly-Nash regime is near the end. Perhaps old Father Dearborn will yet survive.

► *High ideals and low I.Q.'s made possible
Stalin's profitable putsch in movieland.*

REVOLUTION CAME TO HOLLYWOOD

BY WILLIAM BLEDSOE

NOTHING since the advent of the talkies struck Hollywood quite so hard as the news of the Soviet-Nazi pacts. Mingled with cries of pain were the strains of a big belly laugh. Certain glamour boys and girls, famous writers and directors were on their knees at the shrine of the crossed hammer-and-sickle when the bombshell fell. It hit them like a dropped option. They were still staggering when the Red invasion of Poland exploded around their ears, and the panic was completed by Russia's assault on Finland. Only in the breasts of the most devout can traces of the Stalinist faith still linger. It may still be alive in Lionel Stander, Frances Farmer, Lillian Hellman, Dorothy Parker, Donald Ogden Stewart, Gale Sondergaard, Lief Erikson, J. Edward Bromberg, Sylvia Sidney, Ella Winter, and a few others — but by the time these words reach print even they may be among the apostates. The fact is that the Hollywood Revolution is fading out. The goofiest era in cinema legend — a com-

pound of high ideals and low I.Q.'s; party lines and just parties; noble slogans and ignoble political rackets — is about washed up. Before it goes down the drain, a respectful obituary over the remains is in order.

I saw the Celluloid Uprising in its most fantastic hours. During the heyday of the Diamond-Studded Proletariat I was editor of the *Screen Guild Magazine*, official organ of the Screen Actors Guild, the AFL union of picture players, which gave me a front-row seat on the super-Revolution. I witnessed the revolt of the Hollywood wage slaves and the Stalin *putsch*. I saw Social Consciousness quicken and come to a boil in actors, writers, and directors whose names rival Rinso and Camels as household words. I followed the insurrection mass meeting by mass meeting, cocktail party by cocktail party, until many a Big Name was more or less secretly enrolled in the Communist Party or tagging along solemnly in one of the "front" leagues and committees. The politi-