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The Jewish Bookmaker: Gambling, Legitimacy, and the American Political Economy

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No fort is so strong that it cannot be taken with money

—Cicero

During graduate school, I sometimes took an evening away from campus to visit my Uncle Seymour, who invariably arranged for us to meet in the vacant recreation rooms of synagogues and churches scattered throughout Queens and Nassau counties in New York. After finding the correct exit of the Long Island Expressway or Belt Parkway and then navigating some residential streets, I would pull into a dark parking lot and locate a service entrance to the house of worship. There an aging (but still substantial) bouncer would delay me until I explained that I hoped to join my uncle. At Seymour's name, the doors opened.¹

Inside I found a complete casino setup: craps, blackjack and poker tables, and various untraditional card games, such as Caribbean Stud, which my uncle dismissed as a "sucker's game." Looking over to the Caribbean Stud table, I would find Seymour's longtime girlfriend betting heavily and smiling. Aunt Helen's fondness for the game irritated my uncle, though they enjoyed an otherwise placid relationship that included regular evenings "at Temple." Seymour himself shot craps. He always placed the same bet, the most conservative in the casino: he bet against the shooter and then augmented his wager on the back line.² This gave the house only a small concession (called the "vig" or "vigorish," Yiddish terms related to the Russian word for "winnings," *vyigrysh*), which, though still bothersome to my uncle, was an acceptable entertainment expense.

Seymour continued betting until a scratchy radio broadcast announced the end of some professional or college sporting event. Then he would collect his chips and go over to a man sitting between an adding machine and a metal cash box. He was my uncle's bookmaker, and also the proprietor of these affairs. The time had come to settle accounts.

This was the state of the small-time "sporting life" a decade ago, and judging by the varied ages of both proprietors and clientele, these operations are no doubt

continuing in the new century. Over the course of the past hundred years, Jews by proportion (compared to other religious and ethnic groups) have been the most active participants in American sports betting, and probably in gambling generally.³ It has been this way ever since the day after July 15, 1912, when young Jewish criminals invented the surreptitious casino scenario described above. Known as the "floating crap game," it developed out of necessity after Lt. Charles Becker of the New York City Police Department arranged for the murder of Herman "Beansy" Rosenthal, the manager of the Hesper Club casino. I have referred to the murder of Rosenthal in other writings, though not to its significance in the history of both money and power in America. In brief, July 15, 1912 is the date when illegal gambling stopped being a concession of corrupt politicians and the police in their employ. From then onwards, the state and Jewish professional gamblers entered into a competition, both for gambling dollars and for the power that these revenues represented.⁴

By describing the history of Jewish bookmaking in America, I hope to say something about the American service economy, by which I mean the shift of much of the American economy in the mid-20th century from the creation of physical goods (production) to the distribution of goods and the selling of services. By the late 1960s, this phenomenon had become noticeable enough to enter the economic and sociological discourse, and it has since come to be accepted as a fact of our contemporary social order.⁵ Though the phenomenon has sometimes been put under the microscope of cultural analysis, that analysis has overlooked what I believe to be deep cultural anxieties regarding the service economy.⁶

Specifically, at least since medieval times, economic activities not related to production have occupied a suspicious realm best relegated to inferiors, which often meant Jews. As Jews became significant participants in the growing service economy (though they never dominated it), to many they also came to *symbolize* this new economy. Thus my discussion of "the Jewish service economy" indicates two intertwined phenomena: the real preponderance of Jews in a particular industry or set of industries; and the perception that Jews monopolize or otherwise control vast and unsavory areas of the service sector.

That confusion, between viewing Jews as participants in larger modernizing economic trends, and viewing them as somehow overseeing those trends (especially for sinister purposes), has had very real implications, not least of all concerning how Jewish power has been viewed. All economic behavior, however stigmatized, has political ramifications and plays its role in the political economy. In discussing these power implications, I will make use of Max Weber's distinction between legitimate and non-legitimate domination. Not surprisingly, power related to production and, classically, the agrarian economy has been considered legitimate, whereas power related to the Jewish service economy, though quite real, often has not been considered legitimate. In fact, the power attached to the Jewish service economy has at times been so discredited and debased that even some recent scholarship has discounted its very existence. As I hope to show in the following account of Jewish bookmakers in America, nothing could be further from the truth.

Origins of Jewish Bookmaking

Historically, modern casinos are descended from the "auction pool" associated with racetrack gambling. Although gambling has been banned or circumscribed by law at most times and in most places in America, informal gambling among horse owners has always been critical to the culture and finances of racing. After the Civil War, the emergence of modern urban racetracks, built and maintained as local government-works projects, mandated the professionalization of the sport and the rationalization of its finances. In the 1870s, racetrack officials began to supplement gate fees illegally (albeit openly) by auctioning the winning rights of individual horses prior to their races. Following the race, whoever had purchased the rights to the triumphant horse would collect the entire betting pool, less 10 percent to the track. Though profitable, this system was imperfect. For one thing, it neglected large sums of interested capital from those who had not won the initial auctions. Moreover, officials had to maintain too visible a connection to auctioneers and to illegal gambling in order to calculate their just commission.

The auction system was replaced around 1880 when track officials began to offer the privilege of working in the stands to professional gamblers who paid a flat fee. These gamblers often published their initial offering of odds on chalkboards, but each bet was bargained individually and its details were recorded in a book or pad (hence the phrase "making book"). Bookmakers had to control immense amounts of changing information concerning horses, track conditions, jockeys, odds, and what financial risks their own resources would allow, while at the same time negotiating multiple bets from excited patrons in the few closing moments before a race. As this was a conspiracy of government officials in the first place, track officials easily enforced their illegal contracts with bookmakers: local police were instructed to eject or arrest any gambler who did not pay the fee.⁷

After the invention of the telegraph, corrupt track officials opened remote offices connected directly to the racetrack by wire. Though these later became known as wire-rooms, they were initially known as pool-rooms, in what was even then an anachronistic reference to the old auction pool. Bookmakers were brought in to manage these places. Besides horse betting, the pool-room offered lotteries, card and dice games, food and drink, entertainment, and prostitution. In short, it had all the hallmarks of the modern casino, the difference being that, despite its illegality, the pool-room was owned by government officials with solid connections both to race track administrators and the local police force. As a journalist observed in 1907, "the type of the big pool-room man... is either a politician or the friend of politicians. To be precise, he is 'in right'."⁸

Such an institution was the Hesper Club at the time that its owner, "Big" Tim Sullivan, enlisted Beansy Rosenthal to manage it. Timothy D. Sullivan, sometime state senator but more importantly a Tammany boss of the Democratic party in New York City, owned dozens of pool-rooms. He hired professional gamblers to manage them, typically first- and second-generation East European Jews who had spent their youths in America making book at racetracks and, increasingly, baseball stadiums. Arnold Rothstein, Sam Paul, "Bridgely" Webber, Harry Vallon, Sam Schepps, and "Bald" Jack Rose were among those who, as teenagers, had wandered into Tim

Sullivan's Lower East Side pool-rooms and ended up managing them. These men did not think of themselves as independent owners of casinos. They did not have the political connections to gain access to a racing wire or to avoid the Strong-Arm Squad of the New York City Police Department (now known as the Vice Squad). Rather, they were hired by Tim Sullivan to make book and otherwise manage his gambling interests, for which they received a portion of the profits.⁹

When Tim Sullivan inexplicably went insane in 1909, and therefore could no longer influence his police minions, there was some confusion as to who owned the Hesper Club. It was not long before Lt. Charles Becker of the Strong-Arm Squad reasoned that, with Big Tim gone, someone else should accept the owner's share of profits. Whether Becker thought of himself as the new owner of the Hesper Club or whether he simply sought compensation for protection from police raids is a matter of perspective. Concretely, he wanted \$500 per week, which was probably a figure closer to an owner's profit than to a police protection fee (it corresponded to the typical annual income of a Lower Manhattan resident). This amount shocked Beansy Rosenthal, though other casino managers, including Rothstein, Paul, Webber, Schepps, and Rose instantly agreed to the new arrangement.

When Rosenthal appealed to Arnold Rothstein, the most influential of Sullivan's Jewish casino managers, to utilize his personal connections in Tammany in order to curtail the police lieutenant's gambling ambitions, Rothstein responded by peeling \$500 from his own bankroll and suggesting that it be used as a first payment to the Hesper Club's new ownership. Rothstein explained that until Tammany Hall filled the vacuum created by Sullivan's departure, Lt. Becker was the de facto "Big Feller" and would take an appropriate share of the casino's profits. Beansy Rosenthal still refused to pay. Instead he tried to stop the lieutenant by reporting the matter to the muckraking *New York World*. In retaliation, Becker ordered the murder of Rosenthal, a crime for which he was eventually convicted and executed. As the messy Becker-Rosenthal affair made headlines and sold newspapers, nervous politicians closed down their casinos.¹⁰

These were the shadowy circumstances that forged the first floating crap games in New York. They also permanently unhinged ownership of illegal gambling from holders of government office. Thereafter, politicians and their police might be paid to overlook gambling or to prosecute specific competitors, but unlike Tim Sullivan they held no assets in these operations, nor did they consider themselves to be proprietors. The immediate connection between government official and illegal enterprise was simply too close, too risky. For one thing, newspapers loved to report on instances of hypocrisy on the part of politicians, whose notoriety was then exploited by political rivals. Muckraking, however, was only one aspect of a larger movement to rationalize and professionalize government office, which became known in the United States as Progressivism. By the beginning of the 20th century, this movement had come into national vogue, in part because of its success in exposing the suspicious business interests of incumbent politicians who, typically, had sought public office in the first place in order to protect their ownership of these interests.

In this new environment, rationalization of both the economy and politics, in both legal and illegal arenas, meant that the service industry of gambling was best left in the hands of career gamblers, while the increasingly technical knowledge and skills necessary to the administration of force were best left to professional politicians

and their police. To be sure, gamblers did mete out a share of direct force—Arnold Rothstein, for instance, both carried and on occasion made use of a .38 Special revolver, and his game operators, Meyer Lansky and Benjamin “Bugsy” Siegel, began their careers as *shtarkers* (“tough guys”) who were hired by labor or management during union disputes. But the typical nexus between the illegal economy and its occasional need for enforcement came about through graft. Whereas a legal business could openly use the courts to activate force in its interest, an illegal business had to gain the same political services without access to the tool of law. Henceforth, government was “on the take.”

When rationalization trends finally succeeded in splitting political office from direct business interest, it marked the end of the traditional relationships between sovereignty, property, and revenue that had organized agrarian society for centuries. With the exception of taxes, crude physical control over material resources had effectively been divorced from the income that property created. This division of power and property, with the former placed in service to the latter, had been the vision of Adam Smith and the ideal shared by the framers of the American Constitution, but its near accomplishment at the turn of the 20th century was thoroughly disturbing, as it challenged long-held agrarian ideals of how wealth is rightly accumulated, both in its creation and in its protection. John B. Morrall reminds us of the earliest European articulations of this agrarian political-economic ideal, espoused in the early Middle Ages by the barbarian conquerors of Rome:

In an age when material force was the strongest political argument, the practice of protection of the weak by the strong became widespread over western Europe. . . . [It] led to the grant or assumption of public political authority by the military landowning elements who now exercised in their localities the administrative and judicial functions regarded in Roman times as the sole prerogative of the central government.¹¹

This elementary fusion of power and property remained in force even through 11th- and 12th-century market and urban revolutions, during which the necessity of distribution and the urban market was conceded and was even tolerated when provided by an inferior class such as the Jews. Still, distribution and finance services never gained the *legitimacy* of holding property directly and deriving income from it. It may be said that the moral view of agrarian society, which fused control of property with the complete and legitimate benefit of its resources, was still the preferred theory of the 18th-century Physiocrats and has existed and thrived in places perhaps even into the 21st century.

If it is difficult to fathom Adam Smith’s rather basic division between sovereign power and the non-sovereign economic use of property, how much more obtuse are regions of the economy that are one step further abstracted, where value is created without producing a material product at all: distribution, banking, entertainment, and even the ancient professions of law and medicine—that is to say, the service economy, the area to which Jews were consigned for the bulk of their history. What a discomfiting surprise it must have been to those who realized, whether during the market revolutions of the 11th century or the post-industrial explosion of the 20th, that the lords over this suspect service economy were reaping the material rewards due a king.

Because of the longstanding association of Jews with the service economy, market revolutions that have threatened the agrarian political ideal, even market revolutions led by Gentiles, typically have been met by antisemitic rhetoric. Often the smears came from those who led the new economy.¹² Henry Ford, a business genius by any reckoning in the areas of both production and distribution, could not fathom the legitimate value of the service economy, which in his mind was personified by Jews. “The Jew is a mere huckster,” he said in an interview, “a trader who doesn’t want to produce, but to make something out of what someone else produces.”¹³ To the average American who may have shared Henry Ford’s view, the manner in which effete Wall Street types (who produced nothing) legally gained unprecedented wealth, social stature, and influence must have seemed distasteful, even unnatural. It was mystifying when foreigners enjoyed economic success in the abstract distribution areas of the economy. But it was outright unconscionable when illegal conspiracies protecting these perverse arrangements came to light. Such revelations raised worrisome questions about whom American power served, or worse, who actually held power.

Such was the mood when, during the World Series of 1919, some began to suspect that certain bookmakers had fixed events on the baseball field from the stands. No Yiddish newspaper at the time thought there was much use in denying the claim. Since racetracks had closed during the Great War, gamblers had become increasingly interested in what Walt Whitman had named “Our Game.” Baseball had been created in New York City in the 1840s, and from the first, it had been conjoined with wagering (a score was initially called an “ace,” a team’s turn at bat was called a “hand”). As with horse racing, baseball team owners often gambled on their own teams.¹⁴ And as with horse racing, baseball underwent its own professionalization after the Civil War. Concomitant with growing interest in the honest outcome of the games the public was now paying to see, gambling was publicly disavowed, but team owners do not appear to have been deterred from honoring their betting traditions in private.

Not surprisingly, suspicions concerning gambling and fixes recurred. These were raised in 1914, 1917, and rather seriously regarding the World Series of 1918. Finally, in 1920, when White Sox pitcher Eddie Cicotte fully confessed to his fix of the 1919 World Series, including his own masterminding of the plan, a nationalist gasp was drawn up from across the American plain. How could strong American athletes have been bent to the will of sallow hucksters? Had suspicious money been used to fix the World Series, along with everything else in America? Had the most recent tide of foreigners turned American society upside down? Henry Ford’s *Dearborn Independent* was far from alone in proclaiming so. “A lot of dirty, long-nosed, thick-lipped, and strong-smelling gamblers butted into the World Series,” the *Sporting News* declared, “an American event, by the way.”¹⁵ In his recounting of the baseball scandal in *The Great Gatsby*, F. Scott Fitzgerald also used the caricature of the Jewish usurer, transforming Arnold Rothstein into Meyer Wolfsheim, “the man who fixed the World’s Series” and who “play[ed] with the faith of fifty million people—with the single-mindedness of a burglar blowing a safe.”¹⁶ Fitzgerald’s lampoon of Rothstein was as graceless and crass as the living man was polished. For instance, whereas Rothstein knew Great Britain, having traveled there several times for business, Meyer Wolfsheim marveled that his friend Gatsby had attended “Oggsford College in England. You know Oggsford College?”—stumbling over the pronunciation of a

language that Rothstein spoke natively. And while Rothstein dressed in the “subdued method of Fifth Avenue,”¹⁷ Wolfsheim decorated his shirts with cuff links made of the “finest specimens of human molars.”¹⁸

Then again, Fitzgerald wanted less to lampoon the man than his nose. Although he claimed to have met Rothstein,¹⁹ his Wolfsheim was “a small flat-nosed Jew . . . with two fine growths of hair which luxuriated in either nostril,” and when Wolfsheim felt fury it was not so much expressed by his face, but rather “his nose flashed . . . indignantly.”²⁰ When Edith Wharton finished reading *The Great Gatsby* she dashed off a note to Fitzgerald and specified that in Wolfsheim, Fitzgerald had created the “perfect Jew.”²¹

With Wolfsheim, Fitzgerald represented what he imagined to be a massive and treacherous pivot in the stratification of the American social order. The Tom Buchanans of Yale, with their stables of polo horses, had been replaced by a nouveau riche class of Jay Gatsbys, an indistinguishable crowd of salesmen and stock swindlers with neither history nor pedigree, who would chase money blindly in the ever elusive search for satisfaction. In their chase, this new class unwittingly served the purpose of Wolfsheim, foul Jewish lord of the underworld who wielded complete power in an America with no recognizable legitimate authority.²²

Bookmaking at Mid-century

The public outcry surrounding the World Series of 1919 brought no change or interruption to the structure or volume of organized sports betting. Americans simply liked to gamble. As noted, pool-rooms had begun reestablishing themselves within months of Beansy Rosenthal’s murder in 1912, this time without the direct proprietorship of corrupt government officials. In time, however, various state and local governments acted in opposition to the rationalizing trend that would have kept them out of the economy and decided to compete with professional gamblers by offering legal pari-mutuel gaming options at government-sponsored racetracks. (Pari-mutuel systems gather bets centrally and then divide the proceeds among the winners in proportion to their original wagers. Bookmakers, in contrast, collect and distribute bets individually.)

At the same time, the widespread use of the telephone allowed for expanded options for illegal professional gamblers. Throughout the 1910s, enterprising bookmakers had used their networks of racetrack informants to compile racing results from around the country and then sold this information to smaller bookmakers. By 1920, these services had been consolidated—in most cases violently—by Jacob “Mont” Tennes and his General News Bureau in Chicago. Tennes’ own history is not well documented beyond the fact that he was born in Chicago in 1874 to “German” parents (a common euphemism for Jewish at the time)²³ and that, under the tutelage of machine boss Mike McDonald, came to monopolize gambling on Chicago’s North Side. Tennes’ telephone service, which became known anachronistically as “the wire,” served “wire rooms.” A 1916 investigation by Federal Judge Kenesaw Mountain Landis (later appointed baseball commissioner following the Black Sox scandal) found that although bookmakers used the racing wire for illegal purposes, the transmission of racing data was not in itself a criminal act, since the information was a form of news.

Moses Annenberg espoused that legal view when he bought Tennes’ General News Bureau in 1927 and renamed it the Nationwide News Service. Five years earlier, Annenberg had purchased *The Racing Form* newspaper, thus confirming his transition from distributor for William Randolph Hearst (a violent job during the bloody Chicago newspaper wars of the early 1910s) to publisher of his own news and wire-service empire. A Jew born in East Prussia in 1878, Annenberg and his family moved to Chicago in 1881, where as a boy he sold newspapers, first for Hearst’s competitors and then for Hearst himself. Annenberg would eventually own the *Milwaukee Journal*, the *Philadelphia Inquirer*, and the *Miami Tribune*.²⁴

By 1930, half of the states had established legal pari-mutuel gambling systems at their racetracks. In the same year, the Department of Justice estimated that Annenberg’s wire provided information to more than 15,000 illegal bookmakers; by 1940, it was the fifth-largest customer of the American Telephone and Telegraph Corporation. Annenberg’s legal wire service thus competed with the legal gambling interests of the state. Racing track officials arranged for the removal of public telephones in an attempt to stop “spotters” hired by Annenberg to relay race information, but the spotters soon created complex systems of signaling from high in the stands to colleagues stationed out in the parking lot, who then called in their reports to the home office.²⁵

The state had no legal foundation to prosecute Annenberg’s news service. Annenberg’s son Walter, who worked in the family business at this time, would later explain: “After all, the Associated Press and others were getting the [race] results, too.” That may have been true, but the government believed that Moses Annenberg’s marketing techniques were less than legal. He was accused of intimidating rival news services, such of that of Sol King in New York, by crippling delivery trucks and printing presses. Since bookmakers who used Annenberg’s services were criminals, they could hardly appeal to the courts for protection. In due course, however, Annenberg’s businesses became the focus of increasingly tenacious federal investigations, which led to his selling the wire in 1939. Shortly thereafter, he was convicted of federal tax evasion and sentenced to a four-year prison sentence, two of which were actually served at Lewisburg, Pennsylvania before he was released for an inoperable brain tumor, of which he died in 1942.²⁶

The sale of the Nationwide News Service to a person less formidable than Annenberg (James M. Ragen, who was murdered on State Street, Chicago, in 1946) created a vacuum that others sought to fill. Benjamin “Bugsy” Siegel, who had worked for Arnold Rothstein in the 1920s, opened Trans-American Publishing in California, probably with the financial backing of Meyer Lansky.²⁷ For reasons beyond Siegel’s control, his wire was not remarkably successful, and no single service came to replace that of Annenberg. In large part, this failure can be attributed to the invention of the “point spread” in the last years of the Second World War. The point spread greatly broadened the kinds of sports games on which it was possible to gamble. Previously, sports featuring head-to-head competition, such as basketball and football, were difficult to make equally appealing to bettors for both teams—an essential condition for bookmakers seeking to balance the risk of their bets and safely collect a vigorish. The point spread made this equalization possible. In the point spread system, an even bet was offered for both sides of a contest, but the points necessary to “win” each game

were different for each team. In basketball, for instance, a disparity of talent between competing teams might mandate a "spread" of 20 points. If the favorite did not win by more points than the spread, those who bet on the weaker team would collect the bet.

This technical innovation made it practical for bookmakers to offer bets on popular human competitions. Leo Hirschfield, a Jew from Minneapolis, was the first major handicapper to recommend odds for sports other than horse racing. Hirschfield's telephone service for bookmakers became known as the Minneapolis line, and it set the national standard for sports other than horse racing from the time the point spread was invented through Hirschfield's retirement in 1961 due to new federal antigambling legislation. Bookmakers paid \$25 a week for telephone access to Hirschfield's recommended odds, while gamblers subscribed to Hirschfield's *Green Sheet* publication, which touted particular picks for the week. As with Annenberg's and Tennes' services, Hirschfield's enterprise operated within the limits of the law, though its clientele did not.²⁸

While Hirschfield was honing the new point spread system, a New York sports-writer by the name of Ned Irish began to notice the increasing popularity of college basketball games in the metropolitan area. He decided to promote college tournaments at Madison Square Garden, first by booking local teams such as Long Island University, City College of New York, St. John's, Manhattan College, and Seton Hall, the rosters of which, not surprisingly, included a significant number of Jewish players. The demand for these games enabled Irish to draw nationally recognized basketball teams to New York to play the local talent. The surge of college basketball, paired with the emergence of the point spread system, allowed college basketball to rival and then exceed horse racing as the primary focus of national gambling interest.²⁹

While the point spread made it possible for bookmakers to offer bets on basketball, it also made it easier for corrupt gamblers to skew the outcome of games in their favor. If a gambler wished to fix a game by paying off college players, he no longer needed to pay the students to lose outright. Players merely had to "shave points" and win by a score less than the spread. This practice was less obvious to observers, and it was also easier for players to rationalize morally, since, although taking bribes, they were still winning games for their schools.

Summer resorts in the Catskill Mountains of New York were popular places for college players to meet and fraternize with gamblers. From the 1930s, coaches from all of the major New York teams secured jobs for their best players in Catskill hotels. Ostensibly hired as waiters, busboys, and janitors, the students in fact played scrimmage games for hotel patrons in what became known as the Borsht Belt League. These games became so popular that sports reporters covered them for the newspapers and big gamblers came to frequent them. Playing under casual conditions and also far removed from home, some players learned to miss shots, make subtle defensive errors, and, most importantly, take money. By the time they arrived for official league play in the fall and winter, they had acquired new sets of skills and a taste for how easily they could line their own pockets.

Inevitably, the corruption rampant in college basketball became a matter of public knowledge. On January 18, 1951, the *New York Journal American* reported that the players of Manhattan College were routinely skimming points. Soon all of the

major New York basketball programs had become implicated. Richard O. Davies and Richard G. Abram, the premier historians of sports betting, regard the ensuing scandal as being "equal in impact and significance to the 1919 World Series fix."³⁰ It certainly caused a national outcry of comparable volume. But antisemitism this time around did not rear its head publicly. Over the course of the following year, 33 college basketball players were implicated; some, but by no means all of them Jewish. The flamboyant Nat Holman, the Jewish coach of City College of New York (CCNY), was among those whose actions were scrutinized, yet although the press unearthed some dubious recruiting practices at CCNY, Holman himself was cleared of any wrongdoing.

The absence of antisemitic rhetoric at the time is open for interpretation. Perhaps it can be attributed to timing (close on the heels of the Holocaust, which led to a certain degree of sympathy for the Jews); alternatively, it may be the case that the corruption of what was regarded as an urban game did not give rise to the kind of *volkisch* concern associated with baseball and its pastoral fields. In any event, when Arthur Daley, a Catholic columnist for the *New York Times*, expressed his outrage and distress, he singled out Manhattan College, a Catholic school, writing that the charges against it were "far more stunning, far harder to believe than any of the others."³¹ Jews may have felt a comparable anxiety regarding the scandal, similar to what they felt concerning the Julius and Ethel Rosenberg case of March of the same year, but in both instances, there was no popular antisemitic fallout.³² Despite the actions of a few Jewish basketball players and gamblers, Jews appear to have been regarded as a vested group of Americans who, like everyone else, were appalled by the reported corruption. As it happened, both the basketball scandal and the Rosenberg case came to trial (and ultimate conviction) before Jewish judges.

The Business Today

Though the basketball programs for City College of New York, Long Island University, New York University, and Manhattan College were ruined for years thereafter, the business of sports gambling continued as usual. Bookmakers still offered wagers at a rate of 11-for-10 (\$11 risked to earn \$10), thus ensuring themselves a 4.545 percent vigorish. In instances in which losing bets were covered by a loan typically payable at the usurious rate of six-for-five *per week* (that is, 20 percent), monies quickly compounded much to the bookmaker's favor. As we have seen, after the invention of the point spread, human sports became the focus of sports gambling; outside the auspices of the state and its law, it remained untaxed. Clandestine "turf clubs" (once again, the chosen term was already an anachronism) operated throughout the country during the 1950s and 1960s, providing lines mainly on human sports. Street bookmakers sent out armies of runners, who made payouts, collected bets, and offered weekly loans to tide over clientele until the next round of games.

Then, in 1974, Senator Howard W. Cannon of Nevada convinced Congress to lower the federal tax on sports bookmaking (set prohibitively high in 1931, at 10 percent, in order to encourage tax-exempt state-run pari-mutuel racetrack betting), first to 2 percent, and soon after to just .025 percent. The new tax was far enough below the

vigorous so that bookmakers could now operate legally (where permitted by individual states) and profit.³³ Frank "Lefty" Rosenthal, a Jewish bookmaker from Chicago who became manager of the Stardust Hotel-Casino in Las Vegas, set out immediately to create the first modern legal sports book.³⁴ In contrast to underground illegal turf clubs scattered throughout the country, Rosenthal envisioned a plush arena for sports betting: a theater capable of serving the food, drink, and entertainment needs of 600 gamblers, fixed with a 48-square-foot television screen and dozens of other screens, each flickering events from across the country and around the world.³⁵

Though visionary in its time, Rosenthal's Stardust Sports Book is dwarfed by today's standards. According to a 1999 congressional report, one hundred sports books in Nevada took in \$3 billion in bets and generated \$100 million in profit. In addition, approximately 250,000 bookies operated illegally. At least once that year, a quarter of adult Americans bet on sports, and 15 million bet on these events regularly. Still, in the grand scope of all organized wagering in America, even these seemingly large figures for sports gambling are not impressive. As Davies and Abram remind us: "Gambling is undoubtedly the biggest single industry in the United States, in terms of both revenues generated and the number of customers/participants. In the year 1999 an estimated 125 million Americans gambled at least once, putting some \$2 trillion into play."³⁶ Since the time of the congressional investigation, there has been an explosion of "virtual casinos" that are incorporated in legally unreachable places such as Antigua and Costa Rica, offering online betting of all kinds. Their CEOs are respected businessmen elsewhere (for instance, in Great Britain, where they often maintain offices), but when they set foot in the United States they are apt to be arrested.³⁷ In this sea of gambling, the sports book seems a lowly vessel, its main function being to draw in players who might eventually turn to other games more profitable to the casino. Then again, that was already the case in Beansy Rosenthal's pool-room.

Despite the limited place of sports in the larger arena of American gambling, the congressional investigation of 1999 singled out sports betting as a unique problem. This may simply have been an expression of economic competitiveness on the part of the government, since bookmaking at the time (before virtual casinos) was the single largest untaxed arena of organized gambling. Yet it is also possible that congressional concerns about sports betting can be traced all the way back to the medieval anxiety about the possibility of fiscal dominance being more important than physical prowess.

Whatever the congressional attitude toward sports gambling may be, the Jewish appetite for these kinds of wagers (and probably for wagering of all kinds) remains mysterious. The proclivity may be explained partially by reference to the fact that the likelihood of sports gambling increases both with education (41 percent of college graduates gamble, as compared with 28 percent of high school graduates and 14 percent among those with a lower level of formal education), and with urbanism—or rather, suburbanism (38 percent of suburban dwellers gamble, versus 29 percent of urban dwellers and 25 percent of those living in rural areas).³⁸ Since all areas of the organized American criminal economy developed in urban areas (usually in "red-light" entertainment districts abutting industrial areas and low-income housing), Jews may have become especially involved in gambling simply because of physical proximity, though it must be admitted that many ethnic groups were similarly proximate but did not exploit the opportunity as thoroughly.³⁹

Perhaps it is helpful to view Jewish participation in "illegitimate" and sometimes illegal areas of the American economy as a transplanted outgrowth of the exclusion of East European Jews from the normative economy. As with mercantile distribution and interest finance in ages past, the gambling industry in America started as a pariah profession heavily populated by Jews, only to end up as it is now: a pillar of the new American service economy. When Benjamin Siegel opened the Flamingo Hotel the day after Christmas in 1946, Las Vegas was a town of less than 25,000 people, and Siegel was barely a step ahead of the law. Sixty years later, the Las Vegas metropolitan region has 1.8 million residents and is considered America's most rapidly growing urban area, entertaining more than 38 million visitors annually.⁴⁰ The corporations that own and run its hotels and casinos are taxed and traded on the major stock exchanges, while Jews such as hotel and casino developer Steve Wynn continue to constitute a core of the gaming business community, and others have entered Nevada government office.

From the perspective of economic history, heavy Jewish participation in the American sports gambling industry, and gambling in general, likely derived from Jewish economic mentalities and behaviors forged in Europe. But the political activities of those Jews who participated in the American gambling industry appear quite different from those of their predecessors in Europe. No matter how great the financial power of a *gevir* (wealthy person) or *shtadlan* (intercessor), he could not dissociate himself from the European sovereign power that "tolerated" his existence. This dependence on sovereign protection was "the intrinsic fragility of a Jewish grandee's position," according to David Vital, and the Jewish community overall could be characterized politically as a "non-sovereign people."⁴¹ In Eli Lederhendler's formulation:

The dependence of Jewish self-rule on the consent of the gentile state and the Jewish reliance on the state's enforcement powers as the ultimate coercive force available to the community held true throughout the medieval period, beginning in late antiquity and continuing in many respects into the modern era. . . . The power exercised by Jewish communities was, therefore, *derivative power*.⁴²

Some may claim that this political situation cannot even be compared to the American case. After all, Jewish enfranchisement into the American body politic came about with the very creation of the state, whereby Jews became, at least as individuals, sovereign persons along with every other American citizen. Nevertheless, well into the 20th century, there existed large pockets of government power that resisted the ideals of popular sovereignty and the rule of law. In the major American cities, government was still the site of widespread "corruption," which was simply the use of government power for personal gain—an expected activity for any feudal sovereign worthy of the name. At the time that Beansy Rosenthal rather naively questioned Lt. Becker's and Tammany Hall's corrupt use of government power, New York City was in effect an urban fiefdom. "These clubs, such as Tammany Hall, are like Knight orders," Max Weber observed in 1918: "They seek profits solely through political control, especially of the municipal government, which is the most important object of booty."⁴³ But by the time Jewish gamblers had emerged from hiding after Rosenthal's murder, that medieval world was practically gone. Jewish gamblers

from 1912 on may have paid government for the service of administering force, or they may have exerted coercive force themselves, but the gambling grandee no longer suffered an "intrinsic fragility" in his relationship to sovereignty. He was not dependent. His relationship to power did not devolve on the personal favor of those in government. *Agon* (contest) accurately characterizes the relationship between the Jewish underworld and legitimate power, though Weber himself preferred the more militaristic term *Kampf* (battle) to describe the rivalry between legitimate and non-legitimate forms of domination.⁴⁴

Some may claim that the intrinsic fragility of the European grandee in relation to the sovereign had simply been replaced by an intrinsic fragility of the American gambler in relation to the sovereignty of law. But the Jewish gambler was soon to overcome this obstacle as well. Though Jewish criminals had existed in Europe and had contested sovereign power, scholars to date have unearthed none who triumphed so thoroughly as did those in America: Moses Annenberg in sports gambling, Moe Dalitz in casino gaming, Samuel Bronfman during the American alcohol prohibition—all of whom represent cases of *playing against* the state and winning. Given that these illegal enterprises sometimes required non-sovereign means of enforcement they are also examples of Jews' contesting the *legitimacy* of the monopolization of violence by the state—at least until the state was made to view Jewish marginal enterprises as legal, if not unambiguously legitimate.

Gambling and the entertainments that surround it may never become "legitimate." Las Vegas is in effect a national red-light district, as attested to by a recent advertising slogan that capitalized on the popular appeal of this furtive and antiauthoritarian realm: "What happens here, stays here."⁴⁵ However, it would seem that gambling has become legitimate enough for the state to try its own hand at providing these services, whether they be racetrack betting throughout the 20th century, or massive national lotteries today. When the state is unsuccessful in competing with private gambling enterprises, it taxes them, bringing the once forbidden service under the rule of law, and its revenue into government coffers.

At this point one might ask: What, exactly, is legitimate about sovereignty and law if these are made malleable by "illegitimate" economic pressures? And whom does the power of sovereignty serve? Similar questions might be asked of Jewish diaspora politics generally. Lederhendler is right to claim that *legitimate* Jewish power in Europe for most of history was derivative. But we are also speaking about a group whose legitimate *existence* was never established. When investigating Jewish power, we should be looking more closely at realms beyond the official and the legitimate.

The sovereign claim of holding monopoly over coercive force is an ideal, a staking out of territory—it has never been a reality. From the standpoint of practical political analysis, "primary" and "derivative" power are categories that may not be as revealing as "legitimate" and "non-legitimate," as Weber maintained: "Action... may be guided by the belief in the existence of a legitimate order. The probability that action will actually be so governed will be called the 'validity' of the order in question."⁴⁶ There is no other test for legitimacy except its being accepted as such. Of course, when accepted, the practical political significance of legitimacy is substantial, as (in an extreme example) the lawfully enacted Nuremberg Laws of 1935 confirm. But those same laws also confirm that legitimacy is established subjectively; it depends entirely on the community's *tradition*.⁴⁷ That the Jewish service

economy never led to the legitimacy of the Jewish community in Europe or to the legitimacy of the power it most certainly wielded (without such power, the community would have ceased to exist) was surely the outcome of an agrarian mentality that could not reflect or even fathom the far more complex economic and political reality on which it depended: the market, the city, the nascent service economy, and, where it existed, *kehilat yisrael* (the Jewish political entity).⁴⁸

To review the history of Jews and the American gambling and sports betting industries is to see a world in which resources and power reside outside of the normative economic and political orders—where a service economy mysteriously generates value without land or even material property, and where power hovers ethereally, above the ground, as it were. Jewish power outside of Zion generally has been entwined with this service economy, and accordingly it has been decried by Gentile and Jew alike as being tainted, alien, unnatural, illegitimate, and derivative. But judging by its persistence, its increasing necessity for the larger world economy, and its sometime triumphs over legitimate avenues of domination, the surges of power attached to the service economy have been anything but derivative or ethereal. By saying so, I may seem merely to reiterate a call made by David Biale two decades ago,⁴⁹ but it is one that merits both nuance and expansion: historiography must look beyond medieval prejudices and reevaluate the legitimacy, as well as the sheer reality, of Jewish power.

Notes

1. I wish I could thank two of my uncles, Seymour Alexander, who introduced me to this world, and Nathan "Toosh" Alexander, who lived these events as a bookmaker in Brooklyn until Mayor LaGuardia ended that happy portion of his career. May their memories be blessed.

2. For those interested in the rules of this game, see John Scarne, *Scarne on Dice* (North Hollywood: 1980). John Scarne was a sometime employee of Arnold Rothstein.

3. In 1974, a congressional survey of sports gambling, both legal and illegal, analyzed its results by "religious preference" and by "ethnic background." The results were as follows: among Jews, 39 percent had placed bets and 8 percent had placed illegal bets; among Catholics and Eastern Orthodox, 30 percent had placed bets and 6 percent had placed illegal bets; among Protestants, 27 percent had placed bets and 3 percent had placed illegal bets—though the comparable figures for a subset of members of "Bible-oriented" churches were lower (13 and 2 percent); among atheists and agnostics, 22 percent had placed bets and 1 percent had placed illegal bets. Surveys organized by ethnic background revealed the following: among West Europeans, 34 percent had placed bets and 5 percent had placed illegal bets; among East Europeans, 33 percent and 6 percent; Spanish-speaking, 33 percent and 3 percent; Irish, 32 percent and 6 percent; British, 31 percent and 3 percent; Italian 25 percent and 8 percent; African, 24 percent and 0.3 percent. See Maureen Kailick, Daniel Suits, Ted Dielman and Judith Hybels, "Survey of American Gambling Attitudes and Behavior," *Gambling in America* (Appendix 2) (Washington, D.C.: 1976), 297–334, esp. 300.

Mark Haller has noted that although many ethnic groups have been represented in the American gambling industry over the course of the 20th century, if any one group stands out, it is Jews hailing from Eastern Europe. This is a difficult claim to support empirically since so much of gambling history has occurred outside of the law, but my own perusal of the biographical data of professional gamblers, compounded by evidence from the 1974 congressional findings about Jewish sports betters, leads me to believe that Haller's impression is warranted. See Mark H. Haller, "The Changing Structure of American Gambling in the Twentieth Century," *Journal of Social Issues* 35 (1979), 93–97.

4. Michael Alexander, *Jazz Age Jews* (Princeton: 2001), 34f.

5. Victor Fuchs, *The Service Economy* (New York: 1968); Alain Touraine, *The Post-Industrial Society* (New York: 1971); Daniel Bell, *The Coming of Post-Industrial Society* (New York: 1973); John Kenneth Galbraith, *Economics and the Public Interest* (Boston: 1973); Alan Gartner and Frank Riessman, *The Service Society and the Consumer Vanguard* (New York: 1974).
6. Fredric Jameson, *Postmodernism, Or, the Cultural Logic of Late Capitalism* (Durham: 1992).
7. Richard Sasuly, *Bookies and Bettors: Two Hundred Years of Gambling* (New York: 1982), 65–105.
8. Josiah Flynt, "The Pool-Room Spider and the Gambling Fly," *Cosmopolitan* (March 1907), 513–521, cited in Richard O. Davies and Richard G. Abram, *Betting the Line: Sports Wagering in American Life* (Columbus, Ohio: 2001), 16.
9. "This City's Crying Shame," *New York Times* (9 March 1900). See also Steven A. Riess, "Professional Sports and New York's Tammany Machine, 1890–1920," in *Major Problems in American Sport History*, ed. Steven A. Riess (Boston: 1997), 159–167.
10. "Rosenthal Said 'Big Tim' Helped Him Start Gambling House," *New York World* (17 July 1912). See also Jonathan Root, *One Night in July: The True Story of the Rosenthal-Becker Murder Case* (New York: 1961); Jenna Weissman Joselit, *Our Gang: Jewish Crime and the New York Jewish Community, 1900–1940* (Bloomington: 1983).
11. John B. Morrall, *Political Thought in Medieval Times* (New York: 1962), 13–15.
12. Hillel J. Kieval, "Antisemitism and the City: A Beginner's Guide," in *Studies in Contemporary Jewry*, vol. 15, *People of the City: Jews and the Urban Challenge*, ed. Ezra Mendelsohn (New York: 1999), 3–18.
13. Cited in Robert Lacey, *Ford: The Men and the Machine* (New York: 1987), 234.
14. Davies and Abram, *Betting the Line*, 18.
15. *Sporting News*, cited in David Pietrusza, *Rothstein* (New York: 2003), 171.
16. F. Scott Fitzgerald, *The Great Gatsby* (New York: 1925), 78.
17. Donald Henderson Clarke, *In the Reign of Rothstein* (New York: 1929), 20.
18. Fitzgerald, *The Great Gatsby*, 77.
19. See Fitzgerald's letter of July 1937 to Corey Ford, in F. Scott Fitzgerald, *The Letters of F. Scott Fitzgerald*, ed. Andrew Turnbull (New York: 1963), 551.
20. Fitzgerald, *The Great Gatsby*, 75.
21. Quoted in Ernest Lockridge (ed.), *Twentieth Century Interpretations of The Great Gatsby* (Englewood Cliffs: 1968), 106f. See also Willa Cather's character Louie Marcellus in *The Professor's House* (1925), cited in John Higham, *Send These to Me: Immigrants in Urban America* (Baltimore: 1984), 168.
22. See further my own analysis in *Jazz Age Jews*, 53f.
23. Tennes was either German or Jewish or both. My colleague Mark Haller, an authority on Chicago crime, assures me that the real possibility of Tennes being Jewish is consistent with the ethnic contours of crime (especially gambling) in Chicago at the time.
24. On Annenberg, see generally Christopher Ogden, *Legacy: A Biography of Moses and Walter Annenberg* (Boston: 1999); and John Cooney, *The Annenbergs* (New York: 1982). There is an excellent précis of Annenberg's gambling interests in Davies and Abram, *Betting the Line*, 29–40.
25. Davies and Abram, *Betting the Line*, 30f.
26. *Ibid.*, 35.
27. See FBI files related to Benjamin Siegel: "Freedom of Information-Privacy Act. Benjamin Siegel," <http://foia.fbi.gov/foiaindex/siege.htm> (accessed 24 Aug. 2006).
28. Davies and Abram, *Betting the Line*, 55ff.
29. Charles Rosen, *The Scandals of '51: How the Gamblers Almost Killed College Basketball* (New York: 1999), 20f.
30. Davies and Abram, *Betting the Line*, 61.
31. Cited in Murray Sperber, *Onward to Victory: The Crises that Shaped College Sports* (New York: 1998), 302.
32. Lucy S. Dawidowicz, "'Anti-Semitism' and the Rosenberg Case," *Commentary* (July 1952), 41–45. This piece provides a rather opinionated synopsis of articles in the Jewish press. For a recent view, see Edward S. Shapiro, *A Time for Healing: American Jewry since World War II* (Baltimore: 1995), 35–38.

33. Act of 29 Oct. 1974, Pub. L. No. 93–499, §3,88 Stat. 1549.
34. Benjamin Siegel's Flamingo Hotel had offered limited horse betting along with its casino games in the 1940s, but given the federal tax on horse bookmaking, this service acted as a "loss leader," drawing in customers to place other more profitable kinds of bets; it was eventually curtailed.
35. Nicholas Pileggi, *Casino* (New York: 1995), 11–32.
36. Davies and Abram, 1, 2, 5, 129. The statistics in this section are culled from *The National Gambling Impact Study Commission* (Washington, D.C.: 1999).
37. In one instance, British citizen David Carruthers, the chief executive officer of BetOnSports online gambling service, was arrested on July 16, 2006 while changing planes in Dallas en route to Costa Rica. BetOnSports was founded by Gary Kaplan, a New York bookmaker who is believed to be residing in Costa Rica, a fugitive from American investigators.
38. Kaillick, "Survey of American Gambling Attitudes," 300.
39. For a history of Jews in the red-light district, see Mark Haller, "Jewish Business in the Red-Light District, 1900–1950: Creating American Popular Culture," in *Jews and American Business*, ed. Nancy Isserman (Philadelphia: forthcoming).
40. "Reports of the Las Vegas Convention and Visitors Authority," <http://www.lvcva.com/press/statistics-facts/index.jsp?whichDept=stats> (accessed 24 Aug. 2006).
41. David Vital, *A People Apart: A Political History of the Jews in Europe, 1789–1939* (New York: 1999), 10, 14.
42. Eli Lederhendler, *The Road to Modern Jewish Politics: Political Tradition and Political Reconstruction in the Jewish Community of Tsarist Russia* (New York: 1989), 12.
43. Max Weber, "Politics as a Vocation," in *From Max Weber: Essays in Sociology*, ed. H.H. Gerth and C. Wright Mills (New York: 1958), 110.
44. Max Weber, *Economy and Society*, ed. Guenther Roth and Claus Wittich (Berkeley: 1978), 38–40.
45. The Las Vegas Convention and Visitors Authority's campaign was conceived by the R&R Partners advertising agency in 2003. See further "Vegas Board Votes on Amending Trademark Agreement," *Casino City Times* (6 Oct. 2005), online at <http://www.casinocity-times.com/news/article.cfm?contentID=153971> (accessed 24 Aug. 2006).
46. Weber, *Economy and Society*, 31.
47. According to Weber, legitimacy can also depend on reason and on the charisma of the bearer. See *ibid.*, 33–38, 212–301.
48. Weber has much to say about the city (which he defined as "essentially a 'market settlement'") as an arena of nonlegitimate politics that ultimately usurped the legitimate agrarian political order by planting the seeds of revolution with the establishment of municipal bureaucracies and democracies. Though Weber has only scattered comments about Jews, there may be some merit in viewing the *kehillah* as a political entity with a kind of power analogous (though not identical) to the "nonlegitimate" medieval city. See *ibid.*, 1214, 1301–1339.
49. In this essay I have obviously not abided by Biale's circumscription of power as that which can be wielded only collectively and legitimately. In his words:

Power can only be exercised by a collective, a political body whose members recognize its authority and whose legitimacy is recognized by others. In contrast, individuals who are not organized as a political collectivity may possess influence in society, as a result of, for example, their economic status, but they do not exercise power in a political sense. Similarly, those such as terrorists, who employ force or violence to achieve their aims do not automatically possess power; on the contrary, violence may well be an expression of powerlessness or of the complete abandonment of the political arena (*Power and Powerlessness in Jewish History* [New York: 1986], 7).

Yet it is not *power* that distinguishes terrorist from sovereign, or economic influence from the influence of government office, but rather *legitimacy*. It is precisely the "legitimacy test" that has relegated Jewish power to the realm of the derivative and, at times, has written it out of history entirely. Legitimacy is a helpful concept in classifying *types* of power, but it is not a litmus test for the existence of power itself.