The Roaring 20's

Chair: Charlotte Maine

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Letter from Chair

Hi delegates! Welcome to LYMUN, my name is Charlotte Maine, and I am very excited to chair the Roaring 20's Committee for LYMUN XI this year. I am currently a Junior at Lyons Township, and this will be my third year participating in LTMUN and second year chairing a committee. A little more about me: I do LT track and field, and I am involved in Social Action Project, French Club, and Scholastic bowl. I love to work as a tutor, bake elaborate stuff in my spare time, and play the cello inside and outside of school.

As for committee structure, there are a few things I want to clarify. This is going to be a traditional crisis committee with no tech. This committee will have crisis notes and all of that fun. There will be a lot to juggle, so I advise you keep your crisis notes concise and attainable. That being said, y'all are gangsters in the 1920s, so the world is your oyster and I would love to see your creativity in committee as much as possible. Remember this is a learning conference and it's supposed to be fun and low stress, if anyone has any questions please feel free to email me; there are no dumb questions I promise. Lastly, position papers are due the Friday before the conference at 11:59 pm. Position papers can be submitted via email or a paper copy can be brought in the morning, but I would really prefer it emailed if you can. If you choose not to submit one, you will not be eligible for an award, once you send it I will be sure to confirm I received it within 24 hours. Good luck guys, can't wait to see y'all in March!

Sincerely,

Charlotte Maine

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Members of Committee:



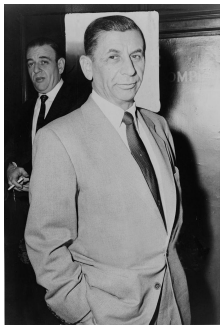
Al “Scarface” Capone was born in 1899 in Brooklyn, New York, and became involved in crime in his youth. In the 1920s, he moved to Chicago, where he took control of the city's illegal alcohol trade, building a powerful criminal empire. By the end of the decade, he was one of America's most notorious gangsters.



Lucky Luciano was born in 1897 in New York City to Italian immigrants. He became involved in crime as a teenager and quickly rose through the ranks of New York's underworld. In the 1920s, Luciano played a key role in organizing and consolidating power within the Mafia, helping to form the National Crime Syndicate. By the end of the decade, he was one of the most influential mobsters in the United States.



Bugsy Siegel was born in 1906 in Brooklyn, New York. He became involved in crime at a young age, working with mobsters in New York before moving to the West Coast. In the 1920s, Siegel helped expand organized crime in California, particularly in the development of Las Vegas. By the end of the decade, he had become a prominent figure in the mob's operations on the West Coast.



Meyer Lansky was born in 1902 in New York City to Jewish immigrant parents. He became involved in organized crime by teaming up with figures like Lucky Luciano. In the 1920s, Lansky helped develop the Mafia's nationwide operations, focusing on gambling and financial schemes. By the end of the decade, he had become an influential figure known as the “Mob's Accountant.”



Abner “Longie” Zwillman was born in 1904 in New Jersey to Jewish immigrant parents. He became involved in bootlegging, gambling, and labor racketeering in the New Jersey and New York areas. Zwillman quickly gained influence and was known as a key ally of larger crime syndicates, establishing himself as a powerful figure in the East Coast underworld.



Frank Nitti was born in 1886 in Italy and immigrated to the U.S. as a child. In the 1920s, he became a key member of Al Capone's Chicago Outfit, handling operations like bootlegging, extortion, and gambling. Nitti was known for his loyalty to Capone and played a significant role in managing the day-to-day activities of the Outfit.



George "Bugs" Moran was born in 1893 in Illinois. In the 1920s, he led a rival gang to Al Capone's Outfit in Chicago, focusing on bootlegging, gambling, and other criminal enterprises. Moran became a key figure in the city's underworld, known for his gang rivalry with Al Capone's Outfit.



George Remus was born in 1876 in Ohio and became a prominent figure in the 1920s as a bootlegger during Prohibition. A former lawyer, he used his legal knowledge to navigate and exploit loopholes in the law, building a large alcohol empire. Remus controlled much of the bootlegging trade in the Midwest and became known as the "King of the Bootleggers."



William "Bill" McCoy was born in 1884 and became a notorious figure during Prohibition in the 1920s. Known for Rum Row, he was a rum runner who smuggled large quantities of alcohol from the Caribbean to the United States. McCoy gained a reputation for providing high-quality, untainted liquor, distinguishing himself from other bootleggers. His operations made him one of the most successful and well-known figures in the bootlegging business during the era.



Enoch L. Johnson was born in 1883 in New Jersey and became a powerful political boss and crime figure in Atlantic City during the 1920s. He controlled much of the city's bootlegging, gambling, and vice operations. Johnson was a key player in the Prohibition-era underworld, leveraging his connections with both politicians and gangsters to maintain control of his operations.



Mae Capone was born in 1897 and became the wife of infamous gangster Al Capone. While not directly involved in criminal activities, she played a role in maintaining the public image of her husband and their family. Mae was known to be supportive of Al during his rise to power. She was often seen as a more private figure, managing their household and attending to family matters while Capone ran his criminal empire.



Joe Masseria, born in 1886 in Italy, was a powerful gangster in New York City during the 1920s. He led one of the major Mafia factions in the city and was heavily involved in bootlegging, gambling, and extortion. Masseria controlled much of the Italian-American criminal activity on the East Coast but was engaged in a violent power struggle with rival gangsters.



Vito Genovese was born in 1897 in Italy and immigrated to the United States as a child. In the 1920s, he became involved in New York's criminal underworld, initially working under prominent figures like Joe Masseria. Genovese was heavily involved in bootlegging, extortion, and organized crime activities. During this time, he began building his own power base, eventually becoming a key figure in the Genovese crime family, which would later bear his name.



Anna Genovese was born in 1910 and was the wife of mobster Vito Genovese. In the 1920s, she was involved in her husband's criminal activities, including managing some of the family's legitimate businesses. Anna played a key role in laundering money and helping to oversee operations. She later became known for her personal power and influence within the Mafia, especially after Vito's rise to prominence.



"Dutch" Schultz, born Arthur Flegenheimer in 1902, was a notorious gangster in New York during the 1920s. He was heavily involved in bootlegging, gambling, and the numbers racket, and he ran a significant criminal operation in the Bronx and Harlem. Schultz gained a reputation for his violent methods and ambition, which eventually led to his rivalry with other mobsters, including Lucky Luciano.



Frank Costello, born in 1891 in Italy, was a prominent mobster in New York during the 1920s. He became involved in organized crime at a young age and worked with influential figures like Lucky Luciano. Costello's main focus was on gambling, and he played a key role in controlling the city's illegal gambling operations. By the late 1920s, he had become a trusted associate of Luciano and was deeply involved in the establishment of the modern Mafia structure in the U.S.

Topic A: Prohibition

Introduction

Prohibition in the United States, lasting from 1920 to 1933, was a nationwide constitutional ban on the production, importation, transportation and sale of alcoholic beverages. The Prohibition era saw a rise of organized crime syndicates who took advantage of the illegal market to make huge profits and create bootlegging empires. These syndicates satisfied everyday Americans' need for alcoholic beverages with law enforcement and politicians turning a blind eye with a few bribes. This era was a transformation of the American social fabric where organized crime became full fledged enterprises, operating at unseen levels of sophistication and creating a new economy around this illicit drink. Intricate smuggling networks were utilized including rum running from Canada, offshore Rum Row, the Volstead Act and even hijacking rival gangs supplies.

A Brief History of Prohibition

In the early 20th century, The United States embarked on a remarkable social experiment by ratifying the 18th Amendment: banning the sale, manufacturing and transportation of alcohol, initiating the era of Prohibition. Starting with housewives' public protests in an aspiration to curb their husbands drinking problems, Prohibition soon was heralded as a progressive leap towards enhanced public morality and lowered crime rates across the United States. While its supporters anticipated a utopia free from alcoholism and higher treatment towards women, the reality of post 18th Amendment America was a stark contrast. Instead of diminishing crime, Prohibition inadvertently propelled its evolution; organized crime syndicates flourished, finding new power and wealth with the illicit alcohol trade. This era saw notorious figures like Al Capone and

Lucky Luciano rise to prominence with bootlegging and other illegal businesses, turning peaceful cities and neighborhoods into fields of battle for gang warfare. This period also marked an intense cultural shift, as the American public's respect for law enforcement dwindled with bribes carrying profound influence on the ability of non-compliance. Speakeasies flourished across the country, becoming symbols of defiance when people believed this ban to be an overreach of their personal liberties. The underlying good intention behind Prohibition was decimated by its unforeseen, irreversible, and resulting social transformations of legislation, personal liberty and organized crime. What began as an earnest movement towards purification swiftly devolved into a prolific time for syndicates thriving on evading the laws meant to suppress them. The black market boom made it rich for gangsters and criminals, but it also fueled the existence of the illicit drinking bars and liquor traffickers.

The roots of Prohibition trace back to the 19th century, when the temperance movement began to gain momentum in the United States. This movement was fueled by moral and religious concerns about the negative social impacts of alcohol consumption, particularly on families and women. Advocates of temperance argued that alcohol was the cause of poverty, domestic abuse, crime, and public disorder. Prominent figures in the movement, such as the Women's Christian Temperance Union (WCTU) and the Anti-Saloon League, were instrumental in pushing for the legal restriction of alcohol. Women were the most prominent supporters of prohibition due to a surplus of domestic violence cases where alcohol was believed to be the root cause.

On January 16, 1919, the 18th Amendment of The Constitution, outlawed the production, sale, and transference of alcoholic drinks. The Volstead Act of 1919, enacted to administer the amendment, defined "intoxicating liquor" as any beverage with a concentration of alcohol (by volume) in excess of 0.5%. The intention was to eliminate alcohol consumption and its perceived

negative effects on society. Proponents of the law thought that Prohibition would lead to a decrease in crime, to an improvement in public health, and to a more moral society. On the other hand, they could not predict the economic impact or the resistance of society toward the ban. Despite having, as its objective, to suppress social problems, Prohibition tragically led to the formation of a vast underground economy of illicit alcohol sales, organized crime and corruption, thereby damaging itself at a fundamental level.

While Prohibition aimed to eliminate the consumption of alcohol, it inadvertently led to several unintended consequences. The most significant of these was the rapid rise of organized crime syndicates. As legal businesses were shut down, the demand for alcohol did not disappear—it merely shifted underground. Criminal gangs began to see an opportunity to profit from the illicit alcohol trade, which fueled their rise to power.

Speakeasies, or illegal bars where alcohol was sold, became widespread in urban areas. A convenient supplier called Rum Row was a stretch of international waters just off the coast of the United States, particularly near New Jersey, Delaware, and Long Island, where ships could legally anchor to smuggle alcohol into the country during Prohibition. Ships anchored in Rum Row would load up with foreign-made alcohol, primarily from the Caribbean, and then supply it to bootleggers onshore. The operation took advantage of the fact that U.S. law only applied within American territory, not on the high seas. It became a major point of entry for illicit alcohol, contributing significantly to the black market trade and fueling criminal empires. Despite efforts to patrol and control these waters, Rum Row remained a vital route for smuggling alcohol into the U.S. until the repeal of Prohibition in 1933.

At the heart of Prohibition's unintended consequences was the rise of bootlegging. Some bootleggers even produced alcohol within the U.S. itself in makeshift distilleries, called “bathtub

gin” operations, to meet the demand. The smuggling operations were highly organized through crime syndicates, often involving networks of ships, trucks, and railroads to move alcohol across state lines and distribute it to urban areas.

Smuggling sacramental wine became one of the more notable loopholes during Prohibition in the 1920s, as religious exemptions were written into the law. The 18th Amendment, which enacted Prohibition, and the Volstead Act, which defined what constituted an "illegal" alcoholic beverage, allowed for certain exceptions—one of the most prominent being the use of wine for religious purposes. Churches and synagogues were permitted to distribute wine for sacraments, particularly for Christian communion, which provided a legal avenue for obtaining alcohol. However, this loophole was exploited by both religious institutions and organized crime. Some churches, in an effort to circumvent Prohibition, began to significantly increase the amount of sacramental wine they "needed." The wine, legally procured for religious ceremonies, was often diverted into the black market, where it was resold for personal consumption. Criminal organizations quickly learned to take advantage of this, infiltrating the supply chain to illegally distribute wine.

In addition to sacramental wine, there was also a booming market for medicinal alcohol. Doctors could prescribe alcohol for various ailments, which was another legal loophole exploited by both individuals and criminals. Smuggling of both sacramental and medicinal alcohol became widespread during Prohibition, with organized crime syndicates controlling many of these operations.

As the demand for illegal alcohol skyrocketed, crime syndicates began to form alliances in order to control the bootlegging trade. The most well-known of these organizations was the Chicago Outfit, but other powerful crime families and syndicates, including those in New York

and Detroit, were also prominent players. These groups used violence, bribery, and political manipulation to protect their interests and expand their territories. For example, Al Capone's operation in Chicago was one of the most influential, controlling a significant portion of the alcohol trade in the city and its surrounding areas. Gangs often used ruthless methods, such as intimidation, assassination, and violent gang wars, to secure their dominance. Criminal empires also extended into other illicit activities like gambling, prostitution, and labor racketeering, making crime families feared in both the criminal underworld and the city's political structure.

With so much money at stake, violent gang rivalries erupted as different criminal groups sought to control territories, smuggling routes, and distribution networks. This period saw the rise of brutal turf wars, with rival gangs frequently engaging in shootouts, bombings, and assassinations. The intense violence that accompanied Prohibition led to a growing realization that the law was impossible to enforce effectively. Local law enforcement agencies were often outgunned and outmatched by the well-funded and heavily armed gangsters. Police were also frequently bribed, with many officers and politicians in the pockets of the criminal organizations, further complicating enforcement efforts.

Despite the laws and gang violence, public interest in alcohol remained high, particularly in cities where the wealthy elite, as well as ordinary citizens, frequented speakeasies. Public sentiment in many urban centers was far from supportive of Prohibition, and many people saw the law as an overreach of government power. Speakeasies became a symbol of resistance to government control, and the country's drinking culture emerged. Even ordinary citizens with no criminal ties were often involved in the illicit drinking scene.

One of the most significant developments of the Prohibition era was the creation of the National Crime Syndicate. New York's criminal underworld, played a pivotal role in organizing

this network of gangsters from around the country. The Syndicate aimed to centralize control over the bootlegging industry, reducing conflicts between rival factions and ensuring more consistent profits across the nation. Alliances between different crime families emerged, including those in New York, Chicago, and Detroit, and formed a cooperative structure in which gangsters from different regions would share profits and collaborate. The creation of the National Crime Syndicate marked the beginning of the modern era of organized crime, characterized by greater coordination and more systematic criminal operations.

Motivations and Power Struggles

The dynamics of organized crime during this period were shaped by several factors: the economic incentives of the black market alcohol trade, the challenges of maintaining control over illegal operations, and the complex relationship between gangsters, law enforcement, and the public. Each gangster or criminal syndicate had distinct goals during this era, but there were overarching themes that guided their actions.

The central goal for gangsters during Prohibition was to dominate the bootlegging market—the illegal production, distribution, and sale of alcoholic beverages. With the 18th Amendment, a massive underground market for alcohol emerged almost overnight. Gangsters and crime families across the nation saw this as a golden opportunity to amass power and fortune. Control over the alcohol supply chain was key. Gangs made strategic alliances with other criminals and smuggled alcohol from Canada and the Caribbean, and from ships docked in Rum Row off the coast. The goal was to create a monopoly over alcohol distribution in key cities, eliminate competition, and generate a steady stream of income from speakeasies, taverns,

and underground clubs. These monopolistic goals ensured not only large profits but also the growth and survival of the criminal syndicates and their futures.

While bootlegging was a highly competitive and cutthroat business, large crime families recognized the need for region specific suppliers but also to avoid the chaos of fragmented, independent operations. By creating these alliances, gangsters were able to coordinate their activities across regions, ensuring more consistent profits, smoother operations, and less direct competition. The syndicate worked to create a more efficient distribution network for alcohol, as well as to control other illegal activities. The ultimate goal of these alliances was to stabilize the criminal market and reduce violence between factions. The growth and profit of these criminal organizations rivaled and trumped legitimate businesses and proved that peaceful relationships could maximize total profits. On the contrary, many of these partnerships were temporary based on mutual benefit and knowing common characteristics of gangsters, power grabs and back stabbings were often made.

Another goal for Prohibition-era gangsters was to manipulate political and legal systems to protect their operations and further their interests. Corruption was rampant during the 1920s, particularly in cities like Chicago, New York, and Detroit, where political machines were tightly linked with organized crime. Gangsters worked diligently to infiltrate law enforcement, the judiciary, and local and state government, bribing officials to look the other way or actively assist in criminal operations. Gangsters played a role in local elections, contributing money to political campaigns and, in some cases, directly threatening or coercing politicians to do their bidding. The goal was to create an environment where they could operate with relative impunity, making law enforcement either corrupt or ineffective in combating their criminal enterprises. The

delicate balance between the local governments and gangs was responsible for the flourishing of the bootlegging industry and an organization's success.

Questions to Consider

- What strategies can you adopt to maintain or increase control of your territory?
- How strong is the future of the bootlegging industry and are there any other untapped markets that could yield a successful future?
- How can you increase your role and influence in the government and how can that help your business?
- How can you further portray yourselves as heroes of the working class?
- What role do women play in illicit operations?
- Is it possible to infiltrate international markets with less stringent prohibition laws?
- Should partnerships with churches and doctors be expanded or do the American people have a right to unbiased institutions?

Topic B: Responding to Market Instability

Introduction

The 1920s, often referred to as the "Roaring Twenties," was a decade marked by rapid economic growth, but also significant market instability. Following the end of World War I, the U.S. economy initially surged with industrial expansion, technological innovations, and consumer spending, creating a sense of prosperity. However, beneath the surface, economic inequalities, speculative investments, and overproduction began to create vulnerabilities. The stock market became a playground for speculation, with many investors purchasing stocks on margin, betting on the continuous rise in stock prices. This speculative frenzy, combined with agricultural struggles and uneven wealth distribution, led to financial instability. The decade's prosperity ultimately proved unsustainable, insinuating a stock market crash that had strong possibilities of launching the United States into a Great Depression. The market instability of the 1920s highlighted the fragility of rapid economic growth and the dangers of bubbles in an increasingly interconnected economy.

A Brief History of the Market Boom and Instability

After the end of World War I, the United States emerged as an economic powerhouse. The war had spurred industrial production, and with the conflict over, the U.S. economy shifted from a wartime to a peacetime footing. A boom in manufacturing, particularly in industries like automobiles, steel, and consumer goods, created massive economic growth. The introduction of assembly lines, spearheaded by Henry Ford in the automobile industry, revolutionized production, reducing costs and making products more affordable for the average American.

At the same time, new technological innovations like radios, household appliances, and cinema reshaped American culture. Consumerism became a driving force in society, and middle-class Americans, buoyed by rising wages and easy credit, eagerly bought products in unprecedented numbers. The stock market, too, saw a dramatic rise as people began investing in these booming industries, hoping to capitalize on the nation's growing wealth.

This economic boom, however, was not without its dangers. The rapid expansion of the stock market became a major source of speculation. Americans—many of whom had never before invested—flocked to the stock market, hoping to get rich quick. Stock prices soared as demand for shares in companies skyrocketed. Many people bought on margin which was a highly speculative practice. Brokers were the primary entities that lent money to investors for margin buying. These brokers would typically borrow money from larger financial institutions, such as banks, which they then lent to individual investors at a markup. The brokers acted as intermediaries, facilitating the margin loans between banks and stock market participants.

On one hand, margin buying allowed ordinary people to invest in the stock market and potentially build wealth. However, it also encouraged reckless speculation, as investors often bought stocks based on the hope that prices would continue to rise, not on the actual performance of the companies they were investing in. Many individuals, without sufficient understanding of market fundamentals, began to invest large sums of borrowed money, hoping to cash in on the bull market. This created a volatile financial environment where prices were driven more by speculation than by real company value. For many, this seemed like a shortcut to wealth, a get-rich-quick mentality that ultimately led to a massive financial bubble.

For banks and financial institutions, the practice of lending large sums of money to speculative investors could be seen as morally questionable because it enabled irresponsible practices that inflated the stock market bubble. The banks and brokers were more concerned with profiting from interest and commissions than with the long-term stability of the market or the financial well-being of their clients. This moral hazard was compounded by the fact that many banks lent money to individuals without proper oversight or regulation, hoping for a booming market that would allow them to profit without the risk of default.

For gangsters, this created an opportunity to further manipulate the system. Many organized crime syndicates were connected to financial institutions and brokers, often exploiting their influence to secure loans for criminal ventures. The same practices that were causing widespread economic instability could easily be turned into tools for enriching the criminal elite, further blurring the lines between legal and illegal financial practices. Often with ties to corrupt politicians and businessmen, they found ways to infiltrate the stock market. Some used insider trading to manipulate stock prices or engaged in fraudulent practices to artificially inflate company values. The stock market became just another avenue for criminal empires to expand, offering gangsters the ability to launder money, influence financial systems, and gain wealth quickly.

While industrial sectors boomed, agriculture in the U.S. was struggling. Farmers faced years of overproduction due to mechanization and an abundance of land. The price of crops fell, and many farmers found themselves deep in debt. The economic policies of the 1920s, such as high tariffs and the mechanization of agriculture, exacerbated these issues, leading to a deep economic divide between rural and urban areas. Due to their struggles, many farmers turned to alternative sources of income, including bootlegging. Some saw bootlegging alcohol as a way to

make ends meet, while others partnered with organized crime syndicates to transport illegal alcohol from rural distilleries to urban markets. This created another avenue for gangsters to expand their influence into rural areas, controlling not just urban vice but also agricultural production. The booming economy of the 1920s was not experienced equally across the country. While the wealthiest Americans saw their fortunes grow, many workers, farmers, and immigrants faced hard times. Labor unrest increased as workers began to demand higher wages and better working conditions. Strikes in the industrial and agricultural sectors became more common as people expressed dissatisfaction with the uneven distribution of wealth and power. Gangsters heightened these problems as well as held the majority of the country's wealth but still presented themselves as protectors of the working class.

Despite the appearance of prosperity, the 1920s' economic boom was unsustainable. Speculation in the stock market, overproduction in agriculture, and growing inequality created a fragile system that would soon collapse. The stock market crash of 1929, which marks the beginning of the Great Depression, was the eventual result of the economic instability that had been brewing for much of the decade.

Risks and Opportunities

The 1920s were a time of both rampant economic growth and significant instability, and for gangster syndicates, the evolving market provided both vast opportunities and considerable risks. As criminal empires sought to expand their power, they were naturally drawn to the new economic opportunities presented by speculative practices like buying on margin, bootlegging, and manipulating the stock market. However, these opportunities came with substantial risks that could have devastating consequences for their illegal operations.

Gangsters were skilled at operating in the shadows and could leverage their political influence and corrupt relationships to manipulate markets, from the stock exchange to commodity markets like alcohol. Through bribery and coercion, gangsters could secure insider information or influence brokers and politicians, thus positioning themselves to profit off the anticipated movement of stock prices. In some cases, they could even artificially drive prices up or down to ensure a payoff. Prohibition had created a demand for illegal alcohol, and gangsters were in the perfect position to control the supply. As the government imposed stricter regulations, the value of bootlegged goods increased. During periods of economic distress, such as the market crash, people were still willing to purchase alcohol as a form of escapism or to maintain some sense of normalcy. This provided gangs an opportunity to expand their operations. With the stock market being unstable and the risk of losing investments growing, gangsters would look for other forms of profitable investments. While alcohol was their primary source of income, the instability of the financial system could lead them to branch into other illicit ventures, including gambling, narcotics, and even loan sharking.

The most significant risk for gangsters involved in the stock market during the 1920s was the impending market crash. Speculative investments were a double-edged sword; while they could offer huge profits, they also exposed gangsters to significant losses. If their margin-buying ventures or stock market manipulation failed, they could lose everything and risk criminal prosecution. The sudden collapse of stock prices could leave gangsters in massive debt, or worse, with exposed financial ties that could attract the attention of the authorities. Increased attention to criminal activity in the wake of economic instability meant that gangster syndicates could face tighter scrutiny from government authorities. The FBI, led by J. Edgar Hoover, was becoming

more effective at targeting organized crime, and this heightened risk meant that the authorities might more aggressively shut down the syndicates' operations.

If the economic climate worsened, gangsters and criminal organizations could find themselves in heightened competition over dwindling resources. The financial instability and shrinking profits could cause tensions to rise among rival factions. Turf wars over the control of bootlegging routes, gambling operations, or illegal smuggling businesses could escalate into violent confrontations, leading to the destruction of assets, loss of life, and instability within criminal organizations themselves. In times of economic instability, public opinion could shift quickly, and people often began to turn against those they saw as profiteers or exploiters. Gangsters, who were viewed as parasitic to the economy, might lose public favor if their greed became too apparent. Public perception was crucial to maintaining control over illicit enterprises. The press, government, or even local community leaders could stir up resentment against organized crime, leading to the loss of public support for their operations.

The impact of this market instability on the consumers of gangster-run operations would have had a profound effect on the criminal syndicates' ability to maintain and grow their businesses. Gangsters, especially those involved in illicit activities like bootlegging, gambling, and loan sharking, relied on the disposable income of their consumers to sustain their operations. A market crash would affect these consumers in several ways, influencing the profitability and stability of criminal enterprises. Many of the ordinary people who were involved in the illegal economy—whether as patrons of speakeasies, gamblers, or borrowers from loan sharks—would risk having their finances dramatically affected. The loss of jobs, savings, and investments due to the economic downturn meant that the disposable income they had previously used to spend on illicit goods and services would shrink significantly. For bootlegging operations, which were a

major source of income for gangsters during Prohibition, a market crash would mean that fewer people could afford to indulge in the luxury of illegal alcohol. Speakeasies might see a drop in customers who no longer had the disposable income for expensive drinks, especially in a time of economic hardship. Gangsters relied on the growing popularity of alcohol consumption, often as a form of escapism, but with reduced income, many would cut back on these activities. Gangsters also heavily invested in gambling operations such as illegal casinos, race tracks, and numbers rackets. These businesses thrived when consumers had money to spend on entertainment or the hope of striking it rich. However, a market crash could severely limit the amount of discretionary income available for gambling.

Many gangsters, particularly those with ties to financial institutions, engaged in loan sharking, lending money to individuals who were often unable to access credit through legitimate means. These loan sharks charged exorbitant interest rates, knowing that their clients had few other options. In a market crash, however, many of these borrowers would have found it even harder to repay their loans. The financial instability and job loss would make it impossible for many people to meet their payment obligations.

In essence, while gangsters in the 1920s had thrived in an atmosphere of rapid economic growth and rising consumer demand, a market crash would have forced them to adjust quickly, potentially losing their foothold in the illegal economy and facing intensified competition and governmental pressure. The collapse of consumer confidence in the broader economy would, therefore, represent a direct threat to the viability of their operations.

Questions to Consider

- Should gangs continue to manipulate the market with the risk of an impending market crash?
- How would a market crash affect business and profits for your position?
- How could branching out further into different markets be beneficial for the consumers or the organizations?
- How could organizations maintain or improve their public image?
- What can be done to evade the growing threat of the financial authorities?
- Could the effects of government regulations in economic markets be helpful or hindering?
- How could illicit businesses be playing a role in the market instability, and what should be done?