The Forgotten Treason: The Plot to Overthrow FDR

by

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Preface

Several years ago, after watching the 2003 documentary *The Corporation*, the first hint of this thesis appeared on my wall on a yellow sticky note; it read, “senior thesis idea: 1934 Wall Street fascist plot?” I have that film to thank for setting me on the investigative track that has ultimately led to the thesis you are about to read.

The documentary was fairly well known, attracting attention from liberal political actions groups like MoveOn.org. A friend and coworker was handed a bootlegged copy on the streets of Berkeley, California by a complete stranger who insisted that the film would “change her life.” Long fascinated with the development of 20th century American political economics, I was eager to see the documentary for myself. The film traces the history of the corporation as a capital institution and its role in American politics. Near the end, the film notes that a Marine General by the name of Smedley D. Butler had been approached by a group of corporate leaders to lead a “treasonous plan” against President Franklin D. Roosevelt. A Congressional committee found that there was some truth to Butler’s allegations, the film notes, and that J.P. Morgan, the DuPont family, and the Goodyear Tire Company may have been involved. I was fascinated. I had some inkling even then that whether or not there had been a legitimate *coup* attempt, there was a much richer story to be unraveled than the two minute clip in *The Corporation* had revealed. A year later, as I began to uncover the transcripts of the Congressional testimony, the excoriating response from the press, and the abysmal scholarship on the subject, I knew that General Smedley Butler’s tale of a Wall Street *coup d’etat* would be the topic of my senior thesis. It is my hope that in my careful attempt to maintain neutrality and commitment to sound
evidence, that I have created the one of the best narratives of his tale to date; one that recognizes that the conditions for such a coup existed and that Butler’s tale was not as outlandish as many made it out to be, but that does not rush to make J.P. Morgan and his colleagues on Wall Street out to be even more monstrous than the historical record will allow. And if nothing else, I hope that you enjoy what I believe to be one of the most fascinating untold stories of the 20th century.

I would like to thank my two wonderful advisors, Ron Schatz for setting me down the right path, and Patricia Hill for making sure I got there in good time, Olin research librarians Alan Nathanson and Erhard Konerding, Charlie Niles of the Boston University Howard Gottlieb Archival Research Center for helping me battle a Nixon era reel-to-reel audio machine, all my friends and family for putting up with me in the moments the project got the better of me and for reminding me that it would be worth it in the end, and a special thanks to Caron Brownlee, who introduced me to the fine art of historical story telling long before I ever thought I’d try it myself.
Chapter 1
Context: Capitalism In Crisis

“We were an economy of huge corporations, with a high degree of concentrated control. It was an economy that was in no sense described by classical theory. What Roosevelt and the New Deal did was to turn about and face realities. It was this that produced the yeastiness of experimentation that made the New Deal what it was.” - Gardiner C. Means, “Brain Trust.” in Studs Terkel. *Hard Times: An Oral History of the Great Depression*. New York: Pantheon Books, 1970. 247.

It was not unreasonable for an intelligent observer of America’s Great Depression to believe that the nation could be headed for revolution. Old ideals of self-sufficiency and rugged individualism were crumbling in an age when despite a man’s best efforts, he could find neither work nor food to feed his family. It seemed to many that the fabric of America’s capitalist society was falling apart. The boom years of the 1920s had generated a great deal of respect for the genius of the bankers and industrialists who engineered the prosperity. When that prosperity vanished, fingers pointed at these men, the financial wizards of Wall Street who had suddenly lost their magic. And as many of these former heroes continue to draw salaries unfathomable to the millions of Americans who were starving, the notion that American capitalism had failed became increasingly popular. Frustrations were exacerbated when thousands of farmers lost their land for failure to pay taxes when the rich always seemed able to find the right loopholes in the tax code and often paid no taxes at all.¹ The capitalist system was broken, many believed, and was fundamentally unable to distribute goods fairly or even effectively. The Great

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Depression has been called the greatest single defining event of the twentieth century. A long held faith in the rationalizing power of free markets no longer seemed applicable, and into the ideological vacuum rushed a number of extreme alternatives. In both Europe and the United States came a demand for decisive state action to address the economic crisis that the market itself seemed utterly incapable of fixing. Totalitarianism from both sides of the ideological spectrum posed a serious threat to liberal democracy.²

As it would turn out, the primary threat would come from the right. The appeal of communism never moved much beyond the intellectuals; for the unemployed masses, it was never a serious alternative. Much of the commotion made over the threat of Communism in the 1930s was exaggerated propaganda from the right. While the onslaught of unemployed angry Americans during the last years of the Hoover administration originally helped the Communists fill in the ranks at their protests and marches, the apparent success wasn’t real. The Communist Party was unable to provide these men the one thing they really wanted – a job – and offered only the chance to let off steam by participating in noisy demonstrations.³

Roosevelt assumed office amid a state of national turmoil second in American history only to the Civil War. Thirteen million Americans were out of work. There was widespread sentiment that the two national parties weren’t capable of dealing with the crisis, and there were doubts about the American project in general. In addition, Roosevelt faced a deeply divided Democratic party. The central issue, or at least the one that marked the easiest line of division, was Prohibition. On one side

were those who saw themselves as the descendents of the progressives; they tended to support the reformist Prohibition amendment. These Democrats, led by Williams Jennings Bryan, William Gibbs McAdoo, and Franklin Roosevelt, were more likely to live in rural areas, and were more open to the extension of government control in the effort to build a more ordered society. On the other side were more conservative Democrats who opposed Prohibition. These Democrats, led by Al Smith, John Davis, and John Raskob, tended to come from urban areas, and were more forgiving of big business and were fearful of major intrusions by the government into an individual’s public or private life. This schism was exacerbated by the personal ill feelings for Roosevelt harbored by Smith, 1928 Democratic Presidential candidate, and Raskob, the DuPont business executive and Republican party national chairman who had worked for Smith in the 1932 Democratic primary on the absurd platform that Prohibition was the greatest threat facing the nation even as the Depression raged on.4 The fight was bitter, and quickly took on class implications; in April of 1932, Smith was quoted in the *New York Times* as saying, “I will take off my coat and fight to the end against any candidate who persists in any demagogic appeal to the masses of the working people in this country to destroy themselves by setting class against class and rich against poor.”5 But with Roosevelt’s ascendancy to the Presidency in 1932, FDR found himself able to influence the direction of the party dramatically, and in the end, his brand of active liberalism would prevail. The conservative urban Democrats of the New Deal era, however, refused to recognize this shift, and, as historian Douglas Craig has noted, “remained firmly wedded to nineteenth-century

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4 Leuchtenburg, 5.
5 Ibid, 5.
romantic individualism throughout their lives.\footnote{Douglas B. Craig, *After Wilson: Struggle for the Democratic Party, 1920-1934* (Chapel Hill, NC: University of North Carolina Press, 1992), 5.} So while Prohibition may have been the fulcrum of the debate between these new and old Democrats, the real issue was the level of government intervention in public and private life, specifically intervention in the private businesses of Wall Street’s captains of industry who had long enjoyed relative freedom from government intrusion.

That Roosevelt would engage in what many saw as full-fledged class warfare was not at all clear during the 1932 campaign, which focused primarily on Prohibition rather than substantive economic issues, or even during the first few months of his Presidency. In his legendary 100 Days, FDR pushed a great number of reforms through Congress that historian William Leuchtenburg notes looked very much like the agenda of the conservative Du Pont wing of the party: forgiveness to banks in the Emergency Banking Act and bank holiday, a message to consumers to continue spending as much as possible, and the repeal of the of the prohibitionary Volstead Act. At that point, FDR was still committed to balancing the budget; the New Deal had yet to appear. But soon it became clear that this strategy was not working, and the President began to embarked on a series of economic experiments to bring the nation out of Depression. The new strategy, which we associate with Roosevelt’s First New Deal, was to engage in massive deficit spending, pumping money into the economy through a great number of programs, all to the “horror of his banker friends.”\footnote{Leuchtenburg, 48.}

The ideology of the New Deal, as formulated by FDR’s “Brain Trust” of economic advisors, held that the 19th century faith in natural law and the market was outdated. The ascendency of the large corporation as the primary economic actor,
they argued, had rendered Adam Smith’s free market a myth. Brain Truster Gardiner Means phrased it like this; “We were an economy of huge corporations, with a high degree of concentrated control. It was an economy that was in no sense described by classical theory. What Roosevelt and the New Deal did was to turn about and face realities. It was this that produced the yeastiness of experimentation that made the New Deal what it was.”8 They were left to decide what would replace the dysfunctional laissez-faire system. Trust-busting had proven ineffective in the prewar years of the 20th century, and socialism was unpopular and impractical. So the early New Deal administration settled on a plan to regulate corporations in the hope of eliminating the more flagrant abuses.9 It was out of this belief that one of the most controversial measures of the New Deal was born.

In June of 1933, Congress passed FDR’s National Industrial Recovery Act. Headed by the high-strung General Hugh S. Johnson, the National Recovery Administration (NRA) provided specific “codes of fair practice” for major industrial, agricultural, and commercial sectors. The aim, Johnson said, was to “eliminate eye-gouging and knee-groining and ear-chewing in business. Above the belt any man can be just as rugged and individual as he pleases.”10 While it was an uphill battle to convince major industrialists to accept the NRA “Blue Eagle” codes, corporate executives eventually found the NRA to their advantage. Large corporations came to dominate the code authority boards, effectively allowing them to “stifle competition, cut back production, and reap profits from price-raising rather than business

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8 Terkel, 247.
9 Leuchtenburg, 36.
10 Ibid, 65.
The NRA did have some successes; it generated two million new jobs, a brief respite from deflation, some business ethics improvements, a national standard of maximum hours and minimum wages, an end to child labor, tighter regulation of sweatshops, and for trade unions the boon of section 7(a), which formally gave them collective bargaining rights. But in its primary aim of spurring real economic growth, the policy was a dismal failure. Leuchtenburg has argued that while the NRA “prevented things from getting worse, it did little to speed recovery and probably actually hindered it by its support of restrictionism and price raising.” As a result, small businessmen complained about corporate monopolies in the environment of relaxed anti-trust laws, “housewives complained about high prices, businessmen complained about government edicts, and workers about the inadequacy of 7(a).” In 1935, the NRA was ruled unconstitutional by the Supreme Court as a violation of separation of powers and overstepping of Congressional authority in *Schechter Poultry Corp. v. United States*.

So while corporate opponents of the New Deal may have bridled against the NRA codes on ideological grounds of free enterprise, the codes, if anything, helped their businesses. Perhaps even more odious to FDR’s “banker friends” was his treatment of the long sacred gold standard. While Roosevelt, like Hoover, was a great supporter of the gold-backed dollar during the 1932 election, in the course of New Deal experimental economics, he rescinded this belief. On April 19, 1934, the Thomas Amendment of the Farm Bill gave Roosevelt the authority to “bring about inflation through remonetizing silver, printing greenbacks, or altering the gold content

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11 Ibid, 69.
12 Ibid, 67.
of the dollar.” Soon after, Roosevelt took the United States off the gold standard. The intent was to carefully bring about a healthy inflation while relying less on domestic price setting, which many felt to be overly invasive. The move to the “rubber dollar,” as the non-gold-backed currency was dubbed by critics, met with a mixed response. Farmers were happy about the prospect of freshly printed currency, as it offered some hope that they might be able to find buyers for their crops, rather than destroying them in accordance with the Agricultural Adjustment Act (AAA). Some members of the administration supported the move so that the U.S. would no longer be connected with foreign price-setting entanglements, allowing the administration to more freely raise prices as part of the NRA codes. Others in the administration, however, did not share the belief that moving away from the gold standard would give them the monetary flexibility to enact necessary reforms. By taking the nation off the gold standard, FDR opened a major rift in his administration: on the one side was the Rexford Tugwell camp, which supported government planning, spending on relief and public works, and curbs on corporate excess, known as the “New Dealers”; on the other side was the Lewis Douglas camp, which opposed spending and “currency tinkering, and supported a balanced budget, known as the “Treasury Crowd.” For Director of the Budget Lewis Douglas, violating the long held sanctity of the gold standard was the final straw. Secretary of the Interior Harold

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13 Leuchtenburg, 50.
15 Leuchtenburg, 89.
Ickes, a firm New Dealer, recalled Douglas saying that taking the U.S. off the gold standard meant “the end of Western Civilization.” Douglas resigned the next day.  

The New Dealers’ gamble on the “rubber dollar” did not pan out as well as hoped. More money was dumped in the commercial system and more into the reserves, but business investment did not rise. Consequently, Roosevelt curtailed the experiment, and moved to put the nation back onto a gold-tied (but not dependent) commodity dollar policy in 1934. Historian Alan Lawson believes that Roosevelt gave up on this monetary experiment too early. For others – primarily in the banking community – even the retreat to a gold-tied dollar was not enough; they continued to cry for a full return to the gold standard. It is impossible to say with any certainty what explicit effects the experiment may have had. Politically, however, the results were clear; the gold standard became a incredibly decisive issue both within Roosevelt’s administration and between the administration and Wall Street.

In late 1934, it seemed that the United States was only marginally better off after nearly two years of Roosevelt than it was before. By then, the limited recovery of the first 100 Days was beginning to lag. But that slight recovery, coupled with the enormous power of Roosevelt’s persona as a speaker, leader, and harbinger of hope, was enough to give most Americans faith that democracy could prevail. In a time of such unprecedented desperation, the government had little option but to try whatever they could. Failures were inevitable, and one looking to criticize the early New Deal for technical flaws could fill volumes. But it may not be a stretch to say that with “the

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installation of hope,” the President saved America.18 Sidney J. Weinburg, a rags-to-riches executive at Goldman-Sachs Co. and industrial advisor to the President put it best: “Roosevelt saved the system. It’s trite to say that the system would have gone out the window. But certainly a lot of institutions would have changed. We were on the verge of something. You could have had a rebellion; you could have had a civil war.”19

The magnitude of this accomplishment can be understood only when viewed in context of the European experience of the early 1930s. As in the United States, Depression conditions necessitated leaders with intense personal charisma to inspire their nations to follow them through the dramatic changes necessary to cope. The early 1930s saw the ascendancy of Adolf Hitler and the political entrenchment of established leaders Benito Mussolini and Joseph Stalin.20 Internationally, these three leaders seemed best able to address economic crisis. As the United States was still struggling, even well into Roosevelt’s second term, Nazi Germany and the Soviet Union seemed to be leaving the United States and other Western democracies in the dust.21 This fact was not lost on the Roosevelt administration; while Germany and Russia were seen as “anti-capitalist renegade states,” the fact that their quick recoveries were based at least partly on their “goods not gold” based currency and carefully planned economies must have had some influence on the United States’ monetary and fiscal policy.22 The Soviet Union probably did not exert a tremendous pull on U.S. policy, except perhaps to embolden domestic Communists in what was

18 Leuchtenburg, 42.
19 Terkel, 73.
20 Hamby, 2.
21 Ibid, xii.
22 Lawson, 72.
ultimately a minor surge in the 1930s. But the fascist movements in Germany, Italy and, to a lesser degree, France stirred both fear and yearning in the United States.

Hitler’s Nazi Germany was by no means understood by 1930s America as the totalitarian monster that we’ve come to remember it as today. Some even praised what Hitler was doing with Germany. After visiting Nazi Germany, none other than William Randolph Hearst had only kind words for Hitler, saying that “Hitler is certainly an extraordinary man. We estimate him too lightly in America.” Hearst was particularly impressed with Hitler’s claim to have protected Germany from Communism.23 But for the most part, Americans did not care what was happening in Germany. As Hitler gained sole executive authority in 1934, holding both the Chancellorship and the Presidency, much of Europe began to diplomatically mobilize against Nazi Germany. America did nothing. Americans were simply “more interested in mafia trials and baseball” than following, much less doing anything about, the growing imbroglio in Europe.24

Mussolini’s decisive response to the economic meltdown in Italy piqued somewhat more interest in the United States. His approach, to many, appeared to be a more effective version of Roosevelt’s early approach with its emphasis on state cooptation of business, wage and price controls, and trade isolationism. This, coupled with his imposing character, powerful physical appearance, and well crafted nostalgic nationalism gave him the assured aura of a leader who knew what he was doing. To Americans who were not sold on Roosevelt’s quickly rotating series of policies,

Mussolini seemed an attractive figure indeed. Seward Collins, the editor of the *American Review*, a conservative periodical that has been called fascist, wrote in 1933 that Mussolini was “the most constructive statesman of our age.” For observers on the American left, Mussolini’s Italy was a frightening example of where the United States might be headed. Socialist leader Norman Thomas, for instance, criticized the New Deal, the NRA in particular, as “state capitalism,” and noted that Mussolini would have heartily approved of Roosevelt’s early policy of “near dictatorial control of industry without the abolition of private property or the expropriation of profits.”

For many on the left, Mussolini seemed to be setting a dangerous precedent for American economic policy. But for millions of Italian-Americans, Mussolini was a hero. Loved by women and men alike, Il Duce “became a masculine hero of both muscle and mind,” and offered them some sense of pride in their homeland and the values of “duty,” “obedience,” “loyalty,” and “patriotism” that he represented. And as we shall see, some Americans were so moved by Mussolini as to organize domestic replicas of the dictator’s famed Black Shirts.

France, too, contained fascist elements that served as examples for some right-wing Americans. Although the fascist Vichy government would not take over until France’s surrender to Germany in 1940, right-wing paramilitary activities were rumbling in the late 1920s and early 1930s. The most important group carrying out these activities was the *Croix de Feu*, founded in 1928 as a largely apolitical veterans group. By 1931, under the leadership of Colonel Francois de La Rocque, the

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26 Hamby, 146
uniformed and highly regimented *Croix de Feu* became radically politicized. Their ideology combined anti-communism, anti-liberalism, anti-capitalism, anti-elitism, strict authoritarianism and a belief that law itself superseded any government’s interpretation of it.\(^{28}\) While some have debated whether the *Croix de Feu* was “fascist” or not, their hostility to the Left and penchant for massive intimidating parades certainly resembled the larger scale activities of their Brown Shirted neighbors in Germany. The *Croix de Feu*, given their primarily white collar membership, appealed especially to wealthy right-wing Americans.\(^{29}\)

Both policy makers and astute citizens were forced to acknowledge that economic difficulties in Europe were being addressed, and in many cases solved, through fascist means. And yet, while the United States shared the economic disaster that prompted the rise of some of these movements, the United States did not resort to such extreme measures. The reasons for America’s preservation of democracy while it crumbled throughout Europe are complex. One might cite America’s longer tradition of democracy.\(^{30}\) Or one could say that FDR gave the nation just enough hope in the limited successes of his New Deal that the nation could struggle on until the boom of the WWII war economy brought the United States fully out of the Depression and made democracy once again secure. In any case, the receptive responses to European fascism in the early 1930s from a number of powerful


Americans makes one thing clear; the preservation of democracy was never a sure thing.

In late 1934, it was not at all certain that the United States would make its way out of the Depression with democracy intact, as right wing movements began to spring up in troubling numbers. By this point, “euphoria had given way to anxiety” as challenges to the New Deal programs cropped up in both public opinion and the courts.31 For many Americans, the New Deal simply wasn’t working. Sharecroppers, the elderly, jobless young college graduates, seasonal workers and migratory farm laborers were not touched by the National Industrial Recovery Act or the Agricultural Adjustment Act.32 Despite Roosevelt’s confident smile and optimistic words, these millions of Americans felt little real leadership coming from Washington. So they turned to other sources promising real change. Three men in particular, Huey Long, Father Charles Coughlin, and Francis Townsend, proved a serious threat to Roosevelt’s authority.

Senator Huey Long of Louisiana, the so called “messiah of the rednecks,” posed the greatest threat to Roosevelt. Long, as governor of Louisiana, was known for his powerful combination of “populist ideology, boundless lust for power, and a remarkable talent for self-promotion.” He allegedly took bribes freely, and profited handsomely from state brokered oil and gas leases. The Louisiana legislature tried unsuccessfully to impeach Long in 1929; after that, he ruled the state as his own personal “fiefdom.”33 His influence outside of the South was never as strong, but

31 Schlesinger, Politics of Upheaval, 6.
33 Ibid, 211.
from the time he took office in the U.S. Senate to his assassination in September 1935, Long was a formidable man in Washington. Long had not always been a threat to Roosevelt. His endorsement helped throw the 1932 presidential nomination to FDR. However, Long quickly came to disapprove of much of the legislation crafted during Roosevelt’s first 100 Days in office, deriding the Civilian Conservation Corps, for instance, as a wasteful tree planting exercises. In time, Long saw Roosevelt as a political rival rather than as the leader of the party and nation.34 The Roosevelt administration responded by denying him patronage and, probably unwisely, ordered an investigation into his personal finances on suspicion of tax evasion. This only intensified Long’s criticism, which came from a position that resembled the populist left as much as the nationalistic bravado of the European fascists. By February of 1934, Long had formed a new organization called the Share Our Wealth Society. Its program called for appropriating the “excess assets” of the wealthiest American families and redistributing them to the less fortunate in the form of homestead grants, small guaranteed incomes, old-age pensions, college scholarships, and veterans’ bonuses. It also promised industrial workers a thirty-hour work week with a full month of vacation per year. The plan, bearing the slogan “Every Man A King” was clearly unfeasible, for even 100% taxation of the super-rich could not have provided more than a fraction of what Share Our Wealth promised.35 However, Long’s raging (and occasionally anti-Semitic) rhetoric went over well with the anxious public. Private White House polls showed that Long’s national support was strong enough to

34 Leuchtenburg, 98.
35 Hamby, 264.
tip the balance toward the Republicans in 1936 if he ran on a third party ticket.\footnote{Burns, 211} However, many saw Long’s demagogic politics as far more dangerous. Looking towards Europe, some observers saw enough parallels to allow for the possibility of an Italian or German-style dictatorship if only the right man were to lead the charge. Huey Long, many felt, was the right strong man for the job.\footnote{Philip Jenkins, \textit{Hoods and Shirts: The Extreme Right in Pennsylvania, 1925-1950} (Chapel Hill, NC: The University of North Carolina Press, 1997), 2.} Had it not been for his assassination in 1935, he feasibly could have. Leftist novelist Sinclair Lewis certainly thought so; his 1935 novel \textit{It Can’t Happen Here}, which fictionalizes the ascent of a fascist thug to the presidency, bases the demagogic Buzz Windrip largely on Huey Long. Historian William Leuchtenburg offers this chilling assessment; “The success of Huey Long seemed evidence that fascism could come from within, not through a \textit{coup d’etat}, but with the acquiescence of the people.”\footnote{Leuchtenburg, 275.}

Another threat from the fringes came from Father Charles Coughlin, a firebrand radio priest based in suburban Detroit. In 1932, he claimed an audience of over 45 million listeners. His show originally focused on religious matters, but as the Depression deepened, Coughlin found politics. His exact ideology was murky, but he often told listeners that “bankers were the source of evil” and money was “darkly magical,” but that communism was just as bad. “Modern capitalism as we know it,” he once declared, “is not worth saving.”\footnote{Schlesinger, \textit{Politics of Upheaval}, 18.} He vacillated on the New Deal; at first, he lauded the programs as “Christ’s Deal,” but by late 1934 described specific programs as “abortive” and the Agricultural Adjustment Act as the “Pagan’s Deal.”\footnote{Leuchtenburg, 101.}
Coughlin’s vitriolic critiques of modern capitalism and the New Deal contained few sound alternative suggestions, but were eaten up by a public that had lost faith in the Wall Street tycoons it used to worship. In Coughlin’s anti-capitalist appeals for nationalized banks and free coinage of silver, historian Alonzo Hamby suggests, a European might have recognized a dictatorless version of the fascist corporatist rhetoric of Mussolini’s Italy.41 And so, too, would any astute European observer see a familiar anti-Semitism in the priest’s radio programs. Coughlin’s powerful rhetoric, which lumped Roosevelt with “the godless capitalist, the Jews, communists, international bankers, and plutocrats” unquestionably undermined Roosevelt’s popularity and authority.42

Of the three demagogues of the Depression, Dr. Francis Townsend posed the slightest challenge to Roosevelt. Without any obvious desire for political power or talent as a speaker, Townsend came across as a sincere reformer. Starting as a doctor in rural California, Townsend was moved to political action after seeing an old woman foraging for food in a garbage can. His solution was a public old-age pension of $200 per month to every retired person over 60 who promised that they would not seek any other employment and that they would spend the entire check every month. The plan would be paid for by a 2% tax on all business transactions – a regressive tax that most critics said would cost the economy far more than its humanitarian benefits could justify. While Townsend believed that the plan could stimulate the economy and open jobs for young people, it was, like Long’s Share Our Wealth, incredibly

41 Hamby, 266.
42 Burns, 212.
impractical in the reliance on a regressive sales tax. But however ineffective the plan, Townsend brought the plight of America’s elderly to the national agenda, and elements of his plan can be seen in Roosevelt’s 1935 Social Security Act.

These three right-leaning demagogues appealed primarily to the lower-middle class. Once able to at least make a living, they found themselves pushed into destitute poverty, and in their frustration about both their and their government’s inability to do anything about it, were willing to consider the well-crafted appeals of fringe leaders like Long, Coughlin, and Townsend – the so called “prophets of unrest.”

To many observers, the popularity of these demagogues amidst the common people was the first step towards a European-style fascist dictatorship. With a strong-man waiting in the wings, backed by millions, all that was needed was a large enough militia to sweep him to power. Taking Mussolini and his Black Shirts as a model, American proponents of fascism imagined that the impoverished but well-trained veterans of the First World War were the ideal candidates for a fascist militia. Through the American Legion, they were already organized and uniformed. Formed just after the armistice of 1918, the Legion quickly gained membership and had nearly a million members within its first year. The Legion was, and still is, formed to recognize veterans’ service to their country, to organize “American” volunteer activities like working with local Boy Scout troops and sponsoring patriotic essay contests, and most importantly, to lobby Congress for veterans’ services and rights. In

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43 Hamby, 265.
terms of gross funding and legislative successes, the American Legion has been one of the most powerful lobbies in U.S. history.\textsuperscript{46}

The Legion’s lobbying activities were not limited to seeking benefits for its members; the American Legion also fought for the preservation of its stubbornly nostalgic brand of “Americanism.” In later years, this often took the form of virulent red-baiting, censoring textbooks, keeping Communist candidates for office off the ballot, forcing teachers to take loyalty oaths, and silencing leftists activists and speakers.\textsuperscript{47} Socialists, pacifists, and leftist liberals who expressed any sympathy for Communists or their freedom of speech were apt to arouse the rage of the Legion. But while the Legion was well organized, and the central leadership exerted significant control over local branches in terms of national agenda-setting, the individual posts varied widely in terms of ethnicity, religion, and politics. Some Legionnaires were unionists or labor sympathizers themselves, while far more were actively involved in violent strike breaking activities. Many have noted the apparent contrast between local chapters and the national leadership of the Legion, observing that the leadership was well to the right of the average Legionnaire, and espoused a particularly conservative and nativist view of Americanism. The Legion of the 1930s was also been criticized as a front for the National Association of Manufacturers, who subsidized Legion activities generously with the primary goal of suppressing labor unions.\textsuperscript{48} The parallels to Mussolini’s Black Shirts or “Fascisti,” also a powerful veterans’ organization, were openly discussed. In 1933, National Commander Alvin

\textsuperscript{47} Ibid, xii.
\textsuperscript{48} Jenkins, 53.
Owsley told the San Francisco Legionnaire convention that “the Fascisti are to Italy what the American Legion is to the United States.”49 The American Legion, with its large body of trained soldiers, already far-right corporatist leadership, and proclivity to vigilantism was the ideal source for a national militia to enact a fascist agenda.

While the American Legion provided the potential muscle for a corporatist right-wing revolution, another, far more enigmatic organization provided the ideology. In August 1934, the same month that Lewis Douglas resigned from his post as Director of the Budget in FDR’s administration, the New York Times announced the formation of a new organization to “Protect Rights” – the American Liberty League. The organization’s leadership was made up of a familiar cast of disaffected conservative Democrats – Al Smith, John W. Davis, John Jacob Raskob, and Irene du Pont – and a few Republican allies. According to President Jouett Shouse, the organization’s aim was to “combat radicalism, preserve property rights, uphold and preserve the Constitution.” Shouse was careful to emphasize that the organization was to be non-partisan and that rather than being anti-Roosevelt, as one might expect given the well known feuds between many of its leaders and the President, they intended to “try to help the administration.”50 But while four of the top leaders were Democrats, the only thing they shared with Roosevelt was a disdain for the Prohibition.51

Prohibition, interestingly, played a critical role in the evolution of the American Liberty League. In 1918, a group of wealthy bankers and executives including Raskob and three Du Pont brothers formed the Association Against the

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49 Diggins, 206.
51 Leuchtenburg, 92.
Prohibition Amendment. With no problems with funding and friends in the press, the AAPA grew quickly, and spent well over a million dollars on publishing propaganda pamphlets.\textsuperscript{52} The well organized group attracted the attention of Al Smith, who soon became fast friends with Raskob. While the AAPA attracted members from across social class lines, the wealthy leadership had a particular interest in a wet America. The AAPA actively pushed the possibility of an English-style liquor tax that would eliminate the need for an income tax. Because the government relied on their income taxes instead of liquor taxes to be borne by the masses, many of its wealthy members believed, Prohibition was personally costing them hundreds of thousands of dollars – a fee they were not willing to pay for what they considered an unjust infringement on their personal and financial liberties.\textsuperscript{53}

The AAPA became an ideal breeding ground for an organization of wealthy elites who ascribed to the notion that that government which governs least governs best. With the repeal of the 18\textsuperscript{th} Amendment in 1933, the AAPA did not disappear; it simply changed forms. Largely Raskob’s brainchild, the American Liberty League was originally designed to show “the value of encouraging people to work; encouraging people to get rich; to showing the fallacy of communism.”\textsuperscript{54} Raskob got Jouett Shouse on board as the President, and working out of Shouse’s old AAPA office, they used AAPA membership rolls to pull together a new organization. The new group was even less egalitarian than the last; half of the League’s funding came from fewer than two dozen bankers, industrialists and businessmen, with 30 percent

\textsuperscript{52} Wolfskill, 41, 62.
\textsuperscript{53} Ibid, 48.
\textsuperscript{54} Ibid, 26.
of the 1935 funds coming from the Du Pont family alone. Using propaganda methods perfected in the AAPA, the American Liberty League published hundreds of pamphlets during its six year life. Some of these pamphlets were extremely inflammatory, simultaneously calling Roosevelt a dictator, a socialist, a communist, and a fascist, and the New Deal unconstitutional. But while the group’s stated purpose may have been to protect the Constitution, something they often repeated to the press, many of their pamphlets give the impression that they were less concerned with preserving the Constitution than with “growing extravagance, public expenditure, relinquishment of legislative authority to the Executive, the partial surrender by Congress of the taxing power.”

At its core, the American Liberty League was run for and by a small group of America’s wealthiest and most influential men with the primary goal of discrediting the New Deal in order to derail those programs they saw as a threat to their own wealth. This was no secret, and despite the clever turns of phrase in their pamphlets and press releases, the American Liberty League was understood even in its own time as a gentlemen’s club for self-interested millionaires. Father Charles Coughlin once decried the League as the “mouthpiece” of the banking class, allowing them to “voice the cowardly cry for the preservation of their bonds.” And Harold Ickes rejoiced at the formation of the A.L.L., in that it finally gave a name to all of the conservative elements had been attacking the administration. In fact, the Liberty League was so obviously a front for the rich that the Republican National Committee requested that

55 Wolfskill, 62.
57 Wolfskill, 33.
the League not endorse their 1936 Presidential candidate, Alfred Landon, for fear that its endorsement would eliminate any hope of Landon winning populist votes away from Roosevelt.\textsuperscript{58} Partially for this reason, Roosevelt himself never saw the American Liberty League as a threat. But he did have his own critiques of the League. In their emphasis on protecting the rights of persons and property, the President said in a press conference shortly after the August announcement of the group, they forget about the “protection of the life and liberty of the individual against elements in the community which seek to enrich or advance themselves at the expense of their fellow citizens. They have just as much right to protection by government as anybody else.”\textsuperscript{59}

The American Liberty League, realists of the times understood, was little but a “noisemaker”; an almost comically obvious representation of corporate interests.\textsuperscript{60} But the exact nature of those interests are not clear. While in many ways the early New Deal threatened Wall Street, in the movement to cap hours, boost wages, end child labor, support collective bargaining, give relief to the unemployed and elderly at the tax payer’s expense, the New Deal was good for big business. In 1932 for instance, the Du Pont Company had a profit of $1.82 per share. By 1934, the profit had risen to $5.04 per share. So rather than a strictly financial threat, the du Ponts and their colleagues in the Liberty League saw the New Deal as a threat to the political dominance they held in the 1920s as the beneficiaries of the “corporate state.”\textsuperscript{61} In addition to this nostalgia for the power and prestige they had enjoyed in

\textsuperscript{58} Leuchtenburg, 179.
\textsuperscript{59} Burns, 208.
\textsuperscript{60} Hamby, 262.
\textsuperscript{61} Craig, 276.
the 1920s, it is possible than many Liberty Leaguers were genuinely concerned with protecting their country from a President they believed to be sending America down the road of either communism or fascism. Democrats like Al Smith were simply unwilling to embrace FDR’s new form of active-state liberalism, and the perhaps for them the Liberty League represented a means to forestall the evolution of the party they once loved into something they could no longer recognize as their own.\textsuperscript{62} Rapacious millionaires or not, they probably loved the flag.

One of the most colorful critics of both the corporatist leadership of the American Legion and the impact of the Liberty League’s capitalist class on policy making was Major General Smedley Darlington Butler of the Marines. Born into an old Quaker family in Pennsylvania, Smedley Butler was a devout Quaker. But his grandfather Samuel Butler was censored by the Friends for his support for the Union Army during the Civil War in violation of the Quaker commitment to pacifism.\textsuperscript{63} So it was no surprise when 16-year-old Smedley dropped out of high school to join the Marines. He served first in Cuba as under-aged lieutenant in 1898, served the Philippines in 1899, performed acts of death-defying heroism in the Boxer Rebellion while still in his teens, served in Honduras and Nicaragua, and was awarded his first of two Medals of Honor in Mexico. While commandant of the Haitian native police after subduing Hatian “Cacao” guerrillas, Butler achieved the rank of Major, and received an extremely rare second Medal of Honor. His superiors thought Butler was so indispensable in Haiti, that, much to his disappointment, Butler was kept from

\textsuperscript{62} Hamby, 262.
serving in World War I. In 1924, he was tasked with heading a special police force in Philadelphia to enforce the Prohibition and fight corruption – a task for which Butler had little personal commitment. During his final military campaign as commander of the Marine Expeditionary Force in China from 1927-1929, Butler simultaneously was promoted to Major General and began openly questioning the imperialistic dimensions of U.S. foreign policy.\(^{64}\) An impressive career, to be sure, but General Butler was a peculiar sort of career military officer. He was the type of leader who always got on better with his enlisted men than with his colleagues or superiors; he represented an egalitarian anti-elitism that contrasted sharply with the highly structured hierarchy of the Marine Corps. In fact, Butler, whose outspoken and brutally honest personality endeared him to his men, often ran into trouble with the military establishment. He lost the Marine Corps commandancy to a lower ranked officer after publicly criticizing Marine-rigged elections in Central America. And he was nearly court-martialed in 1931 on President Hoover’s orders after he created a minor international scandal by recounting a story of Benito Mussolini running over a child with his car and not stopping. Soon after, he retired and began engaging in public speaking tours on behalf of a number of working class, leftist, veterans’ movements, and became a leading figure in the veterans’ anti-war movement in the 1930s.\(^{65}\)

One of Butler’s most famous retirement causes was that of the Bonus Expeditionary Force (B.E.F.), commonly known as the Bonus Marchers. In 1932, twenty thousand World War I veterans encamped on the Anacostia flats in

\(^{64}\) Ibid.
\(^{65}\) Schmidt, 1.
Washington, D.C., in hope of pressuring the government to advance them the cash bonuses that were officially not due until 1945. Even after the Senate defeated the Patman Bonus bill, which would have paid the impoverished veterans immediately, the B.E.F. stayed on, partly in hope that they could Congressional minds, partly because they had nowhere else to go. The squatter encampments became yet another thorn in the side of the Hoover administration, and the President began to make plans to evict them. Butler, well known as an advocate of the common soldier, arrived on the night of the official eviction and made a fiery (and often foul-mouthed) speech: “You hear folks call you fellows tramps, but they didn’t call you that in ’17 and ’18. I never saw such fine soldiers. I never saw such discipline…. You have as much right to lobby here as the United States Steel Corporation…. This is the greatest demonstration of Americanism ever seen.”66 On July 28th on President Hoover’s command, federal troops led by General Douglas MacArthur attacked the veterans with tanks, helmeted infantry, bayonets, and tear gas.67 Hoover’s extreme overreaction was a low point in his administration and certainly contributed to his defeat in 1932. Following the Bonus March, some six thousand of the veterans relocated their camp to Johnstown, Pennsylvania, where allegedly Butler was asked to lead the Khaki Shirts, a paramilitary group that fought for “economic justice.”68 The Khaki Shirts’ leader, Art Smith, promoted what he called “manocracy: a new philosophy of economics” that included the abolition of Congress, immediate payment of the bonus, silver coinage, and an immense Army and Navy.69

66 Ibid, 218.
67 Leuchtenburg, 13.
68 Schmidt, 219.
Shirts, whose name and agenda suggested a fascist origin, did not interest Butler, and he
denied any knowledge of the group. Butler continued to support the veterans’
desire to receive advanced bonuses in frequent public appearances and articles.70

Butler’s experience with the Bonus Army only intensified his feelings that
there was a fundamental disconnect between the soldiers on the ground and the
interests for which they were giving their lives and limbs. Besides the law, nothing
was sacred for the outspoken General. After losing his only Senate bid in 1932, he
told a VFW group in New Orleans, Huey Long by his side, “I believe in making Wall
Street pay for it – taking Wall Street by the throat and shaking it up,” and, “I had
never known one leader of the American Legion who had never sold [its members]
out.”71 But his real critique was saved for the capitalist racket which he believed to be
driving American foreign policy into unnecessary, costly wars. In 1935, Butler
published a short book entitled War Is a Racket which has since become an anti-war
classic. War, Butler explained, is a racket in which very few benefit at the expense of
very many; he noted that “at least 21,000 new millionaires and billionaires were made
in the United States during the World War.”72 He continued: “Beautiful ideals were
painted for our boys who were sent out to die. This was the ‘war to end all wars.’ This
was the ‘war to make the world safe for democracy.’ No one told them that dollars
and cents were the real reason.”73 The only way to break the cycle, he said, was to put
the powerful executives of the arms manufacturers and steel companies on the front
lines, and give them a soldier’s wage so that they understood the true cost of their

70 Schmidt, 219.
71 Schmidt, 223.
73 Ibid, 33.
selfish wars. Then, Butler continued, the only men who should have the right to vote whether or not the nation should go to war would be the men who would actually serve in that war. And finally, the military should be used for defense only, with military ships and planes restricted to a certain distance from U.S. shores.\textsuperscript{74}

In addition to the more general anti-war statements of the 1935 \textit{War Is a Racket}, Butler expressed deep personal regret for his own complicity in what he believed to be decades of unjust military efforts. In an often reprinted 1935 letter to the Marxist newsmagazine \textit{Common Sense}, Butler wrote the following:

I helped to make Mexico and especially Tampico safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefit of Wall Street. The record of racketeering is too long. I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-1912. I brought light to the Dominican Republic for American sugar interests in 1916. I helped make Honduras ‘right’ for American fruit companies in 1903. In China in 1927 I helped see to it that Standard Oil went its way unmolested…. Looking back on it, I feel I might have given Al Capone a few hints. The best he could do was to operate his racket in three city districts. We Marines operated on three continents.\textsuperscript{75}

Here, Butler expressed a sentiment that few outside the extreme left were willing to voice; that perhaps America’s original commitment to democracy and liberty was becoming something else – a commitment to the liberty of the wealthy to get even wealthier at any cost. His unique position as a military hero gave him a level of credibility that few others expressing similar anti-imperialist ideas could achieve, allowing him to meld intense patriotism with critical dissent against the growing corporatism that he believed was corrupting the nation he would die to protect.

\textsuperscript{74} Ibid, 42.
General Smedley D. Butler can therefore be seen as an American at the crux of the crisis in capitalism, democracy, and liberty that faced the United States in the depths of the Great Depression. And as we shall see in the pages to come, there is a chance that General Butler played an even greater role in this tumultuous period than he ever intended.
Chapter 2. The McCormack-Dickstein Committee

“There is no question that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.” - U.S. Congress. Investigations of Nazi and Other Propaganda. Report no. 153 pursuant to House Resolution No. 198, 73rd Congress. Released February 15, 1935 in Washington D.C.

The House Special Committee for the Investigation of Nazi Propaganda Activities, later known as HUAC, was born in into an America that was increasingly worried about the proliferation of anti-democratic tendencies, both abroad and at home. The Committee was tasked with investigating right-wing manifestations of “un-American activities.”

The original committee was the brainchild of Representative Samuel L. Dickstein of New York. A Russian-born Jew, Dickstein served in the House from 1922-1945, and went on to become a New York state Supreme Court judge. His congressional career was marked by a concern with conditions of the recent Eastern-European immigrants who made up the majority of his district, and he was a long-time advocate of public housing programs. The political sentiment of his Manhattan district was distinctly left-leaning; it voted Socialists into office more than once. Unlike many of his contemporaries in Congress, Dickstein was not overly critical of socialism. In his memoirs, he recalls saying on many occasions, “if you want to call me a Socialist because I am advocating better housing, then that’s what I must be.”

76 Note: After the Cold War, it was revealed that Dickstein was employed by the Soviet government as a spy during this period. This discovery was made public in: Allen Weinstein & Alexander Vassilly. The Haunted Wood. New York: Random House, 1999.
Part and parcel of representing this ethnic district was participating in the fight for immigrant’s rights and racial justice. So when Dickstein traveled to Europe in 1932, the congressman was acutely aware of the racist rhetoric floating around Berlin. Dickstein saw Storm Troopers and Brownshirts, and was amazed by some of the propaganda he found there. More shocking for Dickstein, however, was that some of that same literature was flooding into the United States. When he returned to the U.S., he was told by the chairman of the Immigration Committee that that Nazi cells were emerging in the United States and collecting funds to propagandize the American people.78

Dickstein took it upon himself to stem the flow of Nazi propaganda into the United States. He began to privately research American fascist movements in order to propose a public body to combat them. After two years of attempting to create an official committee to thoroughly investigate Nazi cells, the sweeping Democratic congressional victory in 1934 gave Dickstein the support he needed to launch the committee. House Resolution 198, passed on March 20, 1934, tasked the newborn committee with investigating Nazi propaganda activities in the United States in regards to its character, diffusion, and source of funding. The Committee was granted authority to hold hearings under oath and issue subpoenas. They were not granted any judicial or punitive powers. They were initially granted a meager $10,000 budget.79

There remained, however, the question of who would chair the committee. Dickstein seemed the obvious choice, given his instrumental role in organizing approval and funding for the committee. But given his Jewish blood and the growing

78 Dickstein, 27.
recognition of Nazi anti-Semitism, Dickstein felt that if he headed the committee, any conclusions it reached would be tainted by allegations of bias. Chairing the committee himself would only encourage critiques of a “radical Jewish minority influence on Washington” coming from such sources as Healey’s Irish Weekly, and would hinder the success of the investigation. Therefore, Dickstein recommended Representative John McCormack, a third-term Democrat from Massachusetts. McCormack had impressed Dickstein years ago by taking an unpopular stand against the 1924 Immigration Act which reduced quotas for Eastern and Southern European immigration. Dickstein became the vice-chairman of the committee. The styles of the two men would sometimes complement each other and sometimes clash.

McCormack was known for his reserve and even-handed questioning, and he aimed to find the objective fact of the matter. Dickstein, in contrast, would often become visibly infuriated during the sessions, and usually attempted to dig out the more subjective motives of why an American citizen would become a Nazi sympathizer. The other five members were Carl M. Weideman (D-MI), Charles Kramer (D-CA), Thomas A. Jenkins (R-OH), J. Will Taylor, (R-TN), and Ulysses S. Guyer (R-KS); they were far less vocal in the course of the investigations.

In its first year from the summer of 1934 to early 1935, this original incarnation of the HUAC Committee took testimony in seven public hearings and twenty-four executive hearings in Washington, D.C., New York City, Chicago, Los

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80 Dickstein, 31.
82 Note: McCormack would go on to serve as Speaker of the House from 1962 to 1971.
83 Dickstein, 22. Note: McCormack was not yet serving in the House, and made his comments against the 1924 Immigration Act as a member of the Massachusetts State Senate.
Angeles, Asheville, North Carolina, and Newark, New Jersey. They examined several hundred witnesses and took 4,320 pages of testimony.\textsuperscript{84}

Representative McCormack ran the hearings with extremely high standards of admissibility. Because of the sensitive nature of the material being discussed, and the potential for premature conclusions to ruin a man’s public life, McCormack later said that “extreme caution and prudence [were] exercised in obtaining pertinent evidence” and he insisted that “any evidence admitted in public session should meet the test of admissibility in the courtroom.”\textsuperscript{85} This standard of evidentiary admissibility lent the committee a high level of credibility in the evidence that they did accept and publish, but as we shall later see, may have caused some potentially very useful information to be stricken from the public record.

Hearings began on June 5, 1934 in Washington, D.C. For first several months, investigations centered on the paramilitary, racial, and propagandizing activities of Nazi-like cells in the United States. The first active agent of the American wing of the National Socialist party discovered by the committee was Kurt Georg Wilhelm Luedecke. Luedecke was found to be distributing Nazi propaganda materials within the United States under the guise of a traveling salesmen for a German commercial house. Luedecke admitted that while on his propagandizing mission, he had received access to both Congressional and White House press galleries. In the same period, he had established the “Swastika Press” in Brookline, Massachusetts. Because of the success of these activities, Luedecke claimed that he was number seven in the international Nazi Party, with Adolph Hitler as number one. The very existence of an

\textsuperscript{84} U.S. Congress Report 153, 2.
\textsuperscript{85} John W. McCormack, audio recording, Interview with unknown reporter, re: Special Committee on Un-American Activities, Boston, MA: Boston University, Howard Gottlieb Archive, June 14, 1971.
American chapter of a foreign political party, the Committee noted in their report to Congress, was unmistakably illegal.\textsuperscript{86}

The second major instance of Nazi activity within the United States discovered by the committee was the surprisingly widespread existence of American chapters of the German National Socialist Party, particularly in New York, Chicago, and Los Angeles. These groups targeted Americans of German birth and descent, and occasionally resorted to violence to collect support from less willing members of the German-American community. The primary American Nazi party organized first under the auspices of the Friends of New Germany, which at one point owned a small newspaper in New York. The paper was published by the German Legion and was financed by German steamship and railway interests. The editor-in-chief, an illegal immigrant named Heinz Spanknoebel, attempted to influence the news and editorial content of other American newspapers, often successfully. Spanknoebel came to control a German veteran’s organization known as Stahlhelm, causing the less dogmatic members to leave the organization. Spanknoebel then gained control of the United German Societies of New York, causing great rifts in the coalition of German-American organizations. In 1933, Spanknoebel, still an illegal immigrant, became a fugitive after being indicted by a Federal grand jury in New York City. He was succeeded by Fritz Gissibl, another illegal immigrant, who carried out Spanknoebel’s agenda. Gissibl was then succeeded by Reinhold Walter, an American citizen, in order to give the Friends of New Germany the appearance of respectability. In reality, though, Gissibl still held the reins. Soon thereafter, Gissibl handed leadership to Hubert Schnuch, a naturalized college graduate, who would continue Gissibl and

\textsuperscript{86} U.S. Congress Report 153, 4.
Spanknoeble’s agenda. The committee found that the Friends of New Germany had engaged in illegal dealings with German diplomats, and un-American propaganda activities.87 McCormack would later assert that “this was a real Nazi movement.”88

The committee also found evidence of individuals and American firms working with foreign business firms for the purpose of creating propaganda materials. The better known of the two such instances was the case of Ivy Lee. Lee was paid $25,000 to act as a political and public relations consultant for the German firm I.G. Farben Industrie. The advice he provided was ultimately directed to the German Nazi government. Although the official report released by the Committee does not mention it, Dickstein later pointed out that Ivy Lee was an attorney for the Rockefellers.89 In the second such case, Carl Dickey, junior partner of Carl Byoir & Associates, told the committee that his firm had rented office space and hired secretarial assistance in the United States for the purpose of distributing Nazi propaganda, at the expense of $6,000 per month billed to the German Tourist Bureau.90 McCormack would later claim that as a result of the committee’s disclosure of these and the above mentioned illegal activities, “Hitler ordered the Nazi movements in the United States to be discontinued and broken up, in other words, the Friends of New Germany be disbanded and broken up.”91

Some of the more dramatic moments of the Committee’s life came during the investigation of the homegrown paramilitary movements. Some, like the “Order of the ’76,” with poorly defined motives of racial and religious bigotry, were only in the

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87 Ibid, 5.
88 McCormack recording.
89 Dickstein, 31.
90 U.S. Congress report 153, pg. 6.
91 McCormack recording.
infantile stages of organization. But others, like William Dudley Pelley’s “Silver Shirts” were much further along.

The committee found that the Silver Shirts, modeled after Germany’s Storm Troopers, were born out of a mystical past. Pelley had for years been gathering a following, primarily female in early days, around his metaphysical writings. These followers loaned him large sums of money, up to $14,000 at a time. Pelley began to organize the Silver Shirts in 1933 in Ashville, North Carolina. Always upfront about his adoration for newly elected German Chancellor Adolph Hitler, Pelley’s weekly publications began to take on a virulently racist character. It was this access to an effective press organ that McCormack later said made the Silver Shirts a real threat.92 Silver Shirt chapters started to pop up around the country. The committee found that many chapters were armed, and that low-ranking members of U.S. military may have been involved in providing space and instruction for maneuvers. Pelley eventually went bankrupt, and was convicted for illegal stock selling practices.93

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By far the most sensational testimony was given in the last several weeks of the Committee’s official life. Beginning in late November, 1934, the congressmen heard a story of a group of powerful individuals making an attempt to set up a genuinely American fascist organization which aimed to eventually take control of the executive branch of the federal government. Unlike other fascist organizations

92 McCormack recording.
93 U.S. Congress report 153, 12.
that the committee had investigated, this effort did not look to Nazi Germany for ideological or financial assistance. Given the identities of the alleged plotters, it didn’t need to.

It remains unclear how the committee became aware of Major General Smedley D. Butler’s story of a fascist plot on Washington. The Committee’s official public statement says only that “as the result of information which has been in possession of this committee for some time, it was decided to hear the story of Maj. Gen. Smedley D. Butler and such others as might have knowledge germane to the issue.”94 The earliest press comment appeared in the *New York Post* only four days before this statement on November 20, 1934. How the committee could have heard of Butler’s tale before then, given that the reporter of the article was supposedly the first person Butler confided in, is something of a mystery.

Regardless, the McCormack-Dickstein Committee called General Butler to testify on November 24, 1934. Earlier that day, the Committee had heard the testimony of Captain Samuel Glazier regarding the formation of a Wall Street-backed fascist army based in a Civilian Conservation Corps camp in Elridge, Maryland. Glazier’s conversations with the Wall Street representative, Jackson Martindell, had been brief, as was Glazier’s testimony. The second witness of the day told a far more involved tale.

General Butler began by introducing himself as a two time Congressional Medal of Honor recipient and Marine Corps member of 33 years, and prefaced his

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94 U.S. Congress. Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, Public Statement of Special Committee on Un-American Activities, House of Representatives, Seventy-Third Congress, Second Session, Released November 24, 1934 in NYC, pg. 1.
remarks by stating, “I have one interest in all of this, and that is to try to do my best to see that a democracy is maintained in this country.” His unwilling role in the planning of a fascist movement, he said, had begun a year and a half ago. On July 1, 1933, Butler said he received a call from an American Legionnaire in Washington D.C. requesting that he speak with two Connecticut veterans. Butler was active in the Veterans of Foreign Wars and because he was accustomed to meeting with veterans, he agreed to meet them.

Five hours later, he testifies, a chauffer-driven Packard limousine arrived at his home in Newton Square, Pennsylvania. Two veterans stepped out and introduced themselves as Bill Doyle, then the department commander of the Massachusetts Legion, and Jerry MacGuire, who said he had been a State commander in the Connecticut Legion. The three men talked for two hours. The Legionnaires were unhappy with the leadership of the American Legion and they wanted Butler to attend the upcoming convention in Chicago to help them unseat the leadership. Their major grievance with the leadership was a lack of care in dealing with the soldiers, and Butler, as a well known veterans’ advocate, they said, could help. Butler replied that he had not been invited to the convention. No problem, MacGuire replied; he was the chairman of the distinguished guest committee and could put Butler’s name on the list. At this point in his testimony, Butler declares, “I thought I smelled a rat, right away – that they were trying to get me mad – to get my goat.” It seemed to Butler as though they were simultaneously trying harder to embarrass the leadership of the

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96 Ibid, 9.
American Legion than to fight for the soldiers. Butler decided to feel the men out in order to see exactly what they had in mind.

Eventually MacGuire and Doyle told Butler that arrangements had been made for him to come to the convention as a delegate of Hawaii. Butler expressed his reluctance to attend the convention by such furtive methods. Undeterred, the Legionnaires asked him if he shared their desire to be rid of the current Legion leadership. Long frustrated with the Legion leadership’s tendency to sell out the common soldier while receiving political kickbacks for themselves, Butler agreed that he would like to see them removed. But he was not willing to take part in underhanded efforts to make that happen. The two men replied that they would make sure the leadership was overturned on their own, and left.

Two or three days later, Butler said, MacGuire and Doyle returned to his home. Arriving in the same Packard limousine, they told Butler that instead of sending him as a delegate of Hawaii, they wanted him to rally 200 to 300 legionnaires from around the country and plant them in the audience of the convention. At some point, the planted legionnaires were to start yelling and stomping for a speech, at which point Butler was to emerge from the gallery, go up to the platform and make a speech. MacGuire and Doyle then pulled out a printed script for Butler to read over. Butler asked them how they were to pay for 200-300 East Coast veterans to get to Chicago, given that most veterans he was acquainted with were Bonus Marchers and men of modest means who certainly could not get there themselves. They replied that they would cover the costs. “How can you pay it? You are disabled soldiers. How do you get the money to do that?” Butler asked. “Oh, we have friends. We will get the
money,” they replied. It was either at this point or during the next visit – Butler’s memory here is unclear – that they showed him a bank-deposit book showing deposits of $42,000 and $64,000. Butler now felt certain that something fishy was up, for as he put told the committee, “wounded soldiers do not have limousines or that kind of money.”

MacGuire came back alone to Butler’s house once more to check up on him, Butler testified. Butler told him that he hadn’t had the time to organize 200 soldiers. The General also asked MacGuire where he got the money. MacGuire replied that nine men had given it to him, in donations ranging from $2,500 to $9,000. Butler again became suspicious, since men who could afford to give away $9,000 generally were not in favor of the Veteran’s Bonus that that they were purportedly working to restore. MacGuire told Butler that one of the donors was Colonel Grayson Mallet-Prevost Murphy, a New York broker for whom MacGuire was then working. Pressed further on Murphy’s involvement, MacGuire told Butler that Murphy was the man who funded the formation of the American Legion with a $125,000 donation. Murphy simply wanted to see the soldiers cared for, MacGuire said. Butler then asked MacGuire outright, “How did you happen to be associated with that kind of people if you are for the ordinary soldier and his bonus and his proper care? You know damn well these bankers are not going to swallow that. There is something in this, Jerry MacGuire, besides what you have told me. I can see that.” MacGuire replied that he is simply a good businessman, and that accepting his offer would make Butler a good businessman as well.
Butler testified that the next contact between the two men was September 1, 1933. Butler was in Newark, New Jersey addressing the Twenty-Ninth Legion division of the American Legion. MacGuire showed up in Butler’s hotel room unannounced and asked the General how close he was to organizing those soldiers for the Chicago convention. Butler replied that he was not going to Chicago, telling MacGuire, “you people are bluffing. You have not got any money.” In response, Butler said, MacGuire took out his wallet and threw a mass of thousand-dollar-bills on the bed. This money, $18,000 in all, was for Butler’s expenses, MacGuire explained. Butler told him that he was once a police officer, and that he knew each of those bills had been marked, and asked MacGuire if he was trying to frame him for something. MacGuire said he could change them for smaller bills, and that he had merely just cashed a large donation. But Butler reiterated that he would not take part in MacGuire’s plan. He told the committee that he told MacGuire,

Someone is using you. You are a wounded man. You are a bluejacket. You have got a silver plate in your head. I looked you up. You were wounded. You are being used by somebody and I want to know the fellows who are using you. I am not going to talk to you any more. You are only an agent. I want some of the principals.\(^7\)

At this point, MacGuire revealed a second name: Robert Sterling Clark. Clark, MacGuire said, was a banker who used to be in the Army. As it turned out, Clark had been a second lieutenant in the Ninth Infantry in China during the Boxer campaign alongside Butler. He was also the heir to the Singer sewing machine fortune, and was known to have been left $10,000,000 by his aunt and uncle. Butler recalled that Clark had been known as the “millionaire lieutenant,” generally regarded as a joke by the other officers.

\(^7\) Ibid, 13.
At the end of the week, Butler testified, Clark called him to arrange a meeting that Sunday. Clark would take the train in from New York, they agreed, and Butler would meet him at the station. Butler recognized Clark immediately. They drove back to Butler’s home, and after lunch, began to discuss the subject at hand. Clark wanted him to go to the convention in a private car, and told the General that he had a suite of rooms reserved for him in Chicago. Clark asked Butler if he had received the speech, which Butler had at this point read. Clark told him that it was not MacGuire and Doyle who had written the speech, as they originally had let on. “That speech cost a lot of money,” Clark told Butler, with a laugh. The speech, it turned out, was a recommendation that the convention adopt a resolution that the United States return to the gold standard. Butler replied that he didn’t see what the speech had to do with the reason he was supposed to go to Chicago. Clark explained that he wanted to ensure that the soldiers got their bonus in gold, and not be paid with “rubber money or paper money.” Butler remained suspicious, and replied, “Yes, but it looks as if it were a big business speech. There is something funny about the that speech, Mr. Clark.” Clark cryptically returned,

You understand just how we are fixed. I have got $30,000,000. I do not want to lose it. I am willing to spend half of the $30,000,000 to save the other half. If you go out and make this speech in Chicago, I am certain that they will adopt the resolution and that will be one step toward the return to gold, to have the soldiers stand up for it. We can get the soldiers to go out in great bodies to stand for it.\textsuperscript{98}

The plan was becoming more clear to Butler. And again, he refused to take part in what he felt to be an un-democratic scheme. The gold standard, as far as he was concerned, was not the business of veteran soldiers, and he would not stand to see them used by the interests of those whose business it was. Clark, unhappy with

\textsuperscript{98} Ibid, 14.
Butler’s reaction, asked him why he had to be so “stubborn” and “different from other people.” Clark reminded Butler that he had a mortgage on his house, a mortgage that could “be taken care of.” Butler remained unswayed, and chided Clark for trying to bribe him in his own home. Clark then asked Butler if he might use his telephone. Butler told the committee that Clark called MacGuire, then already in Chicago for the American Legion convention. According to Butler’s testimony, Clark told MacGuire,

General Butler is not coming to the convention. He has given me his reasons and they are excellent ones, and I apologize to him for my connection with it. I am not coming either. You can put this thing across. You have got $45,000. You can send those telegrams. You will have to do it in that way. The general is not coming. I can see why. I am going to Canada to rest. If you want me, you know where you can find me. You have got enough money to go through with it.\(^{99}\)

That was the last Butler ever heard from Clark.

The American Legion convention went on to pass a resolution in favor of the restoration of the gold standard without Butler’s help. On his way back from the convention, MacGuire stopped by Butler’s home, again in a hired limousine.

MacGuire informed Butler about their success in passing the gold standard endorsement. But where was the endorsement for the soldiers’ bonus, Butler asked? MacGuire replied that they needed to secure the nation’s currency before there was any point in getting the soldiers their bonus.

Some time later – Butler doesn’t specify in his testimony – he received another visit from MacGuire. At this point, MacGuire encouraged Butler to attend and make a speech at a dinner in Boston for the soldiers, for which he would be compensated $1,000. Butler refused the money, although he was willing to attend a dinner with the soldiers so long as there was no money attached.

\(^{99}\) Ibid, 14.
The next meeting between the two men, Butler said, occurred in New York in November, 1933. MacGuire had had a new idea. Since Butler was planning on taking a tour with the Veterans of Foreign Wars – a veterans organization that served a purpose similar to the American Legion but without the corporatist or strikebreaking associations – MacGuire proposed that the two of them work together. Butler was going to be speaking to veterans and this keenly interested MacGuire. “You know,” Butler said,

“I have had so many invitations to head societies and to join societies, all of them with a camouflaged patriotic intent. They are rackets, all of them.” Butler repeated this several times. To this, MacGuire replied that he wanted all the same things as the General, and that he wanted to organize a “great big super organization to maintain the democracy.” Butler told him to stay home. He told MacGuire that “there is something funny about all this” and that he didn’t want to participate. There was simply “too much money in it.” MacGuire replied that he was saddened that Butler wouldn’t “be a businessman.” Butler’s response brought to the surface the growing dislike he felt for MacGuire and his propositions; “If fiddling with this form of government is business, I am out of it: this is your business.” MacGuire denied that he intended to change the current form of government. Butler did not believe MacGuire, he told the committee. Tempers flaring, the conversation ended.

Butler testified that he did not see MacGuire again for four months. During this time, he said, MacGuire was in Europe. Butler received a friendly postcard from MacGuire in February and April of 1934. It was around this time, Butler testified, that he began to form a theory that MacGuire was using Clark by frightening the
millionaire about threats to his wealth from the Roosevelt administration. Not particularly concerned if Clark threw away his money to MacGuire’s scam, Butler did nothing.

In August of 1934, Butler testified, he received a phone call from MacGuire, who had recently returned from Europe, requesting that they meet in Philadelphia to discuss matters of utmost importance. Butler and his wife were going into the city that day anyway, so he agreed to meet MacGuire in the Bellevue hotel. They sat down in an abandoned café in the back of the hotel. After cagily telling Butler about how much he had enjoyed his trip to Europe – exhibiting the characteristic shiftiness that Butler attributed to the silver plate in the wounded veteran’s head – MacGuire got to the point. The next American Legion convention was to be held in Miami, and predictably, MacGuire wanted Butler to go. “The time has come now to get the soldiers together,” MacGuire said, and after looking into the role of veterans’ organizations in fascist Italy, Germany, and Soviet Russia, he decided that a French organization of “supersoldiers” was “just exactly the organization we are going to have.”

In the committee hearings, Butler couldn’t remember or pronounce the name of the French organization, but it was almost certainly the Croix de Feu. But Butler did remember the existence of a 5,000,000 man soldier’s organization in France. Butler asked MacGuire what he intended to do with such an organization.

“We want to support the President,” MacGuire replied.

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100 Ibid, 17.
“The President does not need the support of that kind of organization. Since when did you become a supporter of the President? Last time I talked to you, you were against him.”

“Well, he is going to go along with us now.”

Still puzzled, Butler put it plainly, “The President has got the whole American people. Why does he want them?”

MacGuire replied, “Don’t you understand the set-up has got to be changed a bit? Now, we have got him – we have got the President. He has got to have more money. There is not any more money to give him. Eighty percent of the money now is in Government bonds, and he cannot keep this racket up much longer. He has got to do something about it. He has either got to get more money out of us or he has got to change the method of financing the Government, and we are going to see that he doesn’t change that method. He will not change it.”

“The great group of soldiers, then, is to sort of frighten him, is it?” asked Butler.

“No, no, no; not to frighten him. This is to sustain him when others assault him.”

“Well, I do not know about that. How would the President explain it?”

MacGuire’s damning response was this: “He will not necessarily have to explain it, because we are going to help him out. Now, did it ever occur to you that the President is overworked? We might have an Assistant President, somebody to take the blame; and if things do not work out, he can drop him.”
Butler testified that MacGuire pointed out that Congress would not have to amend the Constitution to add another Cabinet official, and that a “Secretary of General Affairs – a sort of supersecretary” would be exactly what they needed. MacGuire went on to point out that the American people “will swallow that.” Butler recalled the veteran saying, “we have got the newspapers. Everybody can tell that the President’s health is failing. Everybody can tell that by looking at him, and the dumb American people will fall for it in a second.”

Butler testified that he knew MacGuire had a point. Americans were worried about their president, and a new cabinet to take some weight off his shoulders would go over well.

Then MacGuire asked Butler a very important question. “I’ve been traveling around – looking around,” he said, “Now about this superorganization – would you be interested in heading it?”

Butler replied, “I am interested in it, but I do not know about heading it. I am very interested in it, because you know, Jerry, my interest is, my number one hobby is, maintaining democracy. If you get these 500,000 soldiers advocating anything smelling of Fascism, I am going to get 500,000 more and lick the hell out of you, and we will have a real war right at home. You know that.” MacGuire denied that this was at all his intention. So Butler asked, “Yes, and then you will put somebody in there you can run; is that the idea? The President will go around and christen babies and dedicate bridges and kiss children. Mr. Roosevelt will never agree to that himself.”

“Oh yes; he will. He will agree to that.”

101 Ibid, 18.
Butler repeated that he did not believe it possible. He then asked MacGuire if he had any idea how much such a proposition would cost. MacGuire did; “Yes; we have got $3,000,000 to start with, on the line, and we can get $300,000,000 if we need it.” Upon Butler’s incredulous question of where he would get such funding, MacGuire replied, “Well, you heard Clark tell you he was willing to put up $15,000,000 to save the other $15,000,000.” MacGuire continued to explain that in the rules of succession, if the President resigns and the Vice President was unavailable, the Secretary of State becomes President. Garner, he said, did not want to be President, so the new Supersecretary would clearly take the place of the Secretary of the State and become President. He again asked Butler if he would head the organization, and again Butler refused.

MacGuire then let on that not everyone had been in favor of Butler taking the reins. His organization was headquartered in the Morgan & Hodges building in Paris. Morgan and Hodges, Butler recalled MacGuire saying, were against Butler, saying “that you cannot be trusted, that you will be too radical, that you are too much on the side of the little fellow; you cannot be trusted.” But, MacGuire said, he and his interests felt that Butler was the only man in America who could gather enough veterans to get the job done.

Just before the two parted, Butler asked MacGuire what he would call the organization. MacGuire did not yet have a name for the group, but told Butler to keep his eyes open: “you watch; in 2 or 3 weeks you will see it come out in the paper. There will be big fellows in it. This is to be the background of it.” Publicly, MacGuire said, the organization’s purpose would be to maintain the Constitution. MacGuire
then told Butler he would be going down to Miami and begin organizing around the
gold standard issue, and took his leave. That was the last Butler ever saw of
MacGuire. Although the General didn’t mention it in testimony, a few weeks later on
August 23, 1934, the New York Times ran an article about the formation of the
American Liberty League. The League, including such well connected individuals as
1924 Democratic presidential nominee John W. Davis, 1928 candidate Al Smith,
DuPont chemical executive Irene DuPont, and a number of Congressmen from both
sides of the aisle. The stated intent of the organization, just as MacGuire had said,
was to protect property rights and protect the Constitution.102

At this point, Butler testified, he went to his friend Paul French – a newspaper
reporter with the Philadelphia Record – and asked him to find out anything he could
about the background of the men he at that point knew to be involved in something
that smacked of treason. He wasn’t yet sure that this was anything more than a group
of rich men trying to get richer by shuffling around gold bricks. But, he said, “as long
as there was a lot of money stirring around—and I had noticed some of them with
money to whom I have talked were dissatisfied and talking about having dictators—I
thought that perhaps they might be tempted to put up money.”103 This was the end of
Butler’s testimony before the McCormack-Dickstein committee.

General Butler, in essence, told the committee a fantastic but cohesive story
using a remarkable level of detail. His testimony presents fairly damning evidence
against MacGuire and Clark. Whether or not MacGuire and Clark had the sorts of
resources they bragged to Butler about, their personal statements as conveyed to the

103 U.S. Congress Special Committee on Un-American Activities Public Hearing, June 5, 1934 –
December 29, 1934. 20.
Committee resembled treason closely enough to warrant a thorough investigation to see how deep the plot really went. But before that, Butler’s statements needed corroboration.

* * *

The next witness to be called before the Committee was Paul Comly French, a reporter for the Philadelphia Record and the New York Evening Post. French testified that General Butler contacted him in early September, 1934, and asked him to speak with MacGuire in New York. French paid MacGuire a visit on September 13 in his office on the twelfth floor of 52 Broadway. That floor, he testified, was occupied entirely by Grayson M.-P. Murphy & Co., Murphy’s private banking firm which handled the accounts of Goodyear Tires and Anaconda Copper, among others. French took notes on his conversation with MacGuire and typed up everything as soon as he left the office.

French’s testified that MacGuire told him in plain English that “we need a Fascist government in this country, to save the Nation from the Communists who want to tear it down and wreck all that we have built in America.” He continued: “The only men who have the patriotism to do it are the soldiers and Smedley Butler is the ideal leader. He could organize a million men overnight.”

MacGuire told French that he had studied Nazi and fascist movements in Italy and Germany during the spring and summer of 1934 while traveling in Europe, focusing on how veterans had been a part of both. He had conducted an extensive
enough survey of their tactics that he felt confident in his ability to set up a similar organization in the United States. French recalls that throughout the conversation, MacGuire stressed that his efforts were intended to save America from the communists, and that organized veterans were the nation’s only hope. They discussed funding, and MacGuire told French that at first he had suggested that Butler organize the whole outfit himself and ask dollar-a-year membership dues from each of the soldiers. He eventually revealed that he would not have any trouble raising a million dollars.

MacGuire also mentioned, according to French’s testimony, that he felt there was “need of a man on a white horse, a dictator who would come galloping in on his white horse.” The only way to save capitalism, MacGuire told French, was “either through the threat of armed force or the delegation of power, and the use of a group of organized veterans.” He went on to say, “We might go along with Roosevelt and then do with him what Mussolini did with the King of Italy.”

Regarding the specific organization of the coup (though he did not call it that), MacGuire told French the same thing he told Butler. They would install a Secretary of General Affairs, and if Roosevelt cooperated with their puppet, fine; if not, they would force him to resign under the pretense of poor health. MacGuire believed that this all rested on the support of the American Legion and the Veterans of Foreign Wars, and that at least half would follow Butler if he announced the plan. MacGuire then, according to French, pointed to a letter from Louis Johnson, former national commander of the American Legion. French did not have a chance to read it, but the correspondence concerned the “Fascist proposition,” which Johnson generally

104 Ibid, 21.
supported. He mentioned several other prominent American Legion officials, in an attempt, French said, to give the impression that the American Legion was actively behind his propositions.

MacGuire then explained to French that he had a terrific plan to solve the unemployment crisis, one he had learned from Hitler. All of the unemployed would go into forced labor camps and the crisis would be solved overnight. And in order to silence Communist agitators, MacGuire said, they should create a registration system to register everyone in the country as was done in Europe.

It was imperative, French recalls the veteran concluding, that the soldiers organize quickly. A crash in the still desperately struggling economy was inevitable and the soldiers needed to be ready to “save the nation.” For this reason, MacGuire told French, he was going to try again to convince Butler to lead the organization.

This conversation lasted a little over two hours. It is unclear why MacGuire would have divulged any of this information to a reporter. French tried to contact MacGuire again, but with the exception of a brief conversation in which MacGuire implied that everything was going as planned and running smoothly, contact was lost. Thus concluded French’s testimony.

* * *

Gerald MacGuire testified that afternoon. It should be noted that both McCormack and Dickstein believed his testimony was perjured and that his allegedly faulty memory was indicative of intentional failure to disclose relevant information. He was accompanied by his attorney Norman L. Marks.
MacGuire began by introducing himself as a bond salesman in the employment of Grayson M.-P. Murphy. After some confusion, he established that he was an American Legion member who had held no major office except as chairman of the distinguished guest committee of the 1933 Chicago Convention, which MacGuire originally said was in Portland, Oregon. His bumbling testimony already suggested that Butler may have been right in concluding that the silver plate in MacGuire’s head was affecting his mental abilities.

When asked about his first meeting with General Butler, MacGuire said that he and Bill Doyle went entirely on their own accord, having met Butler at a previous unspecified veterans’ conference. He said he had telephoned Butler himself from Philadelphia, but when asked whether or not anyone had called from Washington, D.C. (as Butler indicated in his testimony), MacGuire backtracked and said that he had made the call himself from Mayflower Hotel in Washington.

There had been two purposes to the visit, MacGuire testified. One was about the formation of a committee “for the sound dollar and sound currency.” The other was that MacGuire personally admired Butler and wanted to see if the General had any interest in becoming commander of the American Legion. McCormack asked him if there was any discussion of unseating the “royal family” of the American Legion. MacGuire replied that he did not think that subject was brought up, and that he was simply interested in having a man of Butler’s reputation in the Legion. If they could convince Butler to attend the Chicago convention, MacGuire said, perhaps they could get him to run for commander.
MacGuire said that they asked Butler to serve as delegate from Pennsylvania, but that Butler refused on the basis that local veterans did not care for him much and would never elect him as their delegate. Then, MacGuire said, Butler suggested that he had some friends in high places and would try to figure out another way to attend the convention. McCormack asked him if he or Doyle ever suggested that he attend as a delegate of Hawaii. McGuire’s response was elusive: “Well, you are a Legionnaire, Mr. Chairman, and you understand that in order for a man to be on the floor and have a voice in the convention, he has got to be a delegate. […] I think in discussing it, probably Hawaii was mentioned as well as Guam and a few other places.”

The hearing then turned to the gold standard. McCormack asked MacGuire what specifically he and Butler had discussed in regard to the sound dollar and the gold standard. MacGuire denied that the gold standard was mentioned, and that the sound dollar was “not mentioned very much in that meeting.” He then went on to explain that he thought Butler would be a good man to become a paid advocate of a sound dollar committee, given his experience as a public man and stump speaker. McCormack asked him if he brought Butler a speech to make at the Chicago Convention, should he decide to attend. “No, sir,” was MacGuire’s reply, nor did he admit to leaving with Butler a speech urging the resolution in favor of restoring the gold standard – directly denying a large part of Butler’s testimony.

McCormack next asked MacGuire to confirm a series of details from Butler’s testimony, all of which MacGuire denied. McCormack asked if he went back to Butler’s home two or three days later. “No, sir.”

105 Ibid, 25.
MacGuire was then asked about the second plan Butler mentioned in connection with the Chicago convention. “Was there some talk about his going out as an individual legionnaire and having two or three hundred other legionnaires go out to Chicago, too?” “No, sir.”

“Did you at any time tell him, after the delegate idea was given up, that he was to go out as an ordinary legionnaire and that when he came into the convention they were to demand that he make a speech?”

“No; I do not believe so; no sir.” He denied any discussion of sending veterans to Chicago for the convention several times. And he denied showing Butler a bank book with forty to fifty-thousand dollars, or even bringing a bank book on any of his visits. MacGuire was then unable to remember when he next spoke with Butler. He eventually decided it was probably in Newark, after Butler wrote him a letter requesting another meeting.

In Newark, MacGuire said he looked up Butler’s room, went up to his room, and Butler requested that the two have lunch downstairs. He recalls having lunch, listening to Butler’s speech for the soldiers, and going home. However, when asked if he could produce the letter inviting him to the 29th Division Dinner (of which he was not a member), MacGuire said that perhaps Butler had invited him over the phone. In other words, MacGuire claimed no agenda other than friendly interest, and the crucial scene involving the eighteen thousand-dollar-bills is totally absent.

Next, McCormack asked MacGuire about Colonel Grayson M.-P. Murphy. MacGuire confirmed that he did work for Murphy, but denied that Murphy’s name had ever come up in conversation with Butler. He further denied that Butler had ever
asked him where he got the money, replying that he never had any money to ask about. MacGuire did admit that R.S. Clark’s name had come up in conversation with Butler in connection with the proposed Committee for a Sound Dollar. Clark, MacGuire recalled telling Butler, was to provide the funding to start the organization. He went on to explain that Clark eventually gave him $30,000 directly for the committee, which he said he deposited in the Central Hanover Bank & Trust Co. in the name of a “Committee for the Sound Dollar and a Sound Currency, Incorporated.”

MacGuire then testified that he had received money from Mr. Clark, in excess of $10,000, on top of his $432 a month commissioned salary. Three thousand of this was for activities associated with the formation of the Committee for the Sound Dollar, and $7,200 was for travel expenses in Europe. He deposited that money in Manufacturers Trust Co. in his own name, he said, although he maintained accounts in the Irving Trust Co. and Central Hanover Banks as well.

McCormack asked MacGuire if he knew that Clark had spoken personally with Butler. MacGuire said that he wasn’t sure, although perhaps Clark had mentioned something to him. None of the specifics of Butler’s testimony rang any bells for MacGuire. Nor did he remember Clark calling him from Butler’s home, as the General had described.

The committee next established that after MacGuire returned from Europe in August of 1934, where he had visited Italy, Germany, France, Ireland, and England, and that after he returned, he called General Butler and asked him if he could meet him in Philadelphia. He confirmed that they had met at the Bellevue Hotel, and that
they had talked about MacGuire’s trip to Europe. McCormack asked him, “Did you
tell him now was the time to get the soldiers together?”

“No, sir.” He also denied telling Butler about the role of Fascist veterans’
organizations in Italy or Germany, and how they were interesting but ill suited for the
United States. He did recall telling Butler that he thought both Hitler and Mussolini
were “on the skids,” and wouldn’t last more than a few years.

Then McCormack asked MacGuire about the still unnamed *Croix de Feu*:

“Did you tell him that you went to France and there you found the organization that
‘we are looking for’?”

“No, sir.”

“A superorganization of all the veterans organizations, of men who were
noncommissioned officers and officers?”

“I will tell you how that might have come up. He asked me, ‘What did you
find in France?’ and I said, ‘Well, France is having a lot of trouble. They are trying
hard to stay on the gold standard, and I think they will succeed.’ I said that I had had
several talks with different people over there and had been very much interested in
the economic picture of France, and that different organizations and businesses were
very hard hit because of the fact that they were staying on the gold standard. I told
him that there had been an organization formed over there, an organizations of
veterans, men who were in the front-line trenches under fire, and I said that they are a
fine group, that they are with the Government and the people over there, as far as I
could see I thought France was all right. It was mainly economic, my talk.”

106 Ibid, 34.
Again, MacGuire denied wanting to set up any similar organization in the United States. Growing defensive, MacGuire then turned the tables on Butler. MacGuire said that throughout his friendship with Butler, the General had asked him about the various paramilitary groups that had approached him, and that he had always replied, “General, you are crazy to get mixed up in these kinds of things,” and dissuaded him from any such racket.

McGuire was then asked about Clark. Clark, MacGuire said, had been in Europe since August, with no known plans of returning. He testified that he had never spoken with Clark about a veterans’ organization, and he did not know why Clark would have gone to visit Butler, other than to commend “Old Gimlet Eye” on his recent publication of a book.

He then gave the Congressmen some literature from the Committee for the Sound Dollar, which he said he had written primarily himself.

Thus ended MacGuire’s testimony, and the Committee adjourned until the next morning, November 21, 1934.

* * *

The committee resumed with MacGuire the next day.

MacGuire was first asked about his meeting with Paul French. MacGuire testified that in September of that year, 1934, French called him out of the blue, saying he was a friend of General Butler and wanted to speak with him. Before their conversations, MacGuire said that he called Butler and asked him if he knew this
“Billy French.” MacGuire said that Butler confirmed that French was a friend and that he would indeed like for MacGuire to talk with him, and MacGuire invited French to his office in New York. In their meeting, they talked about the stock market, the bond market, the nation’s prospects of recovery and “various topics that any two men would discuss if they came together.” Nothing else was discussed, he said. He then retracted that, having remembered that French had asked him about several vigilante groups that had recently approached Butler, and what he thought the General should do about it. His answer to French was similar to that which he testified he had given Butler when asked the same question; “Why, I don’t think the General ought to get mixed up with any of those affairs in this country. I think these fellows are all trying to use him; to use his name for publicity purposes, and to get membership, and I think he ought to keep away from any of these organizations.” That was the extent of the conversation, MacGuire said. He was unsure whether or not there had been a second visit with French, and if there was, what they would have discussed.

Questioning turned back to R.S. Clark. MacGuire was unable to remember if testimony he gave the day prior regarding a phone call from Butler’s house from Clark was true or not. In any case, he absolutely denied that he had set up a meeting between Clark and Butler after the General requested a meeting with his principals, as Butler described in his testimony. At this point MacGuire emphasized that his association with Clark was of a business nature, and the funds transferred between the two of them were to purchase bonds (which he never purchased) and to cover travel expenses related to researching economic conditions both in the U.S. and in Europe.

107 Ibid, 45.
The committee for the sound dollar is not discussed. MacGuire was briefly excused to try to locate records of a complex financial transaction between Clark, Clark’s lawyer Albert Christmas, and MacGuire that the Committee probably thought was evidence of money laundering. He was unable to find the records. The details of the testimony became increasingly complex, but the point stands that tens of thousands of dollars were exchanged between MacGuire and Christmas, and that the specifics of who ended up with or spent what and for what purpose were entirely muddled in MacGuire’s testimony. Increasingly frustrated with MacGuire, an unnamed committeeman expressed a desire to speak with Christmas in person.

The one particularly damning piece of evidence during the long money exchange discussion was that MacGuire cashed $30,300 in Chicago and did not put that money in a safe box, but carried it on his person. Again this may have indicated some sort of clandestine or illegal expenditure. He explained his decision to carry such a large quantity of cash, which the questioner pointed out is usually unwise, only as a personal preference to keep cash with him. He was unable to produce a record of what part of that $30,300 he returned to Christmas. The committee was probably thinking of the $18,000 cash Butler said that MacGuire threw on his hotel bed in Newark, although this does not come up in the hearing.

Questioning returned to Butler. MacGuire confirmed much of what he had stated the day before, that he was interested in Butler running for American Legion commander, that he never gave Butler a speech about the gold standard. He also contradicted himself somewhat by saying that he didn’t want to involve Butler in the
Committee for the Sound Dollar at all, since the General didn’t know anything about money.

Dickstein then asked MacGuire about his first meeting with Butler. Contradicting what he said the day before, MacGuire acknowledged that a Legionnaire named “Jack” had called Butler from Washington D.C. to set up the meeting; a contradiction which MacGuire chalked up to a faulty memory. Jack, he said, was “very much interested in forming a veterans’ organization […] and he said he had been to see General Butler several times and he was a great friend of his; and I think either Doyle or myself said I would like to meet the general, and that is how the whole thing came up.” Again, we have contradiction with Butler’s testimony. Butler stated that he did not know the Legionnaire who contacted him about meeting MacGuire and Doyle, and certainly doesn’t mention a “great” friendship with the man. Eventually, MacGuire came to testify that the whole thing had been Jack’s idea, and that he hadn’t intended on going to visit General Butler until he met Jack in at a function in Washington and Jack convinced him it would be a good idea. He said until he met this mysterious “Jack,” whose last name is never given, he had no intention of visiting Butler.

When he and Doyle met with Butler, according to this version of MacGuire’s story, it was Doyle who suggested that Butler help form a new veterans organization. MacGuire said that this was strictly Doyle’s agenda, and not his own. The idea of Butler becoming leader of the American Legion only occurred to him on the train up from Washington to Philadelphia. At this point, MacGuire said, he hadn’t received any money from either Clark or Christmas.
One the second visit, MacGuire said, he asked Butler again if he was interested in running for commander of the Legion. Butler still was not interested. But then MacGuire said that he next asked Butler if he had any interest at all in the sound dollar organization. Dickstein asked why, given that MacGuire had already said he didn’t think Butler knew anything about money or would have any interest in such a committee. MacGuire stated that he thought it was worth another ask. Again, he denied showing Butler a bank book.

Thus ended MacGuire’s testimony for the day. The Committee would resume on Friday, November 23, 1934.

* * *

The first witness of the day on November 23rd was Claude M. Adamson of the Central Hanover Bank. Adamson testified about activity in MacGuire’s bank account in the past several years, spending most of his time on the stand recounting cash deposits under $2,000 and a few larger checks from Murphy & Co. One slightly more interesting part of Adamson’s testimony regarded a September 23, 1933 transaction. On this date, MacGuire came into the bank and requested a letter of credit for $4,000. He obtained that letter of credit, Adamson said, by paying in full in cash with four $1,000 bills. On the same day, MacGuire took out another letter of credit in the main bank office, this time for $9,000, also paid in $1,000 bills. “In other words,” McCormack asked, “were those two letters of credit obtained on the same date he
paid you thirteen $1,000 bills?”

Adamson answered in the affirmative. This would have been only two weeks after Butler said MacGuire threw eighteen of these bills on his hotel bed in Newark, thereby lending credibility to Butler’s testimony on the matter by proving that MacGuire was indeed in possession of at least thirteen large bills near the time as the Newark conference.

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Once again, Gerald MacGuire took the stand, again accompanied by his lawyer. Contrary to the request of the committee, he had returned without the bank books with the bonds he purportedly bought and sold for Mr. Clark. He simply was unable to find the book, he told an increasingly exasperated Representative Dickstein. However, MacGuire was able to produce the records of the Committee for the Sound Dollar and Sound Currency, Inc., incorporated January 9, 1934, in Delaware. There were records of donations showing $30,000 from Clark in three $10,000 checks and $1,000 from Walter Frew, the chairman for the board of the Corn Exchange Bank. The committee found that all but $24 of these funds were expended, although they made no investigation of how they were spent. They found records of these donations, expenditures, traveling expenses, and cancelled expenses to be in good order.

MacGuire also brought copies of the letters he sent from Paris. The first letter, MacGuire testified, concerned the general economic situation in Europe, and was addressed to Clark and Christmas on May 6, 1934 from Paris. He did not address

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108 Ibid, 94.
either by name, nor did he in most subsequent correspondence. The intended
recipients of the letters were usually, “my dear sir” or “gentlemen.” He noted other
letters sent on April 6th, 7th, 9th and 24th of 1934, one on May 6th, and another on
March 28, 1934. These letters were included in the committee’s record. The letter
sent on April 6, 1934 to Clark by name was of particular interest to the committee.
The letter is worth quoting here at length, as it was in the committee reports:

There is no question but that another severe crisis is imminent. There have been
various pieces of information given me to the effect that the Communists have
been arming and are scattered in the outlying districts of Paris. […]
I had a very interesting talk last evening with a man who is quite well up on
affairs here and he seems to be of the opinion that the Croix de Feu will be very
patriotic during this crisis and will take the [wage] cuts or be the moving spirit
in the veterans to accept the cuts. Therefore they will, in all probability, be in
opposition to the Socialists and functionaries. The general spirit among the
functionaries seems to be that the correct way to regain recovery is to spend
more money and increase wages, rather than to put more people out of work
and cut salaries.

On May 6, 1934, he sent a similar letter:

The Croix de Feu is getting a great number of new recruits, and I recently attended a
meeting of this organization and was quite impressed with the type of men belonging.
These fellows are interested only in the salvation of France, and I feel sure that the
country could not be in better hands because they are not politicians, they are a cross-
section of the best people of the country from all walks of life, people who gave it
their ‘all’ between 1914 and 1918 that France might be saved, and I feel sure that if a
crucial test ever comes to the Republic that these men will be the bulwark upon which
France will be served…

MacGuire went on to describe one of the Croix de Feu meetings, which
occurred in a Catholic Church during a regularly scheduled mass time. MacGuire
testified that he was very favorable towards the organization, since it was a “patriotic
organization merely for the salvation of France,” a favorability that he did not extend
to Hitler’s movement in Germany, nor Mussolini’s in Italy, nor the nascent veterans’
movement in Spain. At this point, McCormack asked MacGuire why he never
corresponded with Butler on this matter. Butler had told the committee, McCormack pointed out, that MacGuire had told him he had studied all of the veterans’ organizations in Europe, and that he felt that France’s superveterans’ organization would work well in the United States. MacGuire brushed the question off without explicitly repeating his denial from the previous day, stating, “Mr. Chairman, I think you are placing too much stress on that.” 109

MacGuire then repeated that he had not discussed any of the details of his trip with Butler other than to tell him it had been a lovely trip. He was asked this question several times, and each time he denied telling Butler anything of consequence. The committee was certainly aware of the problem this raised, for how else would have Butler been able to testify about MacGuire’s European inquiries about veterans’ organizations, and the unpronounceable French organization in particular? But nevertheless, the committee moved on.

Next, upon examining MacGuire’s bank records, the committee found that on September 17, 1933, MacGuire signed for a letter of credit for a $15,075 check. MacGuire was totally unable to account for where that check had come from. Both McCormack and Dickstein were frustrated with MacGuire’s inability to answer their questions and adjourned until the next day, Saturday, November 24, 1934. On that date, Christmas’s banker James Hagget confirmed three deposits of $20,000, $15,000, and $10,000.

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109 Ibid, 114.
In the days following Hagget’s testimony, the Committee prepared and released an initial report on the Butler-MacGuire matter to the press. This document began with a firm statement that they had found no reason to call John W. Davis, General Hugh Johnson, General Harbord, Thomas W. Lamont, Admiral Sims, or Hanford MacNider. These names had not been mentioned in the published testimony, nor would they ever be. The reason for this preface to the report, the Committee explains, is to dismiss any notion that the Committee would be giving credence to “premature” newspaper accounts of the story (referring certainly to French’s articles). The use of these names in the official investigation would amount to hearsay, the report stated – something McCormack vigorously wished to avoid.

The report goes on to explain in some detail the course of events described by General Butler relating to his contact with Gerald MacGuire. Little is said about what exactly the two men discussed. The report mentions the gold-speech, the eighteen $1,000 bills on Butler’s hotel bed in Newark, the $42,000 bank book, Butler’s meeting with Clark, and Clark’s purported willingness to put a substantial sum of his money on the line to protect the rest. The report also mentions MacGuire’s discussion with Butler regarding the *Croix de Feu* and the potential usefulness of setting up a similar organization in the United States. Paul French, the report states, corroborated essentially all of what Butler said. Turning to MacGuire’s testimony, the report details much of MacGuire’s take on the accusations, making occasional mention of his “hazy” memory. MacGuire is reported to have denied telling Butler anything about European veterans’ organizations or in any way implying their potential in the United States. The report also mentions most of the money transfers discussed in the
testimony, drawing on the testimony Claude Adamson, the banker. It also mentions that MacGuire “admitted” buying and selling around $9 million for Clark through Murphy and Company.

Interestingly, the report goes on to reprint large portions of the letters MacGuire sent to Clark and Christmas regarding the Croix de Feu and Dutch fascist movements. Immediately after this, the report details some of MacGuire’s more problematic memory lapses. The report concludes with a hope that MacGuire might be able to provide some answers to the questions that his earlier testimony raised.\textsuperscript{110}

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The committee did not return to the issue until December 29, 1934, with the testimony of Francis A. Rempe. Rempe was a public accountant working at 165 Broadway in New York City. He brought with him documents and records relating to Robert Sterling Clark, whom Rempe identified as a “capitalist” by trade, currently residing in Europe. This was the very same Clark, Rempe testified, that he had read about in Butler’s testimony and the newspapers.\textsuperscript{111} Rempe offered a line-by-line account of all the money expended by Mr. Clark “concerning this particular proposition,” as he put it. In total, the documents showed, Clark and Christmas paid $153,000 to MacGuire or the Committee for the Sound Dollar. MacGuire returned $56,000, leaving a balance of $97,000. Of this, $30,000 was specifically for the

\textsuperscript{110} U.S. Congress, Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, Public Statement of Special Committee on Un-American Activities, House of Representatives, Seventy-Third Congress, Second Session, November 24, 1934.
\textsuperscript{111} U.S. Congress Special Committee on Un-American Activities Public Hearing, June 5, 1934 – December 29, 1934, pg 129.
Committee for the Sound Dollar, leaving over $65,000 to MacGuire. Rempe testified that he had no knowledge of how this money was spent, and he was dismissed.  

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Albert Grant Christmas, attorney to Robert Sterling Clark, was the next to testify. He testified to “dealing with investment affairs” and consulting on “legal affairs relating to his [Clark’s] business matters,” and to having authority over Clark’s bank account to order purchases and sales of bonds and securities. He had been associated with Clark in this capacity for four years. Christmas also testified to knowing Gerald MacGuire, who he had known for three years as a bond salesman for the Grayson M.-P. Murphy Co. He described the exchange of funds, and was able to corroborate essentially everything said by the bankers who preceded him on the stand.  

Christmas testified to his involvement in the Committee for a Sound Dollar. Beginning early in 1933, Christmas said, he began to discuss the problem of inflation with MacGuire. MacGuire traveled around the country meeting with “prominent people,” in order to “work up any sentiment for sound currency and against inflation.” He spent lavishly on entertaining these citizens, all on Clark’s dollar. Some of the $30,000 Clark put into the Committee for the Sound Dollar was probably used for this purpose, Christmas said. He didn’t know or care how MacGuire spent the other $65,000 – nor was not his responsibility to know or care, he said.
Christmas testified that at the point of the Chicago American Legion convention, MacGuire had received at least $40,000 from Clark, $34,000 from himself, and that MacGuire had returned $10,000 to Christmas, leaving him with at least $64,000. We should note that this is the same figure Butler recalled seeing in MacGuire’s bank book as funds to organize a delegation of veterans to attend the Chicago Convention. This money, Christmas said, was to help form the then non-existent Committee for the Sound Dollar through “entertaining” and networking with various potentially interested individuals. MacGuire was ostensibly the president of the Committee for the Sound Dollar after it was formally incorporated in Delaware and was in control of funds management.

McCormack then asked Christmas about MacGuire’s relationship with General Butler. MacGuire had told him, Christmas testified, that he had visited Butler several times. After either the first or second visit – Christmas was unable to remember – MacGuire told Christmas that he thought “it might be a good thing to try [to] get General Butler to make a speech to the convention in favor of sound currency.”112 Christmas thought that his had originally been MacGuire’s idea, and recalled him saying that Butler was a “public character” from whom a speech would “carry considerable weight.” Christmas testified that there was no question in his mind that MacGuire had indeed approached Butler about making a speech about the gold standard, confirming Butler’s testimony but contradicting MacGuire’s. He also remembered MacGuire telling him something about getting Butler to attend the convention as a delegate or a distinguished guest, again contradicting MacGuire. Christmas could not attest to whether or not a speech was ever given to Butler, but

112 Ibid, 145.
there was one written. He testified that he himself had written the speech. Christmas could recall no discussion, however, of getting Butler to run for national commander of the American Legion.

The Sunday before the convention was to begin, Christmas said, he requested that Clark pay General Butler a visit. This request probably was at the suggestion of MacGuire, with whom he kept regular correspondence.

Then the hearing turned back to the money problem. After considerable questioning, McCormack and Christmas established that “where MacGuire denies receiving any other money other than the $30,000 from Clark, the $7,200, the $2,500, and the $1,000. In addition to the $7,900 which you say was spent on this trip to Europe he has received $64,000 or $65,000.”

This point clarified somewhat, they moved back to MacGuire’s activities abroad. Christmas affirmed that MacGuire was sent to learn whatever he could about general economic conditions in Europe, and that he sent regular letters back to him and Clark. He recalled receiving the letter concerning the Croix de Feu. McCormack pointed out that this was the organization that MacGuire told Butler should be replicated in the United States. Christmas replied that they already had the American Legion, “which is quite similar.” Christmas also recalled that MacGuire had criticized the veterans’ organizations in Italy and Germany, although he couldn’t remember reading anything in their correspondence about Belgium or its nascent fascist movement. Anything that he received from MacGuire, Christmas said, he passed along to Clark. He also testified that the only letter that didn’t contain some mention
of Fascist activities was addressed to Mr. R.S. Clark personally, whereas other reports were addressed to “Gentlemen.”

Upon being questioned whether or not he was a member of the committee around which so much effort and money seemed to be placed, Christmas testified that neither he nor Clark were actual members. He resisted the use of the term “front man” to describe his relationship with MacGuire. This was the last testimony to be heard by the McCormack-Dickstein committee regarding this, or any other matter.

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McCormack-Dickstein committee officially concluded following the investigation of General Butler’s accusations of a fascist plot. The Congressman released their final report to Congress on February 15, 1935. This formal report concluded that there had indeed been numerous and diverse efforts to set up a National Socialist Party in the United States on the German model. It mentions Luedecke, Spanknoebel, Gissibl, and the Friends of New Germany. The tone of the report implies that the existence of American Nazi organizations had collapsed as a result of both the committee’s exposure and the ineptitude of the leaders. These movements were posited as offensive, but not truly dangerous.

The tone for the Butler affair was somewhat different. “In the last few weeks of the committee’s official life,” the report read, “it received evidence showing that certain persons had made an attempts to establish a fascist organization in this
The lack of definite identity for these “persons” is conspicuous throughout in the report. But regardless, the committee found, “there is no question that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.” This crucial sentence throws the whole story into a new, more dramatic light. Dismissing the plot as the conspiratorial ramblings of an over-the-hill Marine becomes somewhat more difficult after a committee of respected Congressmen publicly acknowledge that there was something to Butler’s accusations.

Worded strongly, and skipping to the more fantastic details of the plot (unlike the earlier press release which was bogged down in details of money exchange), the report describes Butler’s allegations that MacGuire suggested the “formation of a fascist army under the leadership of General Butler.” MacGuire, the report notes, denied all such allegations. But the committee was not convinced by MacGuire’s testimony, and the “committee was able to verify all the pertinent statements by General Butler, with the exception of the direct statements suggesting the creation of the organization.” This latter claim, however, was confirmed by the letters sent between MacGuire and Clark and Christmas. The report quotes from MacGuire’s letter to “gentlemen” singing the praises of French fascist veterans’ organization, the *Croix de Feu*.

The consensus of the McCormack-Dickstein Committee, in other words, was that General Butler was telling the truth about the existence of a plot to overthrow President Franklin D. Roosevelt. And while no persons were named, and the issue of

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114 Note: Italics mine
ultimate culpability is ignored, the report makes no attempt to downplay or diminish the threat of such a plot. The report concludes its discussion of this incident strongly; “Armed forces for the purpose of establishing a dictatorship by means of Fascism or a dictatorship through the instrumentality of the proletariat, or a dictatorship predicated in part on racial and religious hatreds, have no place in this country.” The condemnation was clear.

The report went on to discuss the activities of William Dudley Pelley and his relation to Adolf Hitler. And then it took a surprising twist. Despite the fact that most of the attention in the official committee hearings records were spent on investigation of fascist activities, the report launches into a lengthy discussion of Communist activities unearthed by the Committee. The justification for the inclusion of material relating to Communist activities in a committee originally established to investigate right-wing activities was that the charter could be reinterpreted to instruct the committee to investigate all “subversive activities.”\textsuperscript{115} A substantial amount of space in the report is dedicated to the full transcription of the testimony of Earl Browder, general secretary of the Communist Party of America. From reading this report, one would easily conclude that McCormack-Dickstein committee was primarily interested in investigating Communist activities within the United States, foreshadowing the Committee’s future ideological crusade.

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\textsuperscript{115} U.S. Congress Report 153, 12.
While the McCormack-Dickstein committee’s disapproval of any anti-democratic activities was clear, their response was anything but. The committee produced a list of six recommendations for action on the part of Congress.

1. That all propaganda and propaganda-like materials originating from another country be registered with the Secretary of State.
2. That the Secretary of Labor should have the power to terminate the visa of any person temporarily in the United States if that visitor is engaged in propaganda dissemination of any kind.
3. That the Department of State should work with the Department of Labor to ensure that foreign nations receive back those immigrants found to be engaged in propaganda activities.
4. That it should be illegal to “advise, counsel, or urge any member of the military or naval forces of the United States, including the reserves thereof, to disobey the laws or regulations governing such forces.”
5. That witnesses that refuse to answer questions or appear before a Congressional committee may be prosecuted.
6. That it should be illegal to advocate the overthrow or forceful destruction of the U.S. Government as it is laid out in the Constitution.116

It is likely that recommendations four through six were made specifically with the Butler story in mind. Recommendation four, obviously, would make the promotion of any sort of veteran-led coup d’etat unequivocally illegal, without having to press charges of treason. Prosecution against MacGuire for his request that Butler lead a group of veterans against their commander-in-chief would have been a simple matter under the proposed legislation. Recommendation five is a likely result of the committee’s frustration with MacGuire’s perjured and self-contradictory testimony, and perhaps also Clark’s failure to return from Europe to testify, though he was within his legal right to do so. Of the six recommendations, only the first, second, and fourth passed, and the fourth only after a protracted battle in Congress. The third, fifth and sixth recommendations were not enacted.

This was the end of the committee’s effective life. Nothing further ever became of their investigation of Gerald MacGuire. None of the other men mentioned in the preface to the Committee’s first public statement were ever called. Clark never returned from Europe for questioning. MacGuire died of a heart attack at the age of thirty-seven on March 25, 1935. His brother would publicly attribute the cause of MacGuire’s premature death to the stress caused by “unjust attacks” made upon him by General Butler; nothing ever came of this accusation. And while it would have been in the interests of MacGuire’s principals for the bond-salesman to disappear before he was forced to testify too much, there is no evidence to support a conclusion of foul play.117 In any case, no one would ever be indicted and no one would ever be convicted for involvement in a conspiracy to commit treason.

There were some who objected to the premature termination of the committee’s investigation. Roger Baldwin, the founder and then director of the ACLU, was outraged. Given the committee’s plain recognition of a Fascist conspiracy, Baldwin said, the failure of the committee to actively press for prosecution under the federal Conspiracy Act was baffling. “Imagine the action if such a plot were discovered among the Communists!” he wrote. To observers like Baldwin, this discrepancy was indicative of a government controlled by the interests of the propertied classes; “violence, even the seizure of government, is excusable on the part of those whose lofty motive is to preserve the profit system.”118

When later asked about the reason for the quick conclusion and failure to prosecute, McCormack defended the February end-date. “There were some people in

the House,” he later said, “that wanted us to continue, but I felt that we had completed our job, the purpose of the investigating committee is to investigate and get the facts and report them to the House or the Senate… We had made our complete investigations and made our recommendation. So I could see no necessity for this committee being continued for another year.”

It is unlikely that this was the full reason. For one, funding was an issue. The committee was originally granted $10,000 for the extent of its life. After initial investigations began turning up dramatic revelations about fascist activities in the United States, the committee successfully petitioned for another $20,000. But after the $30,000 ran out, the political will to continue investigating fascist activities had eroded. Conservative elements in Congress were growing unwilling to support of the investigation of fascist activity and pressured the McCormack-Dickstein to look at communism. When the leftist Dickstein seemed unlikely to do so, funding was cut. In 1937, the House Committee on Un American Affairs was resurrected under the leadership of arch-conservative Representative Martin Dies of Texas for the sole purpose of investigating Communist activities.

Furthermore, the premature end of the committee and lack of judicial action against the unnamed plotters does not align with McCormack’s personal remembrances on the issue. The Chairman later put his faith in Butler quite eloquently:

There were groups of people in the United States who hated Franklin D. Roosevelt. They were afraid that… they tried to intimidate him so he wouldn’t recommended that we go off the gold standard. When they couldn’t intimidate him then they got desperate and the send a representative abroad to look into fascist veterans’ organizations in fascist countries in Europe to see what kind of a one they would set

119 McCormack Interview
up in the United States. They were so desperate that they felt that Roosevelt was going to move to tax away all their wealth, which of course was ridiculous, but when people get desperate they’ll do anything. And in connection with it I was advised that a Major General Smedley D. Butler, then retired from the Marine Corps had been contacted to head up this organization.\textsuperscript{120}

McCormack had accepted Butler’s story seemingly without qualification. So why wouldn’t he look to prosecute these “groups of people”? The possibility of politically motivated funding cuts, coupled with the crystal clear statements of McCormack supporting the veracity of Butler’s testimony raises serious questions about why the investigation wasn’t pressed further, why the names of those involved were allowed to remain hidden, and why charges were never brought against these men. There are no easy answers to these questions. But to begin to answer them, we must turn to contemporary journalists to see how the story of an attempted coup \textit{d’etat} against FDR – both disconcerting and credible to a Congressional committee of respected representatives – was interpreted by the media.

\textsuperscript{120} Ibid.
Chapter 3 – The Press


What latest disaster, whose newest proposed solution, which recent policy blunder to cover was certainly a challenge for Depression Era journalists. Those decisions were not always made by the journalists themselves. The agendas of news media moguls were notoriously closely aligned with those of Wall Street. It should come as no surprise that the mainstream media’s coverage of a plot alleging treason on the part of some of Wall Streets most respected names was thin at best, and downright contemptuous at worst. The range of coverage afforded by the mainstream press to the plot, of course, varied according the broader ideological commitment of the editors and publishers. Some papers covered it as they might any other congressional investigation. Others derided the plot as a baseless conspiracy or simply failed to grant any coverage at all. On the whole, the mainstream press’s treatment of what a Congressional committee found to be a plausible coup plot was surprisingly casual.

The New York Times, then as now, was generally regarded as the most prominent and reputable paper in the country. Times owner Adolph S. Ochs, the son of German Jewish immigrants, brought the paper out of ruin around the turn of the century, largely with the help of Wall Street investors including J.P. Morgan.121 The Times was known for its slightly right-of-center but restrained politics. The reporting

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on the plot is decidedly mixed. On one hand, it afforded it more coverage than most major newspapers. On the other, the coverage was generally dismissive.

The first mention of the plot came on November 21, 1934, in a front page article entitled, “Gen. Butler Bares ‘Fascist Plot’ To Seize Government by Force.” This bold pronouncement suggested that there may be something to the General’s allegations, quotations around “Fascist plot” aside. But the article is quick to point out that all accusations were resoundingly denied by the “purported plotters.” Three of these men, General Hugh Johnson, Thomas Lamont of J.P. Morgan & Co., and Grayson M.-P. Murphy, were quoted as saying, respectively, “Nobody said a word to me about anything of this kind, and if they did I'd throw them out the window,”

“Perfect moonshine! Too unutterably ridiculous to comment upon!” and “A fantasy! I can't imagine how any one could produce it or any sane person believe it. It is absolutely false so far as it relates to me and my firm, and I don't believe there is a word of truth in it with respect of Mr. MacGuire.” The article goes on to quote Gerald MacGuire as calling the plot “a joke - a publicity stunt.” He continued, “I know nothing about it. The matter is made out of whole cloth. I deny the story completely.” But the Times does print a positive statement from Dickstein, albeit near the bottom of the article: “From present indications, Butler has the evidence. He's not going to make any serious charges unless he has something to back them up. We'll have men here with bigger names than his.” This statement, consistent with the Committee’s steady faith in Butler, does much to indicate the veracity of Butler’s story. But the editors do not let the article end on this note. It concludes by stating that Murphy
denied having financed any Fascist plot, and called General Butler’s assertions to the contrary as an “absolute lie.”

This article is consistent with the four subsequent pieces the Times printed relating directly to the plot. The writing is neutral, save the frequent quotations placed around words like “plot” and “fascist.” Yet the articles appear to be carefully crafted so as to highlight denials and downplay assertions from committee members or Butler of the story’s authenticity. For instance, the Times printed a page three article the next day entitled “Inquiry Pressed in ‘Fascist Plot.’” Written following the second part of MacGuire’s testimony, the article reaffirms the Committee’s interest in the subject, and notes Dickstein’s feeling that MacGuire was “hanging himself” with the frequent contradictions and omissions in his testimony. After these fairly open words comes a very peculiar paragraph. General Butler, it is reported, “conceded that he did not think the ‘plot’ unduly serious unless the committee had received additional information from other sources.” The very next sentence, however, is Butler’s emphatic response to a question about the denials of his story from the alleged perpetrators: “Hell, you're not surprised they deny it, are you?” The first statement, that the general doubted the seriousness of the plot, does not appear in any other newspaper, any of Butler’s testimony, or resemble any of the statements Butler made after the conclusion of the investigation, so it is highly likely he was misquoted. And the second, is a firm rejection of the denials of those “purported plotters.” The resulting impression is that the General himself has a rather unbalanced, even schizoid conception of the plot.

The final two major articles about the plot illustrate the subtly dismissive approach taken by *The New York Times*. Now deeply buried in the back of the paper, the November 26 article bearing the title, “Committee Calm Over Butler ‘Plot.’” If the committee is “calm,” one might infer, so, too, should be the public. Given the later statements from McCormack and Dickstein, chiefly the published statement that a real coup plot had been “discussed, planned, and might have been placed into execution,” one wonders how calm they really were. The title is clearly misleading, and vastly understates how seriously the committee took Butler’s accusations. Dickstein is quoted as saying the committee had not found evidence to warrant calling any of the men mentioned in Butler’s testimony including John W. Davis, General Hugh Johnson, General James G. Harbord, Thomas W. Lamont, Admiral William S. Sims or Hanford MacNider, names which do not appear in the public transcript of the hearings and were mentioned to offset suggestions in the *New York Post* that they may have been involved. In the last few sentences, the reporter notes that MacGuire was found to have been in possession of over a dozen thousand-dollar-bills, which would verify a key part of Butler’s story, but quickly mentions that MacGuire denied this. This severely buried, brief article strongly suggests that the Marine General’s accusations are of no great import and not deserving of concern or attention. 124

The final major article on the subject in the *New York Times* was published on November 27, 1934, weeks before the committee concluded its investigation. The page 14 article is titled, “Butler Plot Inquiry Not to be Dropped – Dickstein Says Committee Will Get to the Bottom of Story - Awaits Clark's Return.” But nothing in

124 “Committee Calm Over Butler ‘Plot’,” *New York Times*, November 26, 1934, pg. 34.
the committee’s hearings or public statements indicate that they were ever planning on dropping the inquiry. The *Times* article is thus the first to infer that this was even an option. It appears as if the paper thought the committee should drop the inquiry.  

Finally, it must be noted that the *New York Times* did not publish a single article relating to General Butler’s allegations or the McCormack-Dickstein Committee’s investigation thereof after this point. By November 27th, the hearings had not yet concluded. Nothing was published regarding the release of the February 15, 1935 final report, and thus nothing was published regarding the committee’s findings. Their readership would never read the critical conclusion that “there is no question that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.” A citizen relying primarily on the *Times* for news might be aware that a former military general had made accusations against certain well-connected gentlemen, but never find out how much truth was behind the accusations, and certainly never lose sleep over the matter. Coverage in the other two top newspapers of the day – the *Los Angeles Times* and the *Washington Post* – was not radically different from the *New York Times*. Both relied primarily on Associated Press articles that, while extremely similar to *New York Times* pieces, were tweaked to reflect the paper’s individual political biases. The conservative *Los Angeles Times* was thus somewhat more dismissive in its three brief articles, and the more liberal *Washington Post* slightly less dismissive. But like the *New York Times*, both made use of subtle trivializations like referring to the plot as the “plot” and printing denials more prominently and more frequently than affirmations. So like the readers of the *New York Times*, readers of these two major

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papers would most likely be unconcerned with General Butler’s allegations of treason, if they were aware of them at all.

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Looking next at an example of a smaller paper that was somewhat less burdened by the political baggage of large corporate backers as the major papers tended to be, we find a rather different picture. In *The Hartford Courant*, we find Associated Press coverage that is considerably more thorough than the *New York Times*. This is likely due in part to its liberal editor, Maurice S. Sherman, who criticized his big competitors in 1934 as institutions existing “solely to make money” which sold their “rather scaly product much as fish is sold at the wharf.”\(^{126}\) Although these articles still fail to reach the depth one might hope for, a careful reader of the *Hartford Courant* would be far more likely to be aware of and worried about General Smedley Butler’s allegations.

As the major papers did, the *Courant* picked up the story on November 21, 1934. On that date, it ran a second-page A.P. article entitled, “Fascist Plot Story Stirs Wide Probe – Gen. Butler Offered Command – ‘Bigger Names’ Involved Hints Congress Investigator.” Note that the word ‘plot’ is not in quotations, as it so often appears in other papers; the title alone implies that the story deserves a fair hearing. The content, though brief, is different from all the other articles that day in that it cited the words of the committee members far more than the deniers. The article concludes with a comment from Dickstein, that, “We will have some men here with bigger names than Butler's before this is over with.” So, the reader might infer, not

only was this plot potentially real, but it would get deeper. The tone of the article commands more research, further investigation, and a fuller disclosure of what really may have happened.\textsuperscript{127}

The next day the \textit{Courant} carried another Associated Press report entitled, “MacGuire Is Queried On Plot Charge.” Again, we see affirmations of the committee’s faith in the veracity of Butler’s testimony and also Dickstein’s belief that MacGuire was “hanging himself with his testimony,” and had “virtually identified himself in his testimony as the ‘cashier’ of the movement.” The article is remarkably open to the possibility that Butler is telling the truth. But in a brief paragraph, the article states that Grayson M.-P. Murphy, MacGuire’s employer, had been called before the committee to briefly testify. On his way in, he had told reporters, “I never suspected MacGuire of such activities.” He continued, “Even if MacGuire had been foolish and stupid enough to fuss around with such a thing, it would be obvious that it would be ineffective.” What makes this so peculiar is that there is absolutely no record of Murphy’s testimony in the final publication of the McCormack-Dickstein hearings. The possibility that he may have testified, only to have that testimony stricken from the public record raises serious questions. Did the Committee intentionally cut out his testimony to protect this the character of Murphy or other powerful characters? And what might he have said that caused his testimony to be cut? The possible incompleteness of the hearing’s records shall be discussed at length later in this chapter. But this peculiarity of the article would have been lost on a public that could not yet have seen the final transcripts of the hearing. Regardless, this

\textsuperscript{127} “Fascist Plot Story Stirs Wide Probe,” \textit{The Hartford Courant}, November 21, 1934, pg. 2.
article serves to further the plausibility, if not believability of Butler’s story and begs a thorough investigation.128

More interesting, however, is a humor article published that same day. The article appeared in “The Lighter Side,” a regular humor column by W.J.F. This time, the subject was “Smedley Butler On a Horse.” Given the fantastical nature of Butler’s story, it isn’t surprising that a humor writer might take interest, but W.J.F. appears to be of the opinion that the story is nothing but that – an entertaining story. W.J.F. is particularly amused by the statement Paul French attributed to MacGuire about the need for a man to “ride in on a white horse” to save the nation. He explains, tongue firmly in cheek, that “General Butler, it seems was to spring to the back of a white horse… despite the superior advantages of the railroads that connect Philadelphia with Washington.” However, he continues, “it is a relief at least to have a white horse as a menace,” for “a white horse is so much easier to fight than, say, a red flag.” We might then interpret W.J.F.’s farcical piece as representative of a nation that, after five years of crippling depression, had no choice but to take only the most immediate threats seriously and deal with the others with humor. By the time Butler’s story broke in the press, Congress was already dealing with the matter and clearly the plot was not going anywhere. It is possible that W.J.F. reasoned that humor would serve the American public better than creating more alarm where none was due.129

The next installment of the Courant’s A.P. coverage of the story came on November 24, 1934. And oddly, the tone takes a radical swing to the right, and is similar to a much shorter A.P. piece printed in the conservative Los Angeles Times.

Entitled “Libel Hinted In Story of ‘Fascist Plot,’” the article focuses on MacGuire’s alibi as recently revealed by A.G. Christmas’s testimony the previous day. The article notes a two-part alibi; one, that MacGuire had been checked into a hotel in Chicago when he was alleged to be in Butler's hotel room in Newark, and two, that allegations from VFW General James E. Van Zandt that he had also been contacted could not be true given that Van Zandt had never met MacGuire. Besides the subject matter, the article belittles Butler’s story through well-placed adjectives and punctuation, taking care to add “purportedly” and “alleged” before nearly every mention of the word “plot,” which itself is always marked in quotations. The change in the writing style that accompanies the narrative change in focus is drastic, and somewhat puzzling in context of the Courant’s other articles on the subject. Perhaps its placement on page twenty was an editorial decision by the paper’s otherwise open-minded editorial staff.130

The following day, the Courant printed a unique page eight A.P. article that fit better with the first two feature articles. The piece, “Unexplained Fund Used By MacGuire – Bond Salesman Named in Fascist Probe Said by Committee to Have Handled $75,000,” abandons the generous use of quotation marks and pithy adjectives. The measured, tentatively affirmative approach has returned. The article centers on MacGuire’s reluctant admission that he had taken $75,000 from millionaire Robert Sterling Clark, and another $30,000 from Clark and Corn Exchange baron Walter E. Frew, allegedly for the formation of the Committee for the Sound Dollar and Sound Currency. Dickstein is quoted as saying, “someone is trying to shield somebody on something that looks rotten, and honest people don’t do that.”

The article also notes that the financial investigation had revealed that MacGuire had spent nearly $8,000 on a trip to Europe, where he was “supposedly buying bonds but actually sending back detailed ‘reports’ of Fascist organizations abroad.” Thus, while still careful not to make rash presumptions, the article leaves the reader with the almost unavoidable conclusion that something very fishy has happened.\footnote{“Unexplained Fund Used By MacGuire,” \textit{Hartford Courant}, November 25, 1934, pg. 8.}

On December 20, 1934 the \textit{Hartford Courant} further distinguished itself from it’s larger competitors by publishing an article that strongly hinted that deeper forces may have been at work in orchestrating the alleged plot. Already, this December article distinguishes the \textit{Courant} as the paper with the longest running coverage of the story. The article bears the title, “Legion Gold Standard Enters Investigation – Evidence Whether Money Used to Influence Move Sought by House Committee.” The article is very short, and given its inconspicuous location on page 16, not terribly noteworthy. But the title and the first sentence both refer to the American Legion and the gold standard. The mention of a well-known and well-financed organization with an obvious military connection certainly evokes speculation as to the origin of support for the plot, and offers readers a potential villain. While the article does not answer the question of how deeply involved the American Legion may have been (nor could it, given the McCormack-Dickstein Committee’s reticence on the subject), it serves to reinvigorate the public discourse surrounding the plot, something no other paper was doing.\footnote{“Legion Gold Standard Enters Investigation,” \textit{Hartford Courant}, December 20, 1934, pg. 16.}

The next article in the \textit{Hartford Courant} regarding the investigation of General Smedley Butler’s accusations appeared on February 16, 1935, the day after...
the Committee published its final report. Nearly a month after it or any other major paper had touched the subject, the Courant came out with a front page article titled “Claimed ‘Fascist’ Offer To Butler Is Under Probe – Justice Dept. Looks Into Charge He Was Asked to Lead Army.” Just as his committee released its report to Congress about its findings, the article states, Rep. McCormack affirmed his belief in General Butler’s testimony and told reporters that the Justice Department was investigating testimony relating to General Butler’s claims that he had been asked to lead a Fascist coup on Washington. The article concludes that although the Committee had hoped to renew its committee until January of 1937, the measure had been defeated handily in the House of Representatives. The prominent article, thus, suggests quite directly that the McCormack-Dickstein Committee believed that General Butler was telling the truth. The headline claiming that the matter was being taken up by the Justice Department begs the question of the modern reader; what happened to that investigation? If, as this article indicates, the Justice Department was actively looking to the root conspirators behind the plot, why was no one indicted, imprisoned, or even named in connection with the plot? Sadly, we get no answers here.133

The final article on the subject might offer some answers. On February 18, 1935, after the McCormack-Dickstein committee’s report had been allowed to stew a bit, the Courant came out with an article titled, “Reported U.S. Plot of Fascists Played Up in Soviet Press.” The first line read, “the Bolshevik press today eagerly seized upon news concerning a reported Fascist plot for a revolution in the United States.” Reports of the committee’s findings, the article states, were reported on fully in the Soviet Union. The Soviet newspaper For Industrialization apparently also stated that

the McCormack-Dickstein committee was actively concealing evidence from the public. The effect of this article on the American public most likely was two-fold. One, in an ever more anti-Red America, it would be highly undesirable for America to display such a flagrant crack in its democratic foundation as a possible fascist coup. That the Soviet Union was aware of, and actively criticizing the United States for its inability to deal with the plot showed a critical weakness in the Americans’ capacity to ward off the common enemy of fascism. And two, by printing what is essentially a Soviet demand that the U.S. Congress prosecute the treasonous plotters, the article delegitimates the investigation as a left-wing witch hunt. Suddenly, the investigation is no longer a necessary part of defending American democracy against fascism, but an occasion for meddling Soviets to criticize the United States.  

It’s interesting to observe that this fairly small newspaper offered more thorough, longer running, and for the most part, more fair coverage of the investigation of the fascist putsch plot than any of the three major newspapers. While the Courant’s coverage is more favorable to Butler’s story with its inclusion of later conclusions of the committee, abundant quotations from committee members and Butler, and this final clue as to some of the reasons the investigation stopped when it did, it is still unlikely that readers would be terribly alarmed.

* * *

Next, let us turn our attention to a radically different line of coverage from an up-and-coming newspaper. At the time, the *Wall Street Journal* was owned by the extremely wealthy Bancroft family of Boston, who owned the paper from 1928 until Rupert Murdoch purchased it in 2007. Until 1940, when managing editor Bernard Kilgore took over, the paper contained little news and focused primarily on finance. The *WSJ* of 1934 had yet to reach the prominence and prestige we now associate with the paper, but its politics have not changed radically over the years. The paper, run for and by the nation’s financial elite, was well known to be both fiscally conservative and hostile to any government intrusions into private holdings. Given the paper’s core readership demographic, it is no surprise that it would be dismissive of any story regarding one of their own attempting to do something so blatantly disrespectful as overthrowing the President of the United States. The *Wall Street Journal*’s coverage of the plot is thus limited to a single highly dismissive (and rather poorly written) editorial.

This editorial, published on November 22, 1934, bears the inauspicious title, “One More Precious Myth.” Three paragraphs in total, the article manages to lambaste General Butler’s accusations and his character. The General’s revelations, the article states, while “shocking,” are backed up only by the plotter’s good decision making in picking General Smedley D. Butler, “hero of nobody remembers how many an audacious coup d’etat, all of them brilliantly successful.” Are we meant to take this to mean that, because Butler had been involved with most of the foreign wars waged by the United States in the past 30 years, something about his character

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136 Emery, 568.
was prone to participation in coups? This, “cold, hard, silent man who rides relentlessly over the mangled front-page remains of bond salesmen to his appointed end – or ends” the article intones, would have been the ideal man to lead 500,000 fascist troops on Washington, given how positively evil he was. But because the plotters mistakenly chose an honest man, it continues, “the money-bags were thwarted,” and the story of a Wall Street plot to erect a fascist government in the United States would become myth. The “Smedley Butler Spearhead,” as the editorial dubbed it, was to become part of the common academic curriculum for millions of Americans who “take their Wall Street history neat,” and provide material for countless Ph.D. candidates.137

As I shall discuss in the final chapter, the author of editorial was dead wrong in this last point, but his premise remains – the alleged plot to overthrow FDR was nothing more than a juicy myth concocted by a callous former General and supported by Americans who loved to hate those who had profited most from American capitalism. A devotee of the *Wall Street Journal* would almost certainly dismiss the plot as yet another ghost story liberals told their children, one totally undeserving of their attention.

* * *

The coverage in another traditionally conservative, Wall Street allied publication, *Time Magazine*, was fairly similar in both depth and tone. The weekly was then owned by founder Henry Luce, who had started the news magazine in 1923

with college friend Britton Haden after the two graduated Yale. The magazine was written in a narrative style, with opinion so interlaced with fact that not even careful readers could separate the two. *Time* never aimed at objectivity, a concept they considered irrelevant. The magazine had a reputation for being just half a step above tabloid journalism. Interestingly, then Speaker of the House John McCormack, in 1971, was quoted as saying that “*Time* has always been about as filthy a publication as ever existed. I’ve said that publicly many times. The truth gets no coverage at all, just sensationalism, whatever will sell copies.” *Time* did in fact cover the story, but printed only a single article that is easily the most sensationalized, mocking, and dismissive article published by any contemporary press organ.

The article is in the December 3, 1934 edition of the magazine. Near the front of the magazine, after brief articles about the President (generally derisive), an piece entitled “Plot Without Plotters” appears. It begins like this, “One frosty dawn in November 1935, 500,000 War veterans rolled out of their blankets in the pine barrens around the CCC camp at Elkridge, Md. The brassy bugle notes of ‘Assembly’ hurried them to the camp’s parade ground, where, mounted on a white horse and surrounded by his staff, they found their leader, Major General Smedley Darlington (‘Old Gimlet Eye’) Butler, U.S.M.C., retired.” The fiction continues; “‘Men’, cried General Butler, ‘Washington is but 30 miles away! Will you follow me?’” They do, of course, and in *Time*’s bit of story-telling, the half a million veterans march south, with a hefty arms car full of Remington and DuPont supplied ammunition in the rear. General Hugh Samuel Johnson and General Douglas MacArthur, as well as American Legion’s

138 Emery, 578.
139 Archer, 188.
Hanford MacNider, Louis Johnson and Henry Stevens march alongside Butler atop his “white horse.” A “shiny limousine” containing John P. Morgan and Thomas William Lamont trailed the military procession. The story continues, and now in Washington, the Butler character barks, “‘Mr. President, I have 500,000 men outside who want peace but want something more. I wish you to remove Cordell Hull as Secretary of State.’” FDR does so. “‘And now, Mr. President,’” fictional Butler says, “‘I ask you to fill the vacancy which has just occurred in your Cabinet by appointing me Secretary of State.’” The president does so. “‘Let it be understood,’” fictional Butler continues, “‘that henceforth I will act as the nation’s executive. You may continue to live here at the White House and draw your salary but you will do and say what I tell you…”’ The president agreed, and “the U.S. became a fascist state.”

This creative bit of speculative story telling, the article explains, was the “nightmarish page of future U.S. history” conveyed by General Butler during a special House Committee the previous week. By implying such an implausible future, the Time writer says, Butler has put himself into more hot water than any military official since General George Custer. The article notes previous instances of Butler’s disreputable conduct, including falsely accusing a Marine Colonel of drunkenness, nearly being court-martialed for publicly insulting Mussolini, and misrepresenting facts regarding the U.S. occupation of Haiti, not to mention his involvement in the 1932 Bonus March campaign. Butler, the article would have readers believe, is a wholly untrustworthy, publicity seeking blow-hard. The accompanying photo, with a wide-eyed Butler sticking his right finger in his ear, serves to make him look like not only a liar, but a buffoon.
Butler now totally discredited, the article turns to the investigation. The *Time* article recounts the basic details of Butler’s testimony in a brief, but factually accurate portrayal of the plot. McCormack and Dickstein, the article states, were perfectly delighted to have “such sure-fire publicity dropped in their laps.” They started calling witnesses “to expose the ‘plot.’ But there did not seem to be any plotters.” The article then runs through a familiar line of denials from J.P. Morgan (“Perfect moonshine!”), General Hugh Johnson (“Nobody said a word to me about anything of this kind!”), Grayson M.-P. Murphy (“A fantasy!”), Robert Sterling Clark (“I am neither a Fascist nor a Communist, but an American!”), and General Douglas MacArthur (“It sounds like the best laugh story of the year”). Making sure to print denials from both sides of the ideological spectrum, the article’s author is careful to also include a quote from San Francisco Socialist Norman Thomas, who doubted that “it would be worth $3,000,000 to any Wall Street group to overthrow the Government under the present Administration, because Wall Street and Big Business have flourished under it more than any other group."

The only public conformation of the story, the article states, came from Commander James Van Zandt of the Veterans of Foreign Wars, who said that he too had been approached. They of course do not mention that the Committee itself had by this time publicly expressed faith in Butler’s testimony, or anything about the corroboratory testimony given by reported Paul French. No, in fact, while the rest of the country was “laughing at the latest Butler story,” the Committee had “declined to join in the merriment” and instead promised to bring in Commander Van Zandt for questioning, and follow through with the investigation. And there the article ends.
The *Time* article certainly reads as though it was intended to defuse this latest bit of bad press received by some of its own. The article succeeds in writing Butler off as a conspiratorial idiot, McCormack and Dickstein as gullible press-hounds, and the named plotters as innocent bystanders in the General’s twisted game. As such, it was a “plot without plotters,” indeed, one that was fully undeserving of a second thought, although perhaps a giggle or two would be warranted. With this article, *Time* magazine certainly seems to live up to its reputation of being a sensational organ of the wealthy and powerful.

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The final publication I will discuss that could be classified with the admittedly non-specific “mainstream press” designation is the *New York Post*. The *New York Post* was by far the least prestigious of the publications thus far considered. Even *Time* at least made efforts to present itself as something more reputable than a tabloid rag. The *New York Post*, however, was a paper for the salt-of-the-earth middle and lower class urban American. Since its inception in 1801, the paper had undergone numerous shifts in its respectability and political orientation. Between 1918 and 1924, it was actually owned by Thomas Lamont, the famed J.P. Morgan & Co. man who would later be named in the plot. Lamont was unable to make the then unpopular paper profitable, and sold it to the conservative publisher of *Ladies Home Journal*, Cyrus H.K. Curtis. Curtis drove the paper down to a petty tabloid in 1933, but still unable to turn much of a profit, sold the paper to J. David Stern in 1934. Stern quickly restored the paper’s liberal slant and some of its respectability, but the paper remained
an organ of the people and shared none of the Wall Street pretensions of its more well respected rival, the *New York Times*.\(^\text{140}\) Given the newly reinstated liberal bias and its historic tendency toward sensationalism, it should not be surprising that the *New York Post* published quickly, positively, and voluminously details of a former Marine General’s accusations of a Fascist plot led by men of great influence. In fact, the *Post* shared the distinction with Stern’s other paper, the far less widely circulated *Philadelphia Record*, of being the first newspaper to cover the story. They published Paul Comly French’s exposé of the plot the evening after the first afternoon session of the McCormack-Dickstein investigation.

On Tuesday November 20, 1934, the *New York Post* bore an alarming headline: “Gen. Butler Accuses N.Y. Bankers of Plotting Dictatorship in U.S.” The bold headline, printed larger than the paper’s title would have been impossible to miss – in even a quick glance at a news stand, the headline would have read clear. A large picture of General Butler, looking stern but dapper in full U.S. Marine Corp attire with a chest full of medals, accompanied the headline under the tag, “Spurns U.S. Mussolini Role.” Three articles related articles ran that day. The first, printed just below the large headline, read, “$3,000,000 Bid for Fascist Army Bared – Says He Was Asked to Lead 500,000 for Capital ‘Putsch’ – U.S. Probing Charge.” The article explains that Butler claimed that he had “been asked by a group of wealthy New York brokers to lead a Fascist movement to set up a dictatorship in the United States.” But before he spoke with the special Committee tasked with investigating the matter, French explains, Butler gave the *New York Post* a full account of the offer. Most of the details are familiar, but a few minor points that escaped the final version of the

\(^{140}\) Emery, 454.
official testimony stand out. In one, Butler recounts that, “to be perfectly fair to Mr. MacGuire, he didn’t seem bloodthirsty. He felt that such a show of force in Washington would probably result in a peaceful overturn of the Government.”

French’s portrayal of Butler is wholly sympathetic, and affords the General many opportunities to endear himself to a red-blooded American public; “I have always believed in democracy, and I felt it was my duty to learn all I could of this conspiracy and to see that the information was placed in the hands of the proper governmental authorities.” Rather than the Time magazine portrayal of Butler, which practically accuses him of being a Fascist sympathizer himself, French’s article makes it perfectly clear that Butler is to be regarded a heroic defender of democracy in his selfless refusal to participate in this un-American plot.

Then French makes the bold leap into naming names and organizations as possible principals in the plot. He briefly recounts Butler’s story about MacGuire throwing $18,000 on his hotel bed in Newark as a “bribe” to speak at the American Legion Convention in Chicago and to encourage them to adopt a resolution to return to the gold standard, therefore casting some suspicions on the Legion. French explains that after Butler refused to take the money and demanded to speak with the man providing those thousand dollar bills, a meeting with Robert S. Clark was arranged. Clark revealed that the speech Butler had received earlier that year regarding the gold standard had been written by John W. Davis, former Democratic Presidential candidate. Interestingly, this information is not in the printed testimony. In those transcripts, Butler is quoted saying that Clark told him the speech was not written by MacGuire and Doyle, and that they had paid a great deal of money for it,
but not that Davis had written the speech. In fact, nowhere in the Committee’s report is John W. Davis mentioned at all, except to say rather cryptically in the final report that he will not be mentioned. French also quotes Butler as having seen checks from Clark, John Mills, and Grayson M.-P. Murphy funding the project. Later in the article, French claims that MacGuire had told him personally that the Remington Arms Co. had already agreed to supply arms through the credit of the DuPont family, thereby indicting two more powerful interests. MacGuire also identified Louis Johnson and Henry Stevens, both commanders of the American Legion, as expressing interest in the plan. Already, French’s article reveals more about the identity of the possible plotters than the McCormack-Dickstein committee would have the public know.

French then explains that earlier that day, General Butler, Gerald MacGuire, and he, Paul French, had testified before a special Committee headed by Rep. John W. McCormack in a closed session in New York City. There, French writes, the General recounted the same story which he had told French beginning September 1, 1934. In his own testimony, the reporter explains, he told the Committee that MacGuire eventually told him, “We need a Fascist Government in this country to save the nation from the Communists who would tear down all that has been built up in America. The only men who have the patriotism to do it are the soldiers, and Smedley Butler is the ideal leader. He could organize a million men overnight.” This statement attributed to MacGuire is probably the most damning evidence against him and all of the men associated with him. French’s inclusion of the statement, reproduced in full by the Committee report but reported on by none of the other
mainstream press organs makes the *New York Post’s* coverage tilt that much further in favor of the truth of Butler’s story.\(^{141}\)

The second article that day titled “MacGuire Denies Butler Charges,” much shorter than the first, contains much of the same information as other printed refutations. Libel is mentioned. But the article which initially focused on the denials of the alleged plotters quickly turned into an expose of their interests. A long list of the companies Murphy had a hand in, in connection with his work with J.P. Morgan & Co., gives the unsympathetic impression of Murphy as an old style corporate robber baron capable of anything.\(^{142}\)

The third article, printed on under a picture of General Butler and his daughter affectionately playing with their dogs, is titled “Butler a Fighting Paradox; Says War is a Racket.” The 150-pound Quaker Marine is described as an “unaccountable, fascinating, forceful, pugnacious… barb-tongued crusader for peace.” Mention is made of his two Medals of Honor, and his more recent battles against the bootleggers in Philadelphia while simultaneously speaking out against Dry Laws. The article briefly includes mention of his near court-martial as a result of his off-the-cuff characterization of Benito Mussolini as a “hit-and-run driver.” In essence, between French’s laudatory portrayal of Butler and this more factual piece of biography, all of Butler’s cards are on the table. The general impression one gets is that the General is an honorable man with a genuine desire for peace and democracy.\(^{143}\)

\(^{141}\) Paul Comly French, “3,000,000 Bid for Fascist Army Bared,” *New York Post*, November 20, 1934, pg. 1.


\(^{143}\) “Butler a Fighting Paradox; Says War is a Racket,” *New York Post*, November 20, 1934, pg. 3.
Overall, the *New York Post*’s November 20th coverage could only have sparked a great deal of interest in the story among its readers and those who stole a glimpse at the provocative headline. The revelation of key names, omitted from the final Committee documents, served to further stir up interest by creating suspected villains for the public to blame and wonder about.

The next day, in lettering still as large and bold as that declaring the paper’s title, albeit now beneath that title, the second headline appeared. “Army, Navy Ask Fascist Inquiry,” the headline read. This November 21, 1934 article quotes high government officials demanding a thorough investigation of Butler’s revelations. Secretary of War George H. Dern told reporters, “I believe the committee should make a complete investigation of these charges. It should dig into all the facts and find out what there is to the affair.” Secretary of the Navy Claude A. Swanson said, “I am confident that the committee will get at the facts and arrive at an important judgment.” Several members of the Senate were also quoted, with Senator Wheeler (D-MT) saying, “The country is entitled to know all there is to know about this,” and Senator McCarren (D-NV) saying, “The story, I admit, sounds like a myth, but I think it is imperative that all the facts be exposed.” Dickstein, too, is quoted as saying that after Butler’s testimony the day before, he was convinced of the existence of a “widespread movement,” and that he expected that this latest discovery would prompt Congress to renew the Committee’s funding. The article continues on an inside page with Butler’s comments. Butler told reporters, it seems, that he wanted to go before the Committee for two reasons; one, that he wanted to make sure that the highest government authority understood that while his name was being “bandied about as
the leader of a Fascist movement in America," such reports were “wholly erroneous,” and two, that he wanted the Government and public to understand that a plot did indeed exist, and while it had not yet developed to the point of execution, it still was “a distinct menace to democratic institutions.” Butler goes on to explain that while he doesn’t agree with everything the FDR administration has done, the treasonous plan proposed to him by MacGuire was not an appropriate response: “There is only one way to change our Government, and that is by orderly balloting at the polls on election day. Any other method of changing the Government of our country can only mean the end of Democracy and the setting up of a tyrannical form of Fascism or Communism. Neither has any place in America.” This original interview in the second half of the article serves to again renew the reader’s faith in Butler as a defender of democracy and a reasonable man who did not want to be associated with a plot he considered treasonous.  

That day’s *Post* printed a related article and several photos of Butler, McCormack, Dickstein, and McGuire. The piece was full of responses, which varied widely. On the cautiously accepting end, there was Roger N. Baldwin of the American Civil Liberties Union, who said, “Whether General Butler’s charges are correct or not, proposals as preposterous as these are in the air, particularly in Tory circles.” On the more dismissive end, there was S. Stanwood Mencken of the National Security League, who said, “I’ve always thought that General Smedley D. Butler was of unsound mind and I think that his current mutterings are merely a new indication of that.” Labor also weighed in; Matthew Woll, vice-president of the American Federation of Labor is quoted as saying, “I think the idea is ridiculous and

absurd. General Butler is not built for the role of a dictator and the country wouldn’t stand for him, or any other dictator, if he was.” The impassioned reactions inspire further curiosity, and encourage the reader to make up his own mind about the General’s allegations.

But even more intriguing was the editorial response. “The Post does not think the United States was in any immediate danger,” they quickly say, for “it will take a great deal more than a slush fund by a few powerful financiers or industrialists to uproot America’s basic principles and overturn her most cherished institutions.” The immediate shock of the plot thereby diffused, the writer goes on to laud General Butler, explaining that he had “performed a great public service and showed himself a true American by taking his information to the McCormack committee.” However, the editorial continues, by exposing the plot, Butler’s story serves as a reminder that Fascist movements are out there, and often take the guise of more innocuous political action groups. “The same people who succeed in slashing aid to veterans,” the piece states in bold text, “would like to use those same veterans as their pawns in a war on democracy.” In other words, while this particular plot may not have ever seriously threatened American democracy, the clear existence of both the sentiments and the financial capital to back it up make a future Fascist coup a real possibility. The left-leaning biases is apparent, warning, “When democratic institutions, responding to the popular will, begin to limit the privileges of a few for the sake of the nation’s welfare, powerful interests stir up the Red bogy and take up the bludgeon to destroy democracy.” The tendency of the wealthy and powerful to use the specter of Communism to protect their own conspicuous accumulation of wealth was a real and
understood phenomena in Depression era America. This insightful editorial response thus presses the analysis of the Butler story deeper than anything in the mainstream press thus far examined here.\textsuperscript{145}

Just to the right of this editorial, the \textit{Post} printed a large cartoon titled, “A New Light in the Temple.” The cartoon (following page) pictures a shrine to the Gold Standard, besides which are three men in top hats and waistcoats. They are surrounded by bags of money, a chest labeled “dictatorship war chest” and a stash of bayonet tipped rifles. The three men are alarmed to find that a light shining on them, labeled “Butler’s Disclosures,” has projected upon the wall above them MacGuire’s unattributed quote, “We need a Fascist gov’t. in this country, to save the nation from the Communsists who would tear down all that has been built up in America.” The idea is simple. The wealthy figures who plan to establish a dictatorship in the name of the hallowed gold standard have been exposed by Butler’s revelations and MacGuire’s very loose tongue.\textsuperscript{146}

On November 22, 1934, the \textit{New York Post} again featured the plot on the front page. On the top of the page, the headline reads, “V.F.W. Head Also Got Fascist Bid.” Below the large bold text we find an article entitled, “M’Guire Accused Again As Butler Charge Is Upheld.” The subject of the story is one that is not discussed at great length in any of the other major accounts of the subject including the McCormack-Dickstein report – the role of VFW Commander James E. Van Zandt. In a public address the night before, the article states, Van Zandt declared that he, General Douglas MacArthur, Theodore Roosevelt, Jr., and Hanford MacNider had

\textsuperscript{145} “Fascism in America.” \textit{New York Post}. November 21, 1934, pg. 8.
\textsuperscript{146} “A New Light In the Temple.” \textit{New York Post}. November 21, 1934, pg. 8.
also been approached as possible leaders of a Fascist coup movement in the United States. Van Zandt told reporters that he had refused to talk to those who made the proposals, as General Butler had warned him that such men might try to contact him. Each successive examination, the article points out, “has produced more corroboration for certain points in General Butler’s story.” The article makes it clear that the basic tenets of the previous days’ news hold true, and that evidence was only growing stronger to support Butler’s claims.  

On November 23, an interesting piece appeared among the Letters to the Editor. The editor chose to print a letter from a M.B. Mullen, titled, “Gen. Butler’s Revelations Should Stimulate Thinking.” Mullen writes that “specific censure should fall upon those definitely proved connected with the plot,” but that care should also be taken to prevent future attempts by those “of wealth and similar obsessions.”

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147 “M’Guire Accused Again As Butler Charge Upheld,” New York Post, November 22, 1934, pg. 1.
Butler’s story should serve as a wakeup call, “stimulating the national psychology.”

Mullen’s letter is thus a reasonable response from a Post reader. He seems aware that the plot did not get far enough to pose a serious threat, but that both the sentiments and the money necessary for a successful coup continued to exist.148

The next day, November 24, 1934, an article appeared on page four, entitled, “Fascist Plots Alarm Martin – Lecturer Says Schemes Are Fantastic, but Reveal Resentment.” The piece begins by stating flatly that the “plot” (here in quotations), “reveals an undercurrent of resentment which is a grave danger to the nation.” This statement, the article explains, was the opinion expressed the night before by Professor Everett Dean Martin of Cooper Union in a public lecture. While the proposal outlined by Butler “is too fantastic to be taken seriously,” it should be taken as a “warning to business men not to lose their heads.” The opinion here espoused by Martin seems to neatly match the perspective that the Post had thus far established: that the plot outlined by Butler was true but did not in itself pose a serious threat, and that it should serve as a frightening indication of the existence of both capital and will behind dictatorial solutions to America’s economic crisis.

November 24 also saw the inclusion of two Butler-related Letters to the Editor. The first, capturing the page’s main headline with “Urges a ‘Fight for Democracy on the Home Ground,’” came from J.C.M. This reader saw Butler’s disclosures as having forced public officials to start thinking about the dangers of Fascism. It is the duty of men of influence to fight Fascism at home as well as abroad,

J.C.M writes, whether it is labeled as such or not. The second writer takes a different angle, criticizing the lackluster response from the press. M. Garivandi found it “very amusing” to see “how the conservative press is trying to minimize General Butler’s disclosures of a Fascist plot in the United States.” Referring to the *New York Times* by name, he accuses the “conservative press” of drawing hasty conclusions based on ideological biases and ignoring the original research contained in Paul French’s November 20th article. Garivandi’s article thus illustrates that at least some readers were aware of an ideological disconnect between the liberal *Post* and the far more conservative *Times*, and that they felt the *Times* was unduly hampered in its reporting by corporate biases.

On November 26, 1934, the promised results of the first public report out of the McCormack-Dickstein appeared on the front page of the *Post*. Entitled “Butler Upheld By U.S. Report On Fascist Plot.” The key point of the article is that the basic tenets of General Butler’s charges of un-American activities had been corroborated by evidence presented before the Congressional Committee. The article recounts the evidence presented in the report in great detail, deviating little from the written testimony and including only subtle affirmations of Butler’s character. The reproduction of the committee’s hearing in detail provides the public with the closest approximation of truth that all but the most devoted researchers in the Library of Congress would ever see. The *Post* readers thus would have had an extremely complete set of facts with which to make up their minds about the veracity of Butler’s

statement, the extent of the threat posed by the plot, and the relevance it had to future fascist threats.151

The last we hear about the Butler matter, however, was not when the final McCormack-Dickstein committee publication was released in February. Nor did letters to the editor continue to trickle in after the huge article on November 26th. In fact, the last we hear about the matter in the Post was only one day later, in a brief editorial on November 27, 1934 entitled, “Who Was Behind M’Guire?” The Post editor writes that given the recent substantiation of Butler’s charges, three questions remain for the committee to answer: 1.) What is MacGuire hiding regarding the $75,000 given to him by Robert S. Clark?, 2.) Why did Murphy keep MacGuire on his payroll while MacGuire was in Europe researching Fascist movements?, and 3.) Why don’t the figures named by Butler publicly denounce Fascism? Then, the editor reminds readers that in both Germany and Italy, “industrial and financial interests have supported crackpot Fascist movements” when their privileges were threatened by democratic reform. Consequently, Butler’s disclosures must be taken as a warning to Americans’ to guard their liberty against such “crackpot” movements. With this warning, the New York Post ends coverage of the story.

The New York Post thus offers the most accepting and insightful coverage of the General Smedley D. Butler’s allegations of a Fascist coup plot we have seen thus far. The paper’s willingness to afford the story front page coverage on a regular basis, and its general acceptance of the General’s claims and the McCormack-Dickstein committee’s affirmations thereof speak to the fact that the Post was a paper run for and by a different sort of America than those behind the New York Times and The

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Wall Street Journal. Here, the editors were not of the same class of men who were allegedly behind the coup. Perhaps the sensational nature of Butler’s story was simply better suited to a paper with a long history of sensational writings than to a more restrained paper. Even so, one cannot help but wonder how the construction of public memory might have been different had the type of care and analysis found in the New York Post been found in a more well-regarded paper like the New York Times.

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With the exception of the New York Post, the mainstream press paid less attention to these allegations of Un-American activities than perhaps was warranted. Harold Ickes, Franklin Delano Roosevelt’s outspoken Secretary of the Interior, would have told us this should come as no surprise. Arthur M. Schlesinger, Jr. describes Ickes as a righteous, pugnacious man, “extravagant and bellicose in the Bull Moose manner” who had never shied from confrontations in his decades of involvement in reform politics.152 As a key member of Roosevelt’s Cabinet and Brain Trust, Ickes was often on the front lines in defending the President’s New Deal against a hostile press. Years of frustration with the generally conservative mainstream press’s unwillingness to give the administration a fair break led Ickes to publish a scorching indictment of the press in 1939. Ickes’s America’s House of Lords: An Inquiry Into the Freedom of the Press offers a one-sided but insightful analysis of the New Deal era press and what Ickes felt were its more egregious failures.

152 Schlesinger, The Coming of the New Deal, 282.
Having experienced the power of the press both as a former *Chicago Tribune* writer and as a Washington insider, Ickes was acutely aware of the powerful responsibility the media had in a democratic society. “Democracy,” he wrote, “would perish without an educated citizenry to uphold it, and an educated citizenry could not long remain such if it were without vehicles for the distribution of public information.” A democratic free society found itself in something of a dilemma; how could that society protect the freedom of the press to print what it saw fit while simultaneously ensuring that the press distributed public information in a manner that allowed citizens to make well-informed choices about their government? This problem is compounded, Ickes wrote, by the fact that “with few exceptions” the press is “owned by men of property who naturally are more interested in private profits than in public welfare.”

The issue of propertied interests is of key importance to us here. One finds a serious difference in the degree to which the newspapers and the McCormack-Dickstein Committee were willing to take General Butler’s allegations seriously. The committee, comprised of democratically elected officials, could be seen as having an obligation to the public. The newspaper owners, Ickes writes, should share this obligation. And in fact, a 1923 set of standards drawn up by the American Society of Newspaper Editors committed them, in theory, to the principle that “promotion of any private interest contrary to the general welfare, for whatever reason, is not compatible with honest journalism.” But, as Ickes points out, this point was seldom adhered to.

The *Wall Street Journal*, for instance, published an editorial in 1925 stating the

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154 Ibid, 8.
155 Ibid, 3.
paper’s full-fledged divorce from any commitment to the public interest; “A newspaper is a private enterprise, owing nothing to the public, which grants it no franchise. It is, therefore, ‘affected’ with no public interest. It is emphatically the property of its owner who is selling a manufactured product at his own risk.”¹⁵⁶ This calls the news media’s responsibility to disseminate information to the electorate into question.

Rather than acting as the fourth wing of government, as it is sometimes described, with all the trappings of democratic accountability that label entails, Ickes writes, the press must be understood as first and foremost an industry. Ickes refers to famed liberal editor William Allen White, who reminded his readers that “we must face the fact that a modern newspaper is a big business, often representing an investment of many millions of dollars.”¹⁵⁷ The newspaper industry, with sales upwards of $1,000,000,000 in 1930, was an industry like any other in that its owners had specific interests in protecting their wealth. Succeeding in the highly profitably newspaper industry meant great wealth, and as editor Arthur Brisbane pointed out, even honest newspaper men who would never accept a bribe in promoting a particular interest on their editorial page would never hesitate to allow the money in their own pockets to “edit their editorial columns” every day.¹⁵⁸ The pages of highly successful newspapers are inevitably stamped by the wealth that it both creates and is created by. And more often than not, Ickes points out, that interest is diametrically opposed to the interest of the common American.

¹⁵⁶ Ibid, 10.
¹⁵⁷ Ibid, 11.
Ickes’s point regarding the class identity of the men behind the most successful newspapers of the era is highly relevant to the coverage afforded the Butler affair. Ickes explains that as men of wealth and prestige, the “distinction between a newspaper publisher and a corporation director is rapidly growing so tenuous as to be practically non-existent in most cases.” As such, “publishers and bankers have the same interests and belong to the same country clubs.”159 So then, it would not be a stretch to put the likes of Henry Luce of the Time Magazine in the same social circles as Robert S. Clark. Given Ickes’s feeling that these powerful editors let their wealth edit their newspapers, he would not be at all surprised to hear that a story in which their own kind was being accused of treason would be belittled, dismissed, or simply not reported on.

Although Ickes does not mention the Butler story specifically, he does give one potent example of how the press can use its influence to defame those who dare to speak out against their interests. Dr. Rexford Guy Tugwell, FDR’s Under Secretary of Agriculture introduced a Food and Drug Bill that Ickes writes was “designed to protect the consumer.” Immediately, “an avalanche descended upon his head.” At the time, newspapers received up to fifty percent of their profits from advertising. The threat of losing their food-and-drug advertising frightened the newspapermen, and they “apparently automatically engaged in a brutal and amazingly unanimous assault upon Dr. Tugwell.” Tugwell was dubbed a “Red,” and his bill was loudly ridiculed by the American Newspaper Publisher’s Association. The bill failed, and the newspapers maintained their food-and-drug advertising

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159 Ibid, 17.
income.\textsuperscript{160} The parallels to Butler are obvious. Butler, wanted nothing but to make the American people aware of a plot to destroy the democracy he had spent his whole life working to preserve for them. Like Tugwell, he was working for the public interest. But the interests of the American people and those of those men whose power was wrapped up the newspaper industry’s were in conflict. Having no dedication to the people, the newspapers looked out for their own, and found it easier to muddy the name of the man who dared to criticize them. In this context, the incessant quotation marks around “plot”, the ridiculous picture of Butler with his finger in his ear in \textit{Time} magazine, the subtle jabs at Butler’s character all make sense. Not only were Butler and Tugwell taking on powerful interests, they were taking on the allied interests in the press.

The quick denunciation of Tugwell’s proposal was only part of larger antipathy against FDR and the New Deal that pervaded the mainstream press in the 1930s. Ickes explained that while no partisan interest may have been actively censoring the press, the press was engaged in a “self-censorship,” printing only what material either did not harm their interests or actively promoted them. “The self-censorship of the publishers,” Ickes wrote, “operates with particular efficacy where the New Deal is concerned.”\textsuperscript{161} Given the press’s known big business sentiments and their ties with the wealthy individuals who may have hated Roosevelt enough to discuss overthrowing him, it should not be surprising that they would be unkind to a President who actively worked for the common man to bring him out of his crippling

\textsuperscript{160} Ibid, 32.
\textsuperscript{161} Ibid, 45.
So, not only did Butler’s story condemn allies of the press, but it described an affront to a President they disliked anyway. While it is impossible to say whether or not any of the big newspaper editors at issue here would have actively supported a true coup attempt, it would not be unreasonable to assume some would have.

Ickes’s 1939 text also offers some clues as to the contemporary perceptions of some of the newspapers mentioned above. He does not describe each of the major newspapers individually. But his scattered comments are nonetheless valuable. He quotes Maurice S. Sherman, editor of the *Hartford Courant*, at length. Sherman said in 1934 that even a glance at the front page of the major newspapers “that are supposed to spread enlightenment creates the impression that they are edited by morons for morons.” Likely referring chiefly to the East-Coast giant *The New York Times*, Sherman continues, stating that the reader of such papers “gains almost no information that contributes to his understanding of the real progress the world is making.” Sherman seems to express a stronger dedication to the stated responsibility of the press to educate citizens so as to allow them to make decision that enable their interests, than did the *Wall Street Journal* editor who so callously wrote that the paper was “affected by no public interest.” Sherman’s denunciation of those newspapermen who sold their “scaly product much as fish is sold at the wharf” fits neatly with his paper’s coverage of the Butler affair. Far more accepting that any of the top three papers, the *Hartford Courant* went the furthest of any of the non-tabloid newspapers

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162 Ibid, 47.
in educating the public about the issue, and presenting the matter in an relatively unbiased manner.\textsuperscript{163}

Ickes also reveals a bit about J. David Stern, publisher of both the \textit{New York Post} and the \textit{Philadelphia Record}, whose two papers broke the Fascist plot story with Paul French’s investigatory report. In 1934, the liberal Stern wrote that “Too many newspapers suffer from the fear complex,” and are “afraid to offend important interests.” As a result, the reader misses out on potentially important information. This sentiment, too, makes sense in context of Stern’s coverage of the Butler matter. More than any other widely read newspaper, the \textit{New York Post} did not shy away from featuring the dramatic story prominently. Stern did not let any personal interests or fears of lost advertising funds prevent him from publishing a story he felt needed to be told. And Ickes approved.\textsuperscript{164}

Perhaps the most interesting conclusion in Ickes’s book is the idea that because the press is so well-suited to influence public opinion in its subtle (or not so subtle) biases and omissions, the press has the power to either strengthen or destroy a democracy. It can and has been used to promote and defeat political candidates, legislative proposals, and foreign wars. Because of this immense power, Ickes writes, “virtually the first act of any dictatorship is to seize control of the press so as to make it an instrument of the despot.”\textsuperscript{165} Yet in the case of the Wall Street plot to overthrow Franklin Roosevelt, the new dictator would have found in the mainstream press a ready ally.

\textsuperscript{163} Ibid, 176.
\textsuperscript{164} Ibid, 176.
\textsuperscript{165} Ibid, 7.
The reaction of the press to General Smedley Butler’s revelations of coup mutterings was by no means monolithic. An even greater distinction can be found between these mainstream journals and newspapers and the alternative press. *The Nation* and *The New Republic* were the two the most read and most influential journals of their kind, and they provided a radically different type of coverage of the General’s accusations, one that fit neatly into their conceptions of deplorable corporate excesses, subjugated workers and farmers, and ever creeping fascism.

*The Nation*, at the time, was decidedly left-leaning, although directly not associated with any socialist or communist groups. Just after the Civil War, the weekly was founded by Wendell Phillips Garrison, son of famed abolitionist William Lloyd Garrison. In 1881, *The Nation* was purchased by *New York Post* editor Henry Villard to serve as a weekly insert in the *Post*. Well before J. David Stern took control of the *Post* in 1934, Henry Villard’s son Oswald Garrison Villard took over *The Nation* in 1918 and split it from the *New York Post*. The younger Villard redirected the weekly’s politics somewhat further left, and reprioritized domestic and international policy issues. In 1932, in part due to the stress of an ongoing FBI investigation, Villard gave up his post as editor to a board of longtime *Nation* employees led by Freda Kirshway. Kirshway headed the paper at the time of the Butler incident. Its principles remained true to Villard, very much the grandson of the abolitionist William Lloyd Garrison.166

The Nation’s coverage of the event, however, was surprisingly meager. Perhaps due to its historically close relationship with the Post, in which The Nation acted more as a supplement than as a source of original news, the paper allowed the extensive factual reporting in the Post to stand as sufficient. In any case, only one two-paragraph editorial article appeared. On December 5, 1934, well after the story broke, a brief but poignant editorial appeared near the front of the paper, just to the right of the table of contents. The editorial, possibly written by Oswald Villard who was then acting as a contributing editor, explained that “the March on Washington” would probably not involve General Smedley Butler or any of the men named in connection with the “fascist plot which flared and died in last week’s news.” But it would be a mistake to write the story off so soon. The fact that Butler had received forty-two offers to head fascist coups, and the general buzz in the air about such coups, the editorial states, “is not as funny as it sounds.” These rumblings should be understood as a result of the ever growing “basic maladjustments from which fascism arises,” particularly the FDR administration’s failure to address unemployment and the fall of real wages: “Mr. Butler’s specter of fascist dictatorship set up to protect a few Wall Street millionaires from inflation is the fantastic reflection of a genuine danger which is rising steadily above the horizon.” It is in this “unsensational conflict” that the real danger lies, the editorial states.167

The article has thus made two key points. One, like the New York Post, the Nation has concluded that while Butler’s Wall Street plot was never a real danger, it was truly worrying in its indication of extreme discontent. And two, that FDR’s administration was to blame for this discontent, and that in pushing recovery too hard, 167 “The March On Washington,” The Nation, Vol. 139. No. 3622, (December 5, 1934), pg. 2.
it might exacerbate existing class tension to the breaking point. But while most of the other criticism of FDR’s administration came from a business community unaccustomed to having its interests subsumed to those of middle class and struggling Americans, the Nation offers the liberal critique that Roosevelt was still pandering to the businessmen by emphasizing economic recovery over labor rights. But in any case, the Nation’s more important point stands; the Wall Street plot was never serious, but indicative of severe tensions that need to be carefully watched lest a more plausible movement erupt.

The New Republic offered readers a similar perspective in weekly form, but with a touch more sophistication. Founded in 1914 by Walter Lippmann and Herbert Croly, The New Republic became an icon of liberal orthodoxy, focusing on the fight for social equality through a deliberately planned economy. Long after his death in 1930, Croly inspired the weekly to adopt what we might now call a classic progressive outlook, encouraging a strong national government to deal with increasing corporate corruption. It has been said that Franklin Roosevelt’s New Deal was a direct intellectual offspring of Herbert Croly’s style of Progressive ideology. Given this intellectual framework, it should not be surprising that The New Republic would print the single most insightful contemporary analysis of the would-be Fascist plot.

“The Great Fascist Plot” appeared the same day as The Nation’s editorial, December 5, 1934. Like that article, it began with a statement about the lack of

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respect in the mainstream press. “Despite the incredulity with which the metropolitan
press” had treated General Butler’s allegation of a Wall Street plot, they wrote, “we
known of no good reason why it should not be true.” That these men would deny the
story, the article states, does nothing to either confirm or deny the story, since so long
as the plot was not carried out, denial would be the easy and obvious choice. And
similarly, they write, the fantastic nature of the plot does not take away from the
possibility of it being true, given that “there is no more incompetent, ignorant or
reckless group of persons in the United States, or probably in the world, than that
surrounding our speculative markets.”

While the money revealed to have been available to the plotters would not
have been enough to pay for a half-million man army, they point out, more could
have been made available as the plot progressed. The plausibility of the plot, they
argue, should not be written off on account of factors that were still in early stages of
planning. The plan, while seemingly silly, must be viewed in a context in which such
treasonous “fantasies do fill the minds of many persons.” The sociopolitical climate
was right for fascism. Successful right-wing movements, the article states, originate
“not from resistance to change on the part of the privileged, but from an insistent
demand for change on the part of the masses. The people must have undergone a
period of confusion and suffering, and they must have become convinced that neither
traditional government’s nor the ruling economic powers can or will help them.”
What better example than the Great Depression. If Hoover had won a second term,
you write, conditions would have been ideal for a successful fascist takeover to fill
the vacuum of authority created by the former president’s incompetence. And if
Roosevelt continued to “drift right in response to the pressure of the economy leagues and the reactionary industrialists and bankers,” they wrote, conditions could become ideal again.

Given that Fascist movements must spring up from the frustrations of the common man, the ideal Fascist leader must be a “man of the people, a declared opponent of the bankers and the ruling economic powers generally.” The leaders of Fascist Europe, they point out, fit this bill; Mussolini was once a radical labor organizer, Hitler was an “outcast house painter.” In these early days of a Fascist movement, the rhetoric sounds more like that coming from Socialist and Communist groups, and the movement steals support away from leftist organizations with similar promises. “For this reason alone,” the article states, “anyone remotely connected with Wall Street would be an impossible burden on a Fascist movement at the beginning.” As such, they continue, “if you are looking for an American dictator look for a Huey Long, not for a stock broker.”

Having gained popular support with vague promises steeped in classic left-wing rhetoric, and having promised jobs and guns to angry young men as part of the movement, according to the New Republic, the incipient Fascist leaders begin to appeal to farmers, promising them agrarian dreams and protection from foreign competition. They then appeal to the big industrialists, promising them a strong hand against Marxist movements. The fact that these promises are diametrically contradictory is irrelevant. The whole ideological mess is politically gelled with an “emotional mysticism” based around nationalism and hatred of the easiest scapegoat. Only then will the movement be taken seriously by the large capitalists. They will
“recognize it as a dangerous enemy, but one that can be converted into a useful ally against organized labor and true social revolution.” This last step is, the article states, absolutely critical. It is unlikely that any Fascist movement could succeed “without substantial and widespread backing from moneyed interests.”

The reason that the United States had managed to avoid a Fascist revolution thus far, in the face of the rapid right-wing ascension in Europe, the *New Republic* article states, is that the Roosevelt administration was actively doing something about the depression. Whether or not his efforts succeeded – and the writer believed that they would not – that both the President and Congress were proposing and enacting programs gave the people hope in democracy and the ability of the American system to prevail. The United States was also aided by the fact that unlike Italy and Germany, the notion of democracy was strong enough to be worth protecting, and Americans had no reason to adopt the sort of inferiority complex that the two European nations had adopted since the Great War. However, the article continues, “if actual conditions become and remain bad enough, a revolutionary crisis will eventually arise.” The only thing that could save the nation in such a case, the piece states, would be a well informed public and a strong, intelligent workers’ movement.170

The *New Republic* has, in this three-page article, made a series of claims about the nature of Fascist movements and the United States’ vulnerability to them. The sort of Fascist movement they see as most threatening does not resemble Butler’s plot. The successful Fascist movement would erupt from the common people, carefully directed by a charismatic leader like Huey Long. While corporate involvement is

necessary for logistical support, it cannot on its own make the movement. The Wall Street plot as revealed by Butler could not have succeeded. But, as the article points out, the General’s story reiterated that many elements of a successful Fascist movement were in place. In Butler, the plotters had found a potentially popular leader. Butler was a true American hero, favored by veterans and the public alike. The corporate sentiment was there. The only thing missing was the mass dissatisfaction with the American government’s response to the Depression that, thus far, Roosevelt had been able to ward off through his innovative New Deal reform package. But as the article hinted, a few more steps right, and Roosevelt might lose this critical popular protection against Fascism. The New Republic article thus accepts Butler’s story as an entirely plausible and worthy of serious consideration, but ultimately never a danger. The New Republic article takes an intelligent middle stance between the derisive or dismissive coverage from the mainstream press and, as we shall see in the next chapter, the conspiratorial ravings of the far left press.
Chapter 4 – The First Conspiracy Theorists

“With an ostensible mission to uncover fascist activities, the Committee actually turned out to be a close collaborator with the would-be fascist rulers of the country; it covered up the conspiracy by suppressing evidence which led too high up in those financial and industrial groups which run Congress, ‘advise’ the President, and dominate the country.”


While the mainstream press treated the allegations of a fascist plot to overthrow Franklin Roosevelt relatively casually, or at least did not view it as an actual threat to American democracy, not all members of the journalistic community took it so lightly. Two men in particular, John L. Spivak and George Seldes, saw something far more sinister behind Butler’s story. The narratives that they constructed were for the most part wildly speculative, highly dramatic, and steeped in classic Communist victim narrative style featuring a Manichean struggle between Capital and Labor. Their narratives would form the foundation for decades of rich conspiracy theories, and color the memory of the plot to overthrow the President.

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The first conspiracy narrative of the Butler plot appeared in The New Masses. The weekly news magazine was unabashedly associated with Marxist-Leninist groups, and aspired to redefine American proletarian intellectualism. The weekly was founded in 1926 by the former editors of the defunct Marxist journals The Liberator
and *The Masses*. It originally was directed at middle class liberals sympathetic to the plight of workers, farmers, and strikers. The official objectives of the original editorial staff stated that the paper was “not afraid of slang, moving picture, radio, vaudeville, strikes, machinery or any other raw American facts,” which it would assimilate into “art and satire.” As time went on, editor Michael Gold tried to shift *The New Masses* from a sympathetic bourgeois magazine to one run for and by workers; readership, however, remained largely unchanged. Throughout the paper’s life, it remained dedicated to the use of pictorial images, and political cartoons made up a large portion of *The New Masses*’s editorial content. Contributors included such famed figures as Upton Sinclair, Dorothy Parker, Langston Hughes, Ernest Hemingway, Eugene O’Neill, and Theodore Dreiser. But with regards to the subject at hand, by far the most important writer was one John L. Spivak.  

John L. Spivak was lauded by fellow muckraker Lincoln Steffens, as the “best” investigative journalist of the day. Over the course of his career, he worked for several leftist newspapers and magazines, including *The Call*, the paper of the American Socialist Party, *The New York Daily Worker*, and *The New Masses*. His focus was exposing right wing movements in both North and Central America. This included an exposé of Father Charles E. Coughlin’s anti-Semitism and shady financial activities, underground Nazi spy rings in Latin America, and, of course, the McCormack-Dickstein Committee’s allegedly deliberate suppression of evidence.

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with regards to the charges made by General Smedley D. Butler of a Fascist Wall Street coup.172

Neither Spivak nor the New Masses staff jumped on the story as it was first being revealed. In late November, 1934, when mainstream press interest in the story was at its peak, the New Masses coverage of FDR’s enemies was elsewhere. Instead of examining the pressure on the popular President from the right, The New Masses was pointing out that the workers, too, took issue with Roosevelt. The editors argued that the recent Democratic electoral victory in Congress was not indicative of a groundswell of support for the New Deal. Instead, “the answer of the masses to the New Deal was given in the San Francisco general strike, in the general textile strike, in Minneapolis and Toledo…The great strike struggles indicated clearly that large numbers of workers have no faith in the New Deal.” The New Masses, in other words, was no friend to the Roosevelt Administration.173

It was not until December 4, 1934 that the name “Smedley D. Butler” made it into The New Masses. On that date, an anonymous editorial begins, “The summary report of General Smedley Butler’s sensational revelations before the Congressional Committee on Un-American Activities, though quite incomplete, should be sufficient to sicken and dismay Americans who still cherish the democratic traditions of this country…” This shouldn’t be surprising, they continue, given that “the Communists have insisted for many months that Roosevelt’s New Deal was the carrier of Fascist

germs.” In other words, Roosevelt was responsible for the possible coup attempt against his own administration by somehow enabling Fascist movements to develop – a very different argument from the New Republic’s point that the New Deal was suppressing fascism by giving people hope in the Democratic system. The editorial suggests that the possible involvement of the American Legion and Wall Street executives in Butler’s Fascist plot should come as no surprise, given that the “Communists have always maintained that Fascism is not the expression of the economic and political will of the petty bourgeoisie,… but that of the big capitalists, the Krupps and the Thyssens in Germany, the Morgans, the Rockefellers, the Robert Sterling Clarks, the Wall Street magnates in this country.” Rather than positing popular support for Fascism as being an alternative to Communism, as the New Republic argued, the New Masses labeled Fascism’s support among the wealthy as “the stupidity, the ineptness, the greed, the inhumanity of Capitalism” taken a to the next level. As soon as the masses realized this, it is explained, they will certainly ensure that the incipient revolution will bring America to Communism rather than Fascism.174

On January 8, 1935, another anonymous editorial appeared on page five. It states that “real and damaging evidence was presented of embryo fascist moves backed by American millionaires with a longing to dictate.” Some details of the financial exchanges between Clark and MacGuire are noted. This new evidence, the editorial explains, “represents the desperate determination of capitalists to preserve themselves at all costs.” But, of course, “in order for fascist plans to succeed it is necessary to silence Communism, to smash the working class, beginning with the

174 “The summary report of General Smedley Butler’s…” The New Masses, December 4, 1934, pg. 3.
Communist leadership.” The Dickstein committee was in fact complicit in this effort, the editorial states. While the committee was set up to investigate Nazi activities, it had turned against the working class, with the “cheers of Hearst” behind it. The paper is clearly sticking to its line – that a strong Communist party is the strongest defense against the creeping force of Fascism, which was subtly infiltrating even the committee designed to stop it.175

On January 15, 1935, the readers of the New Masses were treated to a cartoon depiction of the President’s complicity in enacting the will of Wall Street. A big nosed, thick browed man labeled “Wall Street” is whispering into the ear of a rather pointy-toothed FDR, who is in turn whispering into the ear of a man labeled only with word “Congress,” pen in hand, signing some new piece of legislation directed straight from Wall Street. The primary issue in the minds of New Masses editors and readership is the collusion between government and business interests. In such a context, the threat of these business interests actively trying to displace those government officials that apparently were serving them, therefore, would be somewhat counterintuitive.176

175 “A plot to ‘invade the White House….’,” The New Masses, January 8, 1935, pg. 5.
Then on January 29, 1935, after *The Nation, The New Republic*, and most of
the other papers had dropped the story completely, *The New Masses* began its
coverage of the Butler incident in earnest. A cover story titled, “Wall Street Fascist
Conspiracy – Testimony that the Dickstein Committee Suppressed – First Article in a
New Series By John L. Spivak” bore testament to Spivak’s busy muckraking. The
first two sentences of the two part cover story were explosive; “An organized
conspiracy exists to seize the government by a fascist coup. The Congressional
Committee appointed to investigate just such activities has not only failed to follow
the trail of evidence to its fountain head – Wall Street – but has deliberately
suppressed evidence pointing in that direction.” Spivak’s stated goal was to not only
make the conspiracy clear, but to uncover the “real role” of Dickstein Committee.
Rather than describing the plot, Spivak focuses on the latter. The Committee, he
explains, “turned out to be a close collaborator with the would-be fascist rulers of the
country,” and actively suppressed the evidence that indicted those financial groups
“which run Congress,” and thus controlled the Committee. That Dickstein, a man
who had worked with Communist Soviet officials and was a lifelong leftist, and
McCormack, who is frequently described as a man of principle above all else, could
have been involved with a plot to overthrow a democratically elected President is too
almost unbelievable to consider. But possibly more unbelievable is Spivak’s next
conclusion. The American Jewish Committee (AJC), he claimed, was also involved in
the plot. The AJC, he argued, is “controlled by wealthy Jews” whose “interest in
fighting anti-Semitism is tempered by the financial interests of some of them,” even
in this time of increasingly violent episodes of anti-Semitism in Europe. The Jewish
Committee, in turn, controlled the Dickstein Committee. The chain of command thus ran from Wall Street, to the Jewish Committee, to the Dickstein Committee. Already, Spivak’s story is thoroughly ridiculous.

Spivak then proceeded to outline a list of items that he will “prove.” None of these items will be conclusively “proven” in the series of articles to come, but they are worth reprinting, if only to outline Spivak’s conspiracy:

1.) The Dickstein Committee refuses to explain why it suppressed evidence of fascist organizations and of fascists movements.
2.) That the Dickstein Committee knew of the offer made to Gen. Smedley Butler to organize a fascist army of 500,000 men, but ignored this information until it was forced to call Butler.
3.) That having called him, the Committee issued a garbled statement of what he said and not until the national furor died down did it issue even parts of his testimony.
4.) That Gen. Butler named a fascist organization in which some leaders of the American Jewish Committee are active – and that this testimony was suppressed.
5.) That a Nazi agent worked in Warburg’s Bank of Manhattan and that Felix Warburg was never called upon to explain how he got there.
6.) That the Warburg financial interests have heavy investments in Nazi Germany. The American Jewish Committee has steadfastly opposed the boycott of German goods.
7.) That the most powerful fascist organizations are controlled by J.P. Morgan’s interests.
8.) That the Warburg financial interests are tied up with Morgan and consequently with Morgan men.
9.) That Grayson M.-P. Murphy, involved in the plot to organize a fascist army, is a Morgan man and one of those who originally financed the starting of the American Legion for ‘Big Business’ and who supports disseminators of anti-Semitic propaganda; and that knowing all this the Dickstein Committee never called Murphy to explain his activities.
10.) That a Hearst man tied up with Morgan interests captured control of the American Legion, which Butler was asked to lead as a fascist army; and that this man, summoned to appear before the Dickstein Committee, was never questioned after he had had a second conference with President Roosevelt.
11.) That the American Liberty League was named by Butler and this fact suppressed by the Dickstein Committee. The League is controlled by Morgan-du Pont interests as well as having Warburg representation on it.
12.) That the Remington Arms Co., controlled by Morgan-du Pont, was named as the body which would supply arms and equipment to the fascist army and that this testimony was suppressed by the Congressional Committee.
13.) That Max Warburg, brother of Felix and director of the steel trust of Germany, which originally financed Hitler, are in the United States trying to get credits for Hitler’s government in copper purchases.
14.) That Hearst copper interests were among those being considered at the time Hearst opened his anti-red campaign.
Though some of these claims raise interesting questions about Butler’s testimony and could feasibly be true, Spivak provides no concrete evidence to support the more valid claims, and the others are only mildly relevant to the subject.

However, despite Spivak’s wild allegations of an intentional cover-up, his reputation as a good investigatory journalist was well deserved. As he explains, his fact finding mission was quite successful. After reading the public transcripts of the investigation, Spivak felt that serious questions remained. Perhaps he was responding to the rather cryptic preface to the Committee’s first public report, in which McCormack lists a number of names that were not mentioned in published testimony that he said would remain so – why mention the names if only to say that they would not be discussed, Spivak thought? But when he asked committee members for the testimony, which at that point had not yet been published, Spivak explained that he was told by the Committee that “the summation tells the whole story,” and that “nothing has been left out, except some hearsay evidence.” The names mentioned in the public statement were left out of the testimony because “they had nothing to do with the case,” Spivak was told. After badgering the committee for some time, Spivak received a copy of Butler’s testimony, which he notes was marked “extracts.”

On the top of the page, the following note signed by McCormack appeared:

In making public the foregoing evidence, which was taken in executive session in New York City November 20 to 24, inclusive, the Committee has ordered stricken therefrom certain immaterial and incompetent evidence, or evidence which was not pertinent to the inquiry, and which would not have been received during a public hearing.

The testimony that the committee was willing to release, according to Spivak’s account, had been intentionally edited and was thus incomplete. In pointing this out, Spivak manages to cast doubt on the McCormack-Dickstein Committee as a truth-
speaking institution – the first step, he believed, in proving their complicity in the plot.

Spivak, of course, explains that he wasn’t satisfied with this edited version. He was especially interested in the information that the Committee felt it needed to suppress, particularly after he “learned” that the order to suppress parts of the testimony had come from none other than Secretary of the Treasury Henry Morgenthau. He explains in the *New Masses* piece that he “could not prove [Morgenthau’s involvement] but I had enough faith in my informant to believe it.” Doggedly, he sent request after request for the uncensored stenographer’s notes of Butler’s testimony, but found that the “‘immaterial evidence’ was a carefully guarded secret.” But eventually, Spivak writes, he got his way and was sent the stenographic notes.

With these notes in hand and a half-formed theory about the involvement of the American Jewish Committee, Spivak felt it was time to question Committee Chairman John McCormack. Spivak explains in the *New Masses* piece that McCormack became noticeably disturbed and uncooperative when he found out Spivak had an unedited copy of the testimony. McCormack was so agitated that he requested Spivak print a list of questions that he could answer in writing in his own time. Most of the questions related to Jewish involvement, and to a lesser extent, the American Legion and the American Liberty League. A few days later, McCormack wrote back. Spivak printed the letter in full, which does not answer any of his specific questions, and is more of a general statement of purpose of the then defunct committee. Spivak, needless to say, is disappointed.
Next, Spivak turned to Dickstein, who he explains was the real brains behind the Committee, and to whom a grave disservice had been done in the cooptation of his Committee by forces with little interest in combating fascism. The American Jewish Committee, apparently, had fixed the committee to be led by McCormack. It should be noted that this directly contradicts Dickstein’s own account in which he said that he wanted the committee to be led by a non-Jew for political reasons. In any case, Spivak posits Dickstein as a victim of the powerful political forces that wished to dilute the good that his brainchild committee might have been able to do. This same group of interests, led by the AJC, Felix Warburg of the Jewish banking firm Kuhn, Loeb & Co., and their Wall Street allies, didn’t want to investigate the Butler story at all, but were forced to by the threat of the story breaking in the press. These interests, Spivak explains, were far more invested in directing Dickstein’s committee against Communism. However, Spivak found Dickstein a much more willing interviewee than McCormack. He asked him, specifically, why his Committee did not follow up the financial connections with such groups as the American Liberty League. Dickstein answered, “We didn’t have the time or money, or we would have.” Spivak then proceeds to print the rest of the interview, in which Dickstein is unable to answer pointed questions about the American Legion, the American Jewish Committee, Felix Warburg, and so on. “It was obvious,” Spivak concluded, “that Dickstein simply did not know what was going on around him.”

Perhaps the most interesting part of Spivak’s article is the so-called unedited testimony, labeled “What Butler Really Said” which he presents alongside the published testimony. Reprinting the unedited testimony in full would be redundant, so
I will summarize. According to Spivak’s “full” version of the testimony, Butler told the committee that MacGuire told him Roosevelt “is with us now” in regard to an easy handover of power, saying, “You know, the President is weak. He will come right along with us. He was born in [the industrialist/banker] class. He will run true to form. In the end, he will come around. But we have to be prepared to sustain him when he does.” He also includes “suppressed” mention of the American Liberty League. Butler testified that two weeks after MacGuire told him that the name of the financing organization would appear in the paper, the papers announced the formation of the American Liberty League. Butler testified that Al Smith was connected with the A.L.L. Hugh Johnson’s name also came up in this conversation. Spivak published a portion of French’s unedited testimony which named John W. Davis, the American Liberty League, the du Pont family, and the Remington Arms Company. Testimony regarding Al Smith, the American Legion, Hanford MacNider, Douglas MacArthur, and Grayson M.-P. Murphy appears in Spivak’s article. This suppressed testimony is largely non-sensational, and the name dropping doesn’t convincingly implicate any of the involved parties, although some details are suspicious.

Spivak concludes part one of his New Masses exposé with a neat explanation of why the issue was “dropped like a hot coal.” The American Liberty League, the logical subject of the next phase of the investigation was not questioned because it was controlled by the du Pont interest, which were connected with Morgan interests, which are connected with Warburg interests, which control the American Jewish Committee, which controlled the Committee. The article promises that in the next
issue Spivak will explain how exactly the trail of financial links worked, and how these interests caused the Committee to intentionally suppress information.\footnote{John L. Spivak, “Wall Street’s Fascist Conspiracy: Testimony that the Dickstein Committee Suppressed,” \textit{The New Masses}, (January 29, 1935), pg. 9-15.}

The next installment of Spivak’s story was published in \textit{The New Masses} on February 5, 1935. In order to best clarify the convoluted mess of interests he claimed were involved in the plot, Spivak addressed the manner in classic \textit{New Masses} style – with a graphic. Spivak provided a complicated flow chart (following page) that documented all the related interests groups, individuals, and corporations, complete with a brief note of how they were involved. Some highlights include William Randolph Hearst, whose name until then had not appeared in connection with the plot once; the Crusaders, a group related to the American Liberty League with Warburg and John W. Davis connections that also had not been mentioned thus far; and Frank M. Belgrano, commander of the American Legion who is rather inexplicably placed in the “Morgan Controlled” column. The very intricacy of the chart seems to detract from its credibility. While simple solutions are by no means always the best, the clearly illustrated labyrinthine web of interests here indicates the tenuousness of the connections, rather like something a clinical paranoiac might draw to help him understand the web of forces out to get him. The article itself, as promised, describes Spivak’s theories of financial links between Wall Street, powerful political groups, and the Committee itself. First, it must be noted that the article is written with the assumption that the plot posed a real and present danger to the American public.
Spivak launches straight into his analysis of the “organic links” connecting fascist elements in the press, on Wall Street, in the military, and in government. He starts with Butler’s testimony, and moves out along the web of interests from there.
Grayson M.-P. Murphy, employer of MacGuire and director of a Morgan-held bank, had financed the formation of the American Legion. Morgan is thus linked to the American Legion, and both, through Murphy, are connected to the plot. No additional evidence is needed according to Spivak’s logic. Similarly, former Democratic presidential candidate, John W. Davis, whose name was suppressed from evidence, was Morgan’s chief attorney. Davis, in the suppressed testimony, was named as the author of the speech MacGuire and Doyle gave Butler regarding the gold standard. Morgan is again, therefore, linked to the plot. The fact that Davis was never questioned by the Committee, in turn, makes the Committee suspect. The fact that the Committee actually did run out of money, and that both McCormack and Dickstein mentioned a willingness to continue their work had funding been available is not mentioned.

The connection to the American Legion having been established through MacGuire’s employer Murphy, Spivak turns to the Legion’s leadership. California banker Frank N. Belgrano was the acting Commander of the Legion, and although his name was mentioned, the Committee never called him in to testify. Belgrano was associated with the San Francisco based investment company TransAmerica Company. TransAmerica was thus involved. One of the directors of the TransAmerica Company was Elisha Walker, partner in the New York investment corporation Kuhn-Loeb. Kuhn-Loeb was thus involved. TransAmerica was also involved in financial dealings with West Coast presslord William Randolph Hearst. Hearst is thus also linked to the plot.
A good portion of the wealth of San Francisco now somehow linked to the plot, Spivak turns to a different branch of his web. The Crusaders, he explains, were an anti-Prohibition group that found support on Wall Street for tax reasons. After Prohibition was lifted, Wall Street interests morphed the Crusaders into an anti-tax, anti-inflation group. Spivak was particularly aggrieved by their dirty politicking against socialist California gubernatorial candidate Upton Sinclair. The Crusaders, Spivak explained, were actively supported by John W. Davis of Morgan & Co. and James P. Warburg of Kuhn-Loeb Co. This, Spivak claims, showed “the tie-up of Morgan and Kuhn-Loeb interests when it comes to supporting a fascist body actively participating in anti-labor moves.” While it is possible that Spivak was right in calling Crusaders “fascist,” he doesn’t give any reason. It is simply assumed that the reader will understand that anyone who opposes Socialism, supports business, and is organized in that effort is a fascist.

The American Liberty League, the crux of Spivak’s conspiracy, was formed to fight for “respect for all persons and property as fundamental to every successful form of government” and for “the retention of the American traditions of government and individual liberty.” This group, like every other “fascist” organization he has ever known, based its legitimacy on “upholding the Constitution.” And given the prevalence of millionaires on its board, it would have been well suited to fund the coup. The League, mention of which was also suppressed in official testimony, included such men as John W. Davis, Robert Sterling Clark, the DuPont brothers behind the DuPont munitions firm, and others. Its leadership included Joseph M. Proskauer, who also served on the Executive Committee of the American Jewish
Committee, and Jouett Shouse, who married the daughter of a man on the AJC. The fascist American Liberty League is thus intimately linked to the American Jewish Committee. The obvious conflict of interest inherent in tying a fascist group with a Jewish group doesn’t seem to trouble Spivak.

The AJC now linked to the plot, Spivak throws in the statement that “leaders of the American Jewish Committee steered the work of the Dickstein Committee in its investigation and helped direct the anti-radical publicity.” He had not proved, or even discussed this prior to this point in the article. Again, it was as if the idea that powerful Jews controlled the bewildered little Jewish Congressman from New York was too obvious to require explanation.

Spivak’s next direction is back to California, after Hearst. After revealing some of the more horrific business practices Hearst had been engaged in, Spivak states that Hearst is financially tied to the Morgans, the duPonts, the TransAmerica Company, and, through TransAm executive Belgrano, the American Legion. A caption underneath a photo of Hearst explains that he is actually the “boss of the American Legion,” which seems a clear fabrication. Spivak continues, noting that Samuel Dickstein was commonly regarded as a “Hearst man” in Washington. Dickstein, Spivak explains, was commonly quoted in Hearst papers, particularly when he spoke “against the Reds.” Again, we must remember that Dickstein was a man with long standing socialist sympathies who was in fact working for the Soviet Government. That he was in any conscious manner tied to W.R. Hearst is highly unlikely. Spivak’s only evidence is that Dickstein was frequently quoted in Hearst papers, something the Congressman had no control over.
Returning to the Committee, Spivak explained that given the (as yet unproven) connection with the American Jewish Committee, they could be linked to a long list of fascist groups. The AJC cooperated with Kuhn-Loeb on opposing a boycott of German goods. Albert J. Lasker, member of the Executive Committee of the AJC was also on the committee of the Crusaders, which in turn received money from the American Liberty League. Joseph M. Proskaur, also on the Executive Committee of the AJC, was a friend of W.R. Hearst, and a director of the American Liberty League. And so on.

Spivak concludes the article by stating that the evidence he had presented proved that “the Congressional Committee was far more interested in guarding the fascist conspiracy of a small clique of Jewish and gentile bankers than in guarding the interests of the millions of Americans.” While Spivak’s piece can be read as an examination of all the connections linking wealthy individuals and organizations with seemingly disparate interests, he presses the point further. If a connection existed, he concluded, so, too, did willful involvement with the treasonous plot to overthrow a democratically elected president. According to the reliable evidence, the only person who could be said to have been definitely involved in the plot was MacGuire and to a lesser degree, Clark. But tracing interests out from the bond salesman, Spivak casts a web of guilt that extends to dozens of powerful names. While it is not impossible that all of these men may have secretly decided that the best way to protect their financial interests was to bribe a former Marine General to lead a coup against Roosevelt, Spivak does not back up his claims with anything resembling real evidence.178

It’s difficult to know what to make of Spivak’s two-part *New Masses* article. On the one hand, his persistent investigation led to the uncovering of an unedited transcript of the testimony. If authentic, this testimony offers several important clues about the plot’s backers, and strengthens the case against them. On the other hand, Spivak’s lack of journalistic standards, tenuous conclusions, and general lack of evidence and sources seriously dampen his credibility. While he was probably justified in denouncing the Committee’s failure to press the investigation, his failure to examine the decision to cut the Committee’s funding (preferring instead to create an elaborate schemata based largely on the notion of Fascist Jews running the government) raises questions about Spivak’s motives in addressing the Butler story. Despite the complexity of his story, it comes to the rather too neat conclusion that those Americans with money are up to no good, and those with the most money, namely J.P. Morgan and W.R. Hearst are at the bottom of it. Spivak was using Butler’s story to prove a point, and rather than taking the opportunity to use his skills as an investigatory journalist to illuminate the plot further than the cash-strapped committee was able to. Spivak’s wild conclusions make it far too easy to write the whole thing off as a fringe conspiracy theory.

Although Spivak’s role in the *New Masses* coverage of the General Butler’s allegations ended there, two more pieces would be published before the magazine, too, dropped the story. A few weeks after Spivak’s second piece, an anonymous article regarding the recently released public report of the McCormack-Dickstein Committee entitled simply “The Dickstein Report” appeared. The focus is very similar to Spivak’s. The article laments that in the report of a committee originally
tasked with investigating fascist movements, only six of twenty-four pages are
dedicated to Nazi activities while eleven concern Communism. This means, of
course, that “the government has taken the initial step in organizing terrorism upon a
nation-wide scale against Communists and the entire labor movement.” The victim
narrative so central to Spivak’s piece is thus retained. The article also makes a brief
attempt to explain why the committee ended when it did. “An honest investigation,” it
states, “would have led the Committee right up Wall Street to the House of Morgan
and to several other offices nearby.” Spivak’s conclusions have thus also been
retained. Given this obvious collusion between Wall Street and Washington to
aggressively attack Communism while subtly erecting a Fascist system, it continues,
Roosevelt himself is to blame for “a policy of terrorism to keep the people
subservient to his class. The Dickstein-McCormack report is proof of this.” While the
article is somewhat less shrill than Spivak’s, it seems designed to prove how unjustly
Communists are being treated rather than to honestly examine the report.

Opposite this article appears a truly ridiculous political cartoon, which appears
to have been drawn by a staff artist with no knowledge of the plot beyond the
headlines of the Spivak series. The full page illustration (reprinted on following page)
features an enormous swastika bearing Nazi with a Paul Bunyan sized ax in hand
marching toward the White House. He is walking over the mangled bodies of workers
carrying a sign reading “For the Right to Organize,” while a red carpet reading
“Dickstein Committee Report” is being unrolled for him. With no subtlety, the
cartoon declares that the Dickstein Committee was actively enabling the Fascist
juggernaut to march straight to the White House. Perhaps the cartoon could have done
with a touch of the complexity in Spivak’s graphic representation of the web of interests, for the blatancy and total lack of subtlety in the cartoon could easily have led readers to the false conclusion that the McCormack-Dickstein Committee knowingly and willingly supported Fascism in the United States. This is simply untrue. The cartoon, thus, is thus representative of the misleading and conspiratorial material published in *The New Masses* regarding General Butler’s allegation of a fascist plot on Washington and the Committee that investigated them.

*The New Masses* and John L. Spivak thus present a radically new picture of the would-be fascist plot. Rather than understanding the plot as a sort of parable or indicator of underlying forces which, if properly directed, might pose a serious threat, Spivak saw the matter differently. For him, the plot was real. American democracy was in jeopardy, and worse yet, a fascist government was within the grasp of the Wall Street plotters. Even the government was in on the plot, leaving the defense of democracy in the hands of two men: the general who refused and instead exposed the plot and the reporter who made sure the public knew about it. In weaving his rich moralistic tale, Spivak loses touch with the facts and in some instances, common sense. His narrative is rife with the classically
paranoid conspiracy theories endemic in American Communist literature of the time. He comes off as a raving cliché of a leftist intellectual, and despite the fascinating document he claims to have uncovered, it is nearly impossible to take his writing seriously.

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The second of the great muckrakers who took an interest in the story was one part John Spivak, one part Harold Ickes. George Seldes, writing somewhat later about the Butler story, shared both Spivak’s conspiratorial style (albeit somewhat less rash in his conclusions), and Ickes’s distain for the mainstream press. The narrative that he produced thus echoes Spivak in its brutal critique of corporate tie-ups, but with less Communist rhetoric, and a more specific focus on the role of the press in the cover up.

Seldes’s writing has been described as a combination of “energy, bitterness, and assurance.”179 His journalistic career began at the Pittsburgh Post where he worked until World War I. At that time, he took a position in Europe covering the war for the United Press. His stories were published in the Los Angeles Times, the Detroit Free Press, the Philadelphia Press, the St. Louis Globe-Democrat, and the Atlanta Constitution. After Versailles, he remained in Europe to cover the reconstruction effort for the Chicago Tribune. Seldes’s experience in Europe had a profound effect on his politics, and after watching right-wing forces gather strength across the continent, Seldes resigned from the Tribune to write anti-Fascist articles for several magazines, paying particular attention to how big business had consciously manipulated the press. In addition to numerous full length books, in 1949 Seldes began publishing In Fact, a four page weekly newspaper that aimed to print the controversial stories that the mainstream press failed or refused to print. In Fact was not a Communist paper, nor Seldes an admitted Communist, but the weekly did receive substantial funding from Bruce Milton of the American Communist Party.

The party eventually grew tired of Seldes’s unwillingness to take a more partisan
stance, and cut funding. Seldes’s personal popularity, however, drove In Fact’s
circulation to above 30,000 at its height.\textsuperscript{180}

In 1935, Seldes may have been aware of the story, but any mention of Butler,
MacGuire and the McCormack-Dickstein committee did not make its way into any of
his public writings, nor his 1935 text, Freedom of Speech. The book, which is full of
the same sort of press critique as Ickes’s 1939 House of Lords, would have been an
ideal place for Seldes to pick up the story, but, for whatever reason, he does not.\textsuperscript{181}

Five years later, in 1940, Seldes published a new book entitled Witch Hunt in which
he has clearly become aware of Spivak’s writing on the subject, and integrated
Spivak’s cover-up narrative into his own anti-Fascist crusade. The Butler story will
remain an integral part of his message for the next decade. But in Witch Hunt, a text
primarily about the tendency of institutions of power to discredit leftist groups and
individuals by calling them “red,” Seldes mentions the Wall Street plot as an example
of a fascist organization working “under the guise of saving the country from
Bolshevism.” After briefly outlining the McCormack-Dickstein committee’s public
statement, he launches into his real interest: the manner in which powerful persons
suppressed the story. The two most important things to be learned from the incident,
he explains, were that Time magazine, the New York Times, and all of the mainstream
press except the Philadelphia Record and the New York Post tried to kill the story by
labeling it “fantastic,” and that the McCormack-Dickstein committee suppressed the
testimony that concerned important persons and failed to call important figures, most

\textsuperscript{180} Edd Applegate, Journalist Advocates and Muckrakers (Jefferson, NC: McFarland & Co., 1997),
157.
notably Grayson M.-P. Murphy of the House of Morgan and the American Liberty League. But perhaps more interestingly, Seldes had gotten his hands on a transcript of a speech Butler gave in response to the unfair press he felt he was getting. In this “angry” speech, Seldes writes, Butler told listeners that “This was no piker set-up…. MacGuire, who was the agent of the Wall Street bankers and brokers who proposed this organization, told me that $3,000,000 was ‘on the line’ and that $300,000,000…. was in view.”

Seldes’s conclusions regarding the plot are not dissimilar to those of the New York Post; because General Butler came forward with the story, and because the New York Post and the Philadelphia Record had the good sense to publish it, any serious danger of a fascist takeover had been averted. But what the story did do was to reveal a sinister pattern of fascist power in the United States as in Europe. Wealthy institutions and individuals, Seldes explained, coupled with “a Hitler or a Mussolini – or an American general, if he would take the job” were prepared to usurp power from a democratic government in order to protect their own wealth. The strange marriage of interests is cloaked with “the threat of bolshevism,” against which “greed and corruption and violence could join and fight.”

Thus to Seldes, the popular suppression of both key names and the story in general reflect a broader pattern of powerful moneyed interests orchestrating a red scare to mask their selfish intentions and advance their agenda.

This narrative continues nearly unchanged in Seldes’s 1943 book Facts and Fascism. This book focused primarily on the fascist-like characteristics of some of

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183 Ibid, 53.
America’s most powerful corporations and the organizations their leaders belonged to and the parallels to European fascist movements. Of particular interest were the American Liberty League, the National Association of Manufacturers that made up most of the League’s membership, and the American Legion that they quietly controlled. After describing some of the more egregious anti-labor, anti-Semitic, warmongering, and publicly detrimental policies of these groups, Seldes draws upon a familiar example to illustrate his point of the fascist collusion between military and business interests. In 1934, he explained, “leading members of the Legion conspired with Wall Street brokers and other big business men to upset the government of the United States and establish a fascist regime.” He tells the story of the plot, in essentially the same language he used in 1940. The difference is that here, the story is woven not around the collusion between Wall Street and the press, but that between Wall Street and the American Legion. The Butler story, in other words, fit beautifully into Seldes’s master narrative of sinister backroom collaboration against the interests of the common man.184

The story appeared again in Seldes’s writing four years later, in his 1947 1000 Americans. This was by far his most detailed exploration of the plot. The title of the book is taken from a speech by liberal Republican Senator George D. Aiken of Vermont, who said that one thousand Americans were preventing national recovery programs that would benefit tens of millions of their fellow citizens. These thousand Americans, Aiken said, were “interested in property rights, rather than the general welfare.” The central premise of Seldes’s book, was that a small wealthy elite was controlling the direction of American public policy. No longer focused specifically on

184 George Seldes, Witch Hunt.
the press or fascism, Seldes was free to examine the Butler plot at length, and he integrated elements of his previous books into this more complete narrative. The first mention of the plot came out in an excoriation of the collusion between the press and big business. *Time* magazine, he explained, had long been in the pocket of Morgan & Co., and over the years had consistently spewed “propaganda, whitewash for the House of Morgan.” The magazine’s handling of the Butler conspiracy, he explains, illustrated the complicity of interests between the banking House of Morgan and the Luce Press, owner of *Time, Fortune, and Life*. Seldes explains with absolute certainty that “there had been a plot and that certain American Legion leaders and well-known men of Wall Street, one closely connected with the House of Morgan, had indeed planned the first American fascist dictatorship.” As soon as “the magic name” of Morgan was invoked, “the Luce publications mobilized in defense.” Seldes references *Time*’s article “Plot Without Plotters” specifically. This article, Seldes explains quite accurately, attempted to belittle the story by telling the public it was a joke, despite the public fact that the Committee believed Butler’s story nearly entirely. Seldes also mentions that the Committee was not without blame, having suppressed the name of John W. Davis (a Morgan man), the du Ponts, and the American Liberty League, but accusing the McCormack-Dickstein Committee was not his focus. *1000 Americans* included a second radio address from General Butler. While Butler could never get a fair chance to explain his story to the American public through the mainstream press, Seldes explained, he had a somewhat better chance of being heard over the radio. Seldes printed the following address, not found in any other published record:

Do you think it could be hard to buy the American Legion for un-American activities? You know, the average veteran thinks the Legion is a patriotic organization to perpetuate the memories of the last war, an organization to promote
peace, to take care of the wounded and to keep green the graves of those who gave their lives.

But is the American Legion that? No sir, not while it is controlled by the banker. For years the bankers, by buying big club houses for various posts, by financing its beginning, and otherwise, have tried to make a strikebreaking organization of the Legion. The groups – the so-called Royal Family of the Legion – which have picked its officers for years, aren’t interested in patriotism, in peace, in wounded veterans, in those who have their lives… No, they are interested only in using the veterans, through their officers.

Why, even now, the commander of the American Legion is a banker – a banker who must have known what MacGuire’s money was going to be used for. His name was mentioned in the testimony. Why didn’t they call Belgrano and ask him why he contributed?

Nothing resembling this statement from Butler (explicitly accusing the American Legion of selling the militia services of its veteran members to the highest bidder) appeared in any newspapers, so one could easily see Seldes’s point. While the possible involvement of the Congressional committee in covering the story up was not his key focus, Seldes did include the unedited testimony in his appendices. Spivak is not mentioned by name, but Seldes certainly got the testimony from Spivak’s article since even today, public records show the edited copy only. The picture that Seldes paints is one of a frighteningly powerful collection of interests and forces working toward a treacherous goal; one that illustrated perfectly how easy it would be for these thousand Americans to commit treason and get away with it.185

While Seldes is far more careful than Spivak in crafting his argument, and does not make the same tenuous accusations based on a loose notion of associative guilt, the same word echoes throughout his writing, if not on paper, at least in the minds of the reader: conspiracy. The story plays into grand narratives of evil corporations crushing the aspirations and hopes of the common man, here represented by the popular president, Franklin D. Roosevelt, for whom Seldes does not appear to

harbor as great a resentment as did Spivak. But as we will see, this dramatic narrative has had a decidedly mixed effect on the subsequent historical memory of the Butler affair. For once you say conspiracy, the term “conspiracy theory” is soon to follow, and at that point, any hope of a legitimate dialogue is essentially lost.

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Before we begin to examine the more recent historical constructions of the story, it will be helpful to understand the tradition of conspiracy theories in American political discourse. Richard Hofstadter, is of course, the first name that comes to mind when discussing such a subject. Hofstadter’s 1964 essay on the “Paranoid Style in American Politics” has become an extremely well known examination of endemic provincial fears in the American political milieu. The paranoid style, he writes, describes the qualities of “heated exaggeration, suspiciousness, and conspiratorial fantasy” he sees throughout American history. Differing somewhat from the clinical definition of paranoia, in which the patient sees the whole world directed against him personally, the political paranoiac Hofstadter focuses on finds monolithic evil forces “directed against a nation, a culture, a way of life,” such that he sees it not only in his own best interests, but that of millions, to fight these forces by any means possible. Exposing these anti-democratic forces, was often the first means of opposition.  

According to Hofstadter’s theory, rumors of a Fascist plot with connections to powerful Wall Street are ripe for paranoid interpretations. In both the United States

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and internationally, the “international capitalist” is a common bogey man in left-wing political paranoid narratives. The favored villains of the right-wing include the Jesuits, Freemasons, Jews, and Communists. Despite ideological differences, American political paranoid narratives share many basic elements. The central image, Hofstadter explains, is that of a “vast and sinister conspiracy, a gigantic and yet subtle machinery of influence set in motion to undermine and destroy a way of life.” While conspiracies do exist in history, the paranoiac sees them not as isolated events but as part of the motivating force in the course of history. History itself, for the paranoiac, is a conspiracy. He sees the world in “apocalyptic terms,” with the forces of evil acting in a teleologically determined struggle against the American way of life. The villain is easy to name, “he is a perfect model of malice, a kind of amoral superman: sinister, ubiquitous, powerful, cruel, sensual, luxury loving.” The sharp delineation between the villain and the defender of democracy/America creates a polarized battle in which victory must be absolute, and either good or evil must eventually triumph.  

The specific manner by which the more eloquent of the political paranoiacs make their discoveries known is also, according to Hofstadter, rather formulaic. The paranoid scholar begins with defensible assumptions and extensive research. He is meticulous, and creates a carefully ordered reality that he believes offers undeniable “proof” of the conspiracy he is working to expose. This reality is exceptionally coherent, and in fact, “the paranoid mentality is far more coherent than the real world.” The paranoid style, however, is distinguished by the “curious leap in

187 Ibid, 30-32.
imagination” that becomes necessary to paint a holistic picture of the vast web of intertwined interests.\textsuperscript{188}

Hofstadter’s description of the politically paranoid scholar fits Spivak fairly accurately. Spivak has constructed a version of Butler’s story in which the villains are perfectly evil self-interested beings. Using the congressional testimony as a starting place, he stretched the trail of interests back to the paramount capitalist, J.P. Morgan, therefore connecting the conspiracy to the base of capitalist interests. Spivak gathered important research and was certainly knowledgeable about the social and financial connections between various “fascist” groups. His flaw, however, was indeed the “leap” in imagination needed to create the trail from Gerald MacGuire to J.P. Morgan to the American Jewish Committee, back to the McCormack-Dickstein Committee itself. The resulting picture, while complex, relies on these ultimately nebulous assumptions to make sense. And George Seldes of course, shares many of the same defining characteristics. Like Spivak, his narrative rests on Manichean notions of capitalist treachery versus the common American. Between the two of them, we can see a near perfect illustration of Hofstadter’s political paranoiac in action, creating a massive conspiracy where in all likelihood, any real conspiracy would have been far less spectacular. Their joint narrative, however, is so neat and dramatic as to be extremely compelling. And for better or for worse, it is this narrative that has been best preserved in modern retellings of Major General Smedley Butler’s tale of the Wall Street putsch.

\textsuperscript{188} Ibid, 36.
Chapter 5 – Modern Historiography: Lacunae

“In that summer of 1934 it was not difficult to detect the acrid smell of incipient fascism in the corporate air. Smedley Butler’s large hawk nose was soon to detect more than a mere whiff of it.” – Jules Archer. The Plot to Seize the White House. New York: Hawthorn Books, 1973. 21.

In a story so seldom told as this one, those few tellers are in a unique position to shape the narrative. Without the give and take normally involved in the formulation of historical knowledge, a subject’s lone historian is largely unchecked by colleagues in the direction and content of his narrative, allowing for him to veer dramatically away from reasonable assumptions of truth and logic. Unfortunately, this has essentially become the case here. While several well regarded historians have published some material about General Smedley Butler and his allegations of a Wall Street coup, this usually appears briefly within broader studies that do not address the matter in detail. The only full length study of the plot comes from Jules Archer, a man who can only claim the title of “historian” in the loosest sense of the word. Given the particularly entertaining, accessible nature of Archer’s narrative, it has become the preeminent source on the matter, one that has spawned an untold number of conspiratorial, factually dubious tales that effectively delegitimate the whole story.

Jules Archer works outside the confines of academia, and his numerous publications show it. With no formal training as a historian, Archer wrote prolifically about everything from Susan B. Anthony to Mao Tse-Tung to American student activism in the 1960’s. He writes, for the most part, for a younger audience with the intention of dramatizing history so as to peak the interest of his youthful readers. But even in those texts not explicitly for young readers, Archer seems less bound by
careful attention to detail than to the value of a good story. His work, as a result, is extremely unprofessional, and ultimately unreliable.

In 1973, Archer published a book entitled *The Plot to Seize the White House*, a 273-page text detailing the plot as he understood it, General Butler’s personal history, the McCormack-Dickstein Committee’s response to the plot, and the resulting fallout. Unsurprisingly, given Archer’s lack of credibility as a serious historian, only one review of the text was ever published. James E. Sargent reviewed the book in 1974 for *The History Teacher*, and was extremely critical. Archer’s book, Sargent explains, is severely flawed for a number of reasons. The most fundamental problem is Archer’s consistent exaggeration of the “scope and implications” of the plot in his attempt to improve upon what could have been a defensible thesis. The cause of his failure here is that he relies on untenable assumptions of associative guilt (much as Spivak did), and does not prove that the plot went any further than MacGuire and Clark. A second problem, Sargent notes, is Archer’s style. While the author did extremely thorough research in some respects, gathering Butler family papers, transcripts of the hearings, and lengthy interviews with McCormack, his book is not footnoted and his research untraceable. His “journalistic” style also failed to properly contextualize the plot in the worldwide ideological mêlée of the 1930s. Perhaps because of this lack of perspective, Sargent suggests, Archer “sees conspiracy everywhere” and trusts Butler entirely instead of recognizing that the “politically unsophisticated Butler” may have failed to see the “complex trends and events” in which the plot was embedded. Archer’s greatest weakness, Sargent thus concludes, is
that he “swallowed his hero whole.” Sargent therefore states that he cannot recommend Archer’s book to anyone.\textsuperscript{189}

Sargent’s harsh critique is largely deserved. Yet, the specific nature of Archer’s narrative and its failures are worth examining. Interestingly, several flaws could be predicted, without reading past the dedication – The Plot to Seize the White House is dedicated “to reporters George Seldes and John L. Spivak for their courageous dedication to the truth, wherever it led.” He is using as his inspiration the writings of men who displayed only a mild commitment to journalistic standards of accuracy and sourcing. Spivak and Seldes both made Butler’s plot into a more terrifying, far-reaching threat than any objective evidence could possibly support. This penchant for unapologetic speculation is rampant in Archer’s book, and is easily its greatest shortcoming.

Speculation riddles Archer’s treatment of the story. His first chapter outlines Butler’s interactions with MacGuire and Clark as he slowly uncovers the sinister nature of their propositions. The material is clearly based on the McCormack-Dickstein hearing testimony. However, Archer includes information from the censored testimony allegedly uncovered by Spivak. He does not note that the evidence was unofficial and of dubious authenticity. For example, Archer writes that Clark revealed to Butler that the author of the speech he had been given was John W. Davis, 1924 Democratic presidential candidate, J.P. Morgan attorney, and soon to be Executive Committee member of the American Liberty League. Including this statement is misleading for several reasons. Nowhere does he note that the only

mention of John W. Davis came through hearsay evidence that a Congressional
Committee found impermissible. Also, mentioning the American Liberty League out
of context helps to set up one of Archer’s greatest feats of speculation – positing the
American Liberty League as the primary funding organization behind the plot.
Granted, there are significant indicators that there may be something to this
allegation. MacGuire’s statement that the organization behind him would reveal itself
as a new group working to “protect the Constitution” within a month, one month
before the New York Times ran an article about the formation of the American Liberty
League, is an intriguing (if not entirely compelling) bit of evidence. However,
mentioning the American Liberty League in this context sets up a murder-mystery
like dynamic, in which the villain is revealed early in the plot to allow the viewer to
work out the culprit along side the detective, perhaps realizing it before the hero. The
resulting narrative of Archer’s first chapter is simply too neat, and fails to address the
large gaps in the legitimate evidentiary record.

Equally problematic in this first chapter is Archer’s treatment of Butler
himself. While it is possible that Archer is relying on information he found in the
Butler family papers, all that appears in the text is a long string of observations and
opinions attributed to Butler that do not appear in any other known sources. The
reader has no way of knowing whether these interjections come from Butler or are
purely Archer’s inventions. As a result, Archer’s story reads more like a mystery
novel than a work of legitimate history, with all the caveats and nuances any decent
representation of historical truth must contain. Butler is reduced to a caricature of a
private eye hero. One of the more telling examples of this problem appears as Archer
recounts MacGuire and Doyle’s second visit to Butler during which they offer to pay for the General to travel to Chicago. At this point, Archer writes, Butler’s “instincts sharpened by two years’ of Public Safety for Philadelphia, warned him that there was something decidedly unsavory about the proposition.” After MacGuire and Doyle left, Archer writes that Butler did his homework about the gold standard, and “Butler began to understand that some wealthy Americans might be eager to use the American Legion as an instrument to pressure the Roosevelt Administration into restoring the gold standard. But who was behind MacGuire?” Nothing in the McCormack-Dickstein testimony, either the official document or Spivak’s version, indicates that Butler had formed such an developed opinion about the motives behind MacGuire’s propositions this early. Archer attributes more insight and crafty detective work to his hero than the public record reveals. And again, while evidence of this perspicacity might exist in the Butler family papers, without any footnotes, or even a note about where these papers can be found and consulted, there is no reason to trust Archer’s conclusions about Butler’s foresight.

Another major problem in Archer’s narrative is the issue of ultimate culpability. Out of Spivak’s long list of villains, Archer picks the American Liberty League as his special focus. There may have been something to claims of the League’s involvement. It had both the funds, the motivation, and the connections with MacGuire, Murphy and Clark, not to mention the suspicious timing of the announcement of their formation. But Archer’s assertions that the A.L.L. was the capital base of support for the Wall Street putsch are dramatically overblown and cannot be substantiated. Archer initially targets the A.L.L. with the allusion to John
W. Davis’s future membership; the accusations become less and less subtle from there. Somewhat later in his narrative, Archer notes MacGuire’s claim that the “superorganization” would be announced soon and that Al Smith would be one of its leaders. “Butler was first skeptical,” Archer writes, “but realized Smith had been an associate of the powerful Du Pont family.” Soon after, Archer notes, Butler discovered the announcement of the American Liberty League, sporting the same slogan of “maintaining the Constitution” that MacGuire said his organization would. Archer’s Butler did some research into the new organization and found that, “denouncing the New Deal, they attacked Roosevelt for ‘fomenting class hatred’ by using such terms as ‘unscrupulous money changers,’ ‘economic royalists,’ and ‘the privileged princes of these new economic dynasties.’” Again, it is not at all clear that Butler actually took the time to read through A.L.L. pamphlets from which these quotations are presumably taken, and it is questionable to what degree Butler really suspected the American Liberty League. But Archer claims that “it wasn’t until the A.L.L. appeared, just the way MacGuire said it would, that Butler began to see a coup as a real possibility.” In other words, Archer’s wily Butler character had discovered the missing link in the plot, at which point the whole thing came together to reveal a terrible threat to American democracy. For Archer and his Butler, the A.L.L. is the crux of the plot.

After making a great show about the exclusion of any mention of the American Liberty League from the published McCormack-Dickstein testimony, Archer recounts the trouble that both he and his predecessor Spivak had in gathering information from Representative McCormack about the rationale behind the
exclusion. When Spivak tried to question McCormack about the American Liberty League, Archer notes, McCormack accused him of relying on “gossip.” When Archer himself interviewed McCormack in 1971, he ran into similar trouble. Archer explains that the Congressman told him that he didn’t know anything about the American Liberty League “in a crisp manner that did not encourage [him] to pursue any further interrogation along that line.” To Archer, the very fact that McCormack so tersely skirted his questions about the A.L.L. indicated that there was something there. But this, coupled with the Davis connection and MacGuire’s prediction of the public announcement, is the only evidence Archer has. He does not dig into the organization’s financial records, or even their prolific publications for evidence. While it is unlikely that anything specifically incriminating would appear, very little scholarship exists on the subject and the investigation could have proved fruitful in other ways. In much the same manner as Spivak, Archer found in the American Liberty League a motivation and a loose connection, and thereby assumed guilt.

Interestingly, Archer does not do the same with the American Legion, an organization that is far more easily linked with Butler’s plot. This is particularly odd, given that Butler himself, according to Archer’s own research, was far more preoccupied with the American Legion than the American Liberty League. Archer quotes Butler’s 1935 radio broadcast, aired just after the release of the McCormack-Dickstein Committee’s final report, as saying that so long as the American Legion is “controlled by the bankers,” it would never serve its true stated purpose of promoting peace, caring for the wounded, and tending the graves of fallen soldiers. It would not be hard, Butler said, “to buy the American Legion for Un-American activities.” And
as Archer explains, Butler had long distrusted the American Legion. After the 1932 Bonus Army debacle, in which Butler took the side of the enlisted men against the state response led by Douglas MacArthur, Butler was extremely frustrated with the American Legion’s apparent lack of concern for the troubles of the common soldier. As a part of a Veterans of Foreign Wars tour in December of 1933, Butler told a group of veterans in New Orleans that he “would not sell out his men as the officers in charge of the American Legion have.” Butler’s relationship with the American Legion, in essence, was one of great distrust. He felt that the organization was driven more by the wills of its wealthy patrons than by the genuine needs of the veterans, and was therefore highly suspicious of its apparent connections with the Wall Street plot. It is thus very odd that Archer does not follow his hero to a similar conclusion, and chooses instead to focus on the American Liberty League. It is highly likely that Archer was influenced by Spivak’s schemata, in which the A.L.L. plays a much more significant role than the American Legion. While the Legion had significant financial support from noted Wall Street elites (not least from Grayson M.-P. Murphy), it was still well respected as a veterans’ organization. In crafting a narrative of moneyed interests plotting a hostile takeover, the American Liberty League was too perfect a villain for either Spivak or Archer to resist.

A final problem with Archer’s *Plot to Seize the White House* is his total lack of professionalism. While objectivity may be an impossible standard for any historian, Archer seems totally unconcerned with it. In addition to the frustrating lack of footnotes or any bibliographic notation to speak of, Archer is guilty of extreme dramatization of both the plot and his characters. Like Spivak and Seldes, he adopts a
Manichean narrative of an evil conspiracy against a humble defender of democracy and makes no attempt at nuance or subtlety. He routinely insults the physical appearance of MacGuire, often calling him “fat.” And occasionally, in his descriptions of Butler, Archer waxes poetic in describing his hero, and although he probably did not intend humor, the syrupy prose borders on hilarity. The following is the best example of this: “In that summer of 1934 it was not difficult to detect the acrid smell of incipient fascism in the corporate air. Smedley Butler’s large hawk nose was soon to detect more than a mere whiff of it.” Bad writing alone should not be taken as a fatal flaw in Archer’s book, but its blatant favoritism is indicative of a greater lack of commitment to objective analysis.

Thus, Archer’s narrative failed to satisfactorily address the complexity, nuance, and mystery still deeply embedded in the story. While he did a good deal of excellent primary research, his failure to include citations makes it impossible for the reader to separate which of his claims came from research and which were Archer’s speculative inventions. His dramatic style, uncritical adulation for Butler, and failure to adequately contextualize the plot make for a deeply problematic narrative. Unfortunately, because Archer is the only “historian” to have dedicated a significant amount of time and effort to the subject, his narrative remains the preeminent documentation of an event deserving of a far more careful touch.190

The most obvious example of Archer’s influence as a popular historian lies in a 1999 History Channel documentary bearing the title *The Plot to Overthrow FDR*, a

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title that must either consciously or subconsciously reference Archer’s *The Plot to Seize the Whitehouse*. The 50-minute program appeared as part of the History Channel’s “In Search of History” series, which frequently features conspiracy theories and stories of alien abductions and is fairly typical of the channel’s low budget documentary programs. Like so much of the History Channel’s programming, any commitment to scholarly objectivity and careful narrative construction is secondary to popular dramatic appeal. That Archer was called upon to play the role of the expert witness in the documentary is thus not surprising. Archer appears in a worn Hawaiian shirt, and essentially repeats the story he had told in 1973. While the program spends more time setting out contextual details than Archer, noting, for example, the role of the Bonus Army fiasco in raising awareness of the power of a dissatisfied group of trained soldiers, the general story line deviates little from Archer. It features interviews with better respected historians, most notably Ann Venzon, author of *General Smedley Darlington Butler: Letters of a Leatherneck* (1992), a collection of documents and short biography of Butler during his military career; Michael Bernstein, professor of 20th century American history at the University of California at San Diego; and Leo Ribuffo, professor of 20th century American history at Yale, Bucknell and George Washington University, whose work focuses on the rise of Conservativism. Interestingly, while all of these scholars contribute to the discussion of the historical context of the plot, and in Venzon’s case, Butler’s character, it is almost entirely Archer and the anonymous voice-over narrator who give the details of the plot. These two are the only ones to draw any conclusions; one cannot shake the feeling that the other scholars are merely side bars to what is
still Archer’s show. The only major departure in this narrative from Archer’s *Plot to Seize the White House* comes from Archer himself, who here admits that “we don’t know much about the people behind MacGuire, other than that they were involved with Morgan etcetera.” This is considerably more uncertainty than Archer expresses in his book. The program, however, does not shy away from the alleged American Liberty League connection, and while no new evidence is presented to implicate the group, they are the only moneyed organization mentioned in the documentary, leaving the viewer with the impression that they were the only possible source of the plot’s funding. In short, the History Channel’s *Plot to Overthrow FDR* brought Jules Archer and his dramatic narrative of Smedley Butler’s allegations of a fascist coup to the basic-cable-crowd, thereby reinforcing his eminence among popular chroniclers of the story.\(^{191}\)

Another instance of Archer’s influence, albeit a somewhat less blatant one, comes in a 2007 BBC radio program entitled “The White House Coup.” The 30-minute program dedicated entirely to the subject was part of the BBC’s *Document* series in which reporter Mike Thompson investigates “unanswered” historical questions using primary documents. In addition to Thompson’s own investigation of the McCormack-Dickstein testimony (which he makes out to be incredibly hard to obtain documents despite their widespread availability in college libraries across the country), several other historians and Jules Archer are featured. Generally speaking, the program straddles the fine line between conspiracy theory and careful suspension of judgment. The fact that the story is so poorly known is of great interest to

Thompson, and he is careful to note that while the plot “could have changed the course of American history, hardly anyone knows about it.” The question of whether the plot was “real” or a “paranoia” remains on the table. In the brief program, Thompson makes good use of his historian guests, with Georgetown University history professor Michael Casings outlining just what a bleak moment in U.S. history the plot was situated in, as “Brother, Can You Spare A Dime?” plays in the background. Casings provides the rather new idea that the business community hated FDR out of proportion to the damage his reforms actually did to their interests. Simultaneously, he says, some groups began to resent the New Deal for giving jobs to WASP and non-WASP alike, and the right wing saw a potential to exploit this sentiment in the formation of a proto-fascist militia. Many of the necessary ingredients for a fascist coup were certainly there, Casings says. In looking at the McCormack-Dickstein testimony, Thompson reaches the slightly shaky conclusion that “Butler’s testimony shows the plot was at an advanced stage.” Archer is brought in to affirm that McCormack completely trusted Butler’s testimony, referring to his 1971 interview with the Congressman. Thompson delves into the American Liberty League, noting its esteemed membership and making a puzzlingly vague connection between the American Liberty League, Nazi Germany, and Prescott Bush, grandfather George W. Bush. The reasonable conclusion from British historian Tony Badger is that the American Liberty League was most likely involved, but that the evidence simply does not exist to prove this conclusively. Somewhat less reasonable is the conclusion from John Buchanan, who is introduced as a “student of the American right-wing” but without any credentials. Buchanan reasons that the plotters
were never prosecuted because FDR struck a deal in which they would go free so long as they backed off their critique of the New Deal. Not wanting to face possible execution for treason, they had little choice but to agree with the President’s proposal. Thompson, whose program is based on the importance of primary documents, does not mention whether or not Buchanan has a single shred of evidence to support the idea of a deal. He ends his program with the chilling words of the then 91 year old Archer, “America would have joined Italy and Germany as a fascist nation.” The BBC’s “White House Coup” thus is a highly contradictory piece. While some of the contributing scholars add legitimate context to the story, others, like Buchanan, Archer, and Thompson himself remain more committed to telling a dramatic story than to careful examination of fact. Archer’s narrative, both blatantly, and more subtly as in the general exclusion of the American Legion as a suspect organization, appears to have been the guiding work behind Thompson’s investigation.  

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Luckily, other records of the plot do exist in more reputable texts. While none address the issue in detail, they offer a number of intelligent perspectives that can be useful in coming to the all important decision of how one should understand Butler’s story. One of the historians whom James Sargent recommends over Archer is an excellent example. George Wolfskill provides one of the most thorough discussions in his 1962 book largely focused on the history of the American Liberty League, *The Revolt of the Conservatives*. Wolfskill paints a nuanced picture of Butler, reminding

readers that while a highly decorated war hero, the General was well known for “keeping himself in hot water with his superiors.” Similarly, in a few brief pages, Wolfskill gives a rough contextual setting for the plot, noting that the depression of the 1930’s provided a fertile ground for “ideological treachery, messiahs, and demagogues of every stripe,” with threats from the right (most notably Huey Long and Father Charles Coughlin) actually outweighing those from the left. He also briefly notes some of the more colorful rightwing activities discussed in the earlier McCormack-Dickstein Committee hearings, particularly those of William Dudley Pelley and the Silver Shirts. 193

But the bulk of the chapter is dedicated to the “bizarre” story told by General Smedley Butler. Wolfskill outlines the story in reasonable detail, working fairly clearly from what appears to be the edited transcript of the Committee hearings. He is, however, careful to include frequent use of the words “presumably,” “claimed,” and “story” in his account. Wolfskill concludes that MacGuire and his immediate associates did appear to be involved in clandestine planning to somehow restore the gold standard and that there is good evidence to support this. He is far more skeptical of claims that the plot went much farther, and writes that any connections with the American Liberty League rest on the rather weak link that MacGuire worked for Grayson Murphy who at that time was the treasurer of the League. The connection to the Liberty League, he explains, was blown out of proportion by the exclusion of material relating to the League from the published testimony. The exclusion of this “immaterial and incompetent evidence” caused massive public furor about what may

have been omitted about the Liberty League, causing the group great embarrassment. Wolfskill goes on to note some of these omitted references to the Liberty League and its members became public knowledge regardless when Butler committed “a bold breach of ethics” by leaking the story to the *New York Post* before he appeared at the Committee hearing. Wolfskill clearly sympathizes with the committee’s decision to omit the names of “innocent parties,” although he points out that including their names in connection with the “flimsy” evidence put against them may have dispelled some of the public outcry against the suppression.

Ultimately, the conservative Wolfskill concludes that while verifiable fascist activities were widespread in 1930s America, the conspiratorial plot described by Butler involving “presumably sound, clearheaded businessmen” was simply too fantastic to believe in its entirety. Even the Committee, which believed that there was substance to most of Butler’s story, did not believe that the Liberty League or any of the more peripheral figures such as Al Smith and John W. Davis were involved. The plot, for Wolfskill, was thus an elaborate exaggeration of a small rumbling among MacGuire and his associates, nothing more.\(^{194}\)

Another text recommended by Sargent is Walter Goodman’s *The Committee* (1968). Interestingly, despite Sargent’s recommendation of the book over Archer’s, the 500-page history of the House Committee on Un-American Affairs contains no reference to Smedley Butler or his tale of a Wall Street coup. Goodman saw Dickstein’s nascent HUAC as a temporary blip on the radar, and saw his investigation of rightwing movements as a novelty when viewed against what he saw as the far more sober threat from leftwing groups. That Sargent would recommend this text as a

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\(^{194}\) Ibid, 94.
way to understand the threat of wealthy corporatist groups in the 1930s is curious indeed.  

The final text that Sargent recommends over Archer’s melodrama was written by a man with impeccable credentials, whose opinion generally carries weight on any question of American 20th century history. Arthur Schlesinger, Jr. dedicated a whopping two pages to the Butler plot specifically. But Schlesinger’s contribution to the historiography of the subject goes far deeper. The thesis of Schlesinger’s 1960 *The Politics of Upheaval* is that as the nation began to take its first faltering steps toward recovery in 1934, the magic of Roosevelt’s presidency began to wear off and demagogues and critics from both the left and right were emboldened to attack the Roosevelt administration. In short, Schlesinger contextualizes the Butler plot perfectly.  

Of particular focus in Schlesinger’s text is the relationship between the business community and FDR. As of 1933, he points out, the administration had done much to dismantle long standing traditions of pure free market capitalism and the inherent abuses therein. Minimum wages, maximum hours, end of child labor, federally protected collective bargaining, unemployment relief, old age security, federal works projects, and so on all were introduced or strengthened early on in the Roosevelt administration. For the first few years of FDR’s presidency, the business community went along with the reforms to a certain degree, recognizing that in those desperate times all must make some sacrifices. But as the years went by, and the American system seemed less in danger of imminent collapse, the New Deal reforms


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began to falter both in practice and in courts, and Wall Street interests became increasingly frustrated. By 1934, Schlesinger explains, this frustration manifested itself in the formation of the American Liberty League which led the movement for several years. It was not until this surge in rightwing activism that leftist groups became more vocal in their critiques of the New Deal.

After describing the great demagogues of the right – Huey Long, and Father Charles Coughlin – Schlesinger gets to the issue at hand; the not inconceivable notion of a fascist America. “For a moment in 1935,” he writes, “intelligent observers could almost believe that the traditional structure of American politics was on the verge of dissolution.” With millions turning to the Coughlin, Long, Francis Townsend, and their lesser known counterparts on both sides of the ideological divide, the old parties no longer seemed adequate. For the most part, the followers of the demagogues were lower-middle class people, who arguably took the hardest hit in both their lifestyle and confidence. It was not a far leap for many of these Americans to embrace fascism. They saw the groundswell of support for leaders like Huey Long as a potential basis for a movement like those occurring in Germany and Italy, Schlesinger explains. Mussolini in particular had a wide following in the United States among both intellectuals and common citizens of the rightwing. Schlesinger goes on to mention the Nazi-like manifestation of these energies into organizations like the Silver Shirts, the Khaki Shirts, the Black Shirts.197

But these lower middle class quasi-fascist movements were not alone, Schlesinger writes, as he finally comes to our subject. Smedley D. Butler, he explains, told the most

197 Ibid, 69.
“spectacular” story of fascist rumblings among the moneyed castes, and whether fact or fiction, his tale “registered a marginal mood of the times.” Schlesinger gets right to the point: “in 1933, Butler told a House committee, a New York bond salesman named Gerald C. MacGuire offered him $18,000 in one-thousand-dollar bills to defend the gold standard at the American Legion convention. Butler refused.” He offers little detail, other than to note that at the time, no one really knew what to do with Butler’s story, and it was laughed at, ridiculed, and generally agreed to be of no consequence. But, Schlesinger is not entirely ready to write it off. In addition to the Committee’s affirmations, he notes, James E. Van Zandt of the Veterans of Foreign Wars, came forward with information that he, too, had been contacted by “agents of Wall Street” to lead a putsch. Schlesinger thus concludes, much as Wolfskill would do a few years later, that MacGuire did have some “wild scheme in mind, though the gap between contemplation and execution was considerable and it can hardly be supposed that the republic was in much danger.”

Perhaps it was because of Schlesinger’s pronouncement of Butler’s story as an interesting but inconsequential parable of greater trends that so few historians have bothered to deal with the issue. Of the major biographies of Franklin D. Roosevelt, none that I have come across beside Schlesinger’s mention Butler and his tale of the powerful men who may have plotted to unseat the President. All of the better ones discuss the increasing threat from the right, both from the lower-middle class and the upper echelons of American society. A few mention the McCormack-Dickstein Committee in regards to William Dudley Pelley’s Black Shirts, and many mention the formation of the American Liberty League as an organization aimed at enacting the

198 Ibid, 83.
agenda of wealthy Americans in the face of a president who was generally more concerned with the plight of the less fortunate. But for the most part, Schlesinger’s excellent standing and pedigree within the American historical community prompted the acceptance his statement that the Butler plot was no more than a parable of more imminent political threats.

One of the better recent analyses of the plot comes from Clayton Cramer, a Northern California software engineer whose 1995 article in History Today provides a solid depiction of the plot and some of the historical myth-making since. Cramer’s framework and reason for writing is that the United States, despite what it may have come to believe, is not invulnerable to dramatic political upheaval, even a coup d’etat. The story of Smedley Butler, he writes, is a “curious footnote to American history” that suggests that a planned coup could have driven the nation into civil war had it not been for the General’s honesty. Butler is posited as a hero; perhaps a flawed and overly outspoken hero, but in this instance it was his best trait. After describing Butler as an anti-capitalist pacifist Quaker, Cramer explains how his popularity with the enlisted men and his reputation for a less than brilliant mind made him the ideal candidate for a group looking to build a veteran’s army. He doesn’t mention the Bonus March, and this lack of contextualization is unfortunate. Cramer’s depiction of the plot itself is extremely reasonable. He retells the story, referencing the McCormack-Dickstein hearing and not Archer’s words, and is careful to note the questions that remain in Butler’s story; “what remains unclear is whether the names MacGuire dropped (other than Robert Sterling Clark) were really involved, or whether MacGuire was a con man.” In regard to the role of the American Liberty
League, Cramer describes the American Liberty League at their worst as corporate lobbyists looking to protect their fortunes by any means necessary who were perceived by many in the Roosevelt administration as a serious political threat. He notes that Butler claimed that some of the Leagues top officials were involved, but does not take a stand on the veracity of Butler’s claims. Cramer doesn’t flesh out the reasons for the swift and unsatisfying end to the investigation, other than to mention that the Committee lost its authority to call witnesses, and that the only witness who could have been any help, Gerald MacGuire, died of pneumonia before anything could have been concluded (a death, he notes, that no one should have any reason to be suspicious about.) Cramer mentions that the press response was decidedly mixed, noting the ridicule dished out by Time magazine on one hand, and the legitimate questions raised by Spivak on the other hand, although the latter’s credibility was tempered by the writer’s “paranoid ravings.” The reason for the general apathy displayed by the rest of the press, he writes, can be explained best by Harold Ickes who noted on many occasions the collusion between the press and the business community, and once wrote specifically of the New York Times’ favorable attitude toward the American Liberty League. Then, however, Cramer begins with a few speculations that detract somewhat from his article. One possible reason that the plotters were never prosecuted, he theorizes, was that Butler made up the whole story, either independently or at the manipulation of the Roosevelt administration, in order to drive a wedge between Roosevelt and conservatives so as to ingratiate him with the equally hostile left. If the story of the plot was beneficial to the administration, whether or not they themselves orchestrated the story, Cramer speculates, they would
not prosecute those involved. The difference between this far fetched but not entirely implausible story and those of Spivak and Archer is that Cramer is clear that he is discussing possibilities only. His analysis of why the plot remains so poorly known today, while admittedly merely one possible idea, is quite interesting. The faith of the American people in market capitalism and individualism had been deeply shaken in the turmoil of the years preceding the alleged plot. Publicizing the plot, Cramer writes, would have forced Americans to consider “unpleasant questions” about the ability of either Democrats of Republicans to adequately deal with their problems. Better for them to go on believing that America was immune to a coup. Cramer concludes, referencing Sinclair Lewis, “we were not immune to the sentiments that gave rise to totalitarian governments throughout the world in the 1930s. We make a serious mistake when we assume, ‘It can't happen here!’” Cramer’s piece, in its ability to situate the Butler story in its political context and to make reasonable and clearly acknowledged speculation, stands out among the historiography of the so often poorly explored subject.199

There have been a few more mentions of the Wall Street putsch within the realm of serious historical scholarship. One can be found in Philip Jenkins’s 1997 book, *Hoods and Shirts*, which focuses on the extreme right in his home state of Pennsylvania between 1925 and 1950. Jenkins is clearly aware of the Butler story, and notes that there is generally a serious “lacunae” in the scholarship of Depression era fascist movements in the United States. This, he explains, was due to the rather

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spotty reporting and investigation into the movements at the time. While German
connected Nazi groups and the resurgent Ku Klux Klan were acceptable targets of
ridicule in the mainstream press, others, like the violently anti-Semitic Father
Coughlin and other Catholic anti-Semitic groups like the Christian Front escaped
critique. The Italian Fascist movement in the United States, too, may have escaped
scrutiny in the McCormack-Dickstein Committee due to Dickstein’s connections with
Italian political machines in his hometown of New York City. The one newspaper
that broke the general taboo against reporting on the activities of the radical right,
Jenkins writes, was the *Philadelphia Record*, the same paper that broke the Butler
story. J. David Stern was a New Dealer to the core, and a leading Democratic party
official in the Philadelphia political scene. Stern’s was frequently the only paper in
the region to publish controversial stories of labor rights violations, corporate excess,
Republican wrong doings, and is thus a valuable resource in gaining a more complete
understanding of the extent of right wing extremism in the period. Jenkins mentions
specifically that Stern’s papers were the “only media outlets to give serious and
sympathetic attention to Smedley Butler’s claims about the alleged coup d’état
plotted by domestic corporate interests. Jenkins, however, is very measured in his
approach. He is careful with the word “fascist” and does not apply it without
consideration, and is on the whole quite objective in his examination of some of the
more malicious organizations he found surprisingly rampant in Pennsylvania. Perhaps
because of this tendency, or perhaps because his focus is more on the blue collar
“fascist” movements, Jenkins does not mention the Butler plot again. Jenkins’s thus
avoids taking a stand on the validity of Butler’s accusations, but uses his story as an
example of the suppression of information relating to illegal rightwing activities in the media.\textsuperscript{200}

William Pencak, whom Jenkins mentions in his acknowledgements, offers a similar anecdotal reference to the plot. Pencak wrote one of the only full length texts on the American Legion entitled \textit{For God & Country} in 1989. Looking broadly at the Legion’s extreme notion of “Americanism,” Pencak provides a fairly conservative account of the rise, politics, and controversies over the Legion. One plot Pencak is quite certain the Legion was not involved in was that described by General Smedley Butler. He describes the plot in two sentences, and states that a plot to use the Legion to seize the government for the interests of the Morgans, Du Ponts, Rockefellers, and the American Liberty League is “highly implausible.” While Butler may have indeed met with MacGuire and Murphy, Pencak writes, neither men were powerful figures in the League at the time. Furthermore, then Legion commander Louis Johnson was a close friend of President Roosevelt, and would have been unlikely to go along with the plot. Pencak seems here to forget that a major part of MacGuire’s proposal was to unseat the Legion’s current leadership. Pencak goes on to say, falsely, that Butler’s charges were widely publicized and investigated. No mention is made of McCormack or Dickstein’s positive affirmations. This brief account is thus not only quick to dismiss the plot, but is factually misleading in both its omissions and its assertion that the story was played up in the press. It should be noted that Pencak severely downplays the role of wealthy patrons in directing the political agenda of the Legion, and instead fixates on the ideological “Americanism” of the lower ranking members.

Grayson M.-P. Murphy, who helped finance the formation of American Legion with $125,000, is mentioned only to say that he did not have power. Given his unwillingness to critique the Legion and his general conservativism, Pencak’s opinion of the Butler matter should not be surprising.201

The only other mention of the Wall Street putsch I could find in a printed text was in Charles Higham’s Trading With The Enemy: An Expose of the Nazi American Money Plot, 1933-1949. Higham, however, must be taken with a grain of salt. This book is Higham’s first attempt at political non-fiction; most of his previous book’s focus on the lives of early Hollywood stars. He has been accused of libelous fabrications in his excoriating exposé of Errol Flynn. Given this background, one might expect a tone more like Archer’s than that of a more discerning historian, and Higham’s unfootnoted book does not disappoint. Like Archer, he dedicates the book to George Seldes. The premise of the book is that nefarious elements of the financial “Establishment” secretly maintained financial relationships with enemy nations during WWII and before. Bankers, Standard Oil, American railroad interests in Mexico, American auto manufacturers, are, among others, the subject of Higham’s admittedly well researched but still speculative and overly accusatory text. In discussing the relationship between Nazi Germany’s I.G. Farben industrial plants and the Du Pont family, he comes to the Du Pons’ role in the American Liberty League, which he describes as both anti-Semitic and anti-black. Du Pont, along with colleagues associated with Morgan & Co. and General Motors, Higham writes, “financed a coup d’état that would overthrow the President with the aid of a $3

million-funded army of terrorists, modeled on the fascist movement in Paris known as the Croix de Feu.” General Smedley Butler, a “brave hero” was to lead the plan, which Higham falsely says found great support among powerful Nazi businessmen in Germany. Higham then explains that Gerald MacGuire, a “smooth attorney” delivered the “fascist” plan to turn Butler into an American Hitler. Never mind that MacGuire was neither an attorney, or according to the testimony, at all smooth. The misrepresentations get worse; Higham writes that Butler had conversations with President Roosevelt, who was caught between dealing with the powerful young American Nazi movement and creating a deeper crisis by agitating the leaders of the houses of Morgan and Du Pont. As a result, Roosevelt told Butler to leak the story to the press and let them deal with it. The press, of course, ridiculed the story, so Roosevelt was forced to set up a special House Committee to investigate the plot. These hearings, Higham explains, were a farce and MacGuire was allowed to tell rampant lies. Not until four years later did the committee publish a report verifying Butler’s statements, he writes. There are a number of obvious factual inaccuracies in Higham’s two-page narrative. MacGuire was not a lawyer. Butler never went to Roosevelt. Dickstein created the committee, not Roosevelt. The Committee published its report within months of completion, not years. Higham’s narrative must be taken as a more recent example of the agenda-driven exposés of Spivak and Seldes, only here without the dedication to original research. In itself, it is not useful source of information relating to the fact, but rather an interesting incidence of distortion of this often distorted story.202

The style of factually dubious narrative that is too quick to assign blame to both tangentially related businessmen and the Committee members, unfortunately, is rampant in the large genre of web-based conspiracy theories that have erupted in the past several years. There are several possible causes for the recent surge in interest. The first is the History Channel program. It is unclear how long the program ran, but the video has had a decent sales record on Amazon.com suggesting that the Archer-heavy documentary had a sizable audience. Those amateur historians who tend to trust the History Channel as a legitimate source of information might go running to their computers to learn more and spread the word, thus feeding into the proliferation of blog entries and html files that bear a striking resemblance to the History Channel documentary.

Another potential source of the increasing current interest in the story is a 2003 documentary, *The Corporation*. The film was fairly well known, attracting attention from liberal political actions groups like MoveOn.org, which organized screenings before the documentary became widely available in video stores and from online retailers. A friend was handed a bootlegged copy on the streets of Berkeley, California by a complete stranger who insisted that the film would “change her life.” The documentary traces the history of the corporation as a capital institution and its role in American politics. Near the end, as part of a brief history of the tendency toward despotic political alliances by many American corporations, the film notes
that after years of serving as what he called a “gangster for capitalism” in the U.S. Marines, General Smedley D. Butler was approached for another task. The corporate elite of the 1930s conspired to involve Butler in a “treasonous plan,” the film states. A congressional committee found that there was some truth to Butler’s allegations, and according to Butler, J.P. Morgan, DuPont, and Goodyear tires were involved. However, the narrator cuts in, a coup is no longer needed, since corporations effectively control the U.S. government now. The film is polemical, to be sure, but its presentation of the Butler story in a concise two minutes is factually accurate, and gives just enough information for the devoted viewer to desire more. I was such a viewer, and it was through this means that I became aware of the story several years ago. While the continuation of my interest in the story has led me to the project you are now nearly finished reading, others, again, took to the internet.  

Yet another possible explanation for the spike in popular interest in the story, albeit more remote, is novelist Philip Roth’s massive bestseller, *The Plot Against America* (2004). The superbly written story postulates an America in which Franklin D. Roosevelt has lost the 1936 election to Charles Lindbergh, a proto-fascist who quickly drives the country to the right, with anti-Jewish pogroms and a close alliance with Nazi Germany. The novel is extremely well researched, and Roth’s book is filled with references to Huey Long, Harold Ickes, and the right-wing militia groups. Using historically accurate information, Roth paints a picture of Depression Era America in which the ascension of a fascist to the White House is wholly believable. It is this quality of his book that causes me to suspect that some readers might be driven to look into the actual status of fascism and fascist organizations in the United States at

the time. Before long, they might stumble upon Archer, and another conspiracy theorist is born.204

It would be impossible to detail all of the sources and locations of the web-based conspiracy theories regarding the subject – a simple Google search of “Smedley Butler AND Wall Street Plot” could illustrate that. I shall outline some of the more fantastic, the more common, and the more easily accessible.

In 2008, the first place nearly anyone with a casual interest in learning more about the possible fascist coup on FDR might turn would be Wikipedia. The user-editable online encyclopedia is an ideal site of contention over the truth of the Butler conspiracy. While users may edit or change articles at will to add more information to the ever growing database, the site’s standards of information are somewhat problematic. The “Business Plot” entry is listed as a “controversial” page, and in reading the entry, one can easily see why. The page has clearly been edited by multiple users with multiple viewpoints and agendas. Some emphasize Spivak’s heroic muckraking, some emphasize the confirmations of the McCormack-Dickstein Committee hearings, some emphasize the general historical consensus that the plot was overblown nonsense. To its credit, the page offers links to a digitized version of the McCormack-Dickstein committee report, which I found to be identical to the printed volumes I used. Thus, this document, which is the closest to objective truth we can get in this tale, is available to all who care to click the links. On the “discussion” page of the “Business Plot” entry, however, we find an interesting debate. At issue was whether or not to include the reference to the BBC documentary’s mention of Prescott Bush, grandfather of the sitting U.S. president, as

one of the conspirators. The BBC documentary, some say, is misleading in mentioning Bush without explicitly connecting him with the plot, therefore implicating him through association. Others say, far less convincingly, that since the BBC program was about the plot, they wouldn’t have mentioned Bush if he wasn’t involved. Still others argue that the whole article should be removed from Wikipedia, as it is not based in fact so much as it is a conspiracy theory invented by Jules Archer. The main article, in itself isn’t dramatically inaccurate, but is misleading in its discussion of Prescott Bush, incomplete in its contextualization, and uncritical of Spivak and Archer. But given Wikipedia’s extremely high profile as a source of public knowledge, it certainly plays a role in the construction of the modern discourse of the subject.205

One of the more widely referenced conspiracy theory websites relating to the subject (a parent site of sorts that is often cited by others) comes from the Coalition to Oppose the Arms Trade (COAT). COAT publishes a monthly magazine called Press for Conversion that has been digitized and elaborated on their website. In July of 2004, Press for Conversion editor Richard Sanders wrote a inflammatory piece about the Butler plot in an effort to expose the legacy of American corporate power. The article is matter-of-fact, and states simply that Butler was approached by a “clique of multi-millionaire industrialists and bankers.” Sanders does not raise any doubts about the strength of the evidence linking MacGuire (who he does not mention by name) and his principals. The “MacCormack-Dickstein Committee” [sic] he explains, did not properly investigate the matter and the only sympathetic ears Butler found were in

Paul Comly French, Spivak, and Seldes. Although the plotters did not succeed in deposing FDR, thanks to Butler’s heroic whistleblowing, Sanders argues, these “powerful fascists” continued to attempt to derail the President’s New Deal reforms. For Sanders, the relevance of this story to contemporary Americans lies in the continued influence of the same corporations that were “involved” over both domestic and global politics. A fascist coup was not necessary; they are in control of the White House 70 years later regardless. Sanders goes on to note that George W. Bush’s grandfather, Prescott Bush, and great-grandfather, George Herbert Walker, were members of the right-wing corporate elite of Wall Street. Prescott Bush in particular, he notes, “profited by helping to coordinate the American financing behind Hitler’s rise to power,” and during the war, profiting from companies that manufactured Germany weaponry and “used slave labour in at Auschwitz.” The online article contains links to background information, including a history of the Bonus Army, FDR’s 1932 inaugural address in which he berates the “unscrupulous money changers,” a history of the American Liberty League and its financiers, and an excerpt from George Seldes’s Facts and Fascism about the failure of the media to deal with the threat of fascism in the United States. He also includes a link to a selection from John Spivak’s 1967 autobiography, A Man in His Time. The selection relating to the Butler plot is taken almost verbatim from the New Masses article. Its inclusion here, however, is an important addition to the availability of Spivak’s writing, as the New Masses has not yet been digitized and is available largely only on microfilm. Perhaps most interestingly, the website includes a request to readers that they post a link to the site on their own websites and blogs. It has a linked banner
with General Butler’s picture, reading “He exposed a fascist plot to seize the White House – Some of the world’s wealthiest corporate leaders backed the plot – Click here to learn more, http://coat.ncf.ca/fascistplot/.” The website can thus be read as straddling the fine line between a modern day muckraking exercise and a conspiracy theory. None of the information on the site is blatantly wrong, but a great deal of it is misleading. The tentativeness of the links connecting the corporate backers Sanders is so eager to blame is not explored – they are presumed guilty by the evilness of their wealth and their titles. The connection with the Bush family is equally misleading. While Sanders does not explicitly link Prescott Bush or George Herbert Walker with the Butler plot, their inclusion at the end of the piece gives the impression that they might as well have been involved. The commitment to objective truth seeking and factual accuracy that most historians at least aim for is simply not there. This article is highly representative of the popular constructions of the Butler story pioneered by Archer, and now proliferating wildly on the internet. 206

Other references to the plot pop up in a variety of places. One lengthy post on an unofficial Republican Party message board website outlines how “Prescott Bush plotted to overthrow FDR and implement fascism.” The author, “Freeman420” references the BBC program and appears to have accepted the misleading link between Prescott Bush and the plot completely uncritically. The post is signed, “Support Ron Paul!!!!” 207 A far more detailed version of the story can be found on a


website related to the investigation of John F. Kennedy assassination conspiracy theories. The treatment of the story is fairly objective and relies almost exclusively on the McCormack-Dickstein committee hearings and not any of the later “scholarship” on the matter. But its context as a sort of footnote in the grand web of conspiracies relating to the JFK assassination – probably the most popular subject for 20th century American conspiracy theorists – reduces the Butler story to a similarly conspiratorial status. Similarly, a discussion forum of 9/11 conspiracy theories prompted one poster to point out to those who felt theories that the terrorist act was committed by American corporate elite, “Before you scream denial, check out General Smedley Butler.” He gives a four sentence synopsis of the plot, with the implication that the Butler story was factual evidence of bad rich people planning bad things in the past, such that we must not assume all modern stories are conspiratorial nonsense. The equation of the would-be 1934 coup and the tragedy of September 11 is fairly ridiculous to most, but for some, both hold a similar appeal of creating meta-narratives of capitalist evil-doers working against the interests and safety of the common man.

And of course, the greatest conspiracy theorists of all, those in the LaRouche movement, have made their contribution to web-based discussion of the subject. In an online magazine entitled *Executive Intelligence Review*, L. Wolfe details the story of how a “cabal of wealthy financial plutocrats” intended to stage a coup against FDR in

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1934, and to “use the anarchy and chaos produced by the coup, to eliminate for all time the threat to their power represented by the U.S. Presidency and U.S. Constitution.” Wolfe goes on to write that Lyndon LaRouche, perennial presidential candidate and leader of what many critics call a political cult, warns that “today, we are faced with the same intention by the heirs of that cabal of fascist bankers.” The article itself contains many of the same conclusions as Spivak’s piece, but here they are presented not as fantastic revelations but as cold fact. Kuhn and Loeb, the Crusaders, the American Liberty League, DuPont, Hearst, and most of all, J.P. Morgan, according to Wolfe, were surely involved. The narrative is powerfully constructed, with a detailed contextual background outlining the development of tensions between FDR and the corporate community. Only loaded terms like “Wall Street flunky” and “international Synarchy” might tip off a careful reader that a strong bias is embedded in the article. As is often the case in LaRouche literature, however, the narrative becomes more and more laden with misrepresentations as it goes on. By the time Wolfe reaches the American Legion, some dozen pages in, he is calmly referring to the American Legion as a “Fascist” organization. The story of the “Synarchist Conspiracy,” as Wolfe calls it, is pure conspiracy theory, with an malicious network of powerful individuals quietly pulling strings to orchestrate a massive public upheaval in their interests. Spivak is noted briefly and clearly was an inspiration for the piece, but the fairly reasonable discussion of political context at the beginning of the piece makes the LaRouche movement’s piece seem almost more believable that Spivak’s.\(^{210}\)

This is only a small sampling of the kinds of web-based conspiracy theories centered on or around the story of the Wall Street coup. The story lends itself easily to such speculations; the official investigation leaves major questions unanswered, the list of potential suspects includes very big names, and the conflict is easily reduced into liberals and conservatives fighting for good and evil, respectively. It is thus unsurprising, given the obvious appeal of the story that links would appear on JFK and 9/11 conspiracy websites. Deciding what to do with these conspiracies, however, is somewhat harder. Their proliferation, on top of an already weak historiographical platform, has rendered General Smedley D. Butler’s tale a spurious historical oddity. However, in a largely forgotten story, these unscholarly references do serve their purpose; they might peak the interest of those historians with a mind to provide a more objective version of the tale that, among some, has evoked so much vitriol and intrigue.
Conclusion: Could It Have Happened Here?

Sadly, we are left with a great many unanswered, perhaps unanswerable questions. Why was there no official response from the FDR administration? Why was the Justice Department not involved, or how did it justify not acting? Was there anything to allegations of the McCormack-Dickstein Committee’s involvement in the cover up? And of course, how far up did the plot really go? How ones answers this final, fundamental question says more about one’s personal politics and proclivity to conspiracy than anything else. It seems clear that Gerald MacGuire and Robert Sterling Clark were engaged in planning something that can only be defined as treason. But the evidence simply does not exist to either confirm or deny the more baseless allegations from Spivak, Seldes and their followers that the plot went all the way up to J.P. Morgan by means of Grayson M.-P. Murphy, through the American Liberty League, William Randolph Hearst and so on. And yet, given the extraordinary pull some of these individuals had in both the mainstream press and in the government, it is entirely possible that some of the nation’s top industrialists and bankers were involved in a plot to overthrow President Franklin D. Roosevelt and replace him with a puppet dictator. They would have had the means to make this evidence disappear, to bring the investigation to a halt, to control public opinion through a sympathetic press, and even to silence Gerald MacGuire before he revealed too much. However, having the means to cover their trail cannot be taken as evidence of their guilt. Those historians and conspiracy theorists who have taken the motives and capability of these men as unqualified proof have committed an irresponsible act of ideologically motivated narrative construction to support their theses or beliefs
about the evil of corporations and capitalists. However, looking at the story of plot and the response it evoked holistically, it is possible to prove an even more important thesis. What the Wall Street Plot story so beautifully illustrates is how close to revolution the United States may have been in the year 1934. That reasonable men like Representatives McCormack and Dickstein could believed Butler’s tale is testament to this. And of course, the startling possibility that the plot did go as deep as has been suggested reminds us how delicate democracy seems when faced with the enormous power of money. The story, in this light, can be read as a startling first chapter of an alternate version of Sinclair Lewis’s *It Can’t Happen Here*. Smedley Butler and his bold condemnation of corporate impetus in waging foreign wars, too, serves as a reminder of how little has changed in the relationship between powerful interest groups and Washington’s foreign policy, especially in this fifth year of American presence in Iraq. Neither Butler nor his tale deserve to be forgotten, and it is my hope that some truthful version of his story shall someday become part of a legitimate, mainstream historical dialogue, perhaps as a parable of the profoundly tumultuous decade that so easily could have sent the United States down a radically different path.
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