

UNIVERSITY OF WISCONSIN- EAU CLAIRE

WALL STREET'S SEARCH FOR A MAN ON A WHITE HORSE: THE PLOT TO
OVERTHROW FRANKLIN DELANO ROOSEVELT

FOR PRESENTATION TO
HISTORY 489

BY
KATIE L. DELACENSERIE

PROFESSOR JAMES W. OBERLY

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ABSTRACT

In 1934, while the country was in the midst of the Great Depression, President Franklin Delano Roosevelt offered Americans a New Deal and new opportunities for economic recovery. However, many in the Wall Street and business communities believed that the country was on a dangerous path towards communism and sought to overthrow the president. This fascist plot to overthrow the 32nd President of the United States is expressed by the man who was approached to lead the coup, retired Marine Corps General Smedley Darlington Butler and the Congressional Committee he exposed the plot to. By examining conditions that existed at the time, this chapter in history reminds us that America, while looking for threats from abroad, was vulnerable from within.

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For America, if eligible to downfall and ruin, is eligible within herself, not without.

-Walt Whitman
Democratic Vistas

Reader Note: The portions of testimony that are italicized were censored from the official public record of the House Special Committee on Un-American Activities in 1934. The uncensored version was published in the magazine *The New Masses* by John L. Spivak in 1935.

On the cold, brisk morning of Tuesday November 20th, 1934, retired Marine Corps General Smedley Darlington Butler raced along the crowded streets of New York City. Urgently heading towards his destination, the Bar Association Building located at 42 West 44th Street, which had become the home of the executive session of the House Special Committee on Un-American Activities.¹ General Butler had been twice decorated with the Congressional Medal of Honor for his acts of bravery in his nearly thirty years as a soldier in the Marine Corps, participating in numerous U.S. military involvements. But the duty that the fifty-three year old general was now being called to was one of dire importance to his country and its president, Franklin Delano Roosevelt. Butler would soon testify to his role in a series of strange and alarming events involving the highest levels of power in New York and Washington that culminated in a threat that could bring about the end of American style democracy and replace it with the latest craze from Europe, fascism.

General Butler on his way to the committee that morning passed near the most powerful street in the world, Wall Street. The street that was home to some of the most prestigious international banking houses in the world was entrenched in a battle between the president over the monetary and economic policies of the New Deal. It had been over a year since President Franklin Delano Roosevelt had famously declared that the nation had nothing to fear but fear itself. In the months that followed, FDR and Congress conducted a near revolution that completely changed the status quo between Wall Street and the federal government. Giving people for the first time hope, and a sense that there could be a solution to their poverty by strengthening the role of the federal government to levels never seen before. However, not all

¹ “General Butler Bares ‘Fascist Plot’ to Seize Government by Force,” *New York Times*, 21 November 1934, 1.

were happy with the New Deal. Roosevelt placed most of the blame in 1933 and 1934 for the stock market crash directly on big businesses and banks. FDR then had done what no other executive dared to do; he pushed through congress federal government programs to take the place of powers held by the private sector and took the nation off the gold standard. Many financiers and bankers in this elite economic group were so alarmed as to question the authority and loyalties of the president whom they were beginning to see as a dictator, turning the country into a socially planned economy that was heading down the path towards communism. They used their enormous influence to form anti-New Deal groups and spread anti Roosevelt sentiment to offset the power of the president. So when the newly created House Un-American Activities committee caught wind of a plot to overthrow the government the question became: were a group of wealthy bankers and businessmen plotting to bring down the president and orchestrate a transformation into a fascist dictatorship? The question was about to be answered for the committee by General Butler that morning.

General Butler laid out to the committee the framework of the plot. The financial leaders of the country would select a popular military hero to be the face and voice of their dissatisfaction with President Roosevelt and his economic policies. It was believed that a march on the capital would put enough pressure on FDR to accept a new Secretary of General Affairs who would effectively run the country, while the president was regulated to a ceremonial position. They wanted General Butler to be that 'man on the white horse,' all the while taking his cues and directions from this group who had put up the money to execute the plot. These plotters who approached the retired general dozens of times were correct about Butler's popularity among soldiers and his ability to elicit emotion and support from others, were horribly wrong when they believed he would betray his country for their cause. His love of country and sense of patriotic

duty that he had shown all his life drove him to make public his knowledge of those who were involved and to alert the government and expose the truth. Soon others would come forward to the committee and testify of their knowledge and attempts at being involved in the plot. The story began unraveling that November 20th, and in the following weeks and months it would become clear who was behind the plot and why it had developed. Prominent American banks and financier names such as J.P. Morgan Jr., Grayson M.P. Murphy, the Du Pont family, Robert Sterling Clark the heir to the Singer sewing machine fortune, former presidential candidate Al Smith, and General Douglas MacArthur were all implicated by the testimony of the witnesses.

Several works of fiction raise the question of dictators coming to power in America and this seemingly incredible scenario is what makes works like *7 Days in May*, and *It Couldn't Happen Here*, both appealing and frightening at the same time. This paper will examine the testimony given by General Butler and will place it in several contexts of America at the time to show that in 1934, fiction could have become fact. The history of U.S. monetary policy that lead to a clash between Wall Street and Washington over the policies of The New Deal will be explored, and forms the basis as to why the bankers were driven to such extremes as to plot to overthrow the government. The involvement of Gen. Smedley Butler and the effort to attract veterans in a march on Washington highlights the similarity of this plot to the veteran backed fascist movements in Europe. Newspaper accounts, as well as memoirs of Roosevelt's staff at the time were examined, as well as the private papers of the House Special Committee on Un-American Activities to gain an inside view at how their investigation was conducted. These sources when combined with the testimony show that in extreme economic, political, and social situations like 1933 and 1934 with the country under incredible stress and crisis, the plot to overthrow the White House as told by General Butler was a credible threat to the structure of the

United States Government. This fascinating and disturbing chapter in American history is an example that the United States, while always guarding from threats from abroad, was in 1934, vulnerable to an attack from within.

The context to which Butler was pressing these charges of a creation of a dictatorship requires a glance at fascism in general to understand the situation the plot was presented to the committee that day. Fascism will be remembered as being the primary contribution of the 20th century to the realm of political ideology, much like democracy and communism were contributions of the 18th and 19th centuries. For all the wars and destruction it has caused and nations it has destroyed, fascism is the least understood of all three ideologies and it would be false to believe that its influence was contained to just Europe. Characteristically, fascism incorporates a dictator at the helm of the state who once in power, destroys personal liberties in the name of intense nationalism. Fascism can be described as an economic system as well, and the system is one of an open capitalist dictatorship where the means of production are owned by the private sector. The word fascism comes from the Italian ‘fascisti’ meaning of the masses, where fascism was first developed and implemented with its leader Benito Mussolini in 1922.²

For a brief time in the 1920’s and 1930’s, fascism seemed a suitable alternative to democracy and the benefits of its system were praised by mainstream America in the crisis ridden times of the Great Depression. The continued economic crisis and market paralysis that the country was enduring made many people believe it was the final failure of the capitalist system. Many asked themselves if fascism was a better way to combat the ills of society than democracy was obviously faltering at doing. Fascism throughout the decade of the 1930’s was lauded in the United States for the way it saved Italy and Germany from economic ruin and

² Robert Paxton, *The Anatomy of Fascism* (New York: Alfred A. Knopf, 2004), 197.

people regarded Mussolini and Hitler as great men who saved their countries from Bolsheviks and a growing number of people in society felt it was only a matter of time before fascism crossed the Atlantic. Fascism was even lauded in the halls of Congress, as David Reed of Pennsylvania pronounced on the floor of the Senate, “I do not often envy other countries, but I say that if this country ever needed a Mussolini it needs one now.”³

Soon, fascist supporting leaders appeared and gained support of mainstream America, such as radio host Father Coughlin. Coughlin preached a doctrine of anti -New Deal sentiments and praised fascism abroad. Huey Long, the Governor of Louisiana was also leaning his state towards fascism and, a man named William Dudley Pelley organized a Brown Shirt movement in Philadelphia which was modeled on Mussolini’s militant Black Shirt movement.⁴ Congress, by 1934, began to notice these threats from the far right and the House Special Committee on Un-American Activities Authorized to Investigate Nazi Propaganda and Certain Other Propaganda Activities, was established in March of that year. The committee was known informally as the McCormack-Dickstein Committee after its two chairs, future speaker of the House of Representatives, John McCormack of Massachusetts, and future New York State Supreme Court Justice, Samuel Dickstein. The committee subpoenaed Gen. Butler when they heard his name in connection to rumors of a plot to take over the White House from an association of wealthy financiers.⁵ Chairman McCormack stated to reporters before the hearing began that, “We are going to get to the bottom of this matter and we are going to call witnesses and records that will bring out the truth, whatever that may be.”⁶ As the hearing began inside the Bar Association Building, Butler took his seat as the two chairs of the committee started the

³ U.S. Congress. Senate. Senator Reed of Pennsylvania. 72nd Cong., 1st sess. *Congressional Record* 75, pt. 2 (5 May 1932).

⁴ Arthur M. Schlesinger, *The Age of Roosevelt: The Politics of Upheaval* (Boston: Houghton Mifflin Co., 1960), 69.

⁵ *Ibid*, 85.

⁶ “Butler Charges Plot to Create U.S. Dictatorship.” *Philadelphia Inquirer*, 21 November 1934, sec. 1A.

day's proceedings of the closed executive session. Butler was told to, "Just go ahead and tell in your own way all that you know about an attempted fascist movement in this country." Butler began his testimony by saying, "May I preface my remarks by saying sir that I have one interest in all this, and that is to try to do my best to see that a democracy is maintained in this country." The life and career of General Butler makes it clear that every action he took was to serve his country and by examining his military service, his credibility as a witness in front of the committee and validity as a primary source can be established.⁷

Smedely Darlington Butler was born into a Pennsylvania Quaker family on July 30, 1881. The son of Congressman Thomas Butler, Smedley was raised in a strong pacifist tradition, but was pulled to serve his country at the age of sixteen, and joined the United States Marine Corps.⁸ From that time onward Butler served his country in numerous United States military interventions and occupations in Latin American including Cuba, Nicaragua, Honduras, and Haiti. Butler's career took him to other continents as well; being a member of the U.S. force in China involved with the Boxer Rebellion of 1899, and served time in the newly acquired American territory of the Philippines. During his times of service, Butler became known for his loyalty and dedication to his troops and his colorful personality earning the nickname, 'The Fighting Quaker.'⁹ He also became a decorated soldier, being awarded the Army Distinct Service Award, the Navy Distinct Service Award and the Congressional Medal of Honor twice for acts of bravery to his country.⁹

In 1931, his outspoken nature brought an end to his career, when he lashed out in opposition against Italian leader Benito Mussolini criticizing him at a time when the Italian

⁷ U.S. House of Representatives, Special Committee on Un-American Activities, Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, *Hearings* 73-D.C.-6, Part 1, 73rd Congress, 2nd session, Washington, D.C.: Government Printing Office, 1935, 8.

⁸ James Morris, *America's Armed Forces* (Upper Saddle River: Prentice Hall, 1996), 204.

⁹ *Ibid.*

dictator was extremely popular. Butler was threatened with a court martial for his remarks, however the military dropped the charges in the face of overwhelming support for the general, but not before Butler retired in protest at the age of fifty. In his years of retirement, Butler began his speaking and writing career meeting with veterans and advocating their rights, while chastising the system of American interventionism that he had been a part of. Butler was very popular among soldiers and his colorful speeches roused audiences and gained attention wherever he went. In the summer of 1932, he spoke to a group of World War One veterans who had marched on Washington D.C. and were peacefully protesting their right to a war bonus promised to them. Butler's appearance before the Bonus Army gained huge crowds of veterans and he met and spoke with the men for several days in his tent while rallying the veterans as if in battle once again. "If you don't hang together, you aren't worth a damn! They may be calling you tramps now, but in 1917 they didn't call you bums!"¹⁰ The veterans were eventually run out of the capital with force by the United States Army, lead by Army Chief of Staff Douglas MacArthur. Despite this setback Butler continued rallying people to support the bonus and remained attentive to the needs of veterans. So when two representatives from the American Legion named Gerald MacGuire and William H. Doyle came to talk with the general on July 1, 1933, at his home in Pennsylvania nothing seemed out of the ordinary.

According to sworn testimony given by Gen. Butler, Gerald MacGuire and William Doyle came to ask the general if he would lend his popularity amongst soldiers and become a candidate for National Commander of the American Legion. In addition they proposed the General become a spokesperson for the Committee for a Sound Dollar which advocated the return to the gold

¹⁰ Paul Dickson and Thomas P. Allen. *The Bonus Army: An American Epic* (New York: Walker & Company, 2006), 151.

standard of currency. They spoke with the General for over two hours that first day and Butler reported to the chairs of the committee that the two men were very desirous of unseating what they called the 'royal family' in control of the American Legion and wanted General Butler to accompany them to the American Legion Conference in Chicago. "We represent the plain soldiers, and we want you to come to this convention." MacGuire went on, "We want you to come there and stampede the convention in a speech and help us in our fight to dislodge the royal family." Butler was confused as to what exactly the two men were getting at, but as he told HUAC, he could see that it had something to do with weakening the influence of veterans in the Legion.¹¹

"I thought I smelled a rat right away, I was never able to reconcile their desire to serve the ordinary man in the ranks, with their other aims," Butler stated. He wanted to know what or who was the source of interest. Two days later MacGuire came back to see Butler, this time alone. MacGuire urged Butler to consider coming to the American Legion convention in Chicago and suggested Butler "get two or three hundred legionnaires from around that part of the country and bring them on a special train to Chicago." And once at the convention, Butler reported that "These planted fellows were to begin to cheer and start a stampede and yell for speech. Then I was supposed to go to the platform." MacGuire told Butler that he was to read a speech which would have been prepared for him, urging president Franklin Delano Roosevelt to put the nation back on the gold standard. Butler confessed to the committee that "I don't know a damn thing about gold," but he wanted, "to get to the bottom of this thing."¹²

Butler was again visited at his home by MacGuire in August of 1933 before the convention. MacGuire, anxious to get a confirmation from Butler and to show the general that he

¹¹ Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, 12-13.

¹² Ibid, 9-10.

had the means to back up what he had offered, said he and his boss, Grayson Mallet Prevost Murphy had 42,000 dollars in an account ready to be used and that more could be gotten if necessary by stating, "We have plenty of money and have had some good-sized contributions." Butler asked, "Where did you get all this money it cannot be yours?" MacGuire responded that the money in the bank book was put up by nine men, and that the biggest contributor had given 9,000 dollars.¹³

Gerald MacGuire, in addition to being a World War One veteran and legionnaire from Connecticut, was a bond salesman for the prominent Wall Street brokerage firm of Grayson M.P. Murphy. And MacGuire tried appealing to Butler as a fellow soldier when he told him that his boss was, "The man who underwrote the formation of the American Legion at the cost of 125,000 dollars." Butler stated that it would take a lot of money for two or three hundred veterans to get to Chicago for the convention and stay for a few days and soldiers at the time didn't have extra money to spend. Butler then asked, "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? What is the object?" MacGuire responded that the object was to take care of the rank and file of the soldiers, to get them their bonus and get them properly cared for. Butler did not believe that explanation and told the congressmen "Well, I knew that people who had 9,000 dollars to give away were not in favor of the bonus. Those looked fishy right away. You know damn well that these bankers are not going to swallow that." Then Butler tried to appeal to the bond salesman, "There is something in this, Jerry MacGuire, besides what you have told me. I can see that." Smedely Butler had been heavily involved with the issue of the World War One Veterans and the American Legion. This time Butler knew he was on to something more than just leadership of

¹³ Ibid, 10.

the Legion and wanted to know who MacGuire worked for and who was really behind the matter of the gold standard speech.¹⁴

The next time Butler saw MacGuire was around the first of September in Newark, New Jersey. As he told the committee, "Sunday morning he (Gerald MacGuire) walked into my room and he asked me if I was getting ready now to take these men out to Chicago, that the convention was pretty close. I said, 'No; I am not going to Chicago'." Butler, thinking MacGuire couldn't back his offer said, "You people are bluffing. You have not got any money." Whereupon MacGuire took out a big wallet and threw a big mass of thousand dollars bills out on the bed. When Butler asked, "What's all this?" MacGuire replied "This is for you, for expenses. You will need some money to pay them." Butler asked how much money MacGuire had just thrown down and MacGuire told the general that it was 18,000 dollars. When Butler asked where he got so much money, MacGuire stated, "Last night some contributions were made. I just have not had a chance to deposit them, so I brought them along with me." Butler told the committee he wasn't about to be bribed and informed MacGuire, "Don't you try to give me any thousand dollar bills." Butler wanted to know who was funding this scheme when he told MacGuire, "Somebody is using you. You are a wounded man. 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 anymore. You are only an agent. I want some of the principals." MacGuire replied, "Well, I will send one of them over to see you, I will send Mr. Clark. He is a banker. He used to be in the Army." Further stating, "He is one of our people. He put up some money."¹⁵

The "Mr. Clark" who was sent to convince General Butler to give the gold standard speech, was Robert Sterling Clark. One of the wealthiest men in the country, Clark was the heir

¹⁴ Ibid, 12-13.

¹⁵ Ibid, 12.

to the Singer sewing machine fortune, and a bond salesman on Wall Street.¹⁶ When he came to see Butler in September, Clark immediately brought up the subject initially proposed by MacGuire, the speech Butler was to give urging the return to the gold standard for the soldier's bonus. Butler said, "There is something funny about that speech, Mr. Clark." Clark replied the speech had cost him a lot of money and he told the general, "You understand just how we are fixed. I have got 30,000 dollars. I do not want to lose it. I am willing to spend half of the 30,000 dollars to save the other half. If you go out and make this speech in Chicago, I am certain that they will adopt the resolution 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 up for it." Smedley Butler and told Clark outright, "I have got one interest and that is the maintenance of a democracy. That is the only thing. I took an oath to sustain the democracy, and that is what I am going to do and nothing else. I am not going to get these soldiers marching around and stirred up over the gold standard. You are just working them, using them just as they have been used right along." Clark, unmoved by General Butler's stance on democracy, thought a bribe might work, "We can take care of you, you have a mortgage on this house that can be taken care of, it is perfectly legal, perfectly proper." Clark left Butler that afternoon with the offer despite the General's opposition.¹⁷

The underlying factor in these series of visits and requests to General Butler was the gold standard. It was the reason why Butler was supposed to give the speech that cost Robert Sterling Clark 'a lot of money.' Gerald MacGuire was on the Committee for A Sound Dollar, and the effort to garner support from veterans attracted money from Wall Street interests and banks. At this time Butler already confessed he 'smelled a rat' and wanted to get to the bottom of things.

¹⁶ "Butler Charges Plot to Create U.S. Dictatorship," *Philadelphia Inquirer*, 5.

¹⁷ Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, 13-14.

He knew that in addition to Clark, MacGuire's boss, Grayson M.P. Murphy, was involved in funding the effort. Murphy was a director of the Morgan Guaranty Trust Company which was a branch of the International Banking House of Morgan. He was also a director of Anaconda Copper, Goodyear Tire, Bethlehem Steel, and New York Transportation Company.¹⁸ What was the gold standard, and why did it mean so much to the financial powers seeking to use Smedley Butler? The question of the gold standard was tied directly to the economic power of Wall Street and an analysis of which yields a picture in which power was held by private sector and was taken away by the federal government. In the end, it was a question that went to the heart of the American economic and monetary structure.

The conflict for the control over the money supply of the United States went back to the Age of Jackson and the fight over the renewal of the Central Bank. Since that time, the issue of the gold standard and the nation's monetary policy entered the public arena on several occasions. The depression and election of FDR altered this conflict to the degree that prominent financiers felt it necessary to entice General Butler in their campaign to take back hard money.

Since the time of the Civil War, the nation's private banks held much of the monetary power of the country. The reliance on a hard money monetary policy that the bankers had favored, left many financiers rich and created an unsettling boom and bust cycle for the poor. Depressions occurred more and more often, with harsher effects each time when people demanded their gold from banks that did not have enough gold to cover the demand, forcing the banks to close and panic to set in.¹⁹ Franklin Delano Roosevelt was the first president to offer relief and aid to people in an economic depression by altering the very structure and nature of the country's financial system. The view the Executive Office held in times before was one of simple laissez

¹⁸ General Butler Bares 'Fascist Plot' to Seize Government by Force," *New York Times*, 1.

¹⁹ Edwards, Rebecca, *New Spirits: Americans in the Gilded Age* (New York: Oxford Press, 2006), 82-85.

faire; the government had no place or right to interfere with the economy. To wait out the storm for better times was a common belief and in earlier depressions or panics, the government could not help others because its power to tax was very limited.

The continued reliance on the gold standard that helped industry grow at an unprecedented rate by restraining the money supply, almost bankrupted the federal government twice. In 1893 and again in 1907 presidents looked to private banks to save the government from financial ruin. John Pierpont Morgan, the richest financier in America, struck a deal with the government in which the House of Morgan would sell the U.S. Treasury some of its gold in return for government bonds.²⁰ The deal kept the government afloat, while Morgan gained huge profits off the sale of the bonds. On the gold standard banks and private financiers had the power and control over the nation's money supply. It has been noted that America in the early 20th century "constructed a corporate regulatory complex that left society supremely over the state."²¹ The banks stayed supreme over the federal government in terms of fiscal and monetary policy, and with them, the gold standard.

On the 29th of November 1929 the stock market crashed after a decade of boom and stock speculation on Wall Street that once again sent the country into a cycle of bust. President Hoover initiated some relief policies, but it came too little too late. The American people, a quarter of whom were out of work, and two million of whom were homeless, were fed up with the system which continued to see more and more depressions that seemed to last longer than the previous one. In 1932 the people elected a fifty- year old governor from New York, who promised a New Deal for them.

²⁰ Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: Grove Press, 2001), vii.

²¹ Alan Dawley, *Struggles for Justice: Social Responses and the Liberal State* (Cambridge: Harvard University Press, 1991), 141.

In one of the most important speeches of the Twentieth century, Franklin Delano Roosevelt in his inaugural address set the tone for his administration and declared the nation's independency from money changers, who have “fled their high seats in the temple of our civilization. We may now restore that temple to the ancient truths.” Roosevelt then outlined ‘lines of attack’ against those who speculated with other people’s money and asked for the power to “wage a war against the emergency as great as the power that would be given to me if we were in fact invaded by a foreign foe.”²² The message to Wall Street was clear; their time of power and privilege was over. The next day Roosevelt and his team of monetary and economic advisors shut down Wall Street and all federally chartered banks for five days, an unprecedented action. Then, FDR sent a flurry of legislation to Congress that attempted to assert the power of the federal government when it came to the economy. With the New Deal, the days of laissez faire policy were over, what began were government funded relief efforts and measures that changed the role of banks within the U.S. economy.

As a New Deal historian wrote, “Some called it the ‘Roosevelt Revolution’ for though it was democratic, it transferred back the power from Wall Street to Washington.”²³ The First New Deal as it became known lasted from 1933 to 1935, and was partly a public catharsis against the banks whose unscrupulous practices had helped bring about the Great Depression. The first attack came in the form of the Pecora Committee House Hearings, named after its chair Ferdinand Pecora, the hearings sought to expose corrupt Wall Street practices by calling the most preeminent financiers to testify about the way banks operated and how the nation’s money supply was dealt with. The hearings revealed secret practices of banks and uncovered the fact that more than twenty partners in the House of Morgan banking firm did not pay income taxes

²² Franklin Delano Roosevelt, “Inaugural Address”. March 4 1934. In *The Public Papers and Addresses of Franklin D. Roosevelt*, (New York: Random House, 1938), 11-16.

²³ Joseph P. Lash, *Dealers and Dreamers: A New Look at the New Deal* (New York: Doubleday, 1988), 2.

for two years. The next blow to Wall Street was the Glass-Steagall Banking Bill which split the power of banks to either take deposits and make loans, or merchandise securities. The bill shattered the power held by some of the most powerful banking houses by splitting their power and dividing their influence.²⁴

Then Roosevelt took a much debated and contested move few saw coming; he took the nation off the gold standard, the hard money policy that the nation had been on since the Civil War. Farmers and the poor could now get lower interest rates and had easier access to cash with temporary inflation. The decision to abandon gold was not popular among Roosevelt's cabinet and economists of the time, and these critics questioned Roosevelt's ability to lead the country. Budget Director Lewis Douglas commented, "This is the end of Western civilization."²⁵ Cabinet member Bernard Brauch said, "I think that we may find that we've been in a revolution more drastic than the French."²⁶

However Roosevelt saw going off gold as a strategic move that placed the control over the monetary supply of the nation with the federal government who could decide to raise or lower the value of the dollar now. Roosevelt's advisor Harold Ickes noted a conversation in his diary that he and the president had about the decision, "We got to talking about his speech in which he [FDR] announced that the government would begin buying gold and said that Wall Street did not like his speech and that for the first time in his memory or mine, Wall Street was not dictating the fiscal policy of the government. He said it was the most significant thing that happened in his administration."²⁷ Going off the gold standard was direct attack on hard money, the very thing that Wall Street most revered. The government now had regulation, oversight, and influence over

²⁴ Leuchtenberg, *Franklin D. Roosevelt and the New Deal: 1932-1940*, 60.

²⁵ Lash, *Dealers and Dreamers: A New Look at the New Deal*, 357.

²⁶ Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance*, 358.

²⁷ Harold Ickes, *The Secret Diary of Harold Ickes: The First Thousand Days 1933-1936* (New York: Simon and Schuster, 1955), 113.

United States monetary policy and Congress had exposed Wall Street's speculative practices to a nation that trusted them less and less with their money. Now Roosevelt and his administration braced themselves for what surely would be a counter attack by Wall Street. A Presidential advisor warned of the possibility of ramifications from the street when he told FDR, "The bankers seem to be rallying for the onslaught. F.D. will have to watch his steps."²⁸

Roosevelt did not need the advice of his advisors; he already knew what he was up against. In his diary, Harold Ickes noted a conversation with the president in late 1933 in which he said, "The banks hampering of New Deal policies had become so clear and deliberate that the president wondered if a conspiracy existed." He went on to note that "He [FDR] was quite clear in his own mind that a conspiracy existed."²⁹ Roosevelt was correct, the lives of the rich and powerful financiers were under a direct attack and they would not go without a fight as Fredric A. Ogg as reported:

For a good while certain powerful elements have been toying with the idea that the way out of our troubles lies through the establishment of some form of economic and political dictatorship, and meetings of important personages are known to have been held in New York and Chicago, at which sentiment was tested out and possibilities discussed. It does not appear that anything more startling came out of these conferences than a more or less general consensus in favor of a coalition super-cabinet of bankers and industrialists. But in other quarters there has been less moderation.³⁰

Ogg's analysis shows how nervous some bankers were in what they saw as a direct threat on their structure and system. By examining the politics of the gold standard, it can be seen that United States banks had control over the monetary policy of the country up to the presidency of

²⁸ Lash, *Dealers and Dreamers: A New Look at the New*, 139.

²⁹ Ickes, *The Secret Diary of Harold Ickes: The First Thousand Days 1933-1936*, 109.

³⁰ Fredrick A. Ogg, "Does America Need a Dictator?" in George Wolfskill, *The Revolt of the Conservatives: A History of the American Liberty League 1934-1940* (Boston: Houghton Mifflin, 1962), 99.

F.D.R. and that the New Deal was a direct threat to their power and privilege. Private institutions were now coming under public and private scrutiny as never before. Smedley Butler was being approached by a group of powerful individuals who felt their control was being threatened. What Butler was soon asked to do was a reaction in the extreme: the dissolution of democracy.

Despite all the attempts MacGuire and Clark made to convince Butler go to the American Legion convention in Chicago, the general did not go. Throughout the fall and winter of 1933 and into 1934 MacGuire kept in contact with the general through the form postcards from several European countries he was visiting. He returned to Butler in August 1934, excited about the fascist regimes he had seen in Germany and Italy and once again tried to persuade Butler. The following offer according to testimony was given to General Butler that same month:

MacGuire: "I want to go around with you, around the country. I want to go around and talk to the soldiers in the background and see if we cannot get them to join a great big super organization to maintain the democracy."

Butler: "What do you want to do with it when you get it up?"

MacGuire: "Oh we want to support the President."

Butler: "The President has got the whole American people. Why does he want them?"

MacGuire: "Don't you understand the set-up has got to be changed a bit?"

Butler: "The idea of this great group of soldiers, then, is to sort of frighten him is it?"

MacGuire: "No, no no, not to frighten him. This is to sustain him when others assault him...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. *You know the President is weak. He will come right along with us. He was born in this class. He was raised in this class and he will come back. He will run true to form. In the end will come around. But we have got to be prepared to sustain him when he does.* We might have an assistant president, somebody to take the blame and if things don't work out we can fire him. *That is what we are building up Hugh Johnson for. Hugh Johnson talked to [sic] damn much and got him into a hole and he is going to fire him in the next three or four weeks.* You know the American people will swallow that. We have got the newspapers. We will start a campaign 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: "I am very greatly interested in it, because you know, Jerry, my interest is, my one hobby is, maintaining a 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: "Oh no we don't want that. We want to ease up on the president."

Butler: "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."

MacGuire: "Oh yes he will. He will agree to that."

Butler: "I do not believe he will...don't you know that this will cost money, what you are talking about?"

MacGuire: "Yes we have got 3,000,000 to start with, on the line, and we can get 300,000 if we need it."

Butler: "Who is going to put up all this money?"

MacGuire: "You heard Clark tell you he was willing to put up 15,000,000 to save the other 15,000,000."

Butler: "Is there anything stirring about it yet?"

MacGuire: "Yes you watch in a two or three 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."

MacGuire: "When I was in Paris, my headquarters were Morgan and Hodges. We had a meeting over there. I might as well tell you that our group is for you, for the head of this organization. Morgan and Hodges are against you. The Morgan interests say that you cannot be trusted, that you will be too radical, and so forth, that you are too. They do not want you. But our group tells them that you are the only fellow in America who can get the soldiers together. *They are for Douglas MacArthur as the head of it. Douglas MacArthur's term expires in November and if he is not reappointed it is to be presumed that he will be disappointed and sore and they are for getting him to head it.*"³¹

MacGuire, after proposing the coup, abruptly left Butler with the decision to become involved and as a parting he said, "I'm going down to Miami and I will get in touch with you after the convention is over and we are going to make a fight down there for the gold standard, and we are going to organize." Butler testified that "*In about two weeks the American Liberty League appeared which was just about what he described it to be. He did not give me the name of it, but he said that it would be made public.*" What MacGuire had just proposed was a direct

³¹ Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, 15-20; John L. Spivak "Wall Street's Fascist Conspiracy," *New Masses* (February 5 1935): 15.

and calculated attack on the power of the presidency. Butler was to be the leader of a group of veterans in a revival of the Bonus Army's march that would have the goal of establishing a new cabinet position taking power from Roosevelt in a bloodless coup. Once this 'super- secretary' was in power, FDR would be regulated to a ceremonial position while the financiers who organized the plot would have direct control of executive power. Famous figures at the time were named in connection as being orchestrators and players in the plot including Hugh Johnson who was chief of the National Recovery Administration, Al Smith who was a contender for the presidency in 1924 and 1928, and John W. Davis who was also a past presidential candidate in 1924. Douglas MacArthur, who expelled the Bonus Army from Washington with brutal force, was considered for the top position, but it was believed he could not gain the same support Butler could amongst soldiers and veterans. While these plotters were correct in understanding the popularity and sway Butler held amongst men in uniform, they severely miscalculated his devotion to the constitution. Even with the veil of 'helping' the president and making sure democracy was safe, Butler saw right through and viewed the plot for what it really was, an attempt to overthrow the democratically elected FDR and replace him with a fascist dictatorship aligned with the interests of Wall Street. Butler became even more worried when several weeks after the meeting, the 'super organization' MacGuire alluded to appeared. It was called the American Liberty League and was funded and run by the very names MacGuire said were involved, DuPont, Morgan, and Clark. The organization which made its public appearance in August 1934 had as its secretary McGuire's very own boss, Grayson Mallet Prevost Murphy. One of the main financiers of the League was the Du Pont family, which owned the Remington Arms Company, the corporation identified as being the primary arms dealer to the plotters when

they would march.³² The timing was at the crest of anti-Roosevelt tide and signaled Wall Street's response to the New Deal would be open and hostile.³³

The nation's once powerful banking houses had been left humiliated by the investigative Pecora hearings, restricted by the Glass-Steagall Banking Bill, regulated with the creation of the Securities and Exchange Commission advisory board, and less powerful by the decision to abandon the gold standard by FDR. Declared as a foreign enemy by the president, banks began striking back against the New Deal, influencing newspapers and creating organizations to curb his popularity. "The 'Roosevelt haters' had developed into a well-defined cult among the nation's business elite," remarked Smithsonian curator William Byrd.³⁴ This organization alluded to by MacGuire in testimony, the American Liberty League in had members numbering 75,000, and was not a fringe group, but garnered respect and support from many members in society from both sides of the political spectrum. Members believed Roosevelt and the New Dealers were leading the country down the path of communism with the New Deal, and was becoming too powerful along the way.³⁵ Its goal was to curb Roosevelt's popularity with the ultimate aim of defeating him in 1936. To achieve this goal the League sent out five million pamphlets that, "represented perhaps the most concise and thorough summary of conservative political thought since the Federalist papers."³⁶ With a seemingly unlimited money supply from the DuPonts and Morgans, there was not much to stop the league from attracting members from both sides of the

³² Fredrick Rudolph, "The American Liberty League, 1934-1940" *The American Historical Review*, (Oct. 1950): 19-33. <http://links.jstor.org/sici?sici=00028762%28195010%2956%3A1%3C19%3ATALL1%3E2.0.CO%3B2-Z>. Accessed 12 January 2008.

³³ Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, 15-20; Spivak "Wall Street's Fascist Conspiracy," 10-15.

³⁴ Robert F. Kennedy, Jr., "Hillary Haters and the Roosevelts." *The Huffington Post*, 3. http://www.huffingtonpost.com/robert-f-kennedy-jr/hillary-haters-and-the-ro_b_76573.html?load=1&page=3. Accessed 14 February 2008.

³⁵ George Wolfskill, *The Revolt of the Conservatives: A History of the American Liberty League 1934-1940* (Boston: Houghton Mifflin, 1962), 65.

³⁶ *Ibid*, 74.

aisle. One member, Al Smith, a former democratic presidential nominee who was named by MacGuire as being one of the plotters involved was a member of the league and in a rally attacked the administration's gold policy by stating, "I am for gold dollars against baloney dollars!"³⁷

The all consuming personal hatred for FDR created a threat that grew dangerous as the depression continued. The American Liberty League took Roosevelt hate and manifested it into a political tool that bankers and businessmen used to impede the power of the president. In reviewing the history of the American Liberty League it has been said that "Not in the history of the country did one organization marshal so much prestige, wealth, and managerial skill to undo a president as the Liberty League did in the fight against Roosevelt."³⁸ The appearance of the League with the exact names and dates that MacGuire told Butler made him believe that he was being approached by a legitimate threat on the government of the United States. An organization with such power, money, and drive to unseat Roosevelt, as the Liberty League had might achieve its goal before the election of 1936 and Butler enlisted the support of an outside party to verify the plot offer by sending his friend, Paul French to see the point man, Gerald MacGuire.

On Thursday September 13, 1934, journalist Paul Comely French of the *Philadelphia Inquirer* walked to 52 Broadway and Wall Street in New York City, to the brokerage firm of Grayson Mallet Prevost Murphy. Gerald MacGuire seemed 'cagey' at first according to sworn testimony French gave in front of the McCormack Dickstein committee on November 20th, but soon he warmed up and began relating to him what he told the general. "We need a fascist government in this country to save the Nation from the communists who want to tear it down and

³⁷ Lash, *Dealers and Dreamers: A New Look at the New Deal*, 147.

³⁸ Wolfskill, *The Revolt of the Conservatives: A History of the American Liberty League 1934-1940*, viii.

wreck all that we have built 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.”

French told the chairs of the committee that MacGuire could not stop praising the fascist governments he had seen in action on his trips to Germany and Italy and how veterans there had set up the leaders there. French said MacGuire, “emphasized throughout his conversation the whole thing was tremendously patriotic, that it was saving the Nation from the communists, and that the only safeguard would be the soldiers.”³⁹

French also reported that MacGuire emphasized the need of a ‘man on a white horse,’ a dictator that would come and save the country. “He said we might go along with Roosevelt and do with him what Mussolini did with the King of Italy. If Roosevelt played ball, swell; and if not, they would push him out.” When French asked MacGuire where he would get the money for all this, MacGuire answered, “*It would not be any trouble to raise a million dollars.*” French testified that “*He said that he could go to John W. Davis, or National City Bank and a number of other persons and get it.*” French then asked him where these men would get their arms and equipment from, and MacGuire replied, “*They could be obtained from the Remington Arms Co., on credit through the Du Ponts.*” French reported that MacGuire was sure the American Legion and the Veterans of Foreign Wars would follow General Butler. MacGuire also showed French a letter from Louis Johnson, former national commander of the American Legion who was in support of the idea of a plot. French continued in his testimony that MacGuire told him of what he had seen in Germany, “It was a plan that Hitler had used in putting all the unemployed in labor camps or barracks. That would solve it overnight, and when we get into power that is what

³⁹ U.S. House of Representatives, Special Committee on Un-American Activities, Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, Hearings, 20-21.

we will do.” When he left MacGuire, French wrote down all he could remember of the two hour conversation he had with MacGuire and the plans he had about overthrowing Roosevelt.⁴⁰

If these bankers wanted to bring fascism in America they were going to need an army of sympathetic veterans to support their cause, numbering around 500,000 according to MacGuire. By examining veteran’s involvement in bringing fascism to Italy it can be seen that the plotters sought to duplicate the movement here with veterans from the Bonus Army with Smedley as the leader in a march on Washington in 1934.

Former Secretary of Veterans Affairs, Anthony J. remarked that, “History is littered with governments destabilized by masses of veterans who believed that they had been taken for fools by a society that grew rich and fat at the expense of their hard work and suffering.”⁴¹ If a replica of Italian fascism was to be brought to the United States, it needed the support of veterans like those in Italy who ushered Mussolini to power. Post World War One Italy was in economic shambles and veterans grew restless and impatient at the country that they fought for in the trenches. As Robert Paxton said, “Footloose veterans, their units gone, unable to find work or food were available to the extreme left or right. Most clung to the nationalism spread by war time propaganda.”⁴² They looked to Benito Mussolini, a fringe political ideologue who promised a return to old order and created the Black Shirts, a movement that organized support for their leader with terrorist tactics. Backed by the Italian financial interests, Mussolini appealed to the masses with patriotic rhetoric, and promised that he would rid the country of Bolshevism. Mussolini in 1922 came into power in a march on Rome that culminated in a bloodless coup,

⁴⁰ U.S. House of Representatives, Special Committee on Un-American Activities, Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, , 22-25.; Spivak “Wall Street’s Fascist Conspiracy,” 10-15.

⁴¹ Dickson and Allen. *The Bonus Army: An American Epic*, 3.

⁴² Paxton, *The Anatomy of Fascism*, 28.

with the King of Italy resigning to a ceremonial position.⁴³

If this model was to be replicated, the plotters would need to find an army of their own; the most obvious place to find veterans would be those who were involved with the Bonus March, those exact men who had been swayed once before by Smedley Butler. The plotters knew that general had the power to make veterans follow him, hopefully in a similar march on the capitol. The Bonus Army that Butler had spoken with in 1932 was finally expelled from the city by force. The debacle of the Bonus Army signified only a wasted opportunity, as Arthur Schlesinger said, "The ex-doughboys were the only body of men in America expressly dedicated to patriotism and expressly trained for violence. If unemployed veterans, now agitating again for the advance payment of the bonus, could be rallied under bolder leadership, might they not overthrow the government and reorganize the system?"⁴⁴ Indeed a fascist movement did start its development out of the action of the Bonus Army. W.W. Waters, a veteran and Bonus Army Commander, started a movement called the Khaki Shirts based on the various fascist shirt movements in fascist countries in Europe. Of his organization he stated, "Inevitably such an organization brings comparisons with the Fasisti of Italy and the Nazi of Germany...for five years Hitler was lampooned and derided, but today he controls Germany. Mussolini before the war was a tramp printer driven from Italy because of his political views, but today he is a world figure."⁴⁵ Waters' organization might have been on the fringe of society, but the American Legion's support of fascism was mainstream and all accepting of fighting for fascist ideals. Butler was approached to speak at the convention, and the organization was founded in part by MacGuire's Boss, Grayson Murphy. In addition, the organization was bankrolled by the DuPont

⁴³ Ibid, 30.

⁴⁴ Schlesinger, *The Age of Roosevelt: The Politics of Upheaval*, 78.
⁵⁰ Dickson and. Allen. *The Bonus Army: An American Epic*, 151.

Corporation. Commander-in-Chief of the legion, Alvin Owsley gave the most enthusiastic support to Mussolini and compared the Fascisti of Italy to the American Legion:

If ever needed, the American Legion stands ready to protect our country's institutions and ideals as the Fascisti dealt with the destructionists who menaced Italy...The American Legion is fighting every element that threatens our democratic government-Soviets, Anarchists, I.W.W., revolutionary socialists and every other Red...Do not forget that the Fascisti are to Italy what the American Legion is to the United States.⁴⁶

The Bonus Army's frustration and losses were also a microcosm of the turmoil and dissatisfaction in American society. The story of the biggest protest of the Great Depression was a physical manifestation of the hopelessness people faced and the tensions that existed in the country during the Depression and showed how extremist and fringe groups were brought to power with the use of ex-soldiers. The cause of the veterans was one General Butler was attached to and the plotters knew the power and the sway Butler held with the disillusioned veterans.

The McCormack-Dickstein Committee called two other military figures as witnesses to testify of their role in being asked to join a fascist plot, one active, and another who was involved with another veteran's organization. Both independently corroborated Butler's testimony. Captain Samuel Glazier of the United States Army was a commander of a Civilian Conservation Corps camp in Maryland, and reported to the committee that Wall Street bond salesman Jackson Martindell had approached him with a similar offer. "He said that there ought to be one man who would run the country...Strictly a dictatorship-absolutely." More independent verification of General Butler's story came in the form of James Van Zant, the National Commander of the

⁴⁶ George Seldes, *Facts and Fascism* (New York: In Fact, 1943), 109.

Veterans of Foreign Wars. He said that he too had been approached to lead a coup. Van Zandt testified that he had been approached "by agents of Wall Street" who tried to enlist him in a plot.⁴⁷

After hearing the testimonies of Butler, French, VanZandt and Glazier, the committee called as its final witness, Gerald MacGuire to respond to the charges and allegations that were made against him. On the stand, MacGuire first admitted that he and Doyle visited General Butler at his home in 1933, but refuted Butler's claim of a speech being made for him to give at the American Legion convention. "Did you ever leave a speech with him-a speech that he was to make at the convention?" asked Chairman McCormack. "No, Sir," replied MacGuire. When the questioning turned to President Roosevelt, MacGuire told the committee, "I have always been in favor of the administration in Washington-always supported it." When asked if there was any talk about bringing veterans to Chicago, MacGuire denied it, denied the gold speech, denied showing the general the bank book with 50,000 dollars telling the chairs, "I never had any money, and he never asked me if I had any." The denials from MacGuire continued as he was questioned about getting soldiers together, discussing a 'super organization,' and ever mentioning European veteran's movements. When it came to asking about the offer to overthrow the government, MacGuire blamed Butler, "I always thought this fellow Butler was a friend of mine. He asked me any number of times about different outfits in the country that wanted to talk to them, and I have always said to him, 'general you are crazy to get mixed up in these kinds of things.'" MacGuire presented a different view to the committee about European dictators as well when asked by the committee. "I told him that in my opinion Hitler would not last another year in Germany. I mentioned the fact also that I thought Mussolini was on the skids." The next day, the questioning of MacGuire continued by Co-Chair Samuel Dickstein who asked, when was the

Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, p.8.

first time MacGuire spoke with Butler and if it was with Doyle? “With Doyle? This I don’t remember.” MacGuire was changing his story, now he didn’t even remember meeting with Butler in 1933. The bond salesman then was asked to provide bank books showing that his European trip had been paid for with money from Robert Clark. MacGuire’s contradictory testimony did not help him to appear as a credible witness.⁴⁸

Robert Sterling Clark was in Europe at the time and was not called to testify. In his stead, Albert Christmas was brought to the Bar Association Building. Albert Christmas was an attorney handling matters for Robert Sterling Clark’s account and was a friend of Gerald MacGuire. When asked by the committee what he knew of the affair between Butler and MacGuire, Christmas stated, “There is no question but what Mr. MacGuire had seen Butler on several occasions,” and “He has told me about four or five different interviews with him.” Continuing with the questions, the witness was asked, “Did you know that MacGuire saw Butler when he returned from Europe in 1934?” Christmas replied, “I think he told me that, as he reported it to me Butler is always traveling around the country lecturing. MacGuire would go to him and try to talk with him concerning business conditions as he found them in different sections.” Clearly the testimony revealed that MacGuire was exchanging more than just vacation details to Butler in August 1934. The testimony corroborates Butler’s claims of having him garner support.⁴⁹

With MacGuire’s testimony finished and the hearing over, the Mc Cormack-Dickstein Committee began its investigative process. The main question was what was the link between Wall Street and the fascist plot? Looking at the role banks played in funding and fueling European fascist dictators it becomes clear that the lure of profits for some United States banks and corporation trumped that of any flag, and fascism was the better alternative for Wall Street

⁴⁸ Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities, 20-25.

⁴⁹ Ibid, 51.

than the New Deal.

During World War Two the United States War Department sent out a memo to troops containing information that fascism came to power, “at a time of economic unrest by a small group of men, supported in secret by powerful financial interests,” and that once in power, “they [dictators] were in the pay of certain big industrialists and financiers.”⁵⁰ In power, dictators like Mussolini and Hitler checked the power of individuals while turning their economic policies in favor of those industrialists and businesses that had brought them to power, creating an economic ideology that was highly organized and centralized that favored business. Indeed on the political spectrum the far left of communism is characterized by government control of industry and the market, on the far right the opposite would be fascism, where the corporations and private markets owned elements of the government and represents an open capitalist dictatorship.

The connection between fascism and Wall Street went back to the 1920s when the House of Morgan gave a one hundred million dollar loan to the government of Benito Mussolini. In a history of the House of Morgan, Ron Chernow describes that, “Wall Street viewed Mussolini benignly, as a man who had saved strike torn Italy from Bolshevik hands.” Otto Khan of the prominent banking firm Kuhn, Loeb, and Co. likened Mussolini’s iron rule to “That of a tough receiver straightening out of the bankrupt economy.”⁵¹ Gerald MacGuire’s own boss, Grayson M.P. Murphy, was a recipient of the Crown of Italy presented to him personally by Mussolini. Thomas Lamont, chief attorney for the house of J.P. Morgan and personal friend of the Italian dictator revealed in a letter to an associate the brutal tactics the Italian government used on the Italian people saying, “It seems funny that American money is perpetuating it.”⁵² Germany as well received loans and funding from American banks and corporations in the 1930’s.

⁵⁰ “Orientation Fact Sheet 64: Fascism.” in George Seldes, *1000 Americans*, (New York: In Fact, 1947), 299-301.

⁵¹ Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance*, 279.

⁵² *Ibid*, 283.

Ambassador William Dodd saw what was going on between U.S. corporations, banks and the Nazi's in Berlin wrote FDR, "At the present moment more than a hundred American corporations have subsidiaries here or cooperative understandings. The DuPont's have three allies in Germany that are aiding in the armament business. Standard Oil Company sent 2,000,000 dollars here in December 1933 and has made 500,000 dollars a year helping Germans make Ersatz gas for war purposes." He went on to say that, "I have had plenty of opportunity in my post in Berlin to witness how close some of our American families are to the Nazi regime. They extended aid to help Fascism occupy the seat of power, and they are helping to keep it there."⁵³

These powerful Wall Street firms looked at fascism with an appreciative eye for the way it saved Italy and Germany from the threat of communism, Mussolini and Hitler were patriots who had snatched their countries back from the jaws of the Bolsheviks. Private enterprise and property were made safe with fascism and many Wall Street firms believed that Roosevelt was leading the country down a socialist path with government run projects and federal programs. To financiers, fascism was the better alternative to the New Deal because it ensured the status of private industry over the state. Many Americans in the Great Depression believed it was only a matter of time before fascism reared its ugly head in the United States. One author in 1935 predicted, "It is society itself which must strain for survival against big business. This conflict between society and big business seems much more likely than recovery."⁵⁴

The hearing investigating the plot to overthrow President Roosevelt concluded on November 24, 1934. It was left to the McCormack-Dickstein Committee and its investigators to

⁵³ "William E. Dodd, letter to Franklin Delano Roosevelt," December, 1933. In IBID, 165.

⁵⁴ Raymond Gram Swing, *Forerunners of American Fascism* (New York: Julian Messner Inc., 1935), 24.

determine if General Butler, Paul Comely French, Captain Glazier, and James Van Zandt were justified in their claim that the threat to the U.S. government from a few Wall Street financiers, or if Gerald MacGuire was telling the truth about his non-involvement. In newspaper accounts following the early days of the hearings McCormack said, "From the present indications Butler has the evidence. He's not making serious charges unless he has something to back them up."⁵⁵ Samuel Dickstein assured reporters, "We will have men here with bigger names than Butler's."⁵⁶ The House Un-American Activities Committee worked for nearly three months and into the next year, investigating the claims and charges made, but did not call any more witnesses to testify. According to the committee's private records and papers, there were eight investigators on payroll in the field working for the committee in 1934 and were paid \$250 a month. In all, \$30,000 was allocated to the investigation, and 4,320 pages of testimony were taken.⁵⁷ Of the committee it has been said, "Its manner of investigation commanded special respect. McCormack was eager to avoid hit-and-run accusation and unsubstantiated testimony. The result was an almost uniquely scrupulous investigation in a highly sensitive area."⁵⁸

Meanwhile, as the charges were being investigated, press reaction to the plot to overthrow the government was limited to only a handful of newspapers. In *The New York Times*, the bold headline "General Butler Bares Fascist Plot to Seize Government by Force" appeared, but the story was moved to the back pages in subsequent days following and only three newspapers in the country even acknowledged it. *Time* magazine several weeks later ran an article denouncing the scenario of a government takeover as simply, "A Plot Without Plotters."

⁵⁵ "General Butler Bares 'Fascist Plot' to Seize Government by Force," *New York Times*, .5.

⁵⁶ "Butler Charges Plot to Create U.S. Dictatorship," *Philadelphia Inquirer*, 4.

⁵⁷ General Records and Papers of the Special Committee on Un-American Activities to Investigate Nazi Activities and Investigation of Certain Other Propaganda Activities. The U.S. House of Representatives Seventy-third Congress, Second Session 1934-1935, Record Group 223; National Archives Building, Washington, DC.

⁵⁸ Schlesinger, *The Age of Roosevelt: The Politics of Upheaval*, 85.

Arguing that Smedley Butler was over exaggerating the plot to the committee, the article showed an illustration of Butler on a white horse trying to gather troops to march on Washington while shouting “Men, Washington is but thirty miles away! Will you follow me?”⁵⁹

When asked by journalists about their involvement the responses were emphatic denials, “Perfect moonshine! Too unutterably ridiculous to comment upon!” from House of Morgan partner Thomas Lamont. “A fantasy! I can’t imagine how anyone could produce it or any sane person believe it,” from Grayson M.P. Murphy. Murphy would also say that, “It was as though somebody walked in and accused me of stealing the moon.”⁶⁰ When reporters asked Smedley Butler for his reaction to the flood of denials against his story the defiant general responded, “Hell what’d you think they were going to say!”⁶¹ One reason for the apparent lack of coverage stems from the fact that newspapers and magazines at the time were consolidated to only a few owners, and most of those owners were bankrolled by the same figures that were implicated by Smedley Butler’s testimony or were members of the American Liberty League like William Randolph Hearst. However for all the denials of those accused, the official report of the committee was released on February 15, 1935 and issued the following statement about the plot:

In the last few weeks of the committee’s official life it received evidence showing that certain persons had made an attempt to establish a fascist organization in this country...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. MacGuire denied allegations under oath, but your committee was able to verify all the pertinent statements made by General Butler, with the exception of the direct statement suggesting the creation of the organization. This however was corroborated in the correspondence of MacGuire with Robert Sterling Clark. Armed

⁵⁹ “Plot Without Plotters” *Time Magazine* (December 3 1934): 5.

⁶⁰ “General Butler Bares ‘Fascist Plot’ to Seize Government by Force,” *New York Times*, 1.

⁶¹ “Butler Expects Flood of Denials of Fascist Plot” *Philadelphia Inquirer*, 22 November 1934, 5.

forces for the purpose of establishing a dictatorship by means of fascism have no place in this country.⁶²

After being recommended to the Executive Branch for further investigation and consideration, the Justice Department followed no leads, called no witnesses, and pressed no charges. The plot was never formally acknowledged by any portion of the federal government or by Roosevelt himself. The apparent disappearance of the plot then raises the question, why the government did not force any further investigation into the plot than the congressional committee? The report of the committee was able to verify all information and charges, yet no prosecution ever took place, and most of names of those who had been implicated were censored from the official committee record when it was released to the public. Further, the term for the McCormack Dickstein Committee was not renewed in 1934 by congress and the House Un-American Activities' investigations expired that same year. As quickly as the plot appeared to the public, it seemed to disappear just as fast.

Several factors for the abrupt ending of the investigation of the plot to seize the White House are possible. One possibility is that the plot was not connected to so many individuals, and the bond salesman was enticing General Butler by using prominent names that had no actual involvement. Indeed to some it sounded too absurd to be true like mayor of New York Firoello LaGuardia, who dismissed the charges, calling it a “cocktail putsch.”⁶³ Several years later the plot was again dismissed on the grounds that it was too fantastic, one author stated that, “That conspiracy is diverting, but it is of no great sociological significance. All it proves is what everyone has already known all the time. That Wall Street is the asylum of many men utterly ignorant of popular movements, who believe they can organize people as easily as organize a

⁶² U.S. House of Representatives, Special Committee on Un-American Activities, Public Statement, 73rd Congress, 2nd session, Washington, D.C.: Government Printing Office, 1934.

⁶³ Schlesinger, *The Age of Roosevelt: The Politics of Upheaval*, 90.

monopoly or pool.”⁶⁴ Another possibility as to the disappearance of the plot investigation might be that Roosevelt encouraged the downplay because in the end he needed the cooperation and support of the business and financial community to get the nation out of the depression, and a full investigation was not good for restoring the faith of a nation in the economy of the country. A trial would take time and resources away from New Deal legislation and programs. It is also simply possible that no laws had been broken. Talk of a fascist coup in the United States was not a punishable crime in 1935 and the Justice Department had no means to prosecute or the jurisdiction to do so for something that was only in the planning stages, and a discussion.

However, the lack of interest in the plot might be because the McCormack Dickstein Committee released a censored version of the hearing to the public, excluding names, dates, and places. Without the full testimony the public was blind as to whom Butler implicated. Journalist John L. Spivak, a writer for the communist leaning publication the *New Masses*, uncovered the uncensored testimony from Butler and French a year afterwards and published the uncensored version. Spivak gained the full version when he requested a transcript of the testimony from the committee, but was given the un-censored version as a mistake. Spivak also gained access to Co-Chair Samuel Dickstein for an interview, in which the congressman, when asked if fascism was a real threat stated, “Powerful wealth is concentrating for its own preservation.” And that the committee would have liked to call more witnesses, but did not have the time or money to do so.⁶⁵

Further investigations were severely limited because Gerald MacGuire, the main contact and the witness who could have been the key to unlocking the plot died suddenly on March 26, 1935, a little over a month after the report of the committee was released. The death of the bond

⁶⁴ Swing, *Forerunners of American Fascism*, 18.

⁶⁵ Spivak, “Wall Street’s Fascist Conspiracy,” 15.

salesman was attributed at the time to a massive heart attack brought upon by the stress created by the hearing.⁶⁶ The death of the only known connection to the plotters also closed the affair. Since 1934 no one has come forward or admitted to having been involved or having knowledge of the plot.

The public and the press seem to have turned a blind eye to the possibility of a potential coup in 1934; however the plotters were not completely pardoned by history. The damage, however limited and censored, was done and the American Liberty League lost public support after rumors and embarrassment with its connections to the plot, and ultimately was a failure in curbing the support for Roosevelt, as he would go on to serve three more terms. President Roosevelt acknowledged those who sought to overthrow him in his speech to the Democratic National Convention during the summer of 1936, in which he attacked powers of economic tyranny and stated, “It was natural and perhaps human that the privileged princes of these new economic dynasties, thirsting for power, reached out for control over government itself...In their blindness they forget what the flag and the Constitution stand for.”⁶⁷ History ultimately shows that these plotters were failures in trying to enough support to overthrow Franklin Delano Roosevelt, as he is remembered today as being one of the greatest presidents of all time. Seventy years have passed since the hearing, and today there is little prospect of uncovering new information, but more research can be done. If any materials remain in the Justice Department it would be of value to search their records to find any sort of a paper trail. In addition, if any

⁶⁶ “G.C. MacGuire Dies, Doctors Say His Death Was Linked To Stress Over Plot,” *Philadelphia Inquirer*, 26 March 1935, 6.

⁶⁷ Franklin Delano Roosevelt, “We Are Fighting to Save a Great and Precious Form of Government for Ourselves and the World” Acceptance of the Re-nomination for the presidency, Philadelphia, Pa. June 27, 1936. In *The Public Papers and Addresses of Franklin D. Roosevelt*, (New York: Random House, 1938), 110.

records remain from the Grayson Murphy or other financiers who were implicated it would be of value to examine their content.

In the novel *Seven Days in May*, a Marine Corps general alerts the President of the United States of a plot to take over the White House. Authors Fletcher Knebel and Charles W. Bailey based their fictional hero on real life hero Smedley Darlington Butler. Although after seventy years the plot remains slightly ambiguous in characters involved what is clear is that more so than any other time in American history, 1933 and 1934 the United States was susceptible to a coup be it from Wall Street bankers or any other powerful organization or leader. The head of the American legion had expressed he and the organization would, if called upon, usher in a fascist regime. Dissatisfied financiers had power taken away by Roosevelt and his New Deal, and were resorting to whatever they could to get it back. A failing capitalist state made people look in new directions to save the country and some openly embraced fascism. While we can only speculate what the scene would look like if there ever was a march on Washington, it is interesting to note the following that occurred in the aftermath of the plot. In October of 1935, when government officials cleaned out the desk of General Hugh S. Johnson, a name MacGuire said might lead the march on the capitol; they found he possessed a military style map of Washington with every public building plainly marked in his drawer.⁶⁸

⁶⁸ Matthew Josephson, *Infidel in the Temple* (New York: Alfred A. Knopf, 1967), 274.

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