

The Business Plot in the American Press

by

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## **Abstract**

In the fall of 1934 Major General Smedley Butler, U.S.M.C. (ret.) testified before Congress that he had been approached by a representative of a cabal of wealthy Wall Street bankers, powerful industrial magnates, and shady political operatives to lead a fascist coup to overthrow the administration of President Franklin D. Roosevelt. Congress investigated Butler's allegations of a conspiracy against the government and deemed them to be true. The American news media, however, was noticeably divided in the nature of their coverage of the congressional investigation. Previous historians have claimed that elements of the American news media were markedly sympathetic toward fascism in the United States during the 1930s. An analysis of the newspaper coverage of this investigation reveals a stark contrast between ways in which media outlets headed by individuals suspected of fascist sympathies portrayed the story as opposed to media outlets known to be editorially anti-fascist. These findings lend credence to previous historians' claims about identifiably pro-fascist strains in the American media during the time in question.

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## Introduction

On November 20, 1934 highly decorated Marine Corps Major General Smedley Darlington Butler appeared before the Special Committee on Un-American Activities in executive session in New York City. The hearing was conducted before a sub-committee of two, comprised of Chairman John W. McCormack of Massachusetts and Vice-Chairman Samuel Dickstein of New York. In the presence of the committee and its counsel, Butler outlined what to many then and since has seemed a wild scheme at best and an infamous hoax at worst. Butler swore under oath that he had been approached by a devious bond salesman named Gerald MacGuire, who claimed to represent a cabal of wealthy Wall Street bankers, powerful industrial magnates, and shady political operatives. This cabal, he claimed, sought to assemble an army of five hundred thousand disaffected World War One veterans to march on Washington and overthrow the government of President Franklin D. Roosevelt in a fascist coup. The conspirators were ready to act very soon, McGuire claimed, and they wanted General Butler to lead the putsch.

When the story broke, national newspapers seized upon it with incredulity, skepticism, and even outright mockery, painting General Butler as little more than a kook with an axe to grind or a base publicity seeker. For weeks the general's name was dragged through the mud as the congressional committee heard testimony, interrogated witnesses, and sifted through the evidence. Finally, in February 1935 the committee released its official report – highly redacted – detailing exactly what it found. The congressmen concluded that Butler's accusations of a planned fascist coup were alarmingly true. The report stated: "Evidence was obtained showing that certain persons had made an attempt to establish a fascist organization in this country. . . .

There is no question but that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.”<sup>1</sup>

Yet despite the committee’s endorsement of Butler’s claims, no further action was taken. Most American newspapers ignored the committee’s final conclusion entirely, or else paid it little mind. None of the accused plotters, who included executives of the Du Pont Corporation, General Motors, and the J.P. Morgan Company, officers in the United States military and American Legion, members of Congress, and even former Democratic presidential candidates, were ever investigated or held accountable for their alleged roles in the plot. The committee was disbanded and the story died a quick and quiet death soon thereafter.

In the intervening years, the Business Plot has been almost forgotten. Today’s lack of awareness of this subject, even among professional historians, stems largely from the failure of the contemporary press to adequately cover the events of the congressional investigation as they unfolded or to search for further answers once the investigation came to a close. Given the serious nature of Smedley Butler’s allegations, the sparse coverage and the dismissive attitude toward the story in the national press raises questions about the motivations of the American media at the time. Previous historians have studied the relationship between influential figures in American society and proponents of European fascism. In doing so they have found many troubling connections. The American press in particular has been the subject of a number of studies which have demonstrated a distinctly foreign, pro-fascist influence. The coverage of the Business Plot in the American press seems to support these conclusions.

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<sup>1</sup> John William McCormack. Committee of the Whole House. *Investigation of Nazi and Other Propaganda*. House Report No. 153. Washington, D.C.: 15 February 1935.

I propose, therefore, to use the media's coverage of the Business Plot as an example of the larger phenomenon of fascist sympathies in the American press during the time in question. I will examine the coverage of the Business Plot investigation found in the most influential publications of the time, and will investigate the political leanings of the editors, publishers, and owners of these periodicals to explore whether the coverage of the Business Plot could have been influenced by pro-fascist political sympathies in the American press. It is my contention that pro-fascist sympathies in the American press played a distinct role in down-playing, dismissing, and deriding Smedley Butler's allegations of a planned fascist coup in the United States.

In order to analyze the press' biases in its coverage of the Business Plot investigation, a foundation must first be established as to the events of the congressional investigation itself. I will begin with a step-by-step recounting of the investigation. The reader will experience, through witness testimony, exactly how the events unfolded. Punctuating the daily events of the investigation will be an analysis of the coverage by the American press as new information was disclosed. This dual approach, with both the congressional investigation and the contemporary newspaper coverage, has the potential to reveal much about the political atmosphere in which the events transpired.

The second major aspect of this thesis will be an investigation into the political leanings of the major figures in the American press who played a great part in determining the way in which the story would be portrayed. It is no secret that the press in the 1930s, much like the media of today, possessed distinct editorial biases. Many of these biases are derived from conventional Democratic versus Republican political affiliations. The perception of fascism held by major figures in the American press, however, is a major factor in the 1930s which may have played an additional and important part in determining how the Business Plot was covered. I



will therefore investigate the editorial histories of the most prominent periodicals of the era in question as well as the personal political sympathies of their editors, owners, and publishers to determine if sympathies toward fascism might have influenced the way in which they reported, or failed to report, the Business Plot investigation.

It is not my intention in this study to pass judgment on the truth of Smedley Butler's allegations; the responsibility for doing so fell upon the congressional investigators and the Department of Justice at the time when these allegations were made. Ultimately, the men entrusted with this task largely failed to act upon the information they uncovered – despite making a public assertion that Butler's claims had merit. Yet, given the potential implications of a plot to overthrow the United States government by some of the most notable men in the nation at that time, the marked scarcity and curious character of the American press coverage of these events is an historical phenomenon which needs to be addressed. The apparently fascist sympathies and illiberal tendencies of key figures in American society during the era of the Great Depression is also a subject which deserves attention. This study will hopefully find its home within the larger body of work concerned with native fascist movements in the United States, and the inherent threat of such movements to American democracy itself.

Before proceeding, however, I must clarify what I mean by “fascist” or “pro-fascist.” In this study, I propose that the fascism found in the United States in the 1930s was quite different from the standard form of fascism that was prevalent in Europe at the time. I define standard “European fascism” as a form of totalitarian rule which seeks to control society through the elimination of individual will. Fascist governments instill in their subjects a nationalistic fervor, meant to subordinate individual interests to a single national interest, and to foster a complete

loyalty to, and dependency upon, the national leadership. Fascist governments seek to suppress individuality through the elimination of dissent and the use of violent coercion to enforce conformity.

In an effort to create a single national community, fascist governments seek to eliminate ideologies which may result in social division or competing priorities. Most notably, fascist governments have sought to combat the influence of socialism and communism, as such ideologies are seen to promote internal (class) division and international, rather than solely national, loyalties.

From this perspective, most American forms of “fascism” were not genuinely fascist. This includes the form of fascism supported by the individuals in this study. The key point to consider, however, is not how closely this "American fascism" matches up with modern scholarly conceptions of fascism as found in pre-war Europe. I am concerned primarily with two things: first, how Americans in the 1930s perceived fascism (primarily the Italian variety, to which they were most attracted); and, second, how American admirers of European fascism adapted what they considered to be fascist ideology and practice for implementation in American society.

On these points, I argue that, as outside observers with their own priorities and within the context of their own society, Americans had only a superficial understanding of fascism. They did not see – or if they did, they did not care about – the ideological core of fascism. That is, they were not interested in eliminating individuality as a means of fostering national unity. What they saw were the symptoms of European fascism (what fascists *did*) and they mistook these symptoms to be the thing itself (what fascism *was*). They saw the fascist movements in Europe as vigorous and effective enemies of communism and socialism. They did not realize or care

that these European fascists ultimately fought communists and socialists because they saw them as obstacles in their quest for unquestioned national unity. American observers simply saw in fascism a new ideology which was apparently very good at crushing "leftist subversives" – the same leftist subversives about whom they themselves were chronically paranoid – and wished to emulate that success in their own society.

What Americans meant by "fascism," then, was distinctly different from the fascism which originated in Europe. "American fascism" was rather an extreme version of anti-communism or anti-socialism which its adherents had adapted from the form of fascism they observed in Europe. This conception of fascism is best articulated in the writings of media mogul William Randolph Hearst. During his newspapers' coverage of the Business Plot investigation, Hearst wrote an editorial in which he asserted that "Fascism is definitely a movement to oppose and offset Communism, and so prevent the least capable and the least creditable classes from getting control of government. Fascism will only come into existence in the United States when such a movement becomes really necessary for the prevention of Communism."<sup>2</sup> This was, I believe, the most common conception of fascism held by American economic and political elites, and helps explain why it was American conservatives, historically the most aggressive anti-communist crusaders, who were most sympathetic to European fascism.

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<sup>2</sup> William Randolph Hearst, "Mr. Hearst on Communism and Fascism," *San Francisco Examiner*, 26 November 1934, pp. 1-2.

## Chapter 1 - The Plot to Seize the White House

On November 20, 1934 General Smedley Darlington Butler testified before the McCormack-Dickstein Committee on Un-American Activities. Butler told investigators that in July of 1933 he was visited at his home in Newtown Square, Pennsylvania by a man named Gerald C. MacGuire. MacGuire introduced himself as a World War veteran and an official of the American Legion who had come to call upon the general with a proposal. MacGuire proposed to Butler that he recruit a retinue of war veterans to attend the national convention of the American Legion, being held that September in Chicago. Once there, Butler would make a speech on MacGuire's behalf demanding the ouster of the so called "royal family" of the American Legion – a powerful clique of wealthy and influential men who controlled the organization's affairs. Patient with a fellow veteran and sympathetic by nature, Butler initially indulged MacGuire, whom he suspected might be unwell. Repeatedly rebuffed, MacGuire would return to the general again and again over the coming months with increasingly wild schemes about meddling in Legion affairs.<sup>3</sup>

MacGuire called upon Butler again that August. By this time Butler had come to suspect that MacGuire was not simply delusional but was working on someone's behalf. Trying to prove that he was legitimate, MacGuire had shown Butler bank books with deposits totaling over \$100,000.<sup>4</sup> Butler knew that no simple soldier could accrue such a vast sum of money on his own, and so insisted that MacGuire tell him who he was really working for. MacGuire told

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<sup>3</sup> United States. Congress. House. Special Committee on Un-American Activities. *Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities: Public Hearings before the Special Committee on Un-American Activities*. Washington, D.C.: Government Printing Office, 1934. pp. 9-10. Hereafter referred to as: *Public Hearings*.

<sup>4</sup> \$100,000 in 1933 is equivalent to nearly \$2 million in 2017.

Butler that he worked as a bond salesman for a wealthy Wall Street financier named Grayson M.P. Murphy. Murphy had been a colonel during the war and had served as a coordinator between the military and the American Red Cross. At war's end Murphy had underwritten the formation of the American Legion itself with a \$125,000 loan. Grayson Murphy, according to MacGuire, was one of nine wealthy men contributing funds to support the national convention scheme.<sup>5</sup>

Wanting to keep his distance, Butler did not commit to anything, but rather waited and listened to what MacGuire had to say. The two met again at the beginning of September. When asked if he had begun recruiting men to go to the national convention, Butler said no. He told MacGuire that he would not even consider cooperating unless he was allowed to meet with one of the principal backers of the plot. MacGuire promised to set up a meeting as soon as possible.<sup>6</sup>

True to his word, MacGuire arranged for Butler to meet with one of the principals the following week. The man was actually an acquaintance of the general. His name was Robert Sterling Clark. Known to Butler as the "millionaire lieutenant," Clark had been a junior officer under Butler's command in China during the Boxer Rebellion. According to Butler, Clark had been a "batty, sort of queer" fellow, who did "all sorts of extravagant things." Clark had inherited a family fortune through his father, the co-founder of the Singer Manufacturing Company.<sup>7</sup>

Butler picked up Clark from the train station and brought him back to his home at Newtown Square. After a friendly lunch the two got down to the business of Clark's visit. Clark

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<sup>5</sup> Ibid, pp. 11-12.

<sup>6</sup> Ibid, p. 12.

<sup>7</sup> Ibid, p. 13.

asked whether the general had had a chance to review the prepared speech which MacGuire had provided for him to read at the Legion convention. “Yes,” Butler replied, “but it looks as if it were a big-business speech. There is something funny about that speech, Mr. Clark.” The speech Butler had been given was of an entirely different agenda than calling for a change of leadership in the American Legion. The speech, as it turned out, was a call for the Legion to pass a resolution urging the Roosevelt administration to return the nation’s currency to the gold standard.<sup>8</sup>

Butler knew he was being used, and so, at his insistence, Clark dropped all pretense and put his cards on the table. “You understand just how we are fixed,” Clark told him. “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 of 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.”<sup>9</sup>

Upon learning these men’s true intentions, Butler told the committee he was appalled. He had spent his whole adult life looking out for the interests of soldiers and was not about to let them be used as a cudgel for big-business. “I do not want to be mixed up in this thing at all,” he

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<sup>8</sup> President Roosevelt signed Executive Order 6102 – Requiring Gold Coin, Gold Bullion and Gold Certificates to Be Delivered to the Government – on April 5, 1933, ordering all Americans with gold in their possession, other than for industrial or artistic purposes, to return it the government as soon as possible. In the meantime America’s money would be based upon the value of silver. These were emergency measures meant to bolster the solvency of nation’s money supply during the economic crisis. Yet with the crisis apparently set to continue indefinitely and a return to a gold increasingly dubious, many of America’s wealthiest individuals were paranoid that they would lose their fortunes due to inflation and have no gold reserves to back them up. For this reason, many were willing to do whatever they could to pressure the government into returning to gold as soon as possible. The text of the executive order can be found at: <http://www.presidency.ucsb.edu/ws/?pid=14611>.

<sup>9</sup> *Public Hearings*, p. 14

claimed to have said. “I took an oath to sustain democracy, and that is what I’m going to do and nothing else. I am not going to get these soldiers marching around and stirred up over the gold standard. What the hell does a soldier know about the gold standard?”<sup>10</sup>

With Butler uncooperative Clark turned to his back-up plan. Using Butler’s phone he placed a call to Gerald MacGuire. He told MacGuire that neither Butler nor he, Clark himself, would be coming to the convention in Chicago. Instead, Clark ordered MacGuire to use \$45,000 that MacGuire had in his possession and flood the convention hall in Chicago with telegrams urging a return to the gold standard. And that, Butler told the committee, was exactly the way things happened at the convention. The telegrams poured in and the resolution was passed. The scheme worked out just as Clark and MacGuire had planned.<sup>11</sup>

Butler did not see Gerald MacGuire again until August 1934. He agreed to meet with MacGuire at the Bellevue Hotel in Philadelphia on August 22. After some friendly chat about a recent trip to Europe, MacGuire got down to the purpose of their meeting. “The time has come now to get the soldiers together,” he told Butler. “I think so, too,” Butler replied. MacGuire then confessed that his trip to Europe had been more than a simple vacation:

I went abroad to study the part that the veteran plays in the various set-ups of the governments that they have abroad. I went to Italy for 2 or 3 months and studied the position that the veterans of Italy occupy in the Fascist set-up of government, and I discovered that they are the backbone of Mussolini. They keep them on the pay rolls in various ways and keep them contented and happy; and they are his real backbone, the force on which he may depend, in case of trouble, to sustain him. But that set-up would not suit us at all. The soldiers of America would not like that. I then went to Germany to see what Hitler was doing, and his whole strength lies in organizations of soldiers, too. But that would not do. I looked into the Russian business. I found that the use of the soldiers over there would never appeal to our men. Then I went to France, and I found

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<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

just exactly the organization that we are going to have. It is an organization of “supersoldiers.”<sup>12</sup>

Butler could not recall the name of the organization which MacGuire had described, but evidence suggests he was talking about the *Croix de Feu* or “Cross of Fire.”<sup>13</sup> MacGuire described it as an umbrella organization of French veterans’ outfits in which 500,000 French officers and NCOs each served as the leaders of ten other men over whom they were directly responsible. In this way, the half-million members of the *Croix de Feu* commanded the votes of approximately five million French veterans. With such a large political bloc, the veterans served as a formidable force in French national affairs.<sup>14</sup>

Butler asked MacGuire what his group would do with such an organization if they could set one up in America. “Well,” MacGuire replied, “they will be the support of the President.” Butler pointed out that all of MacGuire’s previous efforts had been in opposition to the president and his economic policies. And either way, he asked, why should the administration desire such support? “Don’t you understand the set-up has got to be changed a bit?” said MacGuire. “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 to it that he does not change that method. He will not change it.”<sup>15</sup>

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<sup>12</sup> Ibid, p. 17.

<sup>13</sup> For more information on this organization, see: Samuel Kalman, *The Extreme Right in Interwar France: The Faisceau and the Croix de Feu* (Aldershot, England: Ashgate, 2008).

<sup>14</sup> *Public Hearings*, p. 17.

<sup>15</sup> Ibid, pp. 17-18.



“The idea of this great group of soldiers, then, is to sort of frighten him, is it?” Butler asked. “No, no, no, not to frighten him,” MacGuire responded, “This is to sustain him when others assault him.” Butler asked how the president would explain this set-up to the American people, but MacGuire assured him that it would all seem perfectly proper: “Now, did it ever occur to you that the President is overworked?” he asked. “We might have an Assistant President, somebody to take the blame; and if things do not work out, he can drop him.” MacGuire explained that Roosevelt would be induced to add a new cabinet position, a “Secretary of General Affairs” or something to that effect. The American people would buy the story, MacGuire claimed. “We have got the newspapers,” he said. “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.”<sup>16</sup> MacGuire’s backers thus had in mind a scenario in which Roosevelt would have done to him the same as Mussolini did to the King of Italy or what Hitler did to Hindenburg in Germany – reduce the legitimate leader into a powerless figurehead while a dictator, propped up by a personal army, rules in his stead.

MacGuire then asked Butler the question that he must have been angling toward all along: “Now, about this superorganization – would you be interested in heading it?” To this Butler says he responded: “I am interested in it, but I do not know about heading it. 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!”<sup>17</sup>

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<sup>16</sup> Ibid, p. 18.

<sup>17</sup> Ibid.

MacGuire continued to insist that his people only wished to support the president, not to control him, but Butler would not be sold. “Don’t you know that this will cost money, what you are talking about?” he asked. “Yes,” said MacGuire, “we have got \$3,000,000 to start with, on the line, and we can get \$300,000,000, if we need it.”<sup>18</sup> “Who is going to put all this money up?” asked Butler. “Well, you heard Clark tell you he was willing to put up \$15,000,000 to save the other \$15,000,000,” MacGuire said cagily. The implication was that there were plenty of super-wealthy individuals across America who would gladly put up vast sums of money out of their personal fortunes to ensure the security of the rest.<sup>19</sup>

After all of these new details had been divulged, Butler asked MacGuire one last question. He wanted to know what this organization, if it ever got off the ground, would be called. MacGuire said that he did not know the name just yet, but that it would be launched very soon. He boasted that Butler should keep an eye on the papers, because in two or three weeks he would see it come out. “There will be big fellows in it,” he said. “This is to be the background of it. These are to be the villagers in the open. The papers will come out with it.” He told the general that this organization was to be the public face of the plotters’ scheme; that it would operate publicly as a national organization for the protection of the Constitution. When he saw this organization come out, he would know that the plan was coming to fruition.<sup>20</sup>

This is where General Butler’s testimony ended. Butler testified that he had no further face-to-face contact with Gerald MacGuire after this last watershed meeting at Philadelphia’s

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<sup>18</sup> \$300,000,000 in 1933 dollars is roughly equivalent to \$55 billion in 2016 dollars.

<sup>19</sup> Ibid, p. 19.

<sup>20</sup> Ibid, p. 20.

Bellevue Hotel in August 1934. Butler spoke to MacGuire just once more: that September, Butler, grown increasingly concerned by the implications of what MacGuire had told him, had gotten in contact with an old friend, Paul Comly French. French was a journalist working for the *Philadelphia Record* and *New York Post*. He told French everything he knew about Gerald MacGuire and their interactions since their first meeting in July 1933. Butler asked French if he would use his journalistic resources to look into MacGuire and his co-conspirators to see if there was any truth in MacGuire's claims. French agreed. In their final interaction, MacGuire phoned Butler to check up on French when he arrived at MacGuire's office wanting to speak with him. Butler vouched for French and told MacGuire he could be trusted. He asked MacGuire to let French in on the details of the plan as the general's personal confidant. MacGuire agreed to Butler's request and met with Paul French on September 13, 1934.

French testified to the McCormack-Dickstein Committee directly after it had finished hearing General Butler. French testified that he had gone to meet with Gerald MacGuire at the offices of MacGuire's boss, Grayson M.P. Murphy, at 52 Broadway in New York City.

MacGuire was somewhat reluctant to get into details at first but warmed up as the meeting got along. French told the committee that he went straight to his typewriter after the meeting and copied down exactly what MacGuire told him.

French quoted MacGuire as saying: "We need a fascist government in this country . . . to save the nation from the communists that want to tear it down and 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."<sup>21</sup> MacGuire reiterated to French

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<sup>21</sup> Ibid, pp. 20-21.

the details of his mission to Europe over the spring and summer of 1934 where he studied the roles which veterans played in establishing and supporting fascist movements. “During the course of the conversation,” French noted, “he continually discussed the need of a man on a white horse, as he called it, a dictator who would come galloping in on his white horse. He said that was the only way; either through the threat of armed force or the delegation of power, and the use of a group of organized veterans, to save the capitalistic system.”<sup>22</sup>

MacGuire then reportedly told French the extent to which existing American veterans’ organizations were expected to cooperate with the plan. “He expressed his belief,” said French, “that at least half of the American Legion and Veterans of Foreign Wars would follow the General if he announced such a plan.” MacGuire then showed French a letter which he said was from Louis Johnson<sup>23</sup>, national commander of the American Legion from 1932 to 1933. French was not permitted to read the letter, but MacGuire assured him that he had discussed the plot with Johnson and that Johnson was in sympathy with it. He also mentioned that he had discussed the plot with Johnson’s predecessor as national commander, Henry L. Stevens, and that Stevens was interested as well. In fact, said French, “several times he brought in the names of various former national commanders of the American Legion, to give me the impression that, whether justly or unjustly, a group in the American Legion were actively interested in this proposition.”<sup>24</sup>

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<sup>22</sup> Ibid, p. 21.

<sup>23</sup> Louis Johnson would ultimately go on to be named Assistant Secretary of War by President Roosevelt, serving in that position from 1937 to 1940. Johnson then served as the second Secretary of Defense under President Truman from 1949 to 1950 after Department of Defense succeeded the Department of War in 1947.

<sup>24</sup> Ibid, pp. 21-22.

MacGuire also discussed his group's intended solution to the national unemployment crisis. He said they were inspired by Adolf Hitler's policies in Europe – that the solution would be the institution of labor camps and barracks in America to mobilize the unemployed. Such an initiative, MacGuire insisted, would solve the problem overnight. He also revealed that the plotters would force all suspected “radicals” across the country to register their movements with the government. That way, said MacGuire, the new regime could “stop a lot of these communist agitators who were running around the country.” MacGuire ended by insisting that another economic crash was inevitable and would come when bonds reached five percent interest. When that time comes, he said, “the soldiers must prepare to save the Nation.”<sup>25</sup>

With that, Paul French's testimony ended. He told the committee that MacGuire had intended to meet with Butler once again to convince the general to head the veterans' organization but was stymied when Butler left for the west coast on one of his frequent speaking tours. MacGuire was disappointed, he told French, but remained encouraged at the prospect of ultimate success. “Everything is coming our way,” he said.<sup>26</sup>

It is worth reiterating two important “take-aways” from MacGuire's interactions with Butler and French. First, during MacGuire's meeting with Butler at the Bellevue Hotel in Philadelphia, MacGuire claimed that he and the plotters “have got the newspapers.” He told Butler that whatever cover story his bosses decided to put in the papers would be accepted by the “dumb American people” who would “fall for it in a second.” While MacGuire was probably overstating his bosses' influence over the national media, it is nevertheless a powerful statement

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<sup>25</sup> Ibid, p. 22.

<sup>26</sup> Ibid.

about how effective a tool the press could be in influencing national public opinion. MacGuire's statement also reveals his belief that much of the press would be willing, either through direct collaboration with the plotters or indirectly through the press' own political preferences, to support a major change in the American system of government.

The second important fact to take note of here is how open MacGuire was, in his conversation with Paul French, to call the scheme "fascism." He blatantly asserted to French that "we need a fascist government in this country . . . to save the nation from the communists." This is as near to an ideological statement from the plotters as can be found. It reveals exactly what the plotters thought that they were doing (implementing fascism) and why they thought it was necessary (to fight against communism). The rest of this thesis is essentially an examination of these two points. Were the American media in the mid-1930s really willing and able to promote and defend fascism in the United States? If so, why might this be? An analysis of how the media covered the Business Plot investigation may answer these questions.

## **Chapter 2 - Fascism, Society, and the Great Depression**

When Franklin Delano Roosevelt first took office on March 4, 1933 the world was in the midst of the most severe economic depression of modern times. The Great Depression was more than just an economic crisis, however. The worldwide economic downturn contributed greatly to the crisis in confidence which had been growing in western liberal democracies since the end of the First World War.

In Europe, a decade of post-war economic troubles had already undermined confidence in the ability of democratic governments to overcome political deadlock and solve the great problems of the day. This anti-democratic attitude combined with a particularly aggressive form of ultra-nationalism which had developed during the war years and continued to grow thereafter. This was especially true among the massive numbers of disillusioned, unemployed war veterans scattered across the continent. It was the fusion of these two elements – militant ultra-nationalism and an anti-democratic, anti-liberal political sentiment – which formed the basis of the interwar years' most dangerous new political ideology: fascism.

The world's first fascist movement was formed by Benito Mussolini in 1915 as a nationalistic paramilitary organization dedicated to supporting the Italian war effort in the First World War. Yet when the war ended in 1918 the fighting on the home front did not cease. Mussolini and his fascists turned from their previously isolated street hooliganism and embarked upon a national campaign to rid Italy of its supposed socialist threat and to bring strength and order to the chaotic and ineffective Italian parliamentary government. The National Fascist Party was officially founded in 1921 and by the end of October 1922 the fascists had pressured the King of Italy into inviting Mussolini to form a government rather than risk a civil war.

The successful example of Mussolini's Fascist Party inspired similar militant, nationalist, anti-democratic movements to crop up throughout Europe and across the globe. Fascist movements arose in Austria, Hungary, France, Great Britain, Germany, Brazil, the United States, and elsewhere during the 1920s and '30s. The proliferation of fascist movements was only accelerated by the onset of the Great Depression in late 1929 when democratic governments proved once again in the eyes of many that they were ill-equipped to handle the great problems of the day. It was in this context that many nations began to look for a national "savior," an enigmatic "strongman" who could take the reins of government and lead their people to salvation. In the United States, such a figure was sometimes referred to as a "man on a white horse," evoking the image of a gallant hero who would ride to the rescue in times of peril and save the day. Many in the United States hoped this savior had come in the form of President Franklin D. Roosevelt.

William Manchester, in his book *The Glory and the Dream*, describes the fear which upper-class Americans had of a lower-class revolt in the months before Roosevelt's inauguration. Among the propertied classes, he writes, the distinction between the poor, wanting bread, and a full-on communist revolutionary was often non-existent. The rich would have to take their security into their own hands.

If the government could not keep order, each man must look to his own. Businessmen in a number of cities formed committees to cope with nameless terrors should railroad and telephone lines be cut and surrounding highways blocked. Candles and canned goods were stockpiled; a Hollywood director carried with him a wardrobe of old clothes so that he could 'disappear into the crowd' on a moment's notice. In New York, hotels discovered that wealthy guests who usually leased suites for the winter were holing up in their country homes. Some had mounted machine guns on their roofs.<sup>27</sup>

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<sup>27</sup> William Manchester, *The Glory and the Dream: A Narrative History of America, 1932-1972*, (Boston: Little, Brown and Company, 1973) p. 56.



Manchester goes on to say that the paranoid elites were not really so paranoid. “The evidence strongly suggests,” he writes, “that had Roosevelt in fact been another Hoover, the United States would have followed seven Latin American countries whose governments had been overthrown by Depression victims.”<sup>28</sup>

In this radical atmosphere, leftist writers and academics felt freer than ever before to express sympathies or even open admiration for socialism and communism. Socialist and even communist politicians were making historic gains in state and local governments, and in the 1932 presidential election, the Socialist candidate Norman Thomas tripled his share of the vote from the 1928 election. Even prominent establishment politicians seemed to be jumping on the radical bandwagon. In one famous example, Governor Floyd B. Olson of Minnesota proclaimed that he was “taking recruits for the Minnesota National Guard” and was not accepting anyone “who doesn’t carry a Red Card.” “Minnesota,” he declared, “is a left-wing state.”<sup>29</sup>

The same polarization was happening on the political right. The summer of 1933 saw an explosion of American pro-fascist groups patterned after the German and Italian models. In what Sally Denton calls a “rainbow of colored shirts,” rightist paramilitary organizations such as the White Shirts, the Black Shirts, the Silver Shirts, and even the Khaki Shirts sprang up, united by fear that a communist or Zionist takeover of the federal government would be ushered in by Franklin Roosevelt.<sup>30</sup> Nicholas Murray Butler, president of Columbia University, Nobel Prize winner, and a man regarded by many as one of the nation’s leading public intellectuals, openly praised the “totalitarian” societies which had begun to emerge in Europe. Butler publicly

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<sup>28</sup> Ibid.

<sup>29</sup> Ibid, p. 57.

<sup>30</sup> Sally Denton, *The Plots Against the President: FDR, A Nation in Crisis, and the Rise of the American Right*, (New York: Bloomsbury Press, 2012) pp. 171-73.

asserted that totalitarianism produces “men of far greater intelligence, far stronger character and far more courage than the system of elections.” Conservative Republican Governor Alf Landon of Kansas, who would run unsuccessfully against Roosevelt in the 1936 presidential election, seemed to agree, declaring, “Even the iron hand of a national dictator is in preference to a paralytic stroke.” Republican Senator David A. Reed of Pennsylvania stated the case for fascism outright, proclaiming: “If this country ever needed a Mussolini, it needs one now.”<sup>31</sup> Popular newspaper columnist Walter Lippmann denigrated the New Deal as “Stalin Delano Roosevelt’s Raw Deal” and compared the president to “the Mussolinis, the Hitlers, and the Lenins and all of those who seek to establish a dictatorial form of government.”<sup>32</sup> In President Roosevelt’s first term many believed that the nation was on the precipice of a major shift either to the right or to the left and that democracy itself might soon be at an end. Some welcomed the change and some abhorred it. No one could say for certain what the future would be.

Historians as well as contemporary observers have commented upon the widespread popular approval of fascism among Americans throughout the 1920s and into the mid-1930s. There was a great admiration for Benito Mussolini and his Italian Fascist regime throughout the United States during this time, and many believed his style of governance would be necessary to rescue the nation from the economic crisis. Historians John P. Diggins and Gian Giacomo Migone have written about America’s strange fascination with Mussolini’s Italy and have commented particularly upon the favorable reception given to his Fascist regime in the American press.

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<sup>31</sup> Manchester, pp. 57-58.

<sup>32</sup> Denton, p. 155.

In characterizing the editorial stance of the majority of American periodicals, Diggins writes: “the leitmotiv of the American response was an intense fear of the red specter of international Communism.”<sup>33</sup> This overarching fear of communism helped foster a positive view of fascism, as well as other forms of ultraconservatism, in American society because right-wing ideologues often postured themselves as staunch anti-communists. Diggins argues that a significant element in the American press supported the Fascist regime in Italy from the period immediately following Mussolini’s March on Rome in October 1922 to the outbreak of Italy’s war with Ethiopia in 1935, when Mussolini’s aggressive and destabilizing tendencies could no longer be ignored. Until that point, however, Diggins argues that “the American press treatment of Fascist Italy was marked by considerable obtuseness and even a shade of dishonor. A surprising number of writers,” he says, “succumbed to Fascist propaganda and a few actually prostituted themselves in the pay of the Italian government.”<sup>34</sup> He goes on to describe the various tactics by which Italian government officials pressured, flattered, deceived, or seduced members of the American press, both in the United States and in Italy, to write positive stories about Fascist Italy and its leadership or to suppress and deride negative depictions in the popular media.

Migone tends to agree with the assertions made by Diggins. Like Diggins, Migone argues that the American people in general supported fascism as a positive force for law and order in the face of a perceived socialist threat.<sup>35</sup> This admiration was particularly strong in the

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<sup>33</sup> John P. Diggins, *Mussolini and Fascism: The View from America* (Princeton: Princeton University Press, 1972) p. 31.

<sup>34</sup> *Ibid.*, p. 42.

<sup>35</sup> Gian Giacomo Migone, *The United States and Fascist Italy: The Rise of American Finance in Europe*, trans. Molly Tambor (New York: Cambridge University Press, 2015), pp. 37-47.

American business community and within the political leadership, both of which were concerned for the security of their financial investments in post-war European reconstruction. He argues that Mussolini's primary concern was to craft an image in the American press that he was firmly in control of Italy's internal affairs. "He knew his guarantee of stability constituted the single most valuable trait in the eyes of American powerbrokers," Migone writes, "especially the financiers who needed to be able to count on favorable future conditions for their European investments."<sup>36</sup> In order to influence public opinion, Migone argues, Mussolini had his officials work with the American financial community to manipulate the press into publishing positive stories about fascism. Of particular importance, he says, were the J.P. Morgan Bank and the press syndicate of William Randolph Hearst for their roles in advancing Italian interests in the American media.<sup>37</sup>

Notable contemporary journalists such as the *Chicago Tribune*'s George Seldes and Raymond Gram Swing of *The Nation* also wrote extensively about the influence of fascism upon the American press of the 1930s as well as in American society as a whole.<sup>38</sup> Writing during World War Two, Seldes believed most people who fought in the war against Nazi Germany and Fascist Italy were fighting against an ideological system that they neither understood nor were encouraged to understand. He believed that the pro-fascist elements in American society did not

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<sup>36</sup> Ibid, p. 53.

<sup>37</sup> Ibid, pp. 60-64, 90-94, 133-137.

<sup>38</sup> Among the many relevant texts by George Seldes see *You Can't Do That: A Survey of the Forces Attempting, in the name of Patriotism, to Make a Desert of the Bill of Rights* (New York: Modern Age Books, 1938) or *Facts and Fascism* (New York: In Fact, 1943); for Raymond Gram Swing see *Forerunners of American Fascism* (New York: J. Messner Inc., 1935); Also see Will Irwin, *Propaganda and the News: or, What Makes You Think So?* (New York: Whittlesey House, McGraw-Hill Book Company, inc., 1936) pp. 231-33.

want the general public to comprehend just how similar to this foreign enemy they themselves truly were. He wrote:

Faraway Fascism has been attacked, exposed, and denounced by the same publications . . . which for years ran articles lauding Mussolini and his notable backers in all lands; and the Hearst newspapers, which published from 1934 to Pearl Harbor dozens of signed propaganda articles by Dr. Goebbels, Goering and other Nazis, now call them names, but no publication which takes money from certain Big Business elements . . . will dare name the native or nearby Fascists. In many instances the publications themselves are part of our own Fascism.<sup>39</sup>

He argued that native fascism was not simply limited to the “lunatic fringes” of society, but permeated major economic, social, and political circles in the United States as well. He asserted that such interests “organized big business in a movement against labor. . . . Signed a pact with Nazi agents for political and economic (cartel) penetration of the U.S. . . . Founded a \$1,000,000-a-year propaganda outfit to corrupt the press, radio, schools and churches. . . . [And] delayed the winning of the war through the acts of \$-a-year men looking out for present profits and future monopoly rather than for the quick defeat of Fascism.”<sup>40</sup> He went on to accuse the National Association of Manufacturers, General Motors, the Du Pont corporation, the owner and editors of *Readers Digest*, the media empire of William Randolph Hearst, and others of general complicity in both direct and indirect efforts to support fascist subversion of the United States through economic and political means.

Contemporary academics were also very outspoken about pro-fascist ideas in American culture at the time and about the prospects of the United States government itself turning fascist.<sup>41</sup> Roger Shaw, in an article called “Fascism and the New Deal,” accused Roosevelt’s

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<sup>39</sup> George Seldes, *Facts and Fascism* (New York: In Fact, 1943) pp. 11-12.

<sup>40</sup> *Ibid*, p. 14.

<sup>41</sup> In addition to the following, numerous other perspectives include: Frank C. Hanighen “Foreign Political Movements in the United States,” *Foreign Affairs* vol. 16, no. 1 (1937): pp. 1-20; Travis Hoke, *Shirts!: a Survey of*

New Deal program of using “the mechanics of Italian Fascism to combat the spirit of Fascism in American business.”<sup>42</sup> Shaw called anti-New Deal patriotic societies like the American Liberty League “Fascists of the spirit attacking Fascists of the flesh,” adding that those individuals who accuse prominent New Dealers of fascist tendencies “are often, in reality, themselves Fascist-minded.” This, he declared, “helps to explain the confusion of the average anti-Roosevelt American who admires Mussolini, and sometimes even Hitler or the late Dollfuss.”<sup>43</sup> Shaw concluded his article with a statement about those he considered the most dangerous fascists in contemporary American society. He said that while there were numerous “self-conscious Fascist movements” in America in his time, for all of their impressive marching, saluting, and racist propaganda, these overt fascists were not the real threat. In Shaw’s estimation, “Die-hard big business – the conservative bankers, and industrialists, and mine-owners – with its constitutional slogans and its financial power which could be used to raise and equip private armies if the need should arise: this is the spirit of Fascism in America.”<sup>44</sup> Published in December 1934, it is hard to imagine that Shaw’s article was not inspired by Smedley Butler’s allegations, which had come out in the press that November.

Dr. H. Arthur Steiner, a political scientist at UCLA, was certainly aware of Butler when he wrote about fascism in America in October 1935. Dr. Steiner wrote: “Attention has been drawn recently to the possibility of a Fascist revolution in the United States – by the Dickstein

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*the New "Shirt" Organizations in the United States Seeking a Fascist Dictatorship* (New York: American Civil Liberties Union, 1934); Carmen Haider, *Do We Want Fascism?* (New York: The John Day Company, 1934); Lawrence Dennis, *The Coming American Fascism* (New York: Harper, 1936)

<sup>42</sup> Roger Shaw, “Fascism and the New Deal,” *The North American Review* vol. 238, no. 6 (1934): p. 559.

<sup>43</sup> *Ibid.*

<sup>44</sup> *Ibid.*, pp. 562-63.

Committee, by journalistic and cinematic exposés of Fascist tendencies, and by the fervent and constant agitation of the League Against War and Fascism and related organizations.”<sup>45</sup> Steiner wrote that the possibility of a communist takeover had become so “overworked a thesis” that nobody in “responsible circles” was talking about it anymore, but that it was now becoming necessary to discuss “a more novel movement to the [political] right.” Steiner argued that it was not “the possibility of introduction into this country of a foreign brand of fascism” which was most troubling but that “more immediately, the ‘danger’ is of an indigenous American reactionary movement, disguised behind the façade of democratic ideology.”<sup>46</sup> Steiner asserted that “such danger as we face from the Fascist tendencies of the Hearsts, the Butlers, and the MacArthurs, the Liberty League, the Committee of the Nation, the chambers of commerce, the merchants’ and manufacturers’ associations, and the ‘better America’ federations has its origins in the potential adaptation of the Fascist technique to the repression of labor organization and the right to strike.”<sup>47</sup> In other words, fascism in America would come as an indigenous movement from the economic elite, under a patriotic banner, for the purpose of fighting the communists and socialists.

One need not simply take the word of social commentators as evidence of fascist influence on American society at this time, however; American popular culture was rife with both positive and negative, but always quite telling depictions of fascism throughout the 1930s. In 1935 influential novelist Sinclair Lewis wrote a best-selling novel entitled *It Can't Happen Here*.<sup>48</sup> Lewis’ novel imagines the rise of a fictional American fascist named Buzz Windrip who

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<sup>45</sup> Arthur H. Steiner, “Fascism in America?” *The American Political Science Review* vol. 29, no. 5 (1935): p. 821.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid, p. 827.

<sup>48</sup> Sinclair Lewis, *It Can't Happen Here*, (New York: Signet Classics, Penguin Group, 2014)

challenges, and ultimately defeats, President Franklin Roosevelt in the 1936 presidential election. The protagonist of the story is the editor of small-town newspaper in rural Vermont who uses the power of the press to fight against the growing pro-fascist sentiment in his community and the nation at-large. Lewis interweaves numerous real-life figures into his story with reputations for fascist sympathies – people such as Louisiana Senator Huey Long and popular radio personality Father Charles Coughlin – men whom many people in contemporary America believed were actively drawing the nation toward a fascist future. In contrast to the title of his novel, the moral of Lewis’ story was that indeed fascism could “happen here” if the American people did not remain vigilant.

Two years earlier an extraordinarily pro-fascist Hollywood drama had been released in the United States. The film *Gabriel Over the White House* tells the story of a weak and ineffective American President who, upon waking from a coma caused by a car crash, finds himself divinely inspired to combat the corrupt and corrosive influences in American politics and society by throwing out the Constitution and running the country as a dictatorial police-state. Rather than serving as the villain, however, the fascist president is the hero of the film, glorified for his vigorous actions toward curing America’s social ills. The film received national release in March 1933 and was produced in part by wealthy American media mogul William Randolph Hearst.<sup>49</sup>

These various depictions of fascism in America highlight why fascism appeared so attractive to so many highly placed as well as ordinary Americans in the mid-1930s. To many Americans the main appeal of fascism was founded in its opposition to communism and

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<sup>49</sup> Walter Huston, et. Al., *Gabriel Over the White House*, Directed by Gregory La Cava (Los Angeles: Metro-Goldwyn Mayer, 1933).



socialism. Those in the United States who feared the prospect of “leftist subversion” often admired the vigor of European fascism in combating what they perceived to be a dangerous tide of revolution emanating from the Soviet Union and sweeping over the continent of Europe. To many wealthy and influential figures in the United States, the specter of a powerful leftist movement which could emerge to challenge their interests was frightening indeed. Some individuals drifted toward an increasingly extreme form of conservatism to protect their interests. Others looked across the Atlantic with admiration at the aggressive and “efficient” economic and political system of Fascist Italy and other fascist nations. They saw a political system once paralyzed by parliamentary deadlock and social unrest which had suddenly been transformed into a highly organized, productive society. To them, Fascist Italy was a nation which had succeeded in stamping out incipient lower-class radicalism while at the same time serving the interests of the nation’s traditional economic and social elites.<sup>50</sup> It was a model which many wished to reproduce in the United States – if only the American people could be convinced.

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<sup>50</sup> Mussolini outlined his opposition to socialism and other “divergent interests” in his “The Doctrine of Fascism” (1932). In one succinct passage he writes: “No individuals or groups (political parties, cultural associations, economic unions, social classes) [exist] outside the State. Fascism is therefore opposed to Socialism to which unity within the State (which amalgamates classes into a single economic and ethical reality) is unknown, and which sees in history nothing but class struggle. Fascism is likewise opposed to trade unionism as a class weapon. But when brought within the orbit of the State, Fascism recognizes the real needs which gave rise to socialism and trade unionism, giving them due weight in the guild or corporative system in which divergent interests are coordinated and harmonized within the unity of the State.”

<http://www.sjsu.edu/faculty/wooda/2B-HUM/Readings/The-Doctrine-of-Fascism.pdf>

## Chapter 3 - Politics and the News

How the press covered the allegations of the Business Plot was shaped largely by the political and ideological backgrounds of the outlets which covered the story. While it is true that radio and film were becoming increasingly popular as means of conveying the news, during the 1930s, traditional print media were still the primary means through which the general public consumed their news. Yet the primacy of the print media began to slowly erode as the depression lingered on. Many fledgling newspapers were forced out of business in this time of economic hardship as their bases of paid subscribers began to dry up. It was in this era when the multitude of local, regional, and national newspapers first began to be consolidated into large, somewhat monolithic, media empires under the control of fewer and fewer individuals. The political opinions of these individuals thus became increasingly important, as their voices, through the pages of their newspapers, represented an increasingly large portion of the smaller and smaller media market.<sup>51</sup>

In *Manufacturing Consent: The Political Economy of the Mass Media*, Edward Herman and Noam Chomsky write that, “among their other functions, the media serve and propagandize on behalf of the powerful societal interests that control and finance them.” Those with influence over the media do not usually accomplish their ends through “crude intervention,” say Herman and Chomsky, “but by the selection of right-thinking personnel and by the editors’ and working journalists’ internalization of priorities and definitions of news-worthiness that conform to the

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<sup>51</sup> For more in-depth coverage of the changing landscape of the American news media during this time, see Richard Starr, *The Creation of the Media: Political Origins of Modern Communications* (New York: Basic Books, 2004).

institution's policy."<sup>52</sup> Herman and Chomsky's observations hold true for the era of the Great Depression just as much as they did from their own perspective in the 1980s.

One social and political element unique to the Depression era was the influence of fascism upon American society. Many individuals and entities with great influence over the American media during the Depression era have been accused of having fascist sympathies or pursuing otherwise un-American agendas. One such individual happened to be one of the most influential figures in American society for nearly half a century, and has been mentioned several times already: William Randolph Hearst. Hearst was the son of wealthy industrialist and United States Senator George Hearst. The elder Hearst had been for some time the owner of the struggling periodical the *San Francisco Examiner*. Himself unable or unwilling to save the struggling newspaper, George Hearst transferred ownership of the *Examiner* to his son, William, in 1887. Remarkably, the younger Hearst managed in short order to transform the *Examiner* into a triumphant success. Hearst was quick to expand his influence all over the country, founding or purchasing other newspapers in major U.S. cities from coast to coast. With his newly heightened profile, Hearst managed several times to run for public office. He served four years in the House of Representatives (1903-1907) and ran unsuccessfully for President of the United States in 1904, for Mayor of New York City in 1905 and 1909, and for the New York governorship in 1906.

By 1935 Hearst had established the world's largest media syndicate in terms of circulation and sheer number of publications. His empire produced twenty-six daily newspapers with a further seventeen Sunday editions in nineteen cities across America. Hearst's publications

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<sup>52</sup> Edward J. Herman and Noam Chomsky, *Manufacturing Consent: The Political Economy of the Mass Media*, 1<sup>st</sup> Edition (New York: Pantheon, 1988) p. xi.

in the mid-1930s captured an estimated 13.6% of America's total daily newspaper readership, and 24.2% on Sundays. In addition to his newspapers, Hearst was also the owner of International News Service, Universal Service, and International News Photos – journalistic resources used by Hearst's papers as well as by independent and rival news organizations across the country and the world. At the peak of his empire, Hearst also published thirteen magazines, owned eight radio stations, and two motion-picture companies. His power to influence public opinion was immense.<sup>53</sup>

Early on in his career Hearst had been a powerful and tireless advocate for progressive causes such as public education, labor rights, and citizen involvement in the democratic process. In the aftermath of the First World War and the Russian Revolution, however, Hearst, like many others, became increasingly obsessed with the dangers of internationalism and the specter of communist subversion in America. He supported Governor Franklin D. Roosevelt in the 1932 presidential election, and had been instrumental in ensuring Roosevelt's nomination at the 1932 Democratic National Convention. Yet as Roosevelt began to introduce his New Deal programs for economic recovery Hearst saw socialistic, communistic, and otherwise un-American subversion written all over them. The Hearst media empire soon became an implacable foe of the Roosevelt administration.

Increasingly over the 1930s Hearst became an enemy of the causes and movements for which he had previously been a stalwart supporter. He has drawn massive criticism for instigating "red hunts" and red-baiting against liberal politicians, labor leaders, and college academics, whom he considered advocates of subversive or un-American ideals. The influential

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<sup>53</sup> Facts about Hearst media empire provided in: Michael C. Emery and Edwin Emery, *The Press and America: An Interpretive History of the Mass Media*, 6<sup>th</sup> Edition (Englewood Cliffs, N.J: Prentice Hall, 1988) pp. 356-57.

liberal magazine *The Nation* published savage criticisms of Hearst on almost a weekly basis through the years of the middle-thirties. In one editorial, *The Nation* wrote: "That old patriot, William Randolph Hearst, has done more perhaps than any other living person to preserve the worst elements in the American tradition and to introduce even more vicious new ones." The article included an excerpt from a speech by famed American historian Charles Beard, given before a crowd of educators in Atlantic City, New Jersey. Of Hearst, Beard declared:

In the course of the past fifty years I have talked with Presidents of the United States, Senators, Justices of the Supreme Court, members of the House of Representatives, Governors, Mayors, bankers, editors, college presidents . . . leading men of science, Nobel prize winners in science and letters, and I have never found one single person who for talents and character commands the respect of the American people who has not agreed with me that William Randolph Hearst has pandered to depraved tastes and has been an enemy of everything that is noblest and best in our American tradition.<sup>54</sup>

Financial journalist Ferdinand Lundberg wrote a biography of Hearst in 1936. In this biography, entitled *Imperial Hearst*, Lundberg called the media mogul "Hitler's press-agent in America." He characterized Hearst as "the keystone of American fascism, the integrating point in a structure around which political reaction is attempting to develop a movement which, if it succeeds, will tragically dupe America."<sup>55</sup> Another journalist, Raymond Swing, in his book *Forerunners of American Fascism* (1935), wrote of Hearst: "Waging war on professors, contemptuous of academic freedom and of the rights of free speech, hostile to the 'alien' ideas of Labor (particularly the Newspaper Guild in his own offices), apologetic for big business, admiring of the fascists of Europe for having suppressed communism, and sensing in his very bones the decadence of the democracy he once served, that is Hearst today."<sup>56</sup>

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<sup>54</sup> "That old Patriot," *The Nation*, vol. 140, no. 3635 (6 March 1935) p. 263.

<sup>55</sup> Ferdinand Lundberg, *Imperial Hearst: A Social Biography* (New York: Modern Library, 1936) p. 343. For "press-agent" comment, p. xii.

<sup>56</sup> Swing, *Forerunners of American Fascism*, p. 151.

Far from the progressive lion of his younger days, the William Randolph Hearst of the 1930s was considered by his many enemies as one of the nation's leading and most dangerous conservative reactionaries. He has been accused of using his newspapers in direct support of Italy's fascist regime. Historian Gian Giacomo Migone writes that Hearst was in frequent contact with Italian ambassador Gelasio Caetani – a man whom both Migone and John Diggins accuse of directly manipulating the American press in favor of Mussolini's Fascist regime. On one occasion, Migone writes, Caetani was able to elicit a retraction and apology from one of Hearst's newspapers which had, unbeknownst to Hearst, printed a story critical of Mussolini's regime. Upon learning of this incident, Hearst reportedly had the offending journalist fired, the publisher threatened, and immediately published both a retraction of the story and a further pro-fascist article.<sup>57</sup> Some modern scholarship has begun to take a softer view of Hearst,<sup>58</sup> yet most still agree that Hearst was one of the most influential individuals in the reactionary strain of American politics during the Great Depression era.

Second only to Hearst in news readership in America was publisher Robert R. McCormick of Chicago. McCormick's flagship newspaper, the *Chicago Daily Tribune*, was arguably the highest circulating single newspaper in the United States during the 1930s. McCormick had the reputation of an imperious autocrat whose writing staff bent directly to his will. Though he seldom wrote an editorial himself, his interests were always represented on the

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<sup>57</sup> Migone, pp. 62-64.

<sup>58</sup> See David Nasaw, *The Chief: The Life of William Randolph Hearst* (Boston: Houghton Mifflin Company, 2000) pp. 483-487.

pages of his newspapers. In the words of biographer Joseph Gies, “what McCormick thought and what the *Tribune* said on its editorial page were in total harmony.”<sup>59</sup>

McCormick was like Hearst in many ways. He was born into a wealthy, aristocratic family with both business and political connections. His maternal grandfather, Joseph Medill, had been the mayor of Chicago in the 1870s and had been the editor of the *Tribune* for decades. When Robert McCormick took over editorial control of the *Tribune* in the 1919 he shaped the paper into a leading voice for isolationism, protectionism, and Americanism. Like Hearst, he at first supported Franklin D. Roosevelt in the 1932 election, but quickly became embittered and suspicious of Roosevelt’s New Deal policies and turned into a vocal opponent of the administration. “The Tribune used every journalistic device it knew to defeat Roosevelt and his measures, particularly during the presidential elections of 1936 and 1940, and the battle over lend-lease,” writes historian Jerome Edwards. “Its efforts, however, were by no means confined to these periods. It regularly suppressed news sympathetic to the New Deal, played up the opposition to Roosevelt, and generally used every possible weapon to oust ‘that man in the White House.’”<sup>60</sup>

As a fervent isolationist, McCormick served as one of the arch-opponents to American entry into the League of Nations in the aftermath of the Great War. He later came to be recognized with Hearst as one of the nation’s leading red-baiters, using his paper to excoriate supposedly un-American causes and individuals. McCormick’s ardent anti-communism and anti-socialism appears to have made him sympathetic toward fascism. In one famous example,

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<sup>59</sup> Joseph Gies, *The Colonel of Chicago* (New York: Dutton, 1979) p. 122.

<sup>60</sup> Jerome E. Edwards, *The Foreign Policy of Col. McCormick’s Tribune, 1929-1941* (Reno: University of Nevada Press, 1971) pp. 37-38.

McCormick's *Tribune* praised Mussolini's Fascist takeover of Italy as "the most striking and successful attempt of the middle classes to meet the tide of revolutionary socialism."<sup>61</sup> Yet Jerome Edwards writes in defense of McCormick. Though acknowledging the nearly blinding nationalism that McCormick sometimes displayed, Edwards maintains that McCormick was no fascist. "With the ostentatious and daily appearance of the United States flag on the front page, and the dictum of 'My Country Right or Wrong,'" Edwards writes, "the Tribune seemed to typify the 'American way of life' more than its competitors. The charge that McCormick was a fascist was of course absurd. What he wanted was a return to traditional American principles as he saw them."<sup>62</sup>

Whatever McCormick's intentions, the *Tribune* was nevertheless recognized by a poll of contemporary journalists in 1936 as the "least fair and reliable" single newspaper in America (surpassed only by an agglomeration of *all* Hearst papers, as a single entity, collectively ranked "least fair and reliable" by a poll of 93 Washington correspondents. See Appendix).<sup>63</sup> In the words of Michael and Edwin C. Emery: "The real quarrel McCormick's critics had with him was that, as he tried so hard to prove that the *Tribune* was right, and most everybody else was wrong, editorial columns became bitter personal proclamations whose prejudiced approaches to matters of public interest spilled over into the news columns."<sup>64</sup> Yet if McCormick's *Tribune* was not held in high regard by the journalistic community, it nevertheless possessed a very substantial readership. Robert McCormick's voice, through the pages of the *Chicago Daily Tribune*, could not easily be ignored.

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<sup>61</sup> Migone, p. 61; original article found in *Chicago Daily Tribune*, 4 November 1922.

<sup>62</sup> Edwards, p. 37.

<sup>63</sup> Leo C. Rosten, *The Washington Correspondents* (New York: Arno Press, 1974) p. 357.

<sup>64</sup> Emery and Emery, p. 359.



The *Tribune*'s greatest competition in circulation was also its polar opposite in reputation. In the 1930s, the *New York Times* was seen as the absolute gold standard in professional, unbiased, fact-based reporting. It ranked number one in the 1936 reporters' poll for "most fair and reliable" and was widely read and respected throughout the nation. Its motto was "all the news that's fit to print," and it took its reputation seriously. The *Times*' business model, as Andrew Porwancher has argued, was based entirely on appearing above the fray of the usual partisan, and often sleazy, journalistic sensationalism of the time.<sup>65</sup> Accordingly, the *New York Times*' reporting was expected to be thorough and reliable, covering credible stories in the way they deserved to be treated while shunning those without merit.

The owner and publisher of the *New York Times* was Adolph Ochs. Ochs had taken control of the already famous but nearly bankrupt newspaper in 1896 and immediately began to engineer its great turn-around. Ochs had been a regional newspaperman of some importance, owning the *Chattanooga Times* in Tennessee. His business model for the *Chattanooga Times* was to set his paper apart from its competition through a calm, level-headed, and accurate delivery of news of regional as well as national importance. While other papers came and went, Ochs' reputation for trustworthiness saw his own paper prosper, and when he bought the *New York Times* in 1896 he brought this successful model with him.

Despite the *Times*' sterling reputation as the "paper of record" for most Americans, its commitment to clear, unwavering coverage on the subject of fascism is somewhat dubious. John Diggins asserts that the *Times* wavered between praise and condemnation of Fascist Italy

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<sup>65</sup> Andrew Porwancher, "Objectivity's Prophet: Adolph S. Ochs and the New York Times, 1896-1935," *Journalism History*, vol. 6, no. 4 (2011).

repeatedly throughout the 1920s and '30s, coincident with variations in American public opinion at the time. Gian Giacomo Migone, however, argues the *New York Times* “clearly took a positive position toward the Fascist cause.” According to Migone the *Times* initially declined to comment on the nature of Italy’s Fascist regime in the weeks after it first took power in 1922, while at the same time other periodicals were filled with editorials on the subject. Beginning in January 1923, however, the *Times* covered its front page with headlines glorifying Mussolini and lionizing the Fascists’ “victory” over “bolshevism.” As Migone writes, “it appeared that the myth of early Fascism had been swallowed whole and regurgitated for the American populace in the pages of the most important daily paper in the United States.” Migone considered the *New York Times*’ positive coverage of fascism to be a striking aberration. Considering its reputation as “the most democratic of the major daily papers of its time,” Migone concluded that there should have been “no inherent sympathy” in the background of the *Times* which should have made it “vulnerable to becoming Fascism’s dupe.”<sup>66</sup> Yet until the decisive shift in American public opinion against Fascist Italy in the aftermath of its invasion of Ethiopia in 1935, the *New York Times* was strikingly sympathetic toward Mussolini’s Fascist dictatorship.

Much has been written about President Roosevelt’s rocky relationship with the American press. Yet the animosity which the conservative press generally aimed towards President Roosevelt was far from one-sided. Roosevelt himself had little tolerance for what he considered to be an overly hostile conservative press. Roosevelt called the *Chicago Tribune* the “rottenest newspaper in the United States” for its reactionary tendencies under the guidance of Robert McCormick. He also disliked *New York Times* political journalist and editor Arthur Krock and

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<sup>66</sup> Migone, *The United States and Fascist Italy*, p. 43.

said the *Times*' entire newsroom possessed a "rarefied atmosphere of self-anointed scholars." Roosevelt accused conservative *Time* magazine publisher Henry Luce of having a "deliberate policy of either exaggeration or distortion," in its reporting of the news, and further accused William Randolph Hearst, owner of the nation's largest media syndicate, as having "done more to harm the cause of democracy and civilization in America than any three other contemporaries put together." Roosevelt at one point made a blanket condemnation of the nation's newspaper publishers, accusing them of putting their own social and financial interests above journalistic integrity, saying: "I think they [the publishers] have been more responsible for the inciting of fear in the community than any other factors."<sup>67</sup>

Though a conservative, anti-Roosevelt, and even pro-fascist sentiment may have induced many prominent American newspapers to downplay the negative aspects of fascism, or even actively promote it, an equally ardent liberal, pro-administration perspective in many news outlets may have had the opposite effect. Many historians have pointed out the weakness of the conservative Republican Party in national politics during the Roosevelt era, and the consequent inability of conservative politicians to provide effective opposition to the liberal initiatives of the Roosevelt administration. It was therefore incumbent upon the conservative press, they say, to provide a counterbalance to the predominant liberal voice emanating from the White House and from a substantial portion of the nation's media outlets.<sup>68</sup> Many sources in the American media at the time were indeed solidly pro-Roosevelt in their editorial perspectives, particularly in his first term, and were prone to come to his defense when others attacked him. The Scripps-

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<sup>67</sup> Denton, pp. 157-58.

<sup>68</sup> For a sympathetic view of the conservative press' role as a bulwark against presidential overreach, see: Gary Dean Best, *The Critical Press and the New Deal: The Press versus Presidential Power, 1933-1938* (Westport, CT: Praeger Publishers, 1993).

Howard syndicate, the second largest media empire in the United States, was one such influential pro-Roosevelt voice.

Roy Howard, the national chairman of the Scripps-Howard syndicate, was fast becoming a great opinion-shaper in the United States during the mid-1930s. Early in his career Howard had been a local newspaper reporter out of Indianapolis. Through keen skill and business acumen, he had worked his way up to become president of news agency United Press in 1912. In 1920 Howard had come to work for the E.W. Scripps news conglomerate, and by 1922 he was its co-chairman. When Scripps died in 1926 Howard took over management of the company, a position he would hold until his death in 1964.

In the 1928 presidential campaign Howard had directed the editors of his company's 25 newspapers to mount an all-out effort to elect Herbert Hoover. Howard was credited by many at the time as a key figure in Hoover's electoral success, having not only promoted him in his papers, but also having personally advised Hoover on matters of public relations.<sup>69</sup> By 1930, however, Howard's enthusiasm for Hoover had waned as he began to view the president as an out-of-touch and ineffective leader. It was then that Howard began to reach out to candidates for Hoover's replacement. His focus soon turned to Franklin Delano Roosevelt.

Howard judged Roosevelt, then Governor of New York, as an affable man, but insincere and self-interested by nature. Nevertheless, Howard continued to cultivate a personal relationship with Roosevelt, whose national stature was rising due to his vigorous efforts to fight the economic depression in New York. Ultimately, the Scripps-Howard newspapers threw their

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<sup>69</sup> Patricia Beard, *Newsmaker: Roy W. Howard, the Mastermind Behind the Scripps-Howard News Empire from the Gilded Age to the Atomic Age* (Guilford, CT: Rowman & Littlefield, 2016) pp. 150-51.

support behind Roosevelt's campaign for the presidency in 1932. When the victorious Roosevelt took office in 1933 Howard became an important ally of the new administration.

The friendly relationship between Howard and the White House was not destined to last long, however. Although Howard could be expected to support Roosevelt's initiatives at the outset, it was not long before his warmth toward the president began to cool. Ultimately, the two men experienced a serious public break in February 1936. Roosevelt's plan to alter the composition of the Supreme Court so that it would support his New Deal programs seemed a dictatorial move to Howard. Unable to convince the president to reconsider his plans, Howard ultimately directed his newspaper chain to fight against the court-packing scheme by all available means.<sup>70</sup> The Scripps-Howard papers grew increasingly antagonistic toward Roosevelt as time went on.

Another liberal publisher of importance in the mid-1930s was J. David Stern. A Philadelphia native, Stern began his career as a journalist in 1908 as a reporter for his hometown *Philadelphia Ledger*. He went on to great success in the 1910s and 1920s buying and selling newspapers across the country and turning them for profit.<sup>71</sup> A high-profile liberal, Stern had supported Democratic candidate Alfred E. Smith for the presidency in 1928 and then threw his support behind Franklin D. Roosevelt in 1932.

With Roosevelt in the White House, Stern and his papers quickly became prominent and vocal supporters of the New Deal. Stern's best-performing newspapers in the mid-1930s were the *New York Post* and *Philadelphia Record*. It was these two papers, through the actions of

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<sup>70</sup> Ibid, pp. 198-99.

<sup>71</sup> "J. David Stern, Publisher, Dies Signed First Pact with Guild," *New York Times*, 11 October 1971, p. 38.

Stern employee Paul Comly French, which originally broke the story of the Business Plot in November 1934. Stern proved his liberal credentials that same year when he became the first newspaper publisher in the United States to sign a collective bargaining agreement with the American Newspaper Guild – at a time when big business and many in the general population were wary of the New Deal’s support of labor interests. He then made another unpopular public stand for Roosevelt later that year when he testified before Congress in favor of the National Recovery Act (NRA).<sup>72</sup> Stern argued, to the great consternation of the American Newspaper Publishers Association, that the NRA’s business codes, as applied to the newspaper industry, were not an infringement upon the freedom of the press but justifiable regulations on the business side of the industry. These actions helped make him a villain to many in the newspaper business, but they greatly endeared him to the administration in Washington.<sup>73</sup> More than almost any other publisher of the time, J. David Stern could be counted on to advance Roosevelt’s interests.

A third influential liberal publication during this period was the prestigious weekly magazine *The Nation*. *The Nation* was published by veteran journalist and liberal activist Oswald Garrison Villard. Villard was the maternal grandson of William Lloyd Garrison, the famous abolitionist and suffragist firebrand whose influential newspaper *The Liberator* enflamed the hearts of so many nineteenth century liberals. *The Liberator* was succeeded by *The Nation* once slavery was abolished, and it continued to be a standard-bearer for liberalism into the era of the New Deal and beyond.

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<sup>72</sup> Ibid.

<sup>73</sup> J. David Stern, *Memoirs of a Maverick Publisher* (New York: Simon and Schuster, 1962) pp. 21-22.

Under Villard's influence *The Nation* backed Roosevelt's New Deal policies and used its editorial pages to savage Roosevelt's critics. As has been noted, one of *The Nation's* chief enemies was William Randolph Hearst and his media empire, which the magazine decried as fascistic and un-American. The magazine took a hard line against fascism on a nearly weekly basis, publishing scathing editorials against the Fascist Italian and Nazi German governments as well as dangerous fascistic elements in the United States itself. One such story, a high-profile exposé of fascist influence in the Italian department at Columbia University, ran just prior the Business Plot investigation that November.<sup>74</sup> Once the investigation had come to a close, *The Nation* stood almost alone among sources in the mainstream media in demanding that further action be taken to expose the extent of the plot and that the accused be held accountable.

Finally, there was one periodical on the far left of the political spectrum that was decidedly outside of the mainstream. *New Masses* was a Marxist periodical published in connection with the Communist Party USA from 1926 through 1948. In its early years *New Masses* was known for its support of underground literature, artistic, and cultural movements, but in the 1930s it began to shift to more of a political focus. One of its most prominent contributors was freelance journalist John L. Spivak. Spivak was a socialist, later a communist, who wrote extensively on the subject of fascism in the United States. A passionate writer, he was often disregarded by many in the mainstream press, yet his investigative skills were top-notch. In January and February 1935 Spivak penned a scathing exposé in which he claimed that the

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<sup>74</sup> "Fascism at Columbia University," *The Nation*, vol. 139, no. 3618, 7 November 1934. pp. 530-31; "President Butler and Fascism," *The Nation*, vol. 139, no. 3629, 14 November 1934. pp. 550-52. (Note that "President Butler" refers to University President Nicholas Murray Butler, not General Smedley Darlington Butler.)

McCormack-Dickstein Committee had intentionally covered up important information about the Business Plot in an attempt to protect the accused. The motivations he ascribed to the committee and the individuals it investigated are rather suspect, yet he provided important information which had been unknown to the general public. Given the political leanings of the *New Masses*, however, Spivak's story was largely ignored and his calls for further investigation went unanswered.

These were the primary news outlets from the left and right of the political spectrum in the United States during the early and mid-1930s. What follows is the coverage of Congress' investigation into the alleged fascist coup against the government found in the American media as the investigation unfolded and ultimately came to a close. At issue is whether the news media covered the story fairly and accurately – when indeed they covered the story at all. It appears that news sources with a contemporary reputation for fascist sympathies intentionally downplayed, derided, or completely ignored this major news event which would have had negative implications for public opinion toward fascism in the United States. In addition, news outlets with reputations for liberal political biases appear to have taken the story much more seriously, have been much more consistent, and more vocal in their support for Butler's charges. This line of evidence seems to support Migone's and Diggins' theses that major elements of the American news media made a tangible effort to support pro-fascist opinion in the United States during the era before late 1935, when Italian Fascist aggression in Ethiopia made further support for fascism in America untenable



## Chapter 4 - The Story Breaks

News of Smedley Butler's allegations broke in the national press on the evening of November 20, 1934 – the same day on which he had given his testimony. Perhaps expecting his story to cause a sensation among the public, Butler felt the need to talk to reporters directly. He took his story to Paul French's employer, the *New York Post*, and gave his perspective on the events at hand. The *New York Post*, owned by Roosevelt ally J. David Stern, ran the story prominently on its front page.

Butler told the *Post* the same story he had told the committee. "The upshot of his [MacGuire's] proposition," Butler said, "was that I was to head a soldier organization of half a million men, that this group would assemble – probably a year from now – in Washington, and that within a few days it could take over the functions of government. 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. He suggested that 'we might even go along with Roosevelt and do with him what Mussolini did with the King of Italy.' . . . I was amazed at the audacity and bluntness with which the proposition was put to me," Butler continued. "I have always believed in democracy, and I felt it 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."<sup>75</sup>

Butler then gave the *Post* pieces of information which did not appear in his official testimony before the House sub-committee. The first revelation concerned the plotters' prospective alternatives to Butler as leader of the putsch, should Butler refuse to cooperate.

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<sup>75</sup> Paul Comly French, "Gen. Butler Accuses N.Y. Brokers of Plotting Dictatorship in U.S.," *New York Post*, 20 November 1934, p. 1.

“MacGuire explained to me that they had two other candidates for the position of ‘man on the white horse.’ He said that if I did not accept, an offer would be made to General Douglas MacArthur, chief of staff of the United States Army, whose term of office expires November 22, and that the third choice would be Hanford MacNider, former commander of the American Legion. So far as I know, neither General MacArthur nor MacNider has been approached. Their names were merely mentioned as ‘alternates.’” Butler then threw the names of two more military men into the mix that did not appear in the committee’s official record: “Don’t be a fool, General,” MacGuire had reportedly told Butler when he refused to take money to speak on MacGuire’s behalf at the Legion convention “Why don’t you do like Harbord and Sims [Army and Navy commanders during World War I] did and make some money out of it? The Government doesn’t take care of you, so why don’t you act like a business man?”<sup>76</sup>

The next revelation involved the inclusion of a prominent national political figure in the plot. When discussing his meeting with Robert Sterling Clark at his home in Newtown Square, Butler identified the author of gold standard speech which MacGuire had given him: “MacGuire told me he wrote the speech, but Clark said that John W. Davis, Democratic presidential candidate in 1924, had written it.”<sup>77</sup>

That same evening, the press began to track down the men implicated in Butler’s story to ask for comment. Major newspapers from all across the country ran the Butler story on their front pages for November 20-21.<sup>78</sup> Unsurprisingly, the accused responded with a litany of

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<sup>76</sup> Ibid, pp. 1-3.

<sup>77</sup> Ibid, p.3.

<sup>78</sup> “‘Plot U.S. Coup’: Gen. Butler: Ex-Marine Head ‘Reveals’ Wild Fascist Plan: ‘Ridiculous’ Say Men Named,” *Chicago Daily Tribune*, 21 November 1934, p. 1; “Gen. Butler Bares ‘Fascist Plot’ to Seize Government by Force,” *New York Times*, 21 November 1934, p.1; “Gen. Butler Asked to Lead U.S. Fascists, Report at Quiz,” *New York*

denials. In Robert McCormick's conservative *Chicago Daily Tribune* Thomas W. Lamont, a major partner at J.P. Morgan Bank, called Butler's story "Perfect moonshine! Too unutterably ridiculous to comment upon!" Further denials were found in William Randolph Hearst's *Washington Herald* and *Los Angeles Examiner*. General Douglas MacArthur was quoted saying "I never heard of such a thing in my life. I absolutely never heard of it. I don't know what Butler is talking about." Rumors had reached the press from reported "friends" of General Butler that he had implicated General Hugh S. Johnson, director of the National Recovery Administration in the plot as well. A furious Johnson responded that "Butler had better be pretty damn careful. Nobody said a word to me about anything of this kind and if they did I'd throw them out the window." Gerald MacGuire himself and his boss, Grayson M. P. Murphy, added further denials of Butler's allegations. "A fantasy!" declared Murphy "I can't imagine how anyone could produce it or any sane person believe it. It is absolutely false so far as relates to me and my firm and I don't believe there is a word of truth in it with respect to Mr. MacGuire." MacGuire told reporters "It's a joke – a publicity stunt. I know nothing about it. The matter is made out of whole cloth. I deny the story completely."<sup>79</sup>

The members of the Congressional committee, however, commented on the credibility of General Butler and the seriousness of the case. "We have heard nothing today that would cause

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*World-Telegram*, 20 November 1934, p. 1; United Press, "Butler Details 'Fascist Coup' In House Quiz: Was Offered Command in March on Washington, He Declares," *The Washington Post*, 21 November 1934, p.1,4; William P. Reed, "Fascists Plot U.S. Coup, Says Gen. Butler: Congress Body Probes Story N.Y. Financiers Promised \$3,000,000 to Aid in Coup" *Washington Examiner*, 21 November 1934, p.1; Reed, "Butler Tells Fascist Plot to Seize U.S.," *The San Francisco Examiner*, 21 November 1934, p.1; "Reputed Dictatorship Offer to Gen. Butler Will Be Fully Probed," *The Baltimore Sun*, 21 November 1934, p. 1.

<sup>79</sup> "Plot U.S. Coup'," *Chicago Daily Tribune*, 21 November 1934, p. 1.; Reed, "Butler Story Arouses Anger of Army Heads: MacArthur, Second Choice of Fascists to Head Coup, Says 'I Never Heard the Like,'" *Washington Herald*, 21 November 1934, p.6.; Reed, "Fascist Cashier. . .," *Los Angeles Examiner*, 21 November 1934, pp. 1-2.

us to change our opinion of General Butler's one hundred per cent. Americanism and patriotism,” said Committee Chairman John McCormack in the pages of *The Baltimore Sun*. “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.” “From present indications General Butler has the evidence correctly,” added Vice-Chairman Samuel Dickstein in Roy Howard’s *New York World-Telegraph*. “The committee's agents have been checking for some weeks on the evidence presented by General Butler. We have about fifteen witnesses under subpoena. There are indications that some rather important personages have been setting forth ideas that are distinctly un-American.”<sup>80</sup>

It is important to note that stark differences began to immediately develop in the ways in which the newspapers first covered the story. As previously mentioned, the *New York Post*, a liberal newspaper published by J. David Stern, was the first to break the story, through its employee Paul Comly French. The *Post* led with a lengthy feature by French himself, focusing mostly on the details of the plot and on the accused plotters, written in grave tones. It then followed with a shorter article in which the plotters were given the opportunity to offer their denials in the form of brief quotations. The conservative newspapers, however, provided a different perspective. McCormick’s *Chicago Daily Tribune* and newspapers of William Randolph Hearst tended to give only bare details of the investigation for context, and then devoted a majority of their space to printing the denials of those accused of wrong-doing. A third category included newspapers that gave both Butler’s perspective and the denials of the plotters, but ultimately focused most on the committee members and their “official” point-of-view. These newspapers tended to come from the neutral portion of the political spectrum, such

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<sup>80</sup> “Gen. Butler Asked to Lead U.S. Fascists, Report at Quiz,” *New York World Telegram*, 20 November 1934, p. 1.

as the well-respected *Baltimore Sun*. As time passed, editorial decisions by the various news outlets tended to portray the story from these three general perspectives.

As the national press first started sifting through the story, the congressional investigation continued on. The committee had recessed after hearing the testimony of Paul French, but then returned the same evening to hear from Gerald MacGuire himself. Chairman McCormack began his questioning with the subject of MacGuire's initial meeting with Butler in July of 1933. MacGuire denied that his purpose was to unseat the "royal family" of the American Legion as Butler had claimed. Instead, MacGuire insisted that he was only there to discuss two things: the creation of a "Committee for a Sound Dollar and Sound Currency," and whether Butler himself was interested in running for national commandship of the American Legion.<sup>81</sup>

MacGuire denied that he had ever given Butler a speech concerning the gold standard. When the Chairman asked if Clark had ever called him from General Butler's home MacGuire replied that he had not. When asked if Clark had ordered him to send telegrams to the Chicago convention urging a resolution on the gold standard, MacGuire denied that such an order had been given. MacGuire admitted that he was involved in proposing the resolution, but he denied sending telegrams about the resolution until after it had already passed.<sup>82</sup>

Next the committee asked MacGuire about the crucial meeting in August at the Bellevue Hotel in Philadelphia. True to form, MacGuire admitted that he and Butler had met, but denied all of Butler's claims about what was said. He admitted that he had taken an extended trip to Europe and that he had sent Butler postcards from abroad, but he denied that his trip had

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<sup>81</sup> Ibid, p. 25.

<sup>82</sup> Ibid, p. 31-32.

anything to do with the study of fascist movements. He insisted that he had been traveling Europe to study the economic situation there. He denied that he had ever discussed fascism or the roles of veterans in fascist movements with General Butler.<sup>83</sup>

Finally, McCormack asked MacGuire about the Committee for a Sound Dollar. MacGuire insisted that that the committee fully supported President Roosevelt and his administration and that its mission was simply to spread information about inflation and the importance of sound currency. He provided literature about the organization to the committee and proceeded to answer questions about the organization's members. The members of the Committee for a Sound Dollar were all wealthy individuals with interests and backgrounds similar to Clark's. Their résumés included bank presidents, Wall Street financiers, and prominent American Legion officials, including former National Commander Henry L. Stevens and then-current National Commander and prominent California banker Frank N. Belgrano.<sup>84</sup> Once MacGuire gave this information the committee adjourned until the following day.

Throughout the rest of MacGuire's testimony he continued to deny that any of the conversations between him and Butler were in any way subversive or posed a threat to the Roosevelt administration. He continued to deny inducing Butler to hijack the American Legion convention in Chicago, agitating for the gold standard, or ever discussing European fascist movements with the general. Chairman McCormack ordered MacGuire to produce his bank records to clear up discrepancies in his testimony and ordered him to present copies of the reports and letters that he had sent back to Clark and Albert Christmas during his European trip.

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<sup>83</sup> Ibid, p. 33-34.

<sup>84</sup> Ibid, pp. 35-36.

MacGuire agreed to bring these records to the next session and the committee adjourned once more.

By the close of the second day's hearings, the implications of the investigation were becoming ever clearer. The *New York Post* published the reactions of prominent government officials on its front page. "I believe the committee should make a complete investigation of these charges," declared Secretary of War George H. Dern. "It should dig into all the facts and find out what there is to the affair." "I am confident the committee will get all the facts and arrive at an important judgment," added Secretary of the Navy Claude A. Swanson. From the committee itself came a statement from Vice-Chairman Samuel Dickstein, who told reporters that he was convinced Butler had exposed a "widespread movement promoting Fascism in one form or another." Dickstein also hoped that national interest in the case would help extend the life of the committee so it could continue the investigation. The committee's official life was set at the beginning of the new year, when the present Congress would adjourn.<sup>85</sup>

A report that Dickstein was continuing to support the investigation appeared in an Associated Press article that was published in the *Washington Post* and elsewhere. The *Post* was published by former Federal Reserve Chairman and prominent financier Eugene Meyer. Although Meyer was conservative republican, his *Washington Post* tended to report the news in right-leaning, yet reasonably objective point-of-view. In the article, Congressman Dickstein was quoted as saying that Gerald MacGuire "is hanging himself by his testimony," while identifying MacGuire as the "cashier" of the plot. The *Washington Post* article also reported that Grayson Murphy, MacGuire's boss, had also appeared before the committee, though his testimony does

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<sup>85</sup> "Army, Navy Ask Fascist Inquiry," *New York Post*, 21 November 1934, p. 1.

not appear in the official records.<sup>86</sup> The article quotes Murphy as saying that “the whole thing is just as though somebody walked in and accused me of stealing the moon. It looked to me like an absurd joke. Even if McGuire [sic] had been foolish enough and stupid enough to fuss around with such a thing, it would be obvious that it would be ineffective.”<sup>87</sup>

Murphy’s sentiment here appeared to anticipate the tone of national newspaper coverage as the story continued to develop. Within two days of the story reaching the national scene there began to arise growing counterclaims that Butler’s story might be a hoax or that the entire affair might be a publicity stunt. On November 22 popular syndicated columnist Arthur Brisbane speculated in Hearst’s *San Francisco Examiner* that “somebody may have been deceiving General Butler.” Lampooning the General’s story, Brisbane wrote that “those wicked, bad and outrageous Wall Street men” that Butler accused would probably have “most to fear from dictatorship.”<sup>88</sup> Also in the *Examiner*, columnist Arthur “Bugs” Baer wrote: “[W]ent down to Wall Street yesterday to see General Butler’s Grand Army of the Hudson. Only combatants in uniform were messenger boys and door men. . . . No broker was too busy to talk. Asked about the army of five hundred thousand men, they said, ‘Smedley is trying to crack into the Rose Bowl game.’”<sup>89</sup>

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<sup>86</sup> A search of the legislative records at the National Archives in Washington D.C. turned up no official record of his summons or testimony.

<sup>87</sup> Associated Press, “Dickstein Calls Witness Fascist ‘Plot’s Cashier’: MacGuire, Bond Salesman, Grilled by House Committee,” *Washington Post*, 22 November 1934, p. 2.

<sup>88</sup> Arthur Brisbane, “Today: Here’s a Mare’s Nest. Saint Alexander. Old Men, Hark! 100 Mayors, One Problem,” *San Francisco Examiner*, 22 November 1934. p. 1.

<sup>89</sup> Arthur “Bugs” Baer, “Gen. Butler Finds Brokers Not too Busy to Talk Now,” *San Francisco Examiner*, 22 November 1934. p. 1.



Yet, significantly, the *Examiner* was not entirely critical of the work of the McCormack-Dickstein committee itself. An editorial in the same day's issue strongly called for the renewal of the Congressional committee's mandate, just as Vice-Chairman Dickstein had hoped. This call, however, was made solely on the basis of investigating communist subversives. No mention was made of investigations into the political right, and the Butler matter was ignored entirely.<sup>90</sup> This priority in focusing on communism rather than on fascism is a recurring theme in conservative newspapers' coverage of the plot.

Piling on its own criticism, Adolph Ochs' *New York Times* ran a story entitled "Credulity Unlimited," mocking the capacity for belief in Butler's supposedly "wild imaginings." The article asks: "What can we believe?" Apparently anything, to judge by the number of people who lend a credulous ear to the story of General BUTLER'S 500,000 Fascists in buckram marching on Washington to seize the Government. Details are lacking to lend verisimilitude to an otherwise bald and unconvincing narrative. . . . The whole story sounds like a gigantic hoax."<sup>91</sup> Later in the same issue, the *Times* published comments from nationally renowned cowboy-turned-newspaper-columnist Will Rogers, who declared that, "If Smedley Butler don't take that job of marching down Pennsylvania at the head of Wall Street's fighting brigade, I would like to get my application in. I got the gray horse. It won't be such a novelty as people think."<sup>92</sup> Even New York City mayor Fiorello LaGuardia had a laugh at Butler's expense, calling the so called conspiracy a "cocktail putsch," imagining that Butler probably heard about the plot as a joke at a cocktail party and took the idea seriously.<sup>93</sup>

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<sup>90</sup> "Expose Them First!" *San Francisco Examiner*, 22 November 1934. p. 16.

<sup>91</sup> "Credulity Unlimited," *New York Times*, 22 November 1934, p.20.

<sup>92</sup> "Mr. Rogers is Ready to Bat for Gen. Butler" *New York Times*, 22 November 1934. p. 23.

<sup>93</sup> "Cocktail Putsch,' Mayor Says" *New York Times*, 23 November 1934, p. 3.

Superstar columnist Heywood Broun of the *New York World-Telegram* added more syndicated derision. In his popular feature “It Seems to Me,” Broun remarked that he was surprised to see the name of Dr. William Wirt appear in the headline news once more. Dr. Wirt was a prominent Indiana educator who had enjoyed brief fame the previous year by claiming that President Roosevelt’s “Brain Trust,” as his advisors were known, were secretly engineering a communist revolution in the United States. Wirt had come out in the previous day’s press deriding Butler’s claims as “ridiculous” and impractical. Broun, in his famously sardonic fashion, would not let Wirt’s comments slide. “I think you are being a little unfair to General Smedley Butler,” Broun wrote. “I can’t remember that he cracked down on your red herring, and so why should you be severe about his fascist bogey? Live and let live, gentlemen. After all, you both belong to the noble army of headline hunters.”<sup>94</sup>

Robert McCormick’s *Chicago Daily Tribune* followed suit, running an article entitled “Act Cautiously to Investigate Butler’s ‘Coup.’” The article describes the investigation as exhibiting a “comic opera atmosphere.” The author accused Congressmen McCormack and Dickstein of being publicity hounds who “like to see their names in the papers.” He derided the *New York Post* for having served as the mouth-piece for General Butler and his charges in the press, characterizing it as “a newspaper with radical tendencies” and noting that it was published by J. David Stern – an acknowledged liberal and “friend of President Roosevelt.”<sup>95</sup> The *Tribune* also published an editorial entitled “What! Another John Brown?” The editors deemed Butler’s story a “tall yarn” and compare the general to the infamous antebellum radical John Brown, of

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<sup>94</sup> Original article featuring Wirt: “M’Guire Called Fascist Cashier,” *New York World-Telegram*, 21 November 1934, p. 1, 15; Broun’s response: Heywood Broun, “It seems to Me,” *New York World-Telegram*, 22 November 1934, p. 25.

<sup>95</sup> Willard Edwards, “Act Cautiously to Investigate Butler’s ‘Coup’” *Chicago Tribune*, 22 November 1934, p. 3.

Harper's Ferry fame, who attempted to bring about revolution in America by starting a slave revolt. They declare that Butler "must have been walking in his sleep and . . . talking through his hat" if he thought anyone would believe his story. "The general will have to produce a lot of proof before he will convince his fellow countrymen either that he is not dreaming or that some hoaxer has not been preparing to sell him the Washington monument."<sup>96</sup>

An editorial in Meyer's *Washington Post*, however, took a more mixed viewpoint of Butler's story. It praised the general for coming forward yet at the same time casting doubt on his claim's veracity. "It will be a relief to many who may be described as New Dealers, and to many who may not, to learn that Smedley Butler has declined a somewhat nebulous offer to become dictator of the United States," the editorial declared. "The plot, if it was a plot, may prove to be thicker by the time the congressional committee on un-American activities catches up with all of the alleged brokers who allegedly tendered the dictator job to the general. At the moment it runs a bit thin."<sup>97</sup>

As the conservative press began to assail the credibility of Butler's allegations, Gerald MacGuire returned to testify before the committee on November 23. Chairman McCormack read into the record an excerpt from one of MacGuire's letters, which was dated April 6, 1934.

MacGuire wrote:

There is no question but that another severe crisis is imminent. There have been various pieces of information given me in 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 cuts or be

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<sup>96</sup> "What! Another John Brown?" *Chicago Daily Tribune*, 22 November 1934, p. 12.

<sup>97</sup> "Tell it to the Marines," *Washington Post*, 22 November 1934, p. 8.

the moving spirit in the veterans to accept the cuts. Therefore they will, in all probability, be in opposition to the Socialists and functionaries.<sup>98</sup>

In another letter, this one dated May 6, 1934, MacGuire writes that 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 only interested 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 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 saved.<sup>99</sup>

Dickstein then proceeded to read an excerpt from another of MacGuire’s letters, dated April 24:

I was informed that there is a Fascist Party springing up in Holland under the leadership of a man named Mussait [sic] who is an engineer by profession, and who has approximately 50,000 followers at the present time, ranging in age from 18 to 25 years. It is said that this man is in close touch with Berlin and is modeling his entire program along the lines followed by Hitler in Germany. A number of people are quite alarmed because of German influence and the probable financial support that this man is getting from Berlin.<sup>100</sup>

The fact that MacGuire discussed such matters in his letters is a matter of great importance. General Butler had told the committee that the real purpose of MacGuire’s trip to Europe was to study European veterans’ organizations. MacGuire had denied it. Butler further specified that MacGuire had told him about his plans to emulate a certain French veterans’ organizations of so called “supersoldiers” which he claimed was “the real backbone” supporting the French government. Butler could not recall the name MacGuire had used at the time, but his description of the organization seemed to indicate that MacGuire had been talking about the *Croix de Feu*. Now, the committee had proof that MacGuire was indeed reporting on European veterans’ groups to his backers in America. Not only was he reporting on the *Croix de Feu* – the

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<sup>98</sup> Ibid, pp. 112-113.

<sup>99</sup> Ibid, p. 113.

<sup>100</sup> Ibid, p. 115.

model upon which the American veterans organization would supposedly be based – but on fascist paramilitary movements all across Europe. Nevertheless, MacGuire adamantly denied in the face of direct questioning from Congressman Dickstein that he had ever discussed such matters with Butler, and, furthermore, he claimed that any study of veterans’ organizations found in his letters was only incidental in connection with his stated purpose of studying general economic matters.<sup>101</sup> He had been caught in a lie, and a poor one at that.

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<sup>101</sup> Ibid, p. 114.

## Chapter 5 - A “Plot Without Plotters”?

On the following day, November 24, 1934, the committee reviewed its records and drafted a “Public Statement” summarizing the preliminary findings of its investigation. The statement betrayed a clear distaste for the unorthodox manner in which information from its executive sessions had been prematurely disseminated – especially Butler’s decision to go to the newspapers on the first day of the hearings and release unsubstantiated accusations against prominent individuals. The committee’s statement began:

This committee has had no evidence before it that would in the slightest degree warrant calling before it such men as John W. Davis, Gen. Hugh Johnson, General Harbord, Thomas W. Lamont, Admiral Sims, or Hanford MacNider. The committee will not take cognizance of names brought into the testimony which constitute mere hearsay. The committee is not concerned with premature newspaper accounts, especially when given and published prior to the taking of the testimony.<sup>102</sup>

The statement then went on to report what the committee had learned. It was comprised of a twelve-page summary of the testimony given Butler, French, and MacGuire, as well as a lengthy discussion of the financial incongruities in MacGuire’s bank records. The statement concluded by saying that there was much important information that was not yet known and that the committee was “awaiting the return to this country of both Mr. Clark and Mr. Christmas [Clark’s attorney].” “As the evidence stands,” the committee wrote, “it calls for an explanation that the committee has been unable to obtain from Mr. MacGuire.”<sup>103</sup>

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<sup>102</sup> United States. Congress. House. Special Committee on Un-American Activities. “Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities: Public Statement of Special Committee on Un-American Activities.” Washington, D.C.: Government Printing Office, 1934. p. 1.

<sup>103</sup> Ibid, p. 12.

The statement was released to the press for public dissemination in the morning papers for Monday, November 26. The liberal *New York Post* first announced the story in column on its front page and continued by devoting almost all of page eight to reprinting the committee's report. A significant portion of page nine summarized Butler's testimony for those not inclined to read the full report.<sup>104</sup>

The coverage found in most conservative newspapers, however, was surprisingly slight. Many prominent newspapers either failed to report on the story at all or otherwise deemphasized its importance by burying it deeper and deeper into their pages. Those papers which did cover the story often chose to deride the events and Butler himself as ridiculous and unworthy of serious attention. The *New York Times*, for instance, barely took note of committee's statement in its news coverage – devoting less than a single column to the story on the back page of its Monday morning edition. “The so-called plot of Wall Street interests to have Major Gen. Smedley D. Butler head a Fascist movement to take over the national government and restore the gold dollar failed yesterday to emerge in any alarming proportions from the statement by Committee on Un-American Activities on the evidence before it,” wrote the *Times*.<sup>105</sup> The *Chicago Daily Tribune*, on the other hand, returned the story to its front page – only to ridicule it. Its content was strikingly similar to that of the *Times*, saying: “[T]he alleged plot failed to emerge in any proportions when the statement of the evidence before it made by the committee was made public.”<sup>106</sup>

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<sup>104</sup> “Butler Upheld by U.S. Report on Fascist Plot: MacGuire Admits Handling \$100,000 Fund – Further Hearing Awaits Clark Return,” in *New York Post*, 26 November 1934, pp. 1, 8-9.

<sup>105</sup> “Committee Calm Over Butler Plot” in *New York Times*, 26 November 1934, p. 34.

<sup>106</sup> “Find Mystery in \$64,000 of ‘Coup Plotter’” in *Chicago Daily Tribune*, 26 November 1934, p. 1.

Most striking, however, was the reaction published in the Hearst newspapers. Hearst had the editors of his newspapers publish an open letter from himself on their front pages expressing his opinions about communism and fascism in the United States. The editor's introduction of this open letter stated: "In the following message, William Randolph Hearst sends instructions to the editors of his various publications expressing his views on Communism and Fascism. Mr. Hearst's views were prompted by the reported plan of a 'Fascist Plot' in the United States." It is significant to note here that Hearst's "views" on the subject are not merely statements of opinion. They were taken as "instructions" to his editors on how he wished them to portray fascism in his newspapers. In his message Hearst writes:

To the Managing Editors of all Hearst newspapers – I DO NOT think there is any actual Fascist movement in the United States AS YET. When we magnify these so-called Fascist plots, we are barking at a knot, (as the frontiersmen said) when there is a real coon up a neighboring tree.

The Real "coon" is the Communist development; and there will never be a genuine Fascist movement in this country until COMMUNISM COMPELS IT.

The menace of Communism is what developed Fascism in Europe. There was no other cause for it, - no other reason for it.

Fascism is definitely a movement to oppose and offset Communism, and so prevent the least capable and the least creditable classes from getting control of government.

Fascism will only come into existence in the United States when such a movement becomes really necessary for the prevention of Communism.<sup>107</sup>

In Hearst's letter we see most clearly the type of response that anti-communist conservatives had toward the subject of fascism. They viewed fascism as perhaps a necessary evil, if not a positive good, to be introduced into society as a means of fighting against the greater enemy of communism and socialism. The message was printed on the front page of Hearst's newspapers all across the country.

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<sup>107</sup> William Randolph Hearst, "Mr. Hearst on Communism and Fascism," in *San Francisco Examiner*, 26 November 1934, pp. 1-2.



The liberal *New York Post*, meanwhile, continued its daily, supportive coverage of the investigation. On November 27 the paper published an editorial entitled “Who Was Behind M’Guire?” In this article, the author poses three questions which he declares the committee should seek to answer:

- (1) Why did Gerald C. MacGuire “forget” about \$75,000 of the \$105,000 given him by Robert Sterling Clark, multimillionaire?
- (2) Why did Grayson M.-P. Murphy & Co. keep MacGuire on their pay roll with a drawing account of more than \$100 a week when he was touring Europe to study Fascist movements abroad and seeking to stir up pro-gold standard and pro-Fascist sentiment at home?
- (3) Why don’t Clark and other Wall Street figures named by General Butler offer to come forward and deny that they are in any way connected with or sympathetic to Fascism?

The author then began to speculate on the motives of the people alleged to be involved in the conspiracy. “What lies behind this plot is still unknown,” he wrote. “Sometimes men who have come into money through inheritance or marriage, rather than through their own efforts, develop delusions of grandeur out of fear that they may become just part of ‘the common herd.’” He went on to warn the reader: “The Butler disclosures come as a salutary warning of what we must guard against in the next few years. Fascist crackpots are likely to get more and more financial support as liberal reform threatens old privileges and profits.” He went on: “How long is it since some of the same people now behind the American Liberty League were calling for a Mussolini to shut off a restive Congress that threatened to get out of Mr. Hoover’s control? That is not to say that all the conservatives are Fascists. . . . But there will be others who will put their money into any movement which promises to break the labor unions, destroy democratic procedure and suppress all free discussion or protest. Some of that ilk were behind MacGuire,” he concluded. “Who were they?”<sup>108</sup>

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<sup>108</sup> “Who was Behind M’Guire?” *New York Post*, 27 November 1934, p. 8.

In the same issue of the *New York Post*, a letter to the editor lauded both General Butler and the newspaper itself for exposing the events of the plot. The author, identified only as “R.,” wrote: “General S.D. Butler has done his duty by his country and by his people. He has made it possible for the public, through the liberal voice of the Post, to acquaint itself with the internal dangers to our existent democracy. It is up to Congress now to do its duty by going beyond its investigation of the un-American activities of the Fascist chiselers in our country. The would-be murderers of our Constitution must be punished.”<sup>109</sup>

An editorial in the politically-centrist *Baltimore Sun* also supported Butler’s allegations, encouraging the committee to “get to the bottom of this strange affair.” The editorial warns readers not to take allegations of fascism in America too lightly. Its author wrote:

Grotesque as this whole Butler incident is, the experience of other countries has proved that business of this kind ought not to be ignored. Herr Hitler, languishing in the Munich jail in 1924, was so much as a \$75-a-week customers' man [like MacGuire]. He remained a comic figure almost until he attained power. The complacent could never bring themselves to take such a fellow seriously. They take him seriously now. In America we have a large group which, despite the lessons of foreign experience, declare suavely that "nothing like that can happen in this country." It cannot, [but only] if the background of Fascism is exposed from the beginning.<sup>110</sup>

Liberal weekly magazine *The Nation*, meanwhile, gave its first coverage to the Butler story on December 5. (As a weekly publication, *The Nation* tended generally to be between one and three weeks behind the daily newspapers in its coverage of news events. Its issue of December 5 was the first to cover events from the week when the investigation first began.) An editorial paragraph on its first page declared: "The march on Washington will probably not be led by Smedley Butler or by any of the gentlemen publicly mentioned in connection with the

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<sup>109</sup> “Internal Dangers to Democracy,” *New York Post*, 27 November 1934, p. 8.

<sup>110</sup> “Needs Probing,” *The Baltimore Sun*, 27 November 1934, p. 12.

fascist plot which flared and died in last week's news. But General Butler's assertion that he has had forty-two offers to head a fascist coup is not as funny as it sounds. Nor is it accidental that the air is filled with rumors of such coups." The author wrote that hardships being faced by the unemployed and under-employed in the United States helped to make fascism seem appealing. "Mr. Butler's specter of a 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."<sup>111</sup>

Though coverage of the story in liberal and politically neutral publications was generally supportive, coverage from conservative outlets was almost uniformly hostile. Perhaps the most damning article on the investigation appeared in conservative publisher Henry Luce's influential weekly magazine, *Time*. On December 3 *Time* featured a story entitled "Plot Without Plotters" which lampooned General Butler and what it viewed as his "fantastic" allegations. The article began with a satirical scenario in which General Butler leads his fascist veterans' army from a C.C.C. camp in Elkridge, Maryland and marches on Washington with J.P. Morgan, Douglas MacArthur, the American Legion commanders, and the other accused plotters in tow. The article went on to depict Butler marching into the Oval Office and threatening President Roosevelt with violence unless he agrees to make Butler his new Secretary of State and does whatever Butler and the plotters demand.

"No military officer of the U.S. since the late, tempestuous George Custer has succeeded in publically floundering in so much hot water as Smedley Darlington Butler," wrote *Time*. Continuing to editorialize, the magazine followed the same line of criticism heaped by others upon the Butler investigation: "Thanking their stars for having such sure-fire publicity dropped

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<sup>111</sup> "The March on Washington," in *The Nation*, vol. 139, no. 3622. 5 December 1934, p. 631.

into their laps, Representatives McCormack & Dickstein began calling witnesses to expose the ‘plot.’ But there did not seem to be any plotters.” The magazine then included a declaration from none other than Robert Sterling Clark himself – finally in contact from Europe – who denied Butler’s allegations, declaring: “I am neither a Fascist nor a Communist, but an American.” He then threatened to sue Butler for libel “unless the whole affair is relegated to the funny sheets by Sunday.” *Time* concluded that the entire nation was “laughing at the latest Butler story.”<sup>112</sup>

Despite promises to call further witnesses throughout December, the committee did not hear any further evidence on the Butler matter until December 29, 1934. On this, the final day of testimony regarding Butler’s charges, the star witness was Albert G. Christmas, Robert Sterling Clark’s attorney and financial agent. Christmas’ testimony turned out to be a late-breaking watershed of information on the Butler case, yet, coming as it did two days before the end of the year and, thus, the end of the committee’s official life, not much could be done to follow up on any revelations.

First, Christmas revealed that MacGuire had, in fact, given Butler a copy of a speech advocating sound currency which they hoped Butler would deliver at the Legion convention in Chicago. In fact, Christmas testified that he had written the speech himself.<sup>113</sup> This revelation contradicted MacGuire’s adamant denial that he had discussed the gold standard with Butler or that such a speech ever existed. The second revelation concerned Clark’s meeting with Butler at his home in Newtown Square, Pennsylvania. Christmas told the committee that he had set up

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<sup>112</sup> “Plot Without Plotters,” in *Time Magazine*, Vol 24, No. 23. 3 December 1934.

<sup>113</sup> *Public Hearings*, pp. 145-146.

that meeting because MacGuire had requested that he do so. He testified that Clark had called him from Butler's home and ordered him to have MacGuire do what he could to press for the passage of the gold standard resolution at the Chicago convention. This contradicts Butler's account that Clark had called MacGuire directly, but the substance of the conversation was confirmed. Christmas denied, however, that there was any mention of telegrams during this phone call or that there was any flood of telegrams to the national convention.<sup>114</sup>

The committee then seized the opportunity to challenge some of MacGuire's other denials. Christmas was asked if MacGuire told him the purpose of his meeting with Butler after he returned from Europe. He testified that MacGuire told him he had discussed economic matters in Europe with Butler during their meeting. This again contradicts MacGuire's testimony that no economic matters were discussed between himself and the general.<sup>115</sup> Albert Christmas' testimony repeatedly indicated that Gerald MacGuire lied about his interactions with Butler and about the nature of his work for Robert Sterling Clark.

The final issue about which the committee questioned Christmas was the purpose of MacGuire's trip to Europe. Christmas testified that he was responsible for sending MacGuire to Europe and that it was he to whom MacGuire's letters were primarily addressed (though there was an understanding that Clark would be kept up to date as well through reports from Christmas). The committee then read aloud the same extracts of MacGuire's letters talking about various veterans and fascist movements in Europe so that Christmas could react to them. Christmas maintained, as MacGuire had, that any reference to fascist groups or veterans'

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<sup>114</sup> Ibid, pp. 146-147.

<sup>115</sup> Ibid, pp. 149-152.

organizations were merely incidental to the overall political and economic picture in Europe at the time, saying that they were not meant to be the special focus of the study.

With that, the investigation into the fascist plot to seize the government effectively ceased. The committee's mandate to investigate un-American activities lasted only so long as the current Congress was in session. The session of the 73<sup>rd</sup> Congress officially ended five days later on January 3, 1935. Though the committee asked the House of Representatives to extend its investigatory powers through January 1937, its request was denied.<sup>116</sup> Both Congressmen Dickstein and McCormack would return to their seats for the incoming 74<sup>th</sup> Congress, but their investigation had come to an end.

The most substantial criticism of the Butler case, the McCormack-Dickstein Committee, and the national press' coverage of the matter would be published that January. On January 29, 1935 freelance journalist John Spivak published an inflammatory article on the investigation in the socialist periodical *New Masses*. In the article, entitled "Wall Street's Fascist Conspiracy: Testimony that the Dickstein Committee Suppressed," Spivak wrote:

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.

In these articles the reality of Wall Street's Fascist conspiracy will be made clear; the line up of financial interests in back of the conspiracy will be set forth; and the real role of the Dickstein Committee, which suppressed this evidence will be revealed.<sup>117</sup>

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<sup>116</sup> Denton, p. 209.

<sup>117</sup> Spivak, "Wall Street's Fascist Conspiracy: Testimony that the Dickstein Committee Suppressed," in *New Masses*, 29 January 1935. p. 9.

Spivak writes that the Dickstein Committee was forced to call General Butler to testify, but only did so reluctantly when rumors about a supposed fascist conspiracy circulating in Washington had given them no other choice. He argues that the committee never had any intention of performing anything other than a cursory investigation and then letting the matter slide. He writes:

This series of articles will go deeply into the whole situation, of which only a hint trickled through to the public. The suppression of evidence by the Dickstein Committee reveals the Committee's real character: 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.<sup>118</sup>

Spivak's ideas as to why the committee sought to suppress the evidence of a fascist conspiracy are often garbled and even downright vile: his main contention is that the Dickstein Committee was controlled by the American Jewish Committee which, he claimed, used its influence to hide the conspiracy because it was financially invested in the plot. Spivak's paranoid anti-Semitic allegations aside, however, he did later historians a great service by revealing the extent and nature of the Congressional committee's censorship: his article revealed many individuals and organizations named by Butler and Paul French who never appeared in the official record, and of which only some had been revealed in the press. Despite Spivak's inflammatory writing and his important revelations about the committee's censorship, the mainstream press did not pick up the story. Spivak later claimed that the mainstream press ignored his story because it was too politically dangerous to quote from or substantiate a story

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<sup>118</sup> Ibid.

originating in the socialist press.<sup>119</sup> Given the political climate at the time, this is not an unreasonable assertion.

The last word on the Butler investigation came on February 15, 1935 when Congressman McCormack presented to the House of Representatives his final report for the now-defunct Special Committee on Un-American Activities. Throughout its tenure the Special Committee had investigated many individuals and organizations, including many suspected communist subversives and many other fascist subversives which had nothing to do with Butler's allegations. Ultimately, the investigation of the Business Plot was only one of many ongoing investigative efforts, and was treated no differently from the rest. In the twenty-four page report delivered that day by Congressman McCormack, a summation of the committee's findings relating to Butler's allegations occupied just one page. McCormack described the investigation as follows:

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 but that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.

This committee received evidence from Maj. Gen. Smedley D. Butler (retired), twice decorated by the Congress of the United States. He testified before the committee as to conversations with one Gerald C. MacGuire in which the latter is alleged to have suggested the formation of a fascist army under the leadership of General Butler.

MacGuire denied these 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 his principal, Robert Sterling Clark, of New York City, while MacGuire was abroad studying the various forms of veterans' organizations of Fascist character.

. . . This committee asserts that any efforts based on lines as suggested in the foregoing and leading off to the extreme right, are just as bad as efforts that would lead to

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<sup>119</sup> John Spivak, *A Man in His Time* (New York: Horizon Press, 1967) p. 314.



the extreme left. Armed forces for the purpose of establishing a dictatorship by means of Fascism or dictatorship through the instrumentality of the proletariat, or dictatorship predicated in part by racial or religious hatreds, have no place in this country.<sup>120</sup>

With that, the congressman moved on to describe the committee's investigations into other topics and did not touch upon the Butler matter again. The investigation was over, the findings were made public, and the case was dropped. Despite McCormack's direct assertion that "there is no question that these attempts were discussed, planned, and might have been placed into execution when and if the financial backers deemed it expedient," none of the financial backers were ever called to testify and no charges were ever brought against anyone related to the case. Even Gerald C. MacGuire, who, McCormack admitted, had "denied these allegations under oath," was never charged for his acknowledged perjury before Congress. In response to the committee's final report, Roger Baldwin, the director of the American Civil Liberties Union, or ACLU, condemned the failure of the committee to pursue further charges. He stated the case succinctly. "The Congressional Committee investigating un-American activities has just reported that the Fascist plot to seize the government . . . was proved," said Baldwin, ". . . Yet not a single participant will be prosecuted under the perfectly plain language of the federal conspiracy act making this a high crime."<sup>121</sup> In short, the Chairman of the Select Committee on Un-American Activities admitted before Congress and the American people that he had uncovered a conspiracy to overthrow the United States government and replace it with a fascist dictatorship, yet neither he nor anyone else ever did anything about it.

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<sup>120</sup> McCormack, *Investigation of Nazi and Other Propaganda*, pp. 9-10.

<sup>121</sup> Denton, p. 209.

The national press, with few exceptions, was unmoved by the committee's findings. On the same afternoon when the report was released, J. David Stern's *New York Post* ran as its headline: "Butler's Fascist Plot Charges Upheld in Report to Congress."<sup>122</sup> The front-page story quoted McCormack's statements vindicating Butler, declaring that his allegations were proved. Oswald Garrison Villard's leading liberal magazine, *The Nation*, having been slow to warm to the story in its initial coverage back in December, jumped at the chance to prove its crusading credentials:

The Fascist plot revealed by General Smedley Butler to the so-called Dickstein committee, and received with derision by most of the leading newspapers of this democracy, was given official authentication in the committee's report to Congress.

Suppressed portions of the Butler testimony should now be published. The *New Masses* supplies its version of the suppressions and includes many important names - the du Ponts, Al Smith, Hugh Johnson, Douglas MacArthur, Hanford MacNider, and in particular the American Liberty League. It is plain that the committee bungled into the inner privacy of some of our most respectable financial and political gentlemen and was at pains not to pursue its investigation to a logical conclusion.

For our part we believed the Butler story at the time chiefly because it bore out our conception of the insanity of the financial mind in the realms of revolutionary conspiracy. Fascism, if it comes, will not be cooked up in Wall Street. It will be a pseudo-radical movement with a popular following, which Wall Street will eventually see the wisdom of supporting. We are much more frightened by Father Coughlin and Huey Long than by the brokers who were set to bait the trap for General Butler.<sup>123</sup>

The *New York Times* ran the story on its front page the day after the report was released, but only covered the Butler story in the context of the congressional report as a whole and afforded only two sentences to the coup allegations.<sup>124</sup> Meyer's *Washington Post* ran a small column on the story, but, like the *Times*, it gave only cursory attention to Butler and focused

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<sup>122</sup> "Butler's Fascist Plot Charges Upheld in Report to Congress" in *New York Post*, 15 February 1935, pp. 1-2.

<sup>123</sup> "The Fascist Plot," in *The Nation*, vol. 140, no. 3634, 27 February 1935, p. 234. (second page of issue)

<sup>124</sup> "Asks Law to Curb Foreign Agitators: Committee in Report to House Attacks Nazis as Chief Propagandists in the Nation" in *New York Times*, 16 February 1935. pp. 1, 4.

most of its attention on communist “agitators.”<sup>125</sup> The same pro forma coverage of the report was given in Roy Howard’s *New York World-Telegram*.<sup>126</sup> Even the centrist *Baltimore Sun*, which had given substantial, level-headed coverage of the story back in November, only published a matter-of-fact article quoting the committee’s findings on the seventh page of its daily edition.<sup>127</sup>

The Hearst newspapers covered the story with their characteristically single-minded focus on the dangers of communism. An editorial in the *San Francisco Examiner* typifies the paper's view on the relationship between communism and fascism. The editorial views communist propaganda as the most important and grave threat to the nation and argues that public schools should be the battleground upon which the fight against communist subversion should be waged. At one point, the author comes close to openly praising fascism, declaring that America is more susceptible to communist subversion than Europe because "most of the nations of Europe are ready with some form of Fascism or Nazism to suppress a Communist movement."<sup>128</sup> Hearst’s *Los Angeles Examiner* ignored the story completely. Robert McCormack’s conservative *Chicago Tribune*, similarly, did not carry the story at all.

The time was ripe for Butler himself to come forward. On February 17, two days after the final report was released, General Butler took to the airwaves and denounced the investigation. On Philadelphia’s radio station WCAU, Butler declared that the McCormack-

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<sup>125</sup> Douglas Warrenfels, “House Probers Ask Red Curb, Uphold Butler: ‘Moscow’ Blamed for Agitators, Wall St. Accused, in Report.” in *Washington Post*, 16 February 1935. pp. 1,3.

<sup>126</sup> United Press, “Fascist Plot Held Proved,” in *New York World Telegram*, 15 February 1935 pp. 1, 10.

<sup>127</sup> “Asks Congress Gag Advocates of ‘Isms’,” in *The Sun*, 16 February 1935, p. 7.

<sup>128</sup> “National Defense Periled by Unfriendly Foreign Propaganda,” in *San Francisco Examiner*, 16 February 1935.

Dickstein committee had, like most committees “slaughtered the little and allowed the big to escape. The big shots,” he said, “weren’t even called to testify. They were all mentioned in the testimony. Why was all mention of these names suppressed from the testimony?” Butler went on to demand an explanation for why men such as Al Smith, Douglas MacArthur, Hanford MacNider, and Grayson M.P. Murphy were never called to testify on the charges. “The whole report is filled with whys – whys that never were answered; whys that never were asked,” Butler declared. “If you are interested in your Government, if you are interested in retaining democracy, if you are opposed to all un-American activities, don’t let this thing drop,” Butler implored. “Don’t let this testimony be suppressed forever. Don’t let the big shots of this un-American plot go forever unquestioned. Demand that they publish all the testimony taken.”<sup>129</sup>

Despite Smedley Butler’s protestations, no new investigation was launched. Even if there ever was hope that a new investigation could be undertaken, this hope was greatly complicated, if not entirely dashed, by the untimely death of the committee’s star witness, Gerald C. MacGuire, from “pneumonia with complications” on 25 March 1935 – not six weeks after the committee’s final report was released. According to MacGuire’s family and doctors, his death was attributable to a “physical collapse” brought upon by the stress of Butler’s charges.<sup>130</sup>

For whatever reason, however, no one seemed to care about the plot which Butler had brought to light. It perhaps seemed sufficient to the powers-that-be in government that the plot was exposed and thus rendered untenable. To the Roosevelt administration, an overt crusade against the big business and financial interests whom he needed to work with in combatting the

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<sup>129</sup> “The White House Coup, 1933.” *Document*. BBC Radio 4, July 23, 2007.

<http://www.bbc.co.uk/programmes/b007tbs0>.

<sup>130</sup> “G.C. M’Guire Dies: Accused of Plot” in *New York Times*, 26 March 1935, p. 13.

economic troubles of the Great Depression probably seemed like an unnecessary rocking of the boat which would ultimately do no good. It was better to work with these men where possible, and move forward for the benefit of the country.

## Chapter 6 - Conclusion

The Business Plot investigation was one of most fascinating, and perhaps most dangerous, events in American political history. Despite the grave implications of Smedley Butler's allegations, and despite the fact that a congressional subcommittee ultimately declared Butler's charges to be true, nothing was ever done to follow up with a larger investigation or to pursue punishment for those involved. The investigation made curiously little impact in the American press at the time when it occurred and was subsequently allowed to fade away quickly and quietly after the facts had been revealed.

The national press by and large reported the story along ideological lines. News outlets with reputations for liberal political perspectives tended to cover the story more frequently in their pages and took a more positive editorial position toward General Butler and his allegations. Conservative outlets, meanwhile, tended to cover the story as little as possible. What coverage the right-leaning media did provide on Butler's allegations was often slanted to portray the story as a hoax or a publicity stunt – either on the part of Butler, the committee, or both.

Many conservative outlets simply used the opportunity to preach about the dangers of communist subversion rather than the dangers of fascism. William Randolph Hearst's open letter, plastered across all of his papers on the day when the committee's preliminary report was released, most clearly typifies this reaction, though numerous examples of anti-communist sensationalism related to the Butler story can be found in the pages of his newspapers.<sup>131</sup>

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<sup>131</sup> "Expose them First!" *San Francisco Examiner*, 22 November 1934, p. 16; Universal Service, "Reds Accused of Plot to Kidnap President, Cabinet, Set up Soviet: House Told Plans to Seize Control of U.S. During Strike," *San Francisco Examiner*, 30 December 1934, pp. 1-2; Walter Fitzmaurice, "Soviet Break Demanded in Congress: Action is Sought After Report Bares Plot," *San Francisco Examiner*, 16 February 1935, p. 1; "National Defense Periled by Unfriendly Foreign Propaganda," *San Francisco Examiner*, 16 February 1935; "Revolt in U.S. Urged After Moscow Pact: Pledge Given Nation to Stop Subversive Activities Broken, McCormack Committee Shows," *San Francisco Examiner*, 16 February 1935; Douglas Warrenfels, "House Probers Ask Red Curb, Uphold Butler: 'Moscow' Blamed for Agitators, Wall St. Accused, in Report," *Washington Post*, 16 February 1935, pp. 1, 3.

Another typical reaction from conservative news sources was to focus mainly on publicizing the denials and criticism from those accused of involvement in the plot. Such articles tended to portray the accused as innocent victims and General Butler as an attention seeking lunatic, using language like Butler's "wild scheme" and referring to his "fantastic allegations." The *New York Times* and the *Chicago Tribune* fall mostly into this category in their news coverage.<sup>132</sup>

A third common response to the story was blatant ridicule. Here again the *New York Times* and the Hearst syndicate stand out most prominently in their conservative coverage, though syndicated contributors from many neutral publications took comic shots at Butler and his story as well.<sup>133</sup> The most infamous bit of satire aimed at the Butler story came from Henry Luce's conservative *Time* magazine in its article "Plot Without Plotters," which most accurately captures this type of response.<sup>134</sup>

What is particularly concerning for us here, however, is the nature of the coverage provided by press outlets accused by contemporary as well as later scholarly sources as being favorable toward fascism. In his book *Anti-Communism in Twentieth-Century America* Larry Ceplair identifies William Randolph Hearst, Robert McCormick, George Horace Lorimer of the

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<sup>132</sup> "Plot U.S. Coup': Gen. Butler: Ex-Marine Head 'Reveals' Wild Fascist Plan: 'Ridiculous' Say Men Named," *Chicago Daily Tribune*, 21 November 1934, p. 1; "What! Another John Brown?" *Chicago Daily Tribune*, 22 November 1934, p. 12; "Group in House Ends Inquiry on Fascist 'Putsch'" *Chicago Daily Tribune*, 25 November 1934, p. 4A; "Gen. Butler Bares 'Fascist Plot' To Seize Government by Force: Says Bond Salesman, as Representative of Wall St. Group, Asked Him to Lead Army of 500,000 in March on Capital -- Those Named Make Angry Denials -- Dickstein Gets Charge. GEN. BUTLER BARES A 'FASCIST PLOT'," *New York Times*, 21 November 1934, p.1; "Butler Story Arouses Anger of Army Heads: MacArthur, Second Choice of Fascists to Head Coup, Says 'I Never Heard the Like'," *Washington Examiner*, 21 November 1934, p. 6; "Broker Denies Butler Charge of Huge Plot: Asserted 'Fascist' Emissary Says his Campaign only Drive for 'Sound Dollar'," *Los Angeles Examiner*, 24 November 1934, p. 2.

<sup>133</sup> Arthur "Bugs" Baer, "Gen. Butler Finds Brokers Not Too Busy to Talk Now," *San Francisco Examiner*, 22 November 1934, p. 1; "What! Another John Brown?" *Chicago Daily Tribune*, 22 November 1934, p. 12; "CREDULITY UNLIMITED," *New York Times*, 22 November 1934, p. 20; "Mr. Rogers Is All Ready To Bat for Gen. Butler," *New York Times*, 22 November 1934, p. 23; "Cocktail Putsch,' Mayor Says," *New York Times*, 23 November 1934, p. 3; Heywood Brown, "It Seems to Me," *New York World-Telegram*, 22 November 1934, p. 25.

<sup>134</sup> "Plot Without Plotters," *Time Magazine*, 1934.

*Saturday Evening Post*, Henry Luce of *Time* and *Life* magazines, and DeWitt Wallace of *Reader's Digest* as the most prominent and vocal conservative anti-communists of the mid-1930s.<sup>135</sup> These same men also happen to be among the most prominent of the nation's cadre of reputedly pro-fascist publishers in their day. Historians Gian Giacomo Migone and John Diggins have noted the pro-fascist tendencies of such news outlets as the *New York Times*, the *Chicago Daily Tribune*, and most particularly the publications of William Randolph Hearst. They also recognized *Time* magazine as a positive portrayer of fascism in its pages. Each of these sources has been shown to have been critical of the investigation into a fascistic plot in America. Yet it is not only those sources which were actively critical of the investigation which need to be addressed. Those sources which ignored the story altogether, or at least certain aspects of it, are just as important for what they failed to say as their peers are for what they said.

John Diggins claims that the *Saturday Evening Post* exerted a greater pro-fascist influence upon the American people during this time period than any other publication. The *Saturday Evening Post*, under the ownership of George Horace Lorimer, was an immensely popular weekly magazine, possessing a readership of over one million in the mid-1930s. The *Post* covered Mussolini's "march on Rome" and his Fascist party's takeover in glowing terms in the early 1920s and even serialized the dictator's biography in its pages in 1928. Among the magazine's primary purveyors of pro-fascist propaganda, according to Diggins, were Isaac F. Marcossou, who described Mussolini as the economic and political genius who saved Italy from communism; Kenneth Roberts, who touted Fascist society's moral victory over vice; Samuel G. Blythe, who considered Mussolini to be a "Latin Cromwell"; and the popular humorist Will

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<sup>135</sup> Larry Ceplair, *Anti-Communism in Twentieth-Century America: A Critical History* (Santa Barbara: Praeger, 2011).



Rogers, who once declared, “dictator form of government is the greatest form of government; that is, if you have the right dictator.”<sup>136</sup> Yet despite the monumental allegations made by Smedley Butler over the fall and winter of 1934-35 and their prominence in the national news at the time, the *Saturday Evening Post* failed to cover the story.

The *Reader's Digest* was similar in its treatment of the story. The *Digest* was one of the first and most successful of the so-called “reprint magazines” which collected the most interesting and important stories from other periodicals, edited them for length and readability, and then reprinted them within its own pages. Its successful formula enabled *Reader's Digest* to become the best-selling consumer magazine in the United States. In *Condensing the Cold War: Reader's Digest and American Identity* Joanne P. Sharp makes a compelling case that *Reader's Digest* had been a key element in shaping America's cultural stance against communism since the 1920s. As the most popular consumer magazine in America, the *Digest*, according to Sharp, had an enormous, and ultimately quite successful, capacity to shape public opinion.<sup>137</sup> The publisher of *Reader's Digest*, DeWitt Wallace, was accused by contemporary journalist George Seldes of being a fascist. In fact, in his book *Facts and Fascism* Seldes devotes an entire chapter to outlining the pro-fascist stance of *Reader's Digest* and Wallace in particular. Seldes writes:

[*Reader's Digest*] pretends to be an impartial reprint magazine, selecting the best items from all others, but it is in fact a skillfully manipulated publication spreading the reactionary views of a powerful nobody named DeWitt Wallace. . . . DeWitt Wallace is either a knave or a fool. Either he is so stupid that he doesn't know that he is spreading fascism, or he is a Machiavellian knave who has devised a wonderful and sinister method, far superior to any known to Herr Goebbels.<sup>138</sup>

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<sup>136</sup> Diggins, p. 27.

<sup>137</sup> Joanne P. Sharp, *Condensing the Cold War: Reader's Digest and American Identity* (Minneapolis: University of Minnesota Press, 2000).

<sup>138</sup> Seldes, *Facts and Fascism*, p. 158

*Reader's Digest*, like the *Saturday Evening Post*, failed to cover the story.

Other news outlets carried the story for at least part of the time when it was in the news yet noticeably ceased their coverage during landmark events. Robert McCormick's *Chicago Daily Tribune*, for example, covered the investigation during its first few days and was very critical of Butler's allegations. The *Tribune* then inexplicably ended its coverage of the investigation at the time when the congressional committee issued its Public Statement on November 26. Not only did the *Tribune* ignore the committee's preliminary report on the investigation, it also completely ignored Congressman McCormack's final report in February 1935 when he told Congress that the committee considered Butler's charges to be proved. Hearst's *Washington Herald* did include a small article reporting the committee's Public Statement but ignored the final report to Congress. Hearst's *San Francisco* and *Los Angeles Examiner* reported on both landmark events, but took a characteristically single-minded anti-communist approach to the final report, focusing solely on the aspects of Congress' findings that dealt with communist subversives.

It therefore seems clear that the conservative press, and particularly those accused of fascist sympathies, made intentional efforts to avoid criticism of the fascist plot against the United States. When they could not avoid the story entirely, many down-played it or assaulted its credibility. Others used the opportunity to pontificate about the threat of communist or socialist subversion and the potential utility of fascism in combating the perceived "leftist threat." The prominence of these trusted conservative news sources and their seemingly consistent editorial perspective on fascism and communism were likely major contributing factors in establishing a positive public opinion toward fascism in America during this time.

We cannot rush to judgment, however, without first contextualizing some key differences between American society in the 1930s and the society of America today. One must take into account the fact that Americans in the 1930s possessed a much greater sense of deference toward power and prestige than do modern Americans. Politicians and other social elites did not typically find themselves the targets of as much unwanted media attention as perhaps modern readers might expect. After all, this was a time in which a substantial proportion of the American public had no idea that their president was physically handicapped and wheelchair-bound. All the way into the 1960s the American press still found it inappropriate to print stories about the sexual escapades of President John F. Kennedy. Generally speaking, it would not be until the era of Vietnam and Watergate that Americans began to put aside their traditional deference to authority and began to question publically the motives and integrity of those in power. In the 1930s, however, it would have been a bold move indeed to publish unsubstantiated accusations against men of such stature as those accused in the Business Plot.

Another significant cultural force in the mid-1930s was America's undeniably deep-seated fear of "leftist subversion." There have been few bogeymen in the history of the American middle and upper-classes capable of inspiring as much fear as the communist or socialist subversive. Historically, the fear of invisible enemies hiding in plain sight has caused Americans to look the other way while their founding principles were infringed upon or denied entirely. Fear of communist subversion led to thousands of unjust persecutions under the auspices of the World War One-era Espionage and Sedition Acts, effectively suspending the right of free speech for political enemies during the First Red Scare. The radical excesses of Senator Joseph McCarthy and the House Un-American Activities Committee during the Second Red Scare are further examples of how willing Americans can be to compromise their principles

in the name of security. Gian Giacomo Migone touches upon this theme in his work, noting that the “editorial and diplomatic interpretation on the rise of Fascism” by the American government and press, “constitutes significant early evidence of what would become an American historical tendency: ever more frequent toleration of exceptions to democratic rule, in the name of ever more imposing American interests.”<sup>139</sup> Seen in this light, it becomes easier to understand how Americans, terrified of the prospect of “leftist subversion,” might have looked favorably on fascism and been hesitant to portray it negatively in the mainstream press.

These factors most likely combined to some degree to determine the ways in which the Business Plot investigation was reported, or not reported, in the American press. What can be said with certainty is that the liberal and otherwise left-leaning elements in the American press tended to cover the investigation much more frequently and portrayed Smedley Butler in a much more positive light than did their conservative counterparts. The conservative press, on the other hand, was much more likely to ignore the story altogether or to cover the story much less frequently. When conservative outlets did cover Butler and the investigation they tended to be much harsher, more skeptical, and even hostile in their editorial perspective. The exact motivations which led to this discrepancy in coverage between the liberal and conservative press are much more difficult to say with certainty. It seems reasonable that members of the conservative press would be much less protective of the Democratic administration in Washington than their liberal peers, especially given that the publishers of some of the most high-profile conservative outlets were ardent anti-Roosevelt detractors. It also seems reasonable that crusading anti-communist and anti-socialist conservatives might have a greater affinity for fascism because they, at least ostensibly, had the same ultimate goal: the eradication

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<sup>139</sup> Migone, p. 48.

of “dangerous leftist elements” in society. For as the saying goes: “the enemy of my enemy is my friend,” and fascists and American conservatives certainly did share a common enemy. By the same token, the left-leaning media, which tended in this era to make comparisons between fascists and conservatives, could be expected to take a more alarmist view on the potential fascist threat. This is not to say that American conservatives were all fascist sympathizers or that the American left was uniformly anti-fascist. Such conclusions cannot be drawn from the limited nature of this study.

What can be said conclusively is that America’s reading public absorbed two very different interpretations of the native fascist threat in the mid-1930s, depending on where their local newspaper fell on the political spectrum. It may seem obvious that, because of America’s vaunted democratic values and the fact that the United States was aligned with the anti-fascist powers in the Second World War, the American people must have quickly and completely rejected fascist ideology. Yet it appears that America’s rejection of fascism was not as forgone a conclusion as many wish to believe. There were many elements in American society which were undoubtedly pro-fascist in sympathy or even genuinely fascist in ideology. Just because they were ultimately unsuccessful does not mean they were not dangerous in their time. It is important for historians to identify such elements in society which made these dangers possible in the past so that we may proceed with caution, and wisdom, in the future.

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## Appendices

Table 1

The Newspapers Considered “Most Fair and Reliable” by 99 Washington Correspondents

<b>Newspaper or Syndicate</b>	<b>1st Choice</b>	<b>Points</b>	<b>2<sup>nd</sup> Choice</b>	<b>Points</b>	<b>3<sup>rd</sup> Choice</b>	<b>Points</b>	<b>Number of Mentions</b>	<b>Total Points</b>
<i>N.Y. Times</i>	64	640	16	80	9	27	89	747
Baltimore <i>Sun</i>	14	140	21	105	13	39	48	284
<i>Christian Science Monitor</i>	3	30	9	45	5	15	17	90
Scripps- Howard Syndicate	4	40	6	30	5	15	15	85
St. Louis <i>Post- Dispatch</i>	2	20	8	40	8	24	18	84
Washington <i>Star</i>	2	20	8	40	4	12	14	72
N.Y. <i>Herald Tribune</i>	-	-	8	40	9	27	17	67
Washington <i>Post</i>	3	30	2	10	-	-	5	40
Philadelphia <i>Record</i>	2	20	3	15	-	-	5	35
Kansas City <i>Star</i>	-	-	1	5	6	18	7	23
Newark <i>Evening News</i>	-	-	2	10	1	3	3	13
Des Moines <i>Register &amp; Tribune</i>	-	-	-	-	2	6	2	6
Chicago <i>Daily News</i>	-	-	-	-	2	6	2	6

Source: Leo C. Rosten, *The Washington Correspondents* (New York: Arno Press, 1974) p. 356.

Table 2

The Newspapers Considered “Least Fair and Reliable” by 93 Washington Correspondents

<b>Newspaper or Syndicate</b>	<b>1<sup>st</sup> Choice</b>	<b>Points</b>	<b>2<sup>nd</sup> Choice</b>	<b>Points</b>	<b>3<sup>rd</sup> Choice</b>	<b>Points</b>	<b>Number of Mentions</b>	<b>Total Points</b>
Hearst Newspaper Syndicate	59	590	20	100	8	24	87	714
Chicago <i>Daily Tribune</i>	24	240	37	185	10	30	71	455
Los Angeles <i>Times</i>	2	20	7	35	16	48	25	103
Scripps-Howard Syndicate	4	40	5	25	4	12	13	77
Denver <i>Post</i>	-	-	4	20	6	18	10	38
N.Y. <i>Herald Tribune</i>	-	-	4	20	4	12	8	32
Washington <i>Post</i>	2	20	1	5	2	6	5	31
Philadelphia <i>Record</i>	-	-	3	15	5	15	8	30
Daily <i>Worker</i>	1	10	1	5	2	6	4	21
Philadelphia <i>Inquirer</i>	1	10	1	5	2	6	4	21
N.Y. <i>Daily News</i>	-	-	1	5	1	3	2	8
Detroit <i>Free Press</i>	-	-	-	-	2	6	2	6

Source: <sup>1</sup> Leo C. Rosten, *The Washington Correspondents* (New York: Arno Press, 1974) pp. 357-58.