

Fascists, Then and Now, Stalk the FDR Legacy

by Jeffrey Steinberg and John Hoefle

On Oct. 31, 1936, President Franklin Delano Roosevelt, seeking a second term in office, delivered his final major campaign speech before the November elections, to a large, enthusiastic crowd at Madison Square Garden in New York City.

“For twelve years,” the President declared, “this Nation was afflicted with hear-nothing, see-nothing, do-nothing Government. The Nation looked to Government, but the Government looked away. Nine mocking years with the golden calf and three long years of the scourge! Nine crazy years at the ticker and three long years in the breadlines! Nine mad years of mirage and three long years of despair! Powerful influences strive today to restore that kind of government, with its doctrine that that Government is best which is most indifferent.

“For nearly four years, you have had an Administration which instead of twirling its thumbs has rolled up its sleeves. We will keep our sleeves rolled up.

“We had to struggle with the old enemies of peace—business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. They had begun to consider the Government of the United States as a mere appendage to their own affairs. We know now that Government by organized money is just as dangerous as Government by organized mob.”

FDR stated proudly, “Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hatred for me—and I welcome their hatred.”

The American Liberty League

FDR was not talking in abstract about some amorphous conspiracy of Wall Street bigshots. He was referring, specifically, to the American Liberty League (ALL), an organization founded in 1934 with the explicit objective of destroying the New Deal, defeating FDR in his 1936 reelection bid, and imposing an outright Fascist regime in America, through the ballot box

if possible, through military coup or assassination, if necessary.

The leaders of the American Liberty League were not silver-shirted rabble, or Southern racists, although they unhesitatingly bankrolled those would-be-Fascist hooligans. They were the giants of Wall Street and America’s major industrial and raw materials combines: the Morgans, the du Ponts, the Pews, the Harrimans, the Mellons, the Weirs, the Warburgs, the Rockefellers. Their hatred of FDR, and all he stood for, cast them as enemies of the American people, and the Federal Constitution, with its General Welfare clause.

By the time Roosevelt delivered his Madison Square Garden speech, the McCormack-Dickstein Committee (officially, the House of Representatives Special Committee To Investigate Nazi Activities in the United States), had delivered its final report. That February 1935 document, based largely on the testimony of Gen. Smedley Darlington Butler, concluded, “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.”

While the final McCormack-Dickstein Committee report did not mention the Liberty League by name—largely due to fears of retribution—one of the leading conspirators, named by Butler and other witnesses, in their much-publicized testimony before the Committee, was Grayson Mallet-



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Col. Grayson Grayson-Mallet Murphy, treasurer of the Mussolini-loving American Liberty League.



Chicago Historical Society

President Franklin Roosevelt had no sooner taken office in March 1933, than his enemies—the pro-Fascist “economic royalists”—began plotting against him. Here, FDR accepts the nomination of the Democratic Party for President in 1932.

Prevost Murphy, the treasurer of the League.

A director of the J.P. Morgan-controlled Guarantee Trust, Anaconda Copper, Goodyear, and Bethlehem Steel, Murphy had been in Paris in 1919 for the founding of the American Legion, and had poured \$125,000 of his own money into the organization, several of whose leaders were later fingered by Butler as a pivotal part of the scheme to stage a Fascist coup in Washington, on behalf of the Morgan interests and allied Wall Street and industrialist circles.

As early as 1922-23, the National Commander of the American Legion, Col. Alvin Owsley, declared, “If ever needed, the American Legion stands ready to protect our country’s institutions and ideals, as the Fascisti dealt with the destructionists who menaced Italy. Do not forget that the Fascisti are to Italy what the American Legion is to the United States.”

One of the operatives deployed by Murphy and Robert Sterling Clark, heir to the Singer Sewing Machine fortune, who was assigned the task of recruiting the decorated General Butler to the Fascist coup plot, was Gerald MacGuire. In late August 1934, according to Butler’s testimony before the McCormack-Dick-

stein Committee, he met with MacGuire at the Bellevue Hotel in Philadelphia, where MacGuire, just back from an extended trip to Europe, spelled out more details of the coup plot, and fully unfurled its overtly Fascist character. MacGuire told Butler that the “veterans organization” that they wanted him to head would be modeled on the French Croix de Feu (Cross of Fire), a notorious group of pro-Fascist French World War I veterans. “Now, that is our idea here in America—to get up an organization of that kind,” MacGuire told Butler.

To boost his credentials with the still-dubious general, MacGuire boasted that, while in Europe, searching for an organization upon which to model their own plan, he had operated out of the Paris headquarters of J.P. Morgan & Harjes, the French branch of the original Drexel

Morgan bank, which had been established in the 19th Century.

While the Croix de Feu, which failed in several coup attempts in France in the 1930s, was the model that the Morgan interests attempted to emulate, their unambiguous goal was to establish a Mussolini-style Fascist financiers dictatorship over the United States. Pennsylvania Republican Sen. David A. Reed, a leading figure in the Liberty League, had delivered a speech on the floor of the U.S. Senate in May 1932, in which he declared, “I do not often envy other countries their governments, but I say that if this country ever needed a Mussolini, it needs one now.”

For a period of time, the ALL was stigmatized for its links to the Fascist coup plot exposed by General Butler and the McCormack-Dickstein Committee. But, with the 1936 Presidential elections looming, the League launched a vicious propaganda campaign against FDR and the New Deal.

Anti-Prohibition Roots

The American Liberty League was ostensibly a new organization, when the founding press release was

issued in August 1934, as President Roosevelt was returning from vacation in Hawaii. But, in fact, the ALL was merely a make-over of the Association Against the Prohibition Amendment (AAPA), a big business and Wall Street-sponsored organization, devoted to the repeal of the 18th Amendment, banning the production and sale of alcoholic beverages. The AAPA was a front for the same J.P. Morgan Wall Street and British interests that would later launch the Liberty League.

Why attack Prohibition? According to the AAPA's own literature and newspaper ads, and a U.S. Senate investigation, the banning of alcoholic beverages in the United States had caused a skyrocketing of corporate and personal income taxes, to make up for the lost tax revenues on legal booze. The Wall Street gang behind AAPA argued that liquor should once again be legalized, and highly taxed, allowing for the elimination of all corporate and income taxes.

The 21st Amendment to the Constitution was ratified on Dec. 5, 1933, repealing the 18th Amendment, which had established Prohibition in January 1919. The AAPA shut down a few months later, and soon after that, the American Liberty League, with virtually the same officers and the same Wall Street backers, opened up for business, occupying an entire floor of the National Press Building in Washington, D.C., and employing 200 full-time staff, at their peak of operations. This time, the target of the Morgan gang was not the repeal of corporate and personal income taxes, but the President of the United States and his hated New Deal policies.

A Morgan Cabal

Between 1934 and 1940, the American Liberty League waged a relentless smear campaign against Roosevelt. Financed by some of America's wealthiest Anglophile families, led by the du Ponts, the Mellons, the Pews, and the Morgans, the League raised a reported \$1.2 million, largely in the initial years of operation. In 2008 dollars, as measured in nominal GDP per capita,



Col. Smedley Butler's testimony before Congress was key to exposing the Liberty League scheme to establish a Fascist organization in the United States, through a military coup, or even assassination of the President, if necessary.

that \$1.2 million would today be worth over \$1 billion.

Thirty percent of all the funds for the Liberty League came from Irénée, Lamont, and Pierre du Pont. The fourth big funder of the League was John Raskob, the executive of J.P. Morgan, General Motors, and DuPont, who had become the national chairman of the Democratic Party (1928-32) and had led the campaign to deny the Presidential nomination to FDR at the Chicago Convention in June-July 1932.

The president of the League was Raskob's protégé Jouett Shouse, who was Assistant Secretary of the Treasury under Woodrow Wilson, had been a leader of the Association Against the Prohibition Amendment, along with Raskob, and had led

the floor fight in Chicago in 1932 against FDR. The secretary of the League was Capt. William H. Stayton, who had been the AAPA founder and president, and was an honorary president of J.P. Morgan. The treasurer was the already-mentioned Fascist coup bankroller, Grayson Mallet-Prevost Murphy.

The executive committee of the League included Irénée du Pont, and John W. Davis, the J.P. Morgan lawyer and 1924 Democratic Party Presidential nominee, whom the Harriman family's *Eugenics News* dubbed "best adapted by heredity" to be President.

Other directors were: Alfred E. Smith, former governor of New York, 1928 Democratic Party Presidential candidate, and, by then, a wholly-owned J.P. Morgan operative, who also led the campaign to block FDR from the 1932 nomination; Pauline Sabin, Morton Salt heiress and the wife of Charles Sabin, president of Guarantee Trust; and New York banker James Wolcott Wadsworth, Jr.

The National Advisory Board was led by Frederic René Coudert, the founder of the J.P. Morgan law firm, Coudert Brothers; Edward Francis Hutton, founder of E.F. Hutton brokerage house, chairman of General Foods, and a director of Manufacturers Trust Company and Chrysler Motors; and Philadelphia attorney James

Montgomery Beck, who was also implicated in the Fascist coup plot exposed by General Butler. A radical states-rights anti-Federalist, Beck was such a raving Anglophile that, in 1914, he was elected to the English bench at Gray's Inn, London—the first foreigner to be so honored in 600 years.

Coudert, Beck, and Davis would launch the American Liberty League's Lawyers' Vigilance Committee, along with Raoul Desvernine, general counsel to U.S. Steel, and later, the president of Crucible Steel. The Vigilance Committee was a group of 50-60 top Wall Street lawyers, who led the assault against the New Deal as unconstitutional—in what can only be described as a scandalous repudiation of the General Welfare clause in the Preamble to the U.S. Constitution.

Manipulating the Opinion Shapers

While financing an alphabet soup of states-rights, racist, and other populist anti-FDR “grass roots” hate groups, the American Liberty League focused most of its energies on black propaganda assaults against FDR, using its access to the media, powerful Wall Street law firms, and vast Congressional lobbying capabilities against the New Deal.

With a relatively bottomless pool of cash, ALL churned out 135 propaganda pamphlets between August 1934 and September 1936. The pamphlets were delivered to the Washington, D.C. bureaus of 350 newspapers, all of the press associations, key editors and editorial writers, every member of the House of Representatives and Senate, and 7,500 college and university libraries. Countless radio stations offered free air time to League spokesmen.

The assault on President Roosevelt reached a crescendo on Jan. 15, 1936, when, on the eve of that year's Presidential election campaign, the League sponsored a banquet at Washington's Mayflower Hotel. It was billed



Italian Fascist dictator Benito Mussolini was the model for the Liberty League: League leader Sen. David Reed, in 1932, baldly declared that, “If this country ever needed a Mussolini, it needs one now.” Shown: Mussolini (white suit) inspects Fascist Blackshirt youth, 1935.

as the kick-off of a frontal attack on FDR and the New Deal, aimed at either denying Roosevelt the 1936 Democratic Party Presidential nomination, or assuring his defeat in the November elections. The keynote speaker was FDR's former close political ally, turned Morgan stooge, Al Smith. The ballroom of the Mayflower was sold out, overflow crowds, totaling 2,000 people, spilled into the hotel lobby, and the Smith diatribe was broadcast nationwide over the radio.

Smith launched into a vicious personal assault against FDR, accusing him of waging a Communist plot against America. “There can only be one capital, Washington or Moscow,” Smith ranted. “There can be only the clear, pure, fresh air of free America, or the foul breath of communistic Russia. There can be only one flag, the Stars and Stripes, or the flag of the godless Union of the Soviets. There can be only one national anthem, The Star-Spangled Banner or the Internationale.”

The Smith speech threw down the gauntlet to FDR: The New Deal was a socialistic intervention to *prevent* the free markets from “naturally” solving the crisis. The new regulatory institutions, creating a social safety net for the general population, were in violation of the Constitution. The attacks ran the gamut, from accusing FDR



GM Archive

Thirty percent of all funding for the Liberty League was provided by (left to right) Pierre, Irénée, and Lamont du Pont.

of being a bigger Fascist than Mussolini or Hitler, to being a bigger Communist than Josef Stalin.

The archive of the American Liberty League's pamphlets and leaflets, speeches and radio broadcasts, shows them to be, to this day, the wellspring of every attack against Franklin Roosevelt and his New Deal/American System approach to political economy.

Roosevelt and his allies pushed back hard against Smith and the American Liberty League, assailing them as "economic royalists" and nailing Smith, Raskob, and Shouse as traitors to the new Democratic cause. FDR led the charge, continually boasting that he took pride in the fact that the pirates of Wall Street and international finance considered him their greatest enemy. When Democrats gathered in Philadelphia in the Summer of 1936, FDR was nominated for reelection by an overwhelming voice proclamation.

In November 1936, FDR defeated Republican candidate Alf Landon by the most lopsided margin in American history. FDR won 60.8% of the popular vote, won the Electoral College by 523-8, and only lost in two of the 48 states, Maine and Vermont.

Following the FDR victory, the Liberty League scions resorted to flat-out economic and political warfare against the New Deal, waging court fights, continuing the propaganda assault against New Deal spending, and maintaining the most vicious personal attacks against the President. Despite this, and despite a Wall Street assault on the FDR programs, which led

to a scaling back and temporary fallback in job-creation and economic recovery in 1937-38, by 1939, according to an *EIR* study, during the height of the New Deal, from 1933 to 1937, the Roosevelt policies had created an average of 7.1 million jobs per year, between Federal infrastructure projects, private sector jobs, producing the needed bills-of-materials, and consumer sector jobs, providing goods and services. The nation had been transformed, by such programs as the Tennessee Valley Authority, which had been a target of one of the Liberty League's most vicious tracts.

The League formally shut down operations in 1940. But, with the death of FDR five years later, it resurfaced through figures like Dean Acheson (who resigned from FDR's Treasury Department as part of the Liberty League's efforts to sink Roosevelt from inside the Democratic Party and his own administration), who would be a dominant figure in the Truman Administration, and a leader of a resurgent Morgan-du Pont cabal.

Fast Forward...

The political heirs of the American Liberty League have come back from the grave, particularly since the November 2008 Presidential elections, and the departure of the Bush-Cheney regime. During the eight years of Bush-Cheney, the pro-Fascist faction of the American Establishment had enjoyed its greatest grip on power in decades. George W. Bush is, himself, the

grandson of Prescott Bush, Harriman banker, one-time U.S. Senator, and leader of the Wall Street Anglophile faction that bankrolled Hitler's rise to power in Germany, and then financed Nazi Germany's rearmament for war.

Now, with the greatest financial crisis in history overtaking the Obama Administration, the latter-day American Liberty Leaguers are leading an assault against the legacy of Franklin Delano Roosevelt. The objective is clear: to make sure that President Obama does not go with an FDR solution to this even greater crisis.

The retooling of the Liberty League propaganda machinery did not begin on Jan. 20, 2009 with the Obama inauguration, however. A decade ago, when then-President Bill Clinton, along with his Secretary of the Treasury Robert Rubin, faced with a string of global financial shocks, began promoting the need for a "new global financial architecture," to crack down on unbridled speculation, a vicious assault on the Presidency was mounted, unprecedented since the time of the Al Smith tirade against FDR. And as in the 1930s, turncoat Democrats, led by Vice President Al Gore and Connecticut Sen. Joseph Lieberman, tried to sink the Clinton Presidency from within.



Library of Congress

The eminence grise of the anti-FDR plotters was Wall Street tycoon J.P. Morgan himself: Morgan's people were all over the coup plot against the President.

lory the FDR tradition through a revival of the very lies that filled the pages of the American Liberty League pamphlets.

Exemplary of the current drive are two recent books, drawn heavily from the Liberty League propaganda archives, trashing FDR, and anyone alive today who might consider modeling a program upon the successes of the New Deal and the World War II Arsenal of Democracy mobilization.¹

In 2003, Cato Institute libertarian propagandist Jim Powell penned *FDR's Folly—How Roosevelt and His New Deal Prolonged the Great Depression*. The book was the product of exhaustive direction from Milton Friedman and James Buchanan, two leading figures within the pro-Fascist Mont Pelerin Society, and was boosted by two top figures from the Cato Institute, David Boaz and Ed Crane.

In 2007, Amity Shlaes, then a fellow at the American Enterprise Institute, and a former London *Financial Times* and *Wall Street Journal* reporter, penned *The Forgotten Man—A New History of the Great Depression*, in which she, too, trashed FDR and the New Deal, for prolonging the Great Depression, by interfering in financial markets. Her arguments, like

those of Powell, were taken, almost verbatim, from the Liberty League works. Her book was published by Lord Beaverbrook protégé Rupert Murdoch's company HarperCollins. Murdoch, along with Richard Mellon Scaife, of the Mellon family (Andrew Mellon, Treasury Secretary during the 1920s, was an American Liberty League member), bankroll AEI, Heritage, and Cato, along with the Pew Charitable Trust, the family trust of Sun Oil's J. Howard Pew, a member of the American Liberty League's Advisory Council and Executive Committee.

Liberty League Successors

Beginning even before the Liberty League shut its doors, a new network of Wall Street think tanks came into being; they exist, to this day, to carry on the dirty work of the ALL. In 1938, the American Enterprise Association (AEA) was founded by top corporate executives from General Mills, Chemical Bank, and Bristol Meyers, along with a New Deal defector to the Liberty League cause, Raymond Moley. They soon set up a Washington, D.C. office, the American Enterprise Institute (AEI), to make sure that the New Deal and war-time Roosevelt mobilization and regulatory measures were rolled back in the postwar period.

Today, AEI, along with the Heritage Foundation and the Cato Institute, are the drivers of the campaign to pil-

1. *EIR* has reviewed both these books. Powell's can be found in coverage of an event he held at the Cato Institute, in the Dec. 19, 2003 issue; Shlaes's book is reviewed in the Sept. 21, 2007 issue.