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Statesman and Banker John J. McCloy, 93, Dies: [FINAL Edition]

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Abstract (summary)

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Responding to those remarks, Mr. McCloy told a revealing story. He said that during World War II, [Jean Monnet] had said to him that the role of the United States was that of a "democratic arsenal." The following day, Mr. McCloy had dinner with [Felix Frankfurter] and several members of the Roosevelt Cabinet. Silent throughout dinner, Frankfurter finally turned to him and asked him what this country's role in the world should be. Mr. McCloy replied an "arsenal of democracy."

One of his most difficult times concerned the Vietnam War. In recent years, Mr. McCloy said he always agreed with [Eisenhower]'s view that the United States should never become involved in a war in Asia. Yet once in, Mr. McCloy said, the United States had to honor its obligations. He did not turn against the war publicly until he saw that it was damaging U.S. relations in Europe, which he saw as central to this nation's well-being. Throughout, he advised presidents according to his beliefs rather than telling them what they wished to hear. Though honest, he was not as popular as he might have been.

Full Text

John J. McCloy, 93, a statesman, lawyer and banker who was as respected by the world's leaders as he was little-known to the public, and who often was called the chairman of the American establishment, died yesterday at his home in Stamford, Conn. The cause of death was not reported.

He entered public service as an assistant to the then-secretary of War, Henry L. Stimson, and spent most of World

War II as an assistant secretary of war. Later public posts included president of the World Bank and U.S. high commissioner in Germany.

Mr. McCloy's importance and influence never were defined by the posts he held. As an assistant secretary of war, he had greater influence on the course of world events than most Cabinet members. As high commissioner, he became the voice of the western allies in Europe and gained a reputation as "America's greatest proconsul," in the words of Lyndon Johnson, while governing much of conquered Germany.

As head of the World Bank, he was the master builder of a shattered Europe not yet helped by the Marshall Plan. Mr. McCloy later steered the bank toward development of the Third World, ensuring the bank's success by his businesslike management.

Although a brilliant, if unsung, success in public office, his reputation as a distinguished public servant and foreign policy expert increased after his return to private life in the early 1950s.

During the next three decades, he wore a variety of hats. He was first and foremost a senior partner in one of Wall Street's most prestigious law firms-Milbank, Tweed, Hadley & McCloy-a firm that counted the Rockefeller family, all of oil's "Seven Sisters" and some of the nation's largest blue-chip concerns among its clients.

Mr. McCloy also spent eight years as head of what became the Chase Manhattan Bank, and was on the board of directors of Gulf Oil, Westinghouse, AT&T, Allied Chemical, United Fruit and E.R. Squibb & Sons.

He also was head of the Ford Foundation and the Council on Foreign Relations, the prestigious organization that exerts enormous influence on U.S. foreign policy.

If he never returned to a full-time government post, it was not because he was not asked. President Eisenhower at one time wanted him as secretary of state, President Kennedy offered him Treasury. In 1964, Johnson wanted to send him to South Vietnam as ambassador. He turned them all down.

Assignments he took on involved posts dealing with NATO-jobs he never refused because of his hopes for European unity and its alliance with this country. He was a member of Eisenhower's group of inner, unofficial advisers, and worked for both the Republican president and his Democratic successor on disarmament questions. He helped guide negotiations with the Soviets that led to the 1963 nuclear test ban treaty and also helped steer legislation through Congress that resulted in the establishment of the Arms Control and Disarmament Agency.

He was a principal adviser and negotiator for Kennedy during the Cuban missile crisis, and served on the Warren Commission on the Kennedy assassination. Finally, he was a member of President Reagan's 1980 presidential transition team.

As early as 1960, he warned the U.S. government about the dangers of the newly established Organization of Petroleum Exporting Countries, seeking and getting antitrust waivers from the Justice Department that enabled the oil companies to negotiate as a team with the new production cartel.

Mr. McCloy was not an easy man for many to understand. He attained the height of power and influence, but was not born to it. He was widely sought as an adviser and colleague, not for the brilliance of his ideas, but for his unquestioned ability at bureaucratic negotiation and policy implementation.

He was an American in Paris, as head of the European office of a New York law firm, when he first came to the attention of Stimson, who as secretary of state in the 1930s did legal battle with Mr. McCloy. He was so impressed with Mr. McCloy that when Stimson returned to government as secretary of war in 1940, one of his first acts was to recruit Mr. McCloy.

Mr. McCloy, like Stimson, was a Republican who became a relatively conservative corporation lawyer. He was a graduate of Harvard Law School, but was not one of those brilliant students who were taught by Felix Frankfurter

and sent to Washington to implement the New Deal. He had no experience in government.

Yet by 1940, Mr. McCloy was one of a group of young men who some thought were running the War Department. Stimson wrote of Mr. McCloy in his memoirs that "so varied were his interests that they defy summary. His energy was enormous and his optimism almost unquenchable." He went on to question "whether anyone in the administration ever acted without having a word with McCloy."

During his years at the War Department, Mr. McCloy helped direct the building of the Pentagon, directed the administration fight for Lend-Lease legislation, was Stimson's liaison to the Joint Chiefs of Staff and became the department's expert on civil affairs-how to treat conquered peoples.

He also was involved in two actions that have had repercussions to this day. He helped direct the relocation of more than 100,000 Japanese Americans from their homes in California to camps in the interior United States. Mr. McCloy executed and did not propose the policy. He also did what he could to see that Japanese Americans were well treated and received some compensation for property they lost.

He also was the prime mover behind the formation of the 442nd Regimental Combat Team. Composed of Japanese Americans and fielded in Italy, it received more decorations for valor than any comparably sized unit. It made Mr. McCloy an honorary member, something that he spoke of with great pride.

The other conflict was over the proposed bombing of German concentration camps. Jewish leaders came to the White House with evidence of the horrors being perpetrated in Hitler's death camps and asked that either the camps or the railways leading to them be bombed.

It fell to Mr. McCloy to tell the Jewish leaders that U.S. planes would not do this. Rails were hard to hit and easy to fix, and bombing the camps would do little to help the inmates and result in the loss of valuable aircraft. Mr. McCloy said the best way to do away with the camps would be to win the war.

After the war, Mr. McCloy returned to the practice of law. In 1946, he was named to the Acheson-Lilienthal Committee, which sought to put atomic energy under international control, then helped draw up the blueprint for the new Department of Defense in 1947. Later that year, he was named president of the World Bank. Less than a year old, the bank had yet to sell a bond or make a loan. He instituted conservative practices, and gained the confidence of the U.S. banking community by announcing he was running a bank, not a relief organization. As a result, the bank's first bond issue was a brilliant success.

Economist Barbara Ward said that Mr. McCloy's "chief service during his critical years of office was to prove that this new animal in the financial farm was supremely useful and that it could be safely fed with substantial lending and relied on to produce profits at the other end. The combination of visionary aims and conservative practice-the hallmark of history's periods of real performance-worked at the World Bank."

In 1949, President Truman asked Mr. McCloy to become U.S. high commissioner in Germany. With the powers of a virtual dictator, Mr. McCloy helped integrate Germany into Europe and the community of nations. He did not flinch when a firestorm of protest met his commuting of sentences to war criminals, including the notorious Alfred Krupp.

In seeking to bring West Germany to normalcy, he did not hesitate to pressure the new government. He exerted all his influence to get the West German and French governments to achieve accord for a European Coal and Steel Community, the forerunner of the Common Market. The French and German governments credit Mr. McCloy with rescuing the proposal for the community from defeat.

With his return from Germany in 1952, Mr. McCloy embarked on his career as "chairman of the establishment." In January 1953, he became chairman of the Chase Manhattan Bank. During his banking years, assets grew 61 percent and earnings nearly tripled. He engineered a merger with the Bank of Manhattan, which had to get around a 150-year-old clause in the Manhattan bank's charter requiring that any merger be approved by 100 percent of the

stockholders.

David Rockefeller once said that it was Mr. McCloy who came up with the solution to the merger problem. He arranged for the merger of the larger bank, Chase, into the smaller, the Manhattan, thereby seemingly circumventing the law. He also directed the campaign resulting in metropolitan branch banking in New York. As a result, upon retiring as chairman at age 65, Mr. McCloy left as head of the nation's second largest bank.

At a 1978 dinner in Mr. McCloy's honor, an old friend, Jean Monnet, an economist and banker who was the architect of the Common Market, said that "Like Stimson, his chief, he was a fighting lawyer. He had the same strong personality, the same integrity and the same burning patriotism." Speaking of Mr. McCloy's role as high commissioner, Monnet said that thanks to him, "Germany ceased to be a stake in the game of power; she became instead a full partner in the uniting of Europe."

Responding to those remarks, Mr. McCloy told a revealing story. He said that during World War II, Monnet had said to him that the role of the United States was that of a "democratic arsenal." The following day, Mr. McCloy had dinner with Frankfurter and several members of the Roosevelt Cabinet. Silent throughout dinner, Frankfurter finally turned to him and asked him what this country's role in the world should be. Mr. McCloy replied an "arsenal of democracy."

Mr. McCloy said, "Frankfurter, agile as a cat when it came to phrase-making, immediately said, 'Don't ever use that expression again.' Whereupon he got hold of Bob Sherwood, whom he knew was working on a speech for the president, and a few days later out came President Roosevelt's 'Arsenal of Democracy' speech."

Mr. McCloy said that though others claimed credit for the phrase, Monnet was the one who first said it.

John Jay McCloy was born in Philadelphia on March 31, 1895. His circumstances were modest. His father, who worked in insurance, died when Mr. McCloy was 6 years old. His mother was a hairdresser, and worked long hours to put her son through school. Mr. McCloy was a 1916 cum laude graduate of Amherst College, where he waited tables and tutored for extra money.

During World War I, he was an Army artillery captain in France, where he met and became friends with the future generals George C. Marshall and George S. Patton Jr. After the war, he turned down a permanent Army commission to return to Harvard Law School. After graduating in 1921, he joined the New York law firm of Cadwalader Wickersham & Taft. He later joined Cravath, de Gersdorff, Swaine & Wood. In 1930, he traveled to France to take over the firm's Paris office, and to meet destiny in the person of Stimson.

One of his most difficult times concerned the Vietnam War. In recent years, Mr. McCloy said he always agreed with Eisenhower's view that the United States should never become involved in a war in Asia. Yet once in, Mr. McCloy said, the United States had to honor its obligations. He did not turn against the war publicly until he saw that it was damaging U.S. relations in Europe, which he saw as central to this nation's well-being. Throughout, he advised presidents according to his beliefs rather than telling them what they wished to hear. Though honest, he was not as popular as he might have been.

However, he said, "I served in World War I with officers who had fought the Indians on the plains, one of whom was something of a real mentor of mine. He often imparted good pragmatic advice to me. On one occasion, I recall he said, 'Mac, always tell the truth-after a lifetime of experimentation, I find I can remember it longer.' "

His wife, the former Ellen Zinsser, died in 1986. Survivors include a son, John Jay II of Greenwich, Conn.; a daughter, Ellen Zinsser McCloy of New York City, and two grandchildren.

PHILIP BAUER

National Archives Official

Philip Bauer, 90, a retired assistant archivist with the National Archives, died of pneumonia Feb. 23 at Fernwood House nursing home in Bethesda.

Dr. Bauer graduated from Washington University in his native St. Louis, where he also received a master's degree in history. He received a second master's degree in history and a doctorate in history from Harvard University.

He taught in the public schools of Illinois during the 1920s, and was on the editorial staff of the Encyclopedia Britannica before moving to the Washington area in 1937 and joining what became the National Archives. When he retired in 1965, he was in charge of all records of federal civilian agencies.

Dr. Bauer was a member of the American Historical Association and the Society of American Archivists.

Survivors include his wife of 64 years, Ailene Bauer of Bethesda, and a sister, Dr. Josephine Bauer of St. Louis.

Illustration

PHOTO, John McDonnell CAPTION: Elder statesman John J. McCloy, right, shown with President Reagan in 1985, died yesterday in Connecticut. He was 93.

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