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The Real McCloy : THE CHAIRMAN: JOHN J. McCLOY; The Making of the American Establishment, *By Kai Bird* (Simon & Schuster: \$30; 800 pp.)

April 19, 1992 | Robert Sherrill | *Sherrill is corporations correspondent for The Nation magazine*

Kai Bird wants you to read "The Chairman" as not merely "a conventional biography" of John J. McCloy but also as a story of the American Establishment, that elusively defined elite that in many respects still exerts its influence over the democratic polity.

It's an all-American story, sweet and sour, about how a poor boy became adept enough at tennis and law to become the celebrated flunky--"just a leg man," McCloy described himself--of robber barons and the children of robber barons, and of how this flunkyship lifted him to the topmost councils of government. There, aided by Old Boy politicians who swooned at the smell of his sponsors' money, and by a supine press, McCloy was for many years hailed as one of the "wise men" who guided our national defense and foreign policies.

Some called him the "chairman" of the Establishment. Call him whatever, he was something of a fraud, and he did enormous damage in his government service, which we'll return to in a moment.

First let's trace his muddy footprints through the business world. McCloy was a key member of various Wall Street firms dedicated to greed; for a while he was chairman of Chase Manhattan Bank, and also for a while boss of the Ford Foundation. In those roles he assisted railroad management in swindling thousands of small shareholders, helped Chase achieve a merger that launched a flood of other mergers and damaged many smaller banks and made the nation's wealthiest foundation virtually a piggy bank for the CIA.

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Bird describes McCloy's services in a much more gentlemanly fashion, saying that his "stature in the company of such men of wealth (the Rockefellers, the Harrimans, etc.) was not that of an equal, but these uncrowded members of the American aristocracy depended upon his legal talents to insulate their wealth and social status from the uncertainties of a democratic republic."

When I said that McCloy was something of a fraud, I was referring to his hokey reputation as a Great Intelligence Expert, which is what Secretary of War Henry Stimson thought he was getting when he enticed McCloy into leaving Wall Street and joining him as a top assistant just before World War II. McCloy turned out to be a rather consistent bungler, and often one of breathtakingly bad instincts.

After Pearl Harbor, Stimson put McCloy in charge of West Coast security problems. "More than any other official," writes Bird, "McCloy was responsible for the internment of the entire Japanese-American community inside barbed-wire camps for three years." In bringing this about, our Great Intelligence Expert went against "overwhelming evidence" that there was no danger of sabotage from mainland Japanese. So idiotic was the roundup that soldiers even raided an orphanage to carry off infants of partial Japanese extraction.

McCloy became, Bird says, "the country's first national-security manager," someone who believed that when the choice was between national security and constitutional civil liberties, "why, the Constitution is just a scrap of paper to me." Those are McCloy's words. No wonder Interior Secretary Harold Ickes wrote in his diary: "I have been told that he is more or less inclined to be a Fascist."

Still, Japanese-Americans suffered less at McCloy's hands than did European Jews.

If he had heeded the pleas of the World Jewish Congress in 1944 and ordered U.S. bombers to unload on Auschwitz, whose four huge gas chambers made it one of the Nazis' largest death camps "some hundred thousand Hungarian Jews in Auschwitz would have been spared death by gassing. With the gas chambers destroyed, the Nazis would have been forced to suspend the industrial scale of their murders," Bird writes.

But McCloy refused. Why? Didn't he like Jews? It's hard to accept Bird's claim that McCloy's antisemitism was "passive." He did not accept the overwhelming evidence that a holocaust was in progress, and he simply would not consider letting the rescue of European Jews be a part of winning the war. In a bizarre phrase, Bird describes McCloy's position as "benign obstruction."

"Though given more information than any other high-ranking official in Washington," Bird tells us, our Great Intelligence Expert "chose not to study the issue. When confronted with eyewitness reports, he chose not to believe."

When McCloy took over as high commissioner of defeated Germany, he talked a tough line about crushing the many still-active Nazis. But he promptly turned to mush, permitting Chancellor Konrad Adenauer to fill his cabinet with notorious antisemites and Nazi war criminals (some of whom became McCloy's personal friends). McCloy also vastly expanded the shameful programs begun before he got to Germany, of letting some of the worst war criminals off the hook.

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He commuted two-thirds of the death sentences of mass murderers (such as the SS officer who personally executed 1,500 Jews) and radically reduced the prison sentences of doctors who had conducted experiments on death-camp inmates, of high-ranking Nazi Judges who had administered Gestapo justice, and of industrialists who had built the Nazi war machine.

McCloy freed some immediately, including Alfred Krupp, whose munitions factories had worked thousands of slave laborers to death. Krupp's original sentence had included loss of all property; McCloy canceled that punishment and within a few years Krupp was again one of the richest industrialists in the world. Obviously McCloy's obsequiousness toward money and power made him the wrong man to reform Nazi Germany. "Though he could understand the special culpability of the 'big Nazis,' " Bird writes, "when it came to a wealthy and politically well-connected man like Krupp, he suspended his good judgment."

As high commissioner, McCloy dabbled disastrously in the intelligence business, setting up a network of agents in Germany that included the likes of Klaus Barbie, who had shipped 78,000 French Jews to the gas chambers, and Gen. Reinhard Gehlen, who had been responsible for some of the "grisliest mass killings on the Eastern Front." Not surprisingly, many of the intelligence operations carried out under McCloy were, says Bird, "fiascos."

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Did McCloy ever do anything right? Sure, but for a guy who was an important foreign-policy adviser to half a dozen Presidents, you'd expect a better batting average than you'll find in "The Chairman."

Some of his worst failures were the result of his belief that what was good for his moneyed patrons was good for the country; the perfect example was when McCloy, by trying to protect the Chase bank's multibillion-dollar Iranian account, helped persuade President Carter to take actions that triggered the hostage crisis.

Kai Bird, a contributing editor of The Nation magazine, has produced a solid, occasionally fascinating study of a career that was truly remarkable for its variety. But there are also long moments of dullness; being important and being interesting are not the same, and--though the fault was probably in my tastes, not in Bird's telling--when we moved into sober discussions of things like arms control and rearming Germany and the World Bank, I had a hard time staying awake.

On McCloy's 90th birthday, he was given a party by cronies at the Council on Foreign Relations, which he had chaired for 16 years. Toasting the old boy, Henry Kissinger said he and others knew that "if we followed in his footsteps, we were in the path of doing God's work." The Establishment likes to flatter

itself that way, but it would take a great metaphysician to detect much of God's work in this book.

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