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*John McCloy and the Reconstruction of Germany*

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Several years before his death President Roosevelt began talking to me in terms of what would happen in Germany at the end of the war. He took it for granted, as I did, that we would win the war. He was deeply concerned with the problem of what to do in and with Germany after the hostilities were over. In view of my long period of service in Europe and particularly in Germany and in Austria, and because of what he considered my knowledge of the German people and mentality, as well as of German history, he talked this matter over with me on any number of occasions. He and I agreed almost from the outset of these conversations that there would have to be a military government at the side of which there would be some civilian officials, but who would be subordinate to the military government. We also agreed that there should be no partition of Germany. We were also in agreement that the supremacy in Germany over the other states which Prussia had exercised for so many years must be eliminated through the measures to be taken after the German surrender. On the basis of these three principal premises we discussed quite a number of details in connection with the operation of the military government and the collaboration in the first instance, that is during the first period, of the civilian authorities with them. As the conversations developed we also agreed on the further point that the military occupation and military government should last as short a time as possible. Even at that period already the President was convinced that even when the civilian authority assumed the first rank and the military authority became subordinate to the civilian authority in Germany, considerable number of American and Allied troops would have to be kept in Germany. The President discussed on any number of occasions what might be the length of the period of the actual military government, that is the period during which the military authorities would be above the civil authorities in Germany, subject of course to the civil authorities in their respective states and to the Joint Allied Command. On this point I agreed with him fully and it was envisaged that the military authority should last as short a time as possible and that as soon as the circumstances

within Germany permitted, civilian authority was to be in control and the military to act as an occupying and controlling force.

I am sure that the President discussed these matters with other persons, but whenever he discussed it with me there was no other person present and I have no other knowledge of the persons with whom he discussed this phase of the post-war problem.

It was several months after we had had the first conversation on this matter of the post-war situation in Germany that the President said to me that I must hold myself in readiness and consider myself as the person who would take over the head of the civilian authority in Germany and in Central Europe when that time came. It was his thought that the chief civilian authority of the United States in Germany should also be the chief civilian authority of our government in the areas surrounding Germany, particularly Austria. When the President first mentioned this matter to me I told him I did not know whether I was the person to occupy such a position. I said it was rather early, in any event, to discuss who would be the head of the civilian authority. My own health was relatively good but I was working very hard and was placing too great a strain on myself. The task would be a tremendous one and I thought it would take a younger man who could better bear the strains. The President seemed to take a certain pleasure whenever he spoke of my occupying this post. I remember on one occasion and when he was speaking of me in this capacity, he threw up both hands and gave a hearty laugh and said, "Think of George Messersmith, the man whom the Nazis hated as much as anyone, as the head of our civilian authority in Germany and Austria." The President was always appreciative of the stand which I took from the beginning of the Nazi regime, for human rights and decent treatment of Americans and other foreigners in Germany. He was deeply appreciative and frequently spoke of what I had done, as he said, to help the Jews in Germany and as far as it was possible to alleviate their situation.

When the President spoke of me in terms of going to Germany eventually in



this position, I knew that it was some years ahead. I always felt the President should not be thinking in such definite terms of me but in broader terms, as I had the feeling that when the time came I would not be able to undertake the strains of the task. I knew it would take a man who had the physical force to back up the mental and moral effort involved in the job. It was shortly after Yalta when I learned from friends in Washington (I was stationed in Mexico at the time) what some of the conclusions reached at Yalta were. They involved, of course, the partition of Germany into zones which would be in the hands of and occupied by the troops of the Allies. I was convinced that this would create almost insoluble problems. I was convinced that all of us were complicating our problem by any solution which involved separate occupied areas. I felt under the circumstances that I should tell the President that I did not think that he should any longer think of me in terms for this post. The next time I went to Washington I called on the President. I had this great affection and admiration and respect for him. He was not only my chief but he was my good friend. When I came into his office and saw how wasted and haggard he looked, it was difficult for me to muster up the courage to say to him what I had to say. I said <sup>it</sup> to him in as nice a way as I could. I told him that I had always felt, as he knew, that I was not the person to take this post when the time came, that it needed a younger man. I now felt that he should no longer consider me for the post, not only for the just mentioned reason but also because I would find it exceedingly difficult to carry on the task as I should with Germany divided into separate zones of occupation and government. The President did not seem inclined to discuss the matter. As the conversation developed he became more active and his face changed completely and he looked almost his former self. It had been exceedingly difficult for me to say what I felt I had to say in all justice to him, and finding <sup>him</sup> ~~his~~ so unwell <sup>made</sup> ~~make~~ it all the more difficult. The President's only comment at the end of our conversation was that we would see and that he thought I should still bear in mind that I would have to fill this post. I told him that I hoped he would think

of looking for someone else because the time when someone had to be thinking about this actively was at least closer than it had been when he had first done me the honor to talk to me about the matter. This was the last conversation that I had with the President. I retired from the Foreign Service in August of 1947. I became Chairman of the Board and Chief Executive Officer of the Mexican Light and Power Company and lived in Mexico City from December 1947 on. Towards the end of 1949 and for the first part of 1950 I was in London in connection with the reorganization of the financial structure of Mexlight, as a good many of the bondholders and shareholders of Mexlight lived in England. I was there again during about the same period of 1950 and 1951. It was during one of these two trips (I shall have to verify which one it was from my papers) that Mrs. Messersmith and I had just finished our breakfast one morning and she was reading the London Times, that she called my attention to a very short item in the Times saying that Mr. John McCloy, the President of the International Bank for Reconstruction and Development, had just arrived in London. I called McCloy at the Embassy Residence, where I was sure he would be staying with his brother-in-law, Lewis Douglas, then/<sup>our</sup>Ambassador to England. The papers a few days before had carried the story of his having got a fish-hook in his eye and being in Southampton. When I spoke to McCloy he said that he had just been thinking of getting in touch with me. He said that he was over there because of his brother-in-law, Lewis Douglas, who was having this trouble with his eye, and that he was flying to Southampton fairly early in the morning to see him. He would like to see me if possible before he went to Southampton that morning. I told him that I would be right over to the Embassy, where he said he would go from the Residence.

I should say at this point that I had great respect for McCloy. We had I believe known each other first when he came to Germany in the early thirties before the Hitler regime came into power, in connection with the Black Tom claims which were being pressed by our government with the German government.

I had recently had a good deal of contact with him as President of the International Bank for Reconstruction and Development in Washington. My company, Mexlight, was seeking a loan of 26 million dollars with the guarantee of the Mexican government with that bank for the purpose of our undertaking a construction program of new generating and distribution facilities needed in the central area of Mexico, which the company served. This amount was to be about one-half the amount which the company would have to raise for the program contemplated. The World Bank was really just beginning to function about that time and the loan which Mexlight was seeking was one of the first important loans to be considered by the Bank. It had already considered and granted, or at least was ready to grant, a loan in a much larger amount to the Brazilian Traction Company in Brazil. In the conversations which I had with McCloy on this matter I found him as always constructive and understanding. He had a long period of constructive and useful public service behind him, as he had been during the war one of the principal assistants of Secretary of War Stimson, <sup>I respected him</sup> as did all those who worked with him in the important tasks which he carried in the War Department in those difficult years.

When I saw McCloy at the Embassy early on the morning under reference, he told me that unfortunately we would have very little time, as the plane was <sup>shortly</sup> taking him to Southampton, and that he was very much concerned about his brother-in-law. He wished however to see me on his return to London in a short time and before he returned to the United States, as he wished to talk over a matter of importance with me. He said in order to give me an idea as to what he wished to talk about he wanted to say that President Truman had asked him to take the post of High Commissioner to Germany. He was very unhappy about it because he would much rather not undertake this post, but he felt that it would be very difficult for him <sup>not</sup> to accept. I told him that I would be very glad to talk it over with him but that I could say at the outset that I knew of no one at home who was available for the post or who could be appointed to it and considered for it, who would do a



more acceptable and better job than he. I told him I thought he was stuck.

On his return from Southampton we had a long talk. I told him that I might be in a position to talk to him about this matter, at least with certain background, because President Roosevelt had asked me or had been thinking of me for several years to take this job when the time came, and I told him what I had told the President. McCloy said that it was all very interesting. The President had not mentioned this to him, but just about the time I must have spoken to the President about this matter after Yalta, the President had called him in and told him that when the time came he might have to consider him for the post. To me it seemed very clear that for whatever reasons he may have had, the President, after the conversation with me which I have recited earlier, called in McCloy as a man who in his opinion would fill this post amply and acceptably. McCloy said that nothing of course had happened for some time and now President Truman had put the matter up to him in such a way that he did not see how he could refuse. I told him that I did not see how he could refuse. The post was one of such tremendous importance it required a man of his understanding and background. There were very few men available who had the background that he did. He knew Germany and the German people well. He had followed many aspects of the European situation very closely before he went into the government service during the war and since. I was sure that not only I thought of it in these terms, that is that he was the most available man, but that anyone who was familiar with our problems and who had been following them when this question was raised would think of him very naturally. I didn't see how he could refuse.

I told him that I didn't think there was anything he could do about it except to make sure that policy was definitely decided and that he knew who was his boss in Washington at all times, and that there could be no contradictory orders and that he could feel as sure as possible that no one was going to pull the rug from under him, even his chief. I said that this latter was really the principal consideration. I had seen too much of men being given posts of such

responsibility with assurances of support for a given policy, and then at a given moment the rug being pulled out from under them. I said that this was a very real consideration and so far as was humanly possible he should clear this point with the President. I said there was no way of assuring that the rug would not be pulled out from under oneself, but as far as one could get such a thing assured and settled, he should do it. I said that there were men who had occupied even more important posts than this who had had the rug pulled out from under them. I did not have to be specific, for he knew what I meant. ~~WAXXKXKX~~

We then talked about certain aspects of the task of the High Commissioner. I told him I did not think it would be too difficult to get along with the British. His British associate in that <sup>10</sup> would be the most important. To get along with the French associate was another matter and depended on situations in France, which could not be foreseen. So far as trying to get along with his Soviet associate, that was going to be his most difficult task. That one he would have to play by ear, as I saw it, and as events developed, but he would certainly have to be just as tough as the Russian. I did tell him that there was only one concrete thing which I could say to him which might be of use. I told him that I had known Dr. Adenauer from ~~my~~ the first days of my stay in Germany in 1930. He was then the mayor of Cologne. I considered him as really a great man. I had great regard for him. He was really a great German and who was not as full of the prejudices which fill so many Germans. I recalled to him that it had been thought that when Bruening left the Chancellorship, Adenauer would succeed him. He would undoubtedly have made a great Chancellor and if it had not been for the unholy bargains and events which brought in Hitler in 1933, Adenauer would have been Chancellor of Germany and there would have been a chance of avoiding the war, and a very good chance. I told him that I thought it would be very easy for him to make friends with Adenauer. I thought that he would be the really great man in Germany. He was a man whom he could trust at all times and with whom he could talk frankly. I told McCloy that if he succeeded in getting on friendly terms

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with Adenauer and understanding terms, that it would be perhaps the principal thing that would help him in carrying through the job in Germany. Incidentally, Adenauer and McCloy did establish this relationship and the developing events in Germany have indicated how useful it has been.

McCloy said it looked as though he would have to take the job. He said he had only one possible way out. When he went into the International Bank for Reconstruction and Development as President he had given the assurance to certain important companies in the United States, principally the insurance companies which were the sole market at that time for the bonds which the World Bank sold and out of the proceeds of which it largely made the loans which it was making and would make, that he would not take any other job before at least consulting with them. I told him that if he thought that there was any possibility of the insurance companies and these other people discouraging him from taking the job, it was a slender reed on which to lean. I felt sure that they would see, as I was sure everybody else would see, that he was a natural for the job. I said I felt sure that these people to whom he was under certain obligations to inform and consult before he left the Bank, would tell him that he would have to take the job. McCloy said that unfortunately he felt that was true, but that he was going to see them on his return and he was afraid as to what their answer would be.

McCloy accepted the post and made a brilliant record as the head of our civilian government in Germany, adding another important phase to an already important record of public service.