This paper deals with the policies of the United States toward German retribution payments to the State of Israel and the Jewish people. It will argue that much of the formulation of these policies took place in the residence of the United States High Commissioner in Frankfurt, not in Washington. John J. McCloy, who served as the main American official in Germany, demonstrated an understanding of and a sympathetic attitude toward the Jewish request. Part of McCloy’s understanding may be ascribed to Jacob Blaustein, President of the American Jewish Committee, who had good relations with McCloy, and was used to lobbying with him.

A few words concerning the terminology. The expression “reparations” has an accepted international meaning, defined by the Oxford Concise Dictionary as “compensation for war damages.” Since the State of Israel came into existence after World War II, theoretically, according to international law, no Jewish collective entity existed which could claim compensation. To clarify any possible misunderstandings and avoid disputes, the Israelis replaced the expression “reparations” with the Hebrew Shilumim. Although the Hebrew expression entered the vocabulary only in 1950/51, it will nevertheless be used throughout this paper.

A request for a sort of collective compensation came to the attention of U.S. authorities quite early, even before the end of the war. At that time, discussion centered around the establishment of some kind of fund which would assist the individual, the stateless, the Jewish refugee, rather than a collective retribution. Although the Jewish Agency for Palestine did indeed forward a collective claim to the Allies as early as September 20, 1945, that claim, and others of a similar nature, were neglected and laid to rest in the archives. During the years of struggle against the British mandate in Palestine, Jewish authorities were too preoccupied, and too neglectful, to deal with Germany. In addition, as already mentioned, there existed no single or formal representation of the Jewish people. Only following the creation of the State of Israel could the public mind turn to less

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immediate issues. Even so, economic turbulence, together with a critical need for goods and supplies, turned the government's attention to the German alternative. Only after Israel raised the subject of Shilumim did it become an issue for U.S. policy makers.

It may be a commonplace, but one should remember, nevertheless, that in a pluralistic society such as the United States, foreign policy is formulated and pronounced on various levels, i.e. the State Department, the White House, and Congress. In Germany's case, however, other government agencies also participated in the decision-making process and more often than not actually determined American policies vis-a-vis the defeated enemy, namely the military and civil authorities based in the American zone of occupation. Only by understanding the various forces and their interplay can one come closer to reality in evaluating American policies toward Shilumim.

From the early summer of 1949 until the late summer of 1952, John J. McCloy represented his country in Frankfurt as U.S. High Commissioner for Germany. A corporate lawyer by profession, McCloy joined the War Department late in 1940. In his position as Assistant Secretary of War, he was involved in two serious cases of racial discrimination and discrimination against minorities. One was related to the removal of Japanese Americans from the West Coast and their confinement in internment camps. McCloy defended almost to his death the imprisonment without charge of those American citizens who had the same ethnic heritage as the enemy overseas.

Another major blot on his record involved the American decision not to bomb Auschwitz and the railroads leading to the concentration camp. Although the issue was complicated and involved British military authorities which might have taken the initiative in this decision, McCloy was thought to have been responsible. If this was indeed so, his decision could be regarded as callous at best, racist and discriminatory at worst. This topic has been debated frequently, and there is no need to discuss it further in this context.

The testimony of Gershon Avner contributes a new element to the debate surrounding McCloy. In 1950–1951 Avner served as the Chief of the Western Europe Department in the Israeli Foreign Office, and during the Israeli-German negotiations over Shilumim, he


was a political advisor to the Israeli delegation. Later, in September 1986, Avner stated:

Benjamin Buttenwieser, as you recall, was the deputy of McCloy, and I remember him. The problem with McCloy is... McCloy did not excel in friendship to Jews during the entire period of the Holocaust concerning the rescue of Jews in Europe. McCloy was opposed to opening the gates of the United States which was badly needed and also possible, at a time when there were hardly any Jews able to leave Europe. McCloy was also negative in the Eretz-Israel case. Now, when serving in Bonn he was exposed to the pressure of organized Jewry. In this Jacob Blaustein played an important role. And McCloy was obliged to act in Bonn facing Adenauer under directives he had received from the Department of State. One may assume that he did not like them one hundred percent, but he did whatever he had to do. It seems to me that Buttenwieser was ambitious, his attitude was more positive than his boss’. As much as I know, McCloy acted, I suppose, without much enthusiasm. He fulfilled the directives he had received from Washington. I would not call him anti-Jewish, this would be slightly too much, too sharp. It seems to me that he did not support the Eretz-Israeli issue. He was different, and by inclinations he would not support anything. You may call it “adversity.”

Avner’s charges are rather serious, but for the purpose of this essay only two points should be taken up: first, McCloy’s “adversity” on Jewish issues while serving in Germany; and second, his fulfillment of Washington’s directives, but without enthusiasm. (If one were to elaborate on Avner’s words, one could presume that Washington’s instructions were favorable to Jews, and McCloy enforced them only because he was instructed to do so).

Before analyzing the first point, indeed the major topic of this paper, it is necessary to examine McCloy’s place in the U.S. administration as far as American policy toward Germany was concerned. Before accepting his nomination, McCloy, according to one of his biographers, secured the “sacred charter of authority.” He demanded and received a “free hand in picking people” and assurances that “no substantial decisions” would be made “without consultation” with him.5 Years later, Buttenwieser told his interviewer at the Columbia Oral History Project: “My opinion is that McCloy was Number One in Germany.”6 Other witnesses expressed themselves similarly. For this reason, Avner’s arguments are unac-
ceptable. McCloy's standing in Germany was too strong and too
decisive for him to be simply a transmitter or one who merely
implemented directives from above. Many documents exist that
demonstrate the High Commissioner's independence in decision-
making and also his persuasive ability vis-à-vis the White House and
the State Department. In Jewish as in other matters, his position was
so strong that he was able to refuse, argue over or outline policies.
It is therefore difficult to accept Avner's opinion.

As will be seen hereafter, McCloy's influence on Jewish matters
was positive, while it was the State Department which all too often
acted as devil's advocate. Indeed, it appears that the positions were
actually just the reverse of those described by the Israeli diplomat.
It was Washington, or the State Department, which often went along,
although without enthusiasm. It would be fair to add that McCloy's
activity was often positive and conducted mostly from personal
conviction. As for the White House, it was open to Jewish lobbying,
and McCloy seemed to go along with, and even strengthen, Jewish
arguments. On at least one occasion, one may observe McCloy
coordinating West German interests with those of the Jews and Israel
before an inquiring Senate. Evidence of McCloy's allegedly adverse
influence in Congress has never been found. Thus, at least at face
value, both points singled out from Avner's testimony do not seem
to be valid. Additional details strengthen that impression.

In Heidelberg, on July 31, 1949, some two months after arriving
in Germany, McCloy addressed a meeting of Jewish delegates from
all over the Federal Republic. On future German-Jewish relations he
said:

What this community will be, how it forms itself, how it becomes a
part and how it merges with the new Germany, will, I believe, be
watched very closely and very carefully by the entire world. It will, in
my judgement, be one of the real touchstones and the test of Ger-
many's progress toward light.

The new Federal Republic of Germany, which was just coming into
existence, was dragging its feet on Jewish issues. President Theodor
Heuss and Chancellor Konrad Adenauer remained silent. The High
Commissioner's advisor on Jewish Affairs, Harry Greenstein,
repeatedly asked McCloy to talk to Adenauer as to what should be
done. Thus came about the President's and the Chancellor's Rosh

7 Bundesarchiv [BA], Nachlass [NL] Blankenhorn, 351/10.
8 Harry S. Truman Library [HSTL], Harry N. Rosenfeld papers, box 16,
Alphabetical file, "The Future of Jews in Germany."
Hashannah greeting in the fall of 1949, the first move from the Federal Republic’s highest officials toward world Jewry.

It is known from the notes of Adenauer’s aid, Herbert Blankenhorn, how McCloy’s insistence sharpened awareness in the Chancellor’s office of the need to make positive moves toward the Jews. The first step took place on November 11, 1949, when Adenauer granted an interview to a Jewish journalist residing in Germany. In this interview, the Chancellor expressed sorrow over the past, condemned what the Nazis had done, and offered the State of Israel ten million D-marks as a token gift and an opening move toward future negotiations. Adenauer’s gesture was not well received in Jewish circles, or in the press. Apparently, the Jewish public was not yet prepared, or willing, to deal directly with Germans over Shilumim.

It should be noted that Shilumim was just one of three Jewish claims: indemnities for personal harm and suffering, restitution of expropriated Jewish property, and Shilumim—a global payment for disposed and destroyed Jewish property and for the Jewish collective suffering. There were problems with each of these claims, since German authorities were in no hurry, much less eager, to satisfy the Jews.

The Länder, not the federal government, had to respond to personal claims. In the Länder, matters of overall national importance and international policies counted less and received less attention than in Bonn. The Länder governments were exposed to the local pressures of a public hostile to Jews and to their demands. Jewish organizations were frequently obliged to seek assistance that could only come from the American military and civil authorities. Complaints were addressed to McCloy, his deputy Buttenwieser, and other members of the staff. Time and again, McCloy appealed to the Länder ministers-president, with Buttenwieser petitioning the finance ministers, to be more forthcoming in matters of indemnity and restitution. Both met with only a measure of success. As time

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9 Notes of May 29 and Sept. 21, 1949, BA, NL Blankenhorn, 351/1b; Herbert Blankenhorn, Verständnis und Verständigung: Blätter eines politischen Tagebuchs 1949 bis 1979 (Frankfurt am Main etc., 1980), 138.


11 McCloy to the Ministers-president, Jan. 2, 1950, Central Zionist Archives [CZA], Goldmann papers, 76/387; Benjamin B. Ferencz to Eli Rock, Nov. 9, 1950, Joint Distribution Committee Archives [JDC Archives], file 4264; Columbia Oral History Project (1979), interview with Benjamin J. Buttenwieser, p. 178.
passed and the international situation became increasingly grave, German public and civil authorities hoped for an early transfer of Allied privileges and responsibilities into German hands, including the issue of Jewish compensation. With this expected transfer of responsibility to the federal government, Allied influence would cease, and the Germans would be able to deal with Jewish claims and reach agreements according to their own wishes. These hopes were not without foundation, as the raging Cold War made the Federal Republic a sought-after ally; thus, the Western powers increased the speed with which responsibility was transferred to local authorities. McCloy repeatedly warned the ministers-president that the United States would not relinquish its supervision over the rehabilitation aggregate soon and would continue to expect Germany to carry out its obligations.  

There was also a budgetary reason for the reluctance of the Länders. To this point, the source of the money for indemnities and restitution had been the Länders coffers. The Länders, however, preferred that the federal government shoulder the burden. This was Buttenwieser’s area of responsibility, and while acting under his superior’s orders, there was not much he could do about the stubborn and evasive finance ministers. A Jewish appeal to the U.S. government could have had only limited effect, since such an appeal would have been transferred to Frankfurt, where the High Commissioner was already trying his best. The Truman administration might have been more influential in implementing overall policies and making final decisions, but this was an area in which it was not very flexible but rather doctrinaire. For the Jews, it was easier to deal with Frankfurt than Washington.

Facing Soviet pressures, particularly after the outbreak of the Korean conflict, the Western Allies wished to speed up West German economic recovery. The Marshall Plan, which eventually assisted all Western Europe, was originally designed around Germany. Restoring destroyed industry, raising the standard of living, and making Germany self-sufficient was the aim of the Allied, and above all the American, financial experts. Since the money invested in Germany came from the pockets of the American taxpayer, Washington worked hard to reduce economic aid to Germany and to expand German internal revenues. Money spent on indemnities came from the budgets of the individual Länders, and they resented this financial burden. No less significant was the Allied decision to

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hold indemnity and restitution payments in frozen German bank accounts. Thus, the recovered funds could not be taken abroad either as currency or in the form of goods. Individual Jews and Jewish organizations which received such payments could do little with their money except spend it within Germany. The administration enforced this policy with greater determination than the U.S. High Commission in Frankfurt, which found ways to assist the Jews, while Washington took a hard line in order to prevent a drain of hard currency. Naturally, each had a different approach, although Americans in Germany better appreciated German realities and Jewish pains. Typical of the U.S. High Commission's more liberal approach was the granting of permission to export much-needed prefabricated houses to Israel, with the excuse that they were personal effects of emigrants moving there. It is interesting to note that Buttenwieser, who was Jewish, was more rigid than McCloy, who was more favorably disposed toward Jewish interests.

The State of Israel, and Jewish organizations elsewhere, clamored for a collective payment from Germany. Quoting from the prophet Elias, "hast thou killed and also taken possession," the Jews argued that Germany first stole and then kept Jewish property from all over Europe. Since resettlement of Jewish refugees, mostly victims of Nazi persecution, involved enormous expenses, Jews felt it was up to Germany to pay the costs. Israel, whose economy was being crushed under the burden of absorbing successive waves of immigration, anxiously sought new sources of income. Shilumim became one of these sources.

Now the Federal Republic also awakened to the issue. Some of the leading personalities, above all Konrad Adenauer, were conscious of the crime committed against the Jewish people and of Germany's need to expiate its guilt. This, however, would not be sufficient.

The major impetus for German awakening was the so-called "return to the family of nations." It meant that the moral stain could not be wiped clean, and Germany should pacify the victims of Nazism, above all the Jews. In other words, Germany could pay, so to speak, her way back into the family of civilized nations. A

13 Cabinet meeting no. 38/709, "Decision concerning the pre-fabricated houses from Germany," Sept. 20, 1949, Israeli State Archives [ISA], file 7263/2; Landauer to Kreutzberger, Oct. 16, 1949, ISA, file 531/7; A. C. Leonard to Dr. Seliger, Feb. 27, 1951, CZA, S35/152; Jacobson to Beckelman, Oct. 31, 1950, JDC Archives, file 4264.

14 1 Kings 21:19.
corollary request concerned so-called moral indemnities, which meant condemnation of Nazism and anti-Semitism and an abiding promise to fight their revival and return. With his practical mind, Adenauer believed that Jews, particularly American Jews, were very influential in world capitals, and even more so in the world's money markets. He pursued a road to the American capital, and to Wall Street, by wishing to placate American Jewry and American Jewish bankers. All in all, his intentions coincided with those of the Jews. Here too, McCloy was one of the principal go-betweens. He repeatedly discussed the matter with Adenauer, mostly in private. But McCloy's private talks had qualitative weight. The High Commissioner acted in this manner under the influence of Jewish friends, above all the powerful president of the American Jewish Committee, Jacob Blaustein, his friend and business acquaintance. American party politics also played a role, especially in 1952.

Jacob Blaustein had first met McCloy when the latter was a corporate lawyer for a brief time after leaving the War Department and before becoming U.S. High Commissioner in Germany in the summer of 1949. McCloy litigated several cases for Blaustein, and they became friends. Blaustein succeeded Judge Joseph Proskauer as president of the American Jewish Committee (AJC), and his involvement in German issues sprung from this friendship. Before departing for Germany, Blaustein met McCloy, and they discussed issues involving the Jews in Germany and the democratization of the defeated nation. Meetings and correspondence followed. Topics of common interest included the Jewish Restitution Successor Organization (JRSO) and the promotion of its activities in Germany. JRSO attempted to recover Jewish heirless property in Germany, and U.S. Military Governor Lucius D. Clay granted logistic and other support to JRSO. Although U.S. military authorities later withdrew this support, McCloy intervened and it was restored. Blaustein also approached McCloy in the summer of 1951, when the State Department blocked transfer of JRSO's funds abroad. The AJC negotiated passage of the U.S. Zone's General Claims Law (No. 59) in the summer of 1951, shortly after McCloy's arrival. This law, already


16 Blaustein to McCloy, June 21, 1951, Washington National Record Center [WNRC], McCloy papers, box 29.
prepared under General Clay, had to wait for the new High Commissioner.  

When the U.S., British, and French foreign ministers decided to relax controls over West Germany, Blaustein appealed to McCloy with the request "... that the Western occupation authorities themselves, by the exercise of reserve powers, guarantee ... minimum conditions and protect them from vicissitudes of internal political developments." The AJC president asked for equal rights and opportunities for all, full freedom of action for all democratic parties, positive measures against anti-democratic political parties and organizations, and restitution and indemnity for victims of the Nazi regime.

The limits of Blaustein's influence could be seen when McCloy rejected most of these requests, stating that the Federal Republic's constitutional statutes and specifications were adequate to ensure enforcement of personal freedoms. McCloy later prevented inclusion of any clauses on human rights in the Contractual Agreements (Deutschland-Vertrag) in spite of the fact that similar paragraphs were inserted in the Japanese and Italian treaties. McCloy was well aware that "... our difficulties will come less from governments than from Jewish and other groups, particularly at home. On repeated occasions they have insisted that the new contracts with Germany should contain specific clauses regarding protection of human rights ...." McCloy was pleased when Jewish groups did not oppose the Contractual Agreements during Senate hearings in the summer of 1952.

Nevertheless, as far as indemnities and restitution were concerned the High Commissioner was forthcoming. Until the summer of 1951, Blaustein was not particularly involved in Israel's Shilumim claim. It would be even more accurate to say that the AJC was not very happy with it. On May 4, 1951, Abba Eban could still ask

\[17\] Contribution of the American Jewish Committee to the Postwar Economic Rehabilitation of European Jewry (New York, 1965), 29, AJC Archives, JSX, 65/66.

\[18\] Blaustein to McCloy, Sept. 15, 1950, YIVO Archives, RG 347, AJC records, GEN-12, box 22.

\[19\] Ibid.

\[20\] McCloy to Blaustein, June 21, 1951, WNRC, McCloy papers, box 35.

\[21\] McCloy to Dean Acheson, Apr. 25, 1952, National Archives [NA], RG 59, 662A.00/4-2552.

\[22\] Memo of conversation between Adenauer and McCloy, June 16, 1952, BA, NL Blankenhorn, 351/10.
Blaustein: "... does the American Jewish Committee consider it compatible with Jewish rights, Jewish honor and Jewish security that the German State, now being restored to independence and economic stability, should make this minimal symbolic expiation of German guilt?" Only gradually did Blaustein come to understand Israel’s intentions, due to the efforts of Israel’s Ambassador in Washington, Abba Eban. Eban explained and clarified the meaning of Shilumim. One result of Blaustein’s changing convictions was his meeting, along with other AJC representatives, with McCloy in Averell Harriman’s house in Washington on June 26, 1951. During the course of the meeting, Blaustein succeeded in convincing McCloy to support Shilumim, in spite of the official policies of the State Department. McCloy was visiting Washington in June 1951 to discuss Franco-German relations and German rearmament. One may assume that McCloy soon understood the closeness of the French-German and Jewish-German confrontation, and the similarity between them. Blaustein and his lieutenants were proud of this achievement and would still refer to it years later.

The picture would not be complete without noting McCloy’s commutation, in the spring of 1951, of the sentences of war criminals in Landsberg prison. Nothing could change the High Commissioner’s mind. This is not the place to discuss this issue; it should be noted only that McCloy acted despite Jewish anger and intervention.

The larger goal of Germany’s incorporation into the Western world was important to McCloy. He understood well that, without a Paris-Bonn rapprochement, a European community could not exist. Thus, a Franco-German settlement was essential. The Jews had fewer divisions than the French, to borrow Stalin’s metaphor; nevertheless, the pacification of the Jews was also a necessity for Germany’s integration into the West, even though Jewish influence would recede within four to five years. By the mid-1950s, Germany would be rearmed and admitted to all those pacts and organizations which the West had formed as a protection from the Soviet danger. It was believed, perhaps falsely, that there was a need for Jewish good will for Germany’s return to the family of nations.


25 Schwartz, America’s Germany, 224ff.
Adenauer was receptive to Jewish concerns. As mentioned earlier, Israelis and the Jewish Diaspora requested a proclamation which would denounce Nazism and its crimes, promise to struggle against anti-Semitism, and offer material compensation. The Chancellor issued such a proclamation and thus opened the door to Jewish-German deliberations.\footnote{Verhandlungen des Deutschen Bundestages, I. Wahlperiode 1951, Stenographische Berichte, vol. 9 (Bonn, 1951), 6697ff. (165th meeting, Sept. 27, 1951).}

For the Jews, particularly the Israelis, Adenauer’s proclamation was a way to save face. Israel wanted to avoid direct talks with the Germans, but there was no way to arrange Shilumim without meeting face to face. The hope that the Great Powers or an institution such as the United Nations or the International Court at The Hague would save the situation for the Israelis proved to be vain from the outset. The Western Allies, reluctant to reopen the reparations question for fear of providing the Soviet Union with the opportunity to raise new demands, relegated the matter to the future peace conference. What in retrospect would seem to have been a postponement \textit{ad calendas Graecas}, was at the time still a sensible delay. In the end, however, the United States intended to force Israel to give the Federal Republic of Germany de facto recognition, thus boosting Bonn’s international prestige, and direct Jewish-German talks would accomplish that aim. McCloy had already tried to obtain Israeli recognition and to establish diplomatic relations between the end of 1950 and early 1951.\footnote{McCloy to Secretary of State, Dec. 28, 1950, WNRC, RG 84, box 2, Tel Aviv 321.9 Germany.} At that time, however, it was still too early. The American Chargé d’Affaires in Tel Aviv warned the State Department that any such request might hinder and perhaps even halt Israel’s slow move away from non-alignment toward the Western camp. With the Jews’ almost pathological hatred of the Germans, he continued, such a request would be a God-send for Israel’s left-wing opposition.\footnote{Ford to Secretary of State, Dec. 31, 1950, ibid., Tel Aviv 321.9.} Conditions were now changing. The Israeli public continued to hate the Germans, but in the Foreign Office, in the leading MAPAI party, and in the cabinet, it became increasingly obvious that without direct talks \textit{Shilumim} would be lost. Israel therefore closely cooperated with Germany in preparing the proclamation, which, once read, provided justification for such collaboration.
On December 6, 1951, two months after the proclamation had been issued, Nahum Goldmann, then president of the World Jewish Congress, met Konrad Adenauer in London and received a letter unprecedented in Jewish history. In this letter, Adenauer promised to negotiate Wiedergutmachung, the German expression for indemnity and Shilumim, based on the official Israeli demand of 1.5 billion dollars. While Goldmann acted also on Israel’s behalf, Adenauer had no recognizable support within either his cabinet or his coalition. He acted alone.

Goldmann had Ben-Gurion’s support but lacked agreement from his colleagues at the Conference on Jewish Material Claims Against Germany, Israel’s partner in talks with the Federal Republic. The Claims Conference represented the Diaspora in the upcoming negotiations. Blaustein, the First Vice-Chairman of the Claims Conference, displeased with Chairman Goldmann’s independence and jealous of his success, met Adenauer separately with McCloy’s assistance, since both Adenauer and McCloy were aware of Blaustein’s significance as a public figure.

Adenauer consulted McCloy and Buttenwieser before making overtures to Jewish representatives. He had even asked Buttenwieser to compose a proclamation, because the Deputy High Commissioner was Jewish and had some influence in the U.S. administration. Buttenwieser refused to draft the proclamation but read it, once it was written, and offered comments of his own. McCloy’s involvement also resulted from his earlier talks with AJC representatives in Harriman’s house. During the months between the issue of the proclamation and the beginning of Israeli-Jewish-German negotiations, he appeared to step back. According to AJC documentation, McCloy in fact convincingly asserted that West Germany could make payments to the Jews without harming its own economy. In communication with President Harry S. Truman, probably in the fall of 1951, he “… assumed full responsibility for ability of the German treasury to carry the financial burden of the settlement without

29 Adenauer to Goldmann, Dec. 6, 1951, CZA, Goldmann papers, Z6/2345.
30 Zweig, German Reparations and the Jewish World, 55.
32 Seymour J. Rubin to author, no date [summer 1989]; Blaustein to McCloy, July 12, 1951, WNRC, McCloy papers, box 30.
recourse to additional American aid." Blaustein asked McCloy to make a statement on the West German economy. This was significant. It has been seen that the fear of financial obligations was the major American argument for closely guarding German capital. The chief obstacle was thus removed, but this was not the sole cause for concern. It was also claimed that Secretary of State Dean Acheson had reservations about the State of Israel and would not easily be brought to a more favorable position. Global politics had to be considered, too: the United States did not wish to provoke the Arabs, who had refugees of their own and were also demanding indemnities, and in addition there was the U.S. contest with the Soviet Union. Nonetheless, once the major economic roadblock had been removed, others fell more easily.

There were other elements which supported Jewish interests, some of which were already obvious in 1950 and 1951. The desire to return to the Germans most of the responsibilities for governing their state and to see them rearmed and participating in European defense, was the impetus behind negotiating the Contractual Agreements. These agreements required public and also, to some degree, Jewish support. Since in 1952 the U.S. presidential election campaign was under way, American negotiators were evidently afraid of adverse Jewish lobbying in Congress because of the failure to include the human rights clauses in the Contractual Agreements, and perhaps also because of German hesitation during the Shilumim negotiations. The agreements specified the conditions of rehabilitation of Jews by, and also in, the Federal Republic once the state would be free of foreign supervision. Jewish organizations and the Israeli diplomatic service were actively engaged in shaping those paragraphs which dealt with restitution and indemnity, but they were not especially pleased with the results. At this time, the White House, evidently influenced by political and electoral considerations, intervened and tipped the scale in favor of Jewish interests.

According to the documentation of the American Jewish Committee, Truman changed his views and instructed the State Department to cease its opposition, albeit latent, to Shilumim. McCloy's above-mentioned intervention played a considerable role in shaping this directive, as did Blaustein's visits. Blaustein, an important supporter of the Democratic party, occasionally performed

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33 Eugen Havesi to Seymour Samet, Dec. 19, 1957, AJC Archives, FAC minutes, 59/60, box 67.
34 Ibid.
diplomatic and economic missions for the Truman administration and thus had a certain leverage in the White House.

On April 7, 1952, when the crisis in Shilumim negotiations was brewing, Blaustein once more visited Truman. He gained Truman’s support for Shilumim, but failed to secure a public statement to confirm it. Truman initially promised to make a public statement but reversed himself under pressure from the State Department. State Department documents clearly show Acheson’s resistance and Truman’s retreat. The AJC president failed to convince the State Department staff, who were responsible not just for the Israeli-German issue but for American foreign policy as a whole. Blaustein was able, however, to win Truman’s support for Shilumim, and a directive to this effect actually reached the State Department and the High Commissioner’s bureau in Frankfurt. This was, after all, more important than a public announcement, because Truman’s reversal of previous policies opened the way to a successful conclusion of the tripartite negotiations. Indeed, on April 14, 1952, the German government received a memorandum on American policies toward the Shilumim negotiations. McCloy repeatedly talked to Adenauer about Shilumim. It was apparent that, without involving the press, American authorities were gradually putting pressure on Bonn to be more forthcoming. Truman and his administration made it clear that, should its assistance be required, the United States would support a favorable settlement of Israeli and Jewish claims. As is often the case in American foreign policy, political considerations at the White House prevailed over those at the State Department. It should also be noted, however, that the State Department had begun to rethink its views and was now displaying a definite

35 On April 7, 1952, Blaustein asked Truman for a statement in favor of the Shilumim. Acheson opposed such a statement and prevailed. See Blaustein to Slawson, Apr. 7, 1952, and Snyder to Slawson, Apr. 10, 1952, YIVO Archives, RG 347, AJC records, FAD-1, box 26, Ger./West; Blaustein to Truman, Apr. 18, 1952, and Truman to Blaustein, Apr. 30, 1952, Hoover Institution, Stanford, California, Grossmann papers, box 38; Acheson to Truman, Apr. 22, 1952, HSTL, President’s Secretary’s Files, “State of Israel”; Acheson to McCloy, Apr. 22, 1952, WNRC, McCloy papers, box 39.

36 Blaustein to Slawson, Apr. 7, 1952, YIVO Archives, RG 347, AJC records, FAD-1, box 26, Ger./West; Eugen Havesi to Seymour Samet, Dec. 19, 1957, AJC Archives, FAC minutes, 59/60, box 67; notes, Apr. 14, 1952, BA, NL Blankenhorn, 351/11; Adenauer to Abs, Apr. 14, 1952, Stiftung Bundeskanzler Adenauer-Haus, Rhöndorf, 10.20/1.

37 Ibid.
interest in Shilumim. It would therefore be wrong to believe that Truman was forcing Acheson’s hand.

Opposition to the Jewish demands no longer came from the Allies—Britain and France went along with the United States—but from within Germany. To overcome German opposition and to display firmness toward Adenauer, Allied assistance, particularly McCloy’s, was needed. The United States and Britain were ready and willing to support Israel, believing that Germany indeed should pay Shilumim in order to gain international respectability. An exchange between Truman and Acheson made this abundantly clear:38

It should also be stated that Adenauer, as has already been shown, did not oppose Shilumim. Under the influence of the German banking community, he was eager to reduce the amount of Shilumim to an absolute minimum and obtain the best conditions for Germany. Adenauer’s representative in financial matters, the banker Joseph Hermann Abs, used tactics with Israel which bordered on blackmail, and he played on Israel’s catastrophic economic situation in order to convince the Jewish State to accept the German conditions. He had Adenauer’s full support. Acting under directives from Washington, and also on his own initiative, McCloy was of key importance. As noted already, the Allied position could not be announced publicly. With a keen understanding of German and Israeli maneuvers, the State Department was determined to prevent any hopes of American involvement in payments of any nature. Acheson and McCloy both rejected German advances in that direction.

The State Department also wished to avoid the appearance of pressuring Germany into Shilumim. Such a perception could undermine the public standing of Adenauer, who was already termed “Chancellor of the Allies” (Kanzler der Alliierten) by the Social Democratic opposition, and might provoke and justify a future cancellation of Shilumim—which was unpopular in Germany to begin with. Finally, the State Department wanted to appear evenhanded before the Arab states, where any suspicion of pressure on Germany to Israel’s advantage could lead to a loss of American standing:39

In the future, both German nationalists and Arab diplomats would return to the argument that Germany was pressured.

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38 Memorandum for the President, Apr. 22, 1952, HSTL, President’s Secretary’s Files.

39 Bonn Embassy to Secretary of State, Nov. 4, 1952; Acheson to HICOG, Dec. 24, 1952; Acheson to HICOG, Dec. 31, 1952; NA, RG 59, 662A.86/11-452, 662A.86/12-2052, and 662A.86/12-3152.
Blaustein's position was crucial. His acquaintance with the High Commissioner repeatedly offered him the chance to talk to McCloy and to try to influence him. McCloy was not a bureaucrat and did not depend on the President's goodwill. His freedom of movement was considerably broader than that of State Department officials. Even though he was aware of the other aspects of American foreign policy, McCloy's chief responsibility was the Federal Republic of Germany. His supreme desire was to leave behind him a viable Federal Republic, and if the Israeli-Jewish claim could further that goal, he was ready to promote it. This claim could achieve various goals at once: help Germany, help Jews, advance American interests, and accommodate friends. And perhaps one more goal: McCloy was apparently interested in the electoral campaign unfolding in the United States, perhaps even its presidential aspects. Because of this campaign, McCloy resigned and hurried home early. If he cherished electoral hopes, his German service would stand him in good stead, and, if he meant to run for office, Blaustein's friendship and Jewish goodwill would definitely be an asset.

McCloy continued to cooperate with Blaustein during the Shilumim negotiations. Blaustein repeatedly appealed to him for assistance. McCloy helped overcome German resistance during the negotiations crisis of May 1952. German officials made strenuous efforts to reduce the amount requested by Israel, much to Israel's anger. Adenauer followed Abs' lead, but when the situation threatened to get out of hand, Adenauer consulted McCloy and President Theodor Heuss.40 The High Commissioner later claimed that he had persuaded Adenauer to make a generous offer to Israel, thus breaking the impasse.41 He also played an active role in other moves with positive results. On one occasion, McCloy personally called on Goldmann in Paris and informed him that a German messenger was en route with a proposal. A few weeks later, on July 2, 1952, when a similar problem arose during the negotiations with the Claims Conference, Blaustein hurriedly requested the High Commissioner's assistance, which was duly granted.42 In both cases, McCloy used his influence with Adenauer to satisfy Jewish demands.


41 Interview with John J. McCloy, Feb. 23, 1972, AJC Archives, Blaustein Oral History Memorial Project.

It is evident that Truman’s directive fell on fertile ground. Not only American and Israeli documentation reveal McCloy’s close interest in the Shilumim negotiations, German and British documents offer similar evidence. Indeed, Adenauer repeatedly used McCloy’s name in cabinet meetings to extract approval in decisions bearing on Shilumim. Adenauer himself occasionally required friendly reminders of Shilumim’s importance for the Federal Republic.

This paper has concentrated on probing McCloy’s attitude toward Shilumim. Closer investigation shows that one is actually dealing with a chapter in American policies toward the Federal Republic in general, and with a critical period in American-Israeli-Jewish relations in particular. The involvement of American Jewry in the entire issue was complex, and while the present essay has focused on McCloy, it has also examined Jacob Blaustein and the American Jewish Committee. Blaustein’s acquaintance with McCloy was of crucial importance. This study is far from exhaustive, since it highlights only a few important examples of cooperation between Blaustein and McCloy. While it cannot be argued that the McCloy-Blaustein link explains the High Commissioner’s general disposition—for some less influential Jewish personalities also moved in McCloy’s circle—it definitely had a major impact. In the Shilumim chapter of modern German-Israeli-Jewish relations, six personalities were decisive: Adenauer, Ben-Gurion, Blaustein, Goldmann, McCloy, and Sharett, three of whom have been discussed here.

In conclusion, some recollections regarding John J. McCloy may be quoted. Shepard Stone, who served as the Director of Public Affairs in McCloy’s administration in Frankfurt, stated: “As I recall Mr. McCloy was the driving force, and he was resolute, that the Germans must make restitution.” And elsewhere: “From what I have already written you have my assessment of McCloy’s role. It was crucial and he had great influence on Adenauer. Without McCloy I don’t think the results would have been achieved.”

Seymour J. Rubin served as political advisor to the AJC, and in that capacity, he knew McCloy well. He commented on a paragraph of a statement by McCloy on his role with regard to Shilumim as follows: “. . . McCloy indeed played a pivotal role—so far as I can tell.” And further: “To come back to McCloy’s statement as to limitations of his role, that I think is characteristic. He did not want
then or now to say that he was responsible, but that the decision was made on principle, not because of the pressure of the U.S. High Commissioner."\(^{45}\)

Zachariah Shuster, who represented the AJC in Europe, stated: "... primarily, as I said, it was through McCloy, McCloy's ... help and McCloy's tremendous influence on Adenauer. Adenauer felt that McCloy [was] a great friend of Germany, who [wanted] to help Germany."\(^{46}\) Benjamin B. Ferencz, who met McCloy frequently while serving as Director of the Jewish Restitution Successor Organization in Germany, and Saul Kagan, Secretary General of the Claims Conference, agreed with this statement.

Gershon Avner, who was quoted at the beginning of this essay, was quite incorrect. It is not known whether it was McCloy the politician who saw the need for Jewish-German reconciliation, McCloy the lawyer who wanted to mediate between his Jewish friends and the Germans, or McCloy the humanist who felt the need to do something for the Jews. Nor can one assess the role of his wartime activity and involvement in matters relating to the Jewish fate.\(^{47}\) But one must conclude that McCloy was not adverse to Jewish interests during his tenure as U.S. High Commissioner for Germany. Quite the reverse. He was the best friend the Jews had in the Federal Republic.

\(^{45}\) Seymour J. Rubin to author, Jan. 19, 1989. In an interview on February 23, 1972, McCloy stated: "Well, I wouldn't exaggerate the role I played, but I would be ready to admit that my influence and my pressure or persuasion on Adenauer to get him adhere to the broad, generous concept was an important factor in arriving at the final results." AJC Archives, Blaustein Oral History Memorial Project.

\(^{46}\) Interview with Zachariah Shuster, Apr. 26, 1973, AJC Archives, Blaustein Oral History Memorial Project.

\(^{47}\) In his letter of September 3, 1965, McCloy wrote to Blaustein: "... I think you have done me too much credit in outlining the part I played in the restitution matter. There was such a great injustice to be righted and there was so little that could effectively be done really to right all the wrongs of the persecutions that I don't believe anyone, unless it be yourself, can really take satisfying credit for such restitution it was possible to achieve. There was bound to be a vast short fall but it was highly necessary that something be done." AJC Archives, JSX, 65/66.