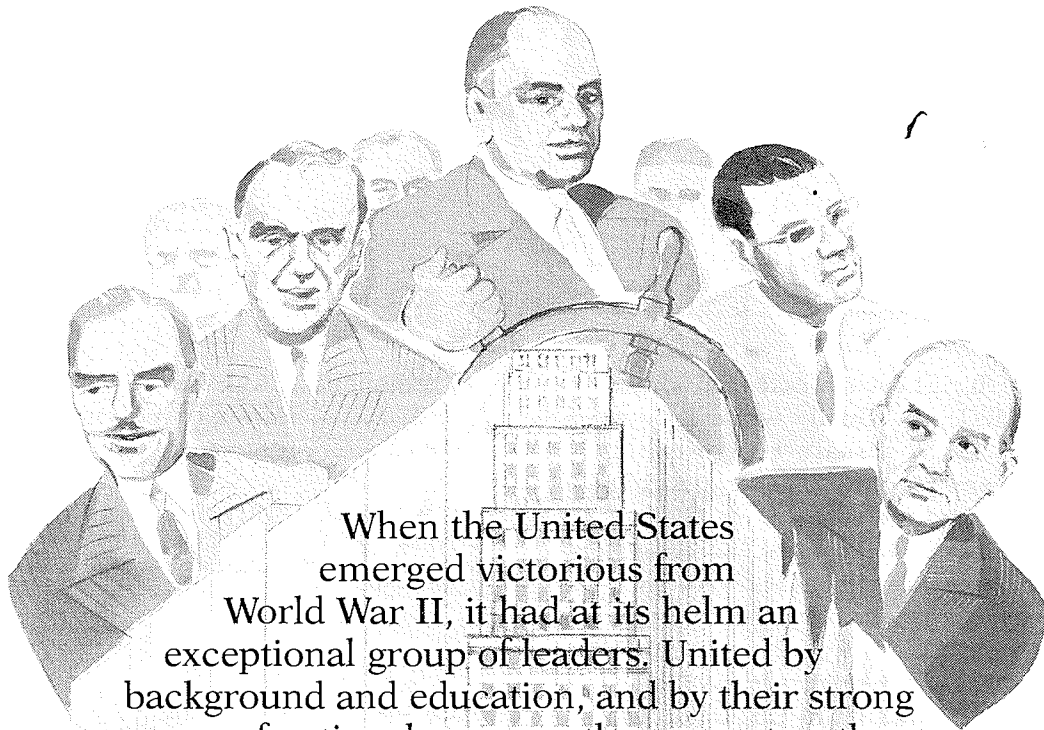


The Rise and Fall of the American Establishment



When the United States emerged victorious from World War II, it had at its helm an exceptional group of leaders. United by background and education, and by their strong sense of national purpose, they came together to form something more than an elite. Commanding many of the major institutions of American political and economic life (but seldom occupying the most visible posts), the lawyers, bankers, diplomats, and other members of the American Establishment helped to guide the nation through the Cold War to the height of its global power—and into the tragedy of Vietnam. Here, in his portrait of the Establishment's "chairman," John J. McCloy, Max Holland illuminates the virtues and defects of the postwar governing class; John Judis chronicles the Establishment's demise and its replacement by a group of more self-interested "movers and shakers."

CITIZEN McCLOY

by Max Holland

In August 1964, presidential adviser McGeorge Bundy wrote Lyndon Johnson a spare but revealing memorandum. The Republicans had just nominated Barry Goldwater in San Francisco, rejecting if not humiliating the Rockefeller-led, internationalist wing of the party. Bundy sensed a golden opportunity for LBJ to court the “very first team of businessmen, bankers, et al.” orphaned politically by Goldwater. And the key to these people, claimed Bundy, was a Wall Street lawyer, banker, and diplomat named John J. McCloy:

He is for us, but he is under very heavy pressure from Eisenhower and others to keep quiet. I have told him that this is no posture for a man trained by Stimson . . . [McCloy] belongs to the class of people who take their orders from Presidents and nobody else.

My suggestion is that you should . . . ask him down for a frankly political discussion next week . . . I think with McCloy on your side, a remarkable bunch of people can be gathered; this is something he does extremely well.

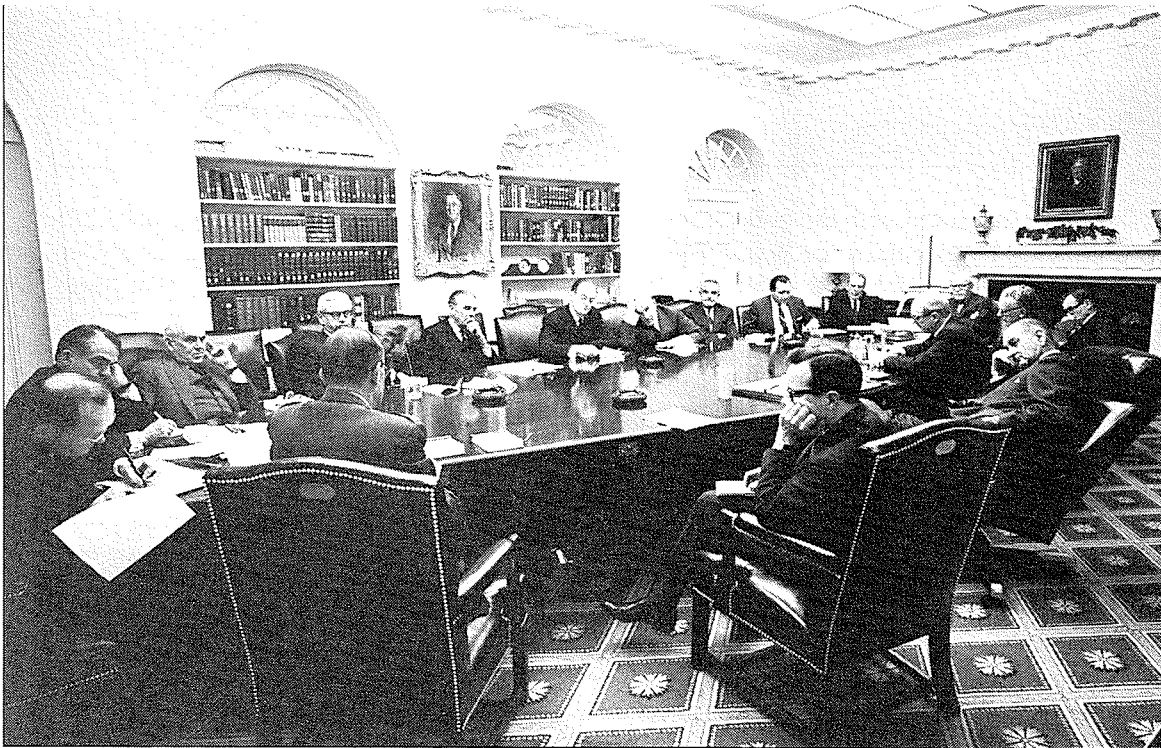
Nine years later, in the middle of the Watergate scandal, McCloy again came to mind when another leading Democrat

sought to communicate with the “very first team.” As W. Averell Harriman recounted in a 1973 memo for his files,

I called Jack McCloy . . . to tell him that I thought the New York Republican establishment should review the seriousness of the White House situation and take some action. They had a responsibility to get the President to clean up and put in some honorable people that would help to re-establish the credibility and confidence in the White House . . .

He asked me who I had in mind as the New York establishment and I said that I was too much removed from the scene to give him names. If Tom Dewey were alive he would be the one to talk to and the responsible heads of the banks that were greatly concerned by the economic instability and the international lack of confidence in the dollar. I said unfortunately Nelson Rockefeller is too competitive with Nixon to take any leadership. He suggested Herbert Brownell, whom I endorsed.

As journalist Richard Rovere observed in a famous 1961 essay, members of the American Establishment routinely deny that it exists, preferring to maintain that they are merely good citizens exercising their individual rights and responsibilities. This unofficial policy of self-denial makes



In January 1966, President Lyndon B. Johnson consults some of the Establishment's "Wise Men." McCloy is third from left; Allen Dulles sits at the far end of the table.

these candid memos all the more impressive. The authors are impeccable sources; Bundy even indiscreetly entitled his memo "Backing from the Establishment."

The notion of an American Establishment, or, more generally, of a governing elite in America, is accepted by some scholars, primarily sociologists and anthropologists who have studied inequality and stratification in various societies. But the concept has not won full acceptance in other disciplines or by the American public. Inequality is as dear to the status-conscious American heart as liberty itself, William Dean Howells once noted, but America self-consciously celebrates egalitarian man. "Elite" is practically a fighting word. No one seriously asserts that power and authority are evenly distributed in America, but the notion of anything akin to a privileged, self-perpetuating Establishment—an elite that governs, and therefore classes that are governed—sounds profoundly out of key, so counter to American myth that it would seem worthy of an inves-

tigation by the House Un-American Activities Committee were it still in existence.

On those occasions when it is noticed, the American Establishment is usually accorded inordinate power and foresight, most often by polemicists at the extreme ends of the political spectrum, where conspiracy theories abound. Considering the Establishment's significance, though, there is a dearth of serious research and writing about its composition, culture, and contributions. One British historian, borrowing from Sherlock Holmes, has likened the situation to the dog that did not bark in the night: The American Establishment is made all the more conspicuous by the absence of literature about it.

After a belated discovery in the mid-1950s, and some hot pursuit and scathing treatment in the 1960s and '70s, the Establishment and the role of elites are once again being more or less ignored. Following the American debacle in Vietnam, it was widely suggested that the Establishment, then badly fractured, should never

again be entrusted with the conduct of U.S. foreign policy, where since World War II it had been most visible and active. In a famous declaration before Jimmy Carter's inauguration, the Georgian's close adviser, Hamilton Jordan, announced, "If you find a Cy Vance as Secretary of State, and Zbigniew Brzezinski as head of National Security, then I would say we failed. . . . The government is going to be run by people you never heard of." After Carter's defeat in 1980 by yet another self-proclaimed outsider, Brzezinski himself declared the Establishment all but dead, and successive pundits have tended to agree. But these reports, as Mark Twain might put it, have been exaggerated. After all, today's executive branch features blue-bloods George Bush (Phillips Academy, Yale), James Baker (Princeton, corporate law), and Nicholas Brady (Wall Street's Dillon, Read). If the position of these men does not prove the staying power of the Establishment's Republican strain, it at least illustrates the continuing influence of individual White Anglo-Saxon Protestant (WASP) elites in America.

A society without a class structure, and therefore a governing elite, has never been constructed and may be a hopelessly utopian ideal, to judge from recent communist regimes. The more interesting question is, Who comprises society's governing elite and what does it do? For if stratification is inescapable, it follows that a society will largely reflect the goals and beliefs of elites from its most powerful class.

When exploring a complex subject, the philosopher Descartes once advised, divide it into as many parts as possible; when each part is more easily conceived, the whole becomes

more intelligible. To follow this principle with respect to the American Establishment leads inexorably to one of its most significant parts, the same lawyer, banker, and diplomat whom Bundy advised Lyndon Johnson to cultivate in August 1964, and whom Averell Harriman called in 1973 during the Watergate crisis. John McCloy's life is a classic guide to the American Establishment of the 20th century. His origins in Philadelphia, his ethnic background, and even his lifespan all coincide with, and thereby illuminate, the trajectory of the 20th-century Establishment.

The creation of a national Establishment, or what sociologist E. Digby Baltzell called a "primary group of prestige and power," was a social consequence of industrialization, of business and then political activities that were by the 1880s fast growing beyond traditional city boundaries. As a preindustrial ethos based on family ties and on landed and inherited wealth melted away, new social formations arose to bind together the industrial-era upper class on a national scale and to provide a semblance of tradition while absorbing and regulating new money. In the eastern financial centers of New York, Philadelphia, Boston, and Cleveland rose the citadels—the banks, corporations, law firms, and investment houses—that set the rules. The boarding schools, Ivy League colleges, fraternities, and metropolitan men's clubs became the training grounds of upper-class society. And each of these institutions figured prominently in the life of John McCloy.

The American upper class would not have produced an Establishment by mid-century, however, if it had been content to pursue its interests and defend its privileges from the privacy of its board rooms, law offices, and men's clubs. A governing elite

Max Holland, a former Wilson Center Fellow, is writing a biography of John J. McCloy, to be published by Charles Scribner's Sons. He is the author of When the Machine Stopped: A Cautionary Tale from Industrial America (1989). Copyright © 1991 by Max Holland.

issues from an upper class that knows its interests and perpetuates its power in the world of affairs, whether on Wall Street, Main Street, or in Washington. And an outstanding characteristic of the American upper class during the 20th century was its active participation in civic life, its willingness to wield public power, and its seemingly disinterested ethic of public service. National leadership, particularly in the domain of foreign policy as the United States grew into a world power after 1941, came disproportionately from elites, or upper-class individuals who stood at the top of their occupation or profession. Few other members of the governing elite devoted so large a part of their lives to public service as McCloy, and few other lives included, actually or symbolically, so many of the private institutions through which Establishment power was wielded: the leading banks, corporations, associations, universities, foundations, and think tanks.

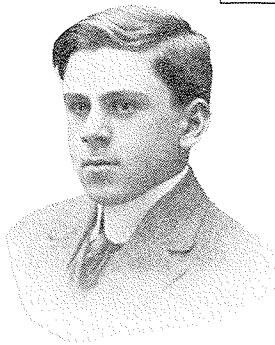
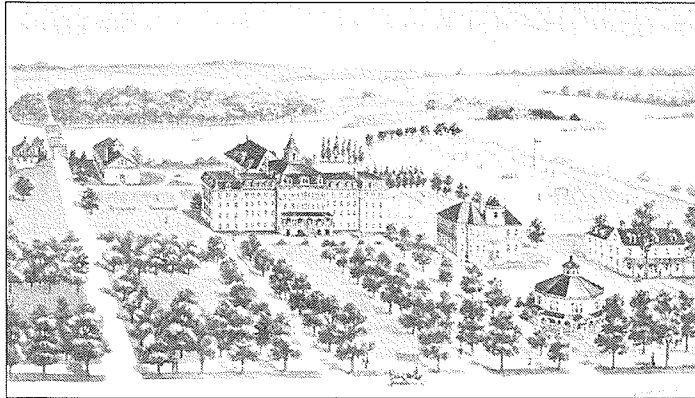
There *were* other men who played similar roles. The names W. Averell Harriman and Robert Lovett come readily to mind. Yet no career rivaled, in longevity and variety, the life's work of John McCloy, nor replicated so nearly the forms and functions of the Establishment, its strengths and weaknesses, and its characteristic values of industry, success, and civic-mindedness. McCloy's was a record of unmatched service to Democratic and Republican presidents alike over four decades, complemented by paid and unpaid labors for the most potent private institutions in America. Whether his role was decisive or advisory, opposed to Establishment wisdom or more often defining it, McCloy's ubiquitous presence stitches together fundamental strands of American history. Most prominently, the length and breadth of his activities very nearly chronicle the key issues during America's rise from prewar provincialism to postwar internationalism.

McCloy's life exemplifies the Establishment down to the characteristic fact that he was generally unknown to the public yet celebrated by his peers. When he died at the age of 93 in 1989, his memorial service in New York attracted a secretary of state representing the president of the United States, a past president, a former West German chancellor, and dozens of nationally prominent citizens, including Cyrus Vance, Henry Kissinger, David Rockefeller, and Paul Volcker.

Notwithstanding these elite tributes, John McCloy would have been the first to assert his modest origins, the fact that he was a "poor Irish boy from Philadelphia," born on the wrong side of the tracks. In 1961, with tongue in cheek, journalist Richard Rovere dubbed McCloy "chairman" of the Establishment. Thereafter McCloy was annoyed to find that people assumed that he was born with a silver spoon in his mouth. Usually noted for his rock-like equanimity, McCloy would object, almost to the point of becoming emotional, whenever he heard loose talk about an Establishment and his role in it.

In truth, though, he was not greatly bothered by the homage to his power and influence. His modest, self-effacing style barely concealed a man who was keenly aware of his own importance, a man whose exceptional career made him a "mix of humility and vanity," as his younger law partner (and fellow Establishmentarian) Elliot Richardson once put it. What genuinely rankled McCloy was the corresponding but false notion that he was to the manner born. His position in life had not been fore-ordained but hard-earned.

To ignore this upward mobility is to misunderstand McCloy's life, and, by extension, the nature of power and the Establishment in America. Far more than its British cousin, on which it was loosely patterned, the American Establishment during Mc-



McCLOY, JOHN SNYDER
814 N. 20th Street, Philadelphia, Penna.
("Jack".) Alpha Phi, Musical Clubs
(3).

The Peddie Institute was the first rung on McCloy's ladder. At left, his yearbook entry in 1911. For unknown reasons, he later changed his middle name to Jay.

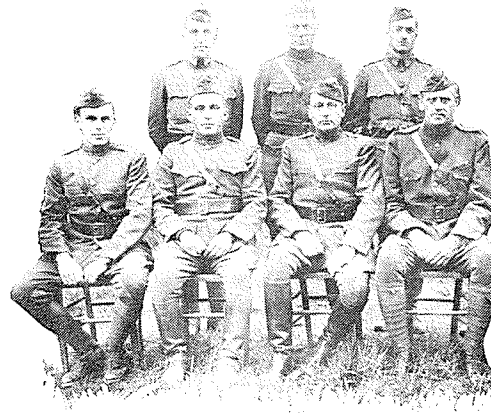
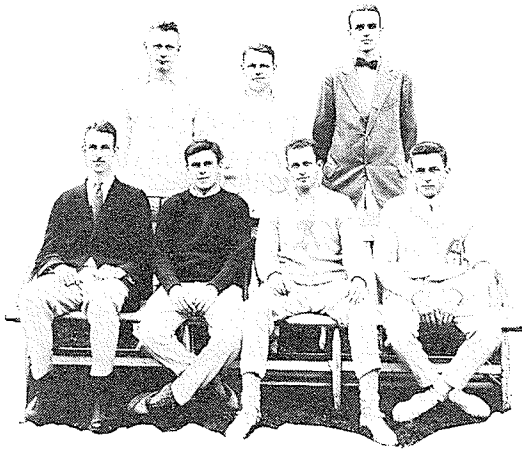
"So young but oh so wise!"

"Jack" has considerable talent, is somewhat of a scholar, is pretty good at athletics, but, sad to relate, he is afflicted with an all too prevalent Peddie infirmity—girl—. To elicit further information with regard to this fair Philadelphian request "Jack" to tell you the story of his lamented Frat. pin.

Cloy's lifetime was open to those with the wrong family pedigree, within certain racial and ethnic bounds. Indeed, its singular characteristic was its relative permeability, its willingness to absorb those who were willing to adhere to certain values and unspoken codes, and to protect certain vested interests. To maintain stability, there had to be room for men of talent to move up, and the genius of the American Establishment, if not America itself, lay in its openness to people like John McCloy.

He was born in 1895, the second son of a slender, bookish, Scots-Irish actuarial clerk and a robust and hard-working Pennsylvania Dutch

housewife from Lancaster County. Admiration of the "right people," and the notion that one could endeavor to become one of them, were drummed into McCloy from his earliest years. The McCloys believed firmly in the Victorian virtues of thrift, duty, morality, struggle, and self-improvement, and they viewed the upper class as the foremost upholders of these ideals. To be sure, McCloy's parents, John and Anna, could not have imagined their son's rise to the peak of a national Establishment. Their hopes were considerably more modest, extending only to the urban upper class that existed in Philadelphia during the 1890s. Probably no one admired "proper" Philadelphia more than John and Anna McCloy. Certainly no



Climbing higher: captain of the tennis team at Amherst about 1915; training for World War I.

parents predicated their children's lives upon its existence with more calculation.

By the 1890s, Quakers no longer dominated the city founded by William Penn. With just over one million inhabitants, Philadelphia now belonged to the so-called "Old Immigrants," descendants of Protestant, northern Europeans who arrived after 1682. Above all, though, Philadelphia owed its character to the English. Prior to the American Revolution, Philadelphia had been the second largest city in the British empire, and more than a century later it still resembled the England idealized by British Tories, down to its flatness, its grim industrialism, and an upper class that cherished country manor values and itself, not

necessarily in that order. While other great American cities were experiencing municipal growth and strife, Philadelphia maintained a British air of placidity, respectability, and self-satisfaction.

The reverse side of this satisfaction and aplomb, however, was an almost stultifying complacency, snobbery, and enervation. Under the veneer lay distinctions of class and background that were easily the most rigid and self-conscious in America. Just as surely as the confluence of the Delaware and Schuylkill Rivers defined Philadelphia's natural boundaries, so the tracks of the Pennsylvania Railroad delineated its social and class divisions. To fail to travel daily on the railroad's Main Line, or to live

THE ESTABLISHMENT'S INVISIBLE HAND

In mock academic style, journalist Richard Rovere limned the Establishment in an essay reprinted in The American Establishment and Other Reports, Opinions, and Speculations (1962).

Summing up the situation at the present moment, it can, I think, be said that the Establishment maintains effective control over the Executive and Judicial branches of government; that it dominates most of American education and intellectual life; that it has very nearly unchallenged power in deciding what is and what is not respectable opinion in this country. Its authority is enormous in organized religion (Roman Catholics and fundamentalist Protestants to one side), in science, and, indeed, in all the learned professions except medicine. It is absolutely unrivaled in the great new world created by the philanthropic foundations—a fact which goes most of the way toward explaining why so little is known about the Establishment and its workings. Not one thin dime of Rockefeller, Carnegie, or Ford money has been spent to further Establishment studies

The Establishment is not monolithic in structure or inflexible in doctrine. There is an Establishment “line,” but adherence is compulsory only on certain central issues, such as foreign aid. On economic affairs, for example, several views are tolerated. The accepted range is from about as far left as, say, Walter Reuther to about as far right as, say, Dwight Eisenhower. A man cannot be for *less* welfarism than Eisenhower, and to be farther left than Reuther is considered bad taste.

north of the tracks, immediately revealed one’s inferior social and economic standing. The most common denominator of the local Establishment was membership in the Episcopal Church, the American offshoot of the Church of England. Just outside the charmed circle stood the “lower” Protestants, namely Presbyterians, Methodists,

and, somewhat farther beyond, Baptists. While they were not to be confused with those of English-Episcopal stock, these Scots, Scots-Irish, and Welsh emigrants were a decided cut above those other former British subjects, the Irish Catholics.

The McCloy’s Presbyterianism was the twin social deficit to their row house well north of the railroad tracks. Yet by the early 20th century, because of the changing character of immigration to Philadelphia, it was becoming easier in some ways to enter Philadelphia’s upper class. Northern Europeans were still part of that immigrant mix, but an increasingly smaller ingredient, supplanted by the immigrants who came from southern and eastern Europe. There was talk about “how the Jew and the alien are forcing their way in,” and the urban Establishment was growing more inclusive, so long as aspirants were white, Anglo-Saxon, and Protestant.

The surest way into the upper class, the McCloy’s rightly thought, was education. John McCloy senior had dropped out of high school, perhaps because of a heart murmur that plagued him much of his life. Yet despite his lack of formal schooling, he had a passion for Latin and Greek, to the extent that he seemingly believed in the original meaning of the word barbarian: one who does not speak Greek. Knowledge of the classics was also inseparable from the one profession that the McCloy’s, along with proper Philadelphia, held in highest regard: the law. Decades later, “Philadelphia lawyer” would be a term of opprobrium, connoting a shrewd, unscrupulous operator skilled in the manipulation of technicalities. But in turn-of-the-century Philadelphia, because of favorable associations stretching back to the American Revolution, the profession and the phrase had only the loftiest connotations. The law was also one of the surest

paths by which a man without capital could attain wealth.

In 1899, the McCloy's eldest son William died of a fever at age seven, and two years later John McCloy senior died of heart failure. He was only 39. Family lore has it that on his deathbed McCloy extracted a pledge from Anna: She would "make sure Johnny learns Greek." From that simple vow, Anna McCloy would construct a whole new life for herself and her sole remaining child. Anna became the dominant influence in his life, insisting on certain values and inculcating definite beliefs. What might have been an overbearing presence was leavened, though, by her unflagging confidence in her son's capacities. Freud once observed that "A man who has been the indisputable favorite of his mother keeps for life the feeling of a conqueror, that confidence of success that often induces real success." Those words were made to describe John McCloy.

Anna McCloy became a hairdresser, rising each morning at six to travel to Rittenhouse Square or out the Main Line to "do heads" while her two sisters minded young John. Her work gave her access to the upper class and unusually intimate exposure to its mores, prejudices, and customs. Among the last was private schooling. In addition to its avowed purpose of providing a superior education, private schooling served a social and psychological function. The elite school, as much as the family, was an important agency for transmitting the values and manners of the upper class. It also served to regulate the admission of new wealth and talent.

A dramatic rise in private academies in the late 19th century indicates that, just as the American economy was becoming truly national and industrialized, the urban upper classes of Philadelphia, Boston, New York, and other eastern centers were banding together to form a national elite.

Groton opened its doors in 1884, for example, Choate in 1896. The sons of old wealth and the scions of the new industrial rich needed proper rearing, and this in large measure meant association with the right people. Bulwarks against the growing heterogeneity of public schools, private schools groomed their students for success and power. And like their British counterparts, the American schools instilled in young men an admiration for fair play, a healthy desire to win, and a respect for power. If a boy were too sensitive, boarding school could be unforgiving. But it could also instill self-control, discipline, and a

OUTSIDE LOOKING IN

Rovere insisted that his essay was a spoof, but William F. Buckley, then editor of National Review and an angry outsider, failed to see the humor. Rovere's joke, he wrote in a review, depended on "a sort of nervous apprehension of the correctness of the essential insight."

It tends to be true in England that the Establishment prevails. It is less true in the United States: for the Establishment here is not so much of the governing class, as of the class that governs the governors. The English Establishment mediates the popular political will through perdurable English institutions. The American Establishment seeks to set the bounds of permissible opinion. And on this, it speaks *ex cathedra*. It would not hesitate to decertify Mr. Rovere. But he gives no indication of waywardness . . .

[I]n England, the Establishment is conceded to concern itself with what is clearly the national consensus. In America, by contrast, there is a deep division between the views of the putative Establishment and those whose interests it seeks to forward. For in this country there are two consensuses, that of the people (broadly speaking) and that of the intellectuals (narrowly speaking). These differences the Establishment is not eager to stress.

sense of assurance, all deemed essential to a first-class temperament.

In 1907, Anna McCloy enrolled her son in the Peddie Institute, where, parents were assured, "Christian influences prevail and the development of character is placed above all other considerations." The Baptist-founded academy in New Jersey was a poor cousin to the more exclusive New England boarding schools, but like them it emphasized sports as a means of building character. Anna McCloy's parting words to her son as she left him at school for his first term were, "Be a Presbyterian and don't let those Baptists convert you." The injunction was more cultural than ecclesiastical, for the McCloyes were never deeply religious.

Perhaps the cardinal lesson young McCloy learned at Peddie came from his participation in sports. He was not fleet of foot, but his coach would always insist, as McCloy later recalled, that he "get in there and run with the swift. Run with the swift. Every now and then you might come in second." At first he was reluctant to compete against his betters. Then he made an important discovery: What he lacked in speed, he more than made up for in endurance.

Prep school was only the first of a number of institutions that regulated the upward mobility of young men like John McCloy into the national upper class. Peddie was followed by a select private college, Amherst, arguably the one institution that figured longest and largest in McCloy's life. (He would later chair its board of trustees for many years.) McCloy excelled in history, English, and physical education, and struggled with mathematics and public speaking. No one was awed by his brilliance, but he was a dogged student. Ever the thorough pupil, he even staged his own "reading debates" by simultaneously reading three or four books with different slants on the same subject.

Almost as important as the Amherst

education was the status of being an "Amherst man." To become one was to earn a badge of class identity, to go out into the world linked with all other Amherst men, an equal in rank to graduates of other select colleges. McCloy's fraternity, Beta Theta Pi, was not as high-toned as some, but, as was true at the Ivy League schools, fraternities (and clubs) dominated the social and political life at Amherst and promised a network of social and professional contacts that could prove useful years after graduation. If nothing else, they taught their members the bearing and fine manners of gentlemen; for being part of the upper class meant being recognizable in language and dress as well as in religion.

The rare non-WASP who aspired to penetrate the upper class did so only by enduring a "brutal bargain," obliterating all manifestations of his own ethnicity and becoming a facsimile WASP. McCloy, of course, did not have to discard any fundamental identity. His sole handicap was being a "scholarship boy," and even his leisure pursuits during adolescence and into adulthood were aimed at overcoming it. Anna McCloy remained single-minded in that goal, even during summer vacations. At her urging, he would knock on the doors of the great estates along the coast of Maine, seeking a job as a tutor to young boys. Years later he would recall the "day she made me work up the nerve to ring the doorbell at Seal Harbor, where the Rockefeller estate was . . . I got turned down, but I did teach them a little sailing." His mother also encouraged him to cultivate the diversions enjoyed by the upper class, namely hunting, fishing, and a recent import from England, lawn tennis. Tennis was fast becoming the preferred sport of the Anglophile upper class, for in its dress and conventions it epitomized the notion of "gentlemen at play." A good tennis game was yet another way to emulate and thus

meet the right people. Jack developed one.

After graduating from Amherst in 1916, he went to Harvard Law, which, then as now, set a standard for legal education in America (although then virtually anyone with a college degree and the price of tuition could attend). McCloy worked hard but again did not particularly distinguish himself. Years later, he would jokingly chide his former Harvard professor, Supreme Court Justice Felix Frankfurter, for not assigning him a seat in the front row, where Frankfurter always put his brightest (and favorite) students.

As surely as a Harvard degree created useful associations and opened important doors, a Harvard legal education molded minds. "Law," said Edmund Burke, "sharpens a man's mind by narrowing it," a truth that Burke was not alone in recognizing. Observers have long noted the peculiarly large role lawyers play in the upper reaches of American society. If asked where the American aristocracy was located, wrote Tocqueville, "I have no hesitation in answering that . . . it is to be found at the bar or the bench." Lawyers developed an "instinctive regard for the regular connection of ideas," which tended to make them informed, detached, conservative, and trusted. Or as Jean Monnet, another French observer, later remarked about that characteristically American profession, lawyers submerged ideology and concentrated on process, making them peculiarly able to understand unprecedented situations and to devise practical ways for resolving the ambiguities of human life and human institutions.

Mccloy's years at Harvard (1916–1917 and 1919–1921) were interrupted by active duty as an artillery captain in France during World War I. McCloy had acquired a Bull Moose Rooseveltian world-view, probably during

his days at Amherst, when the campus was split between "pacifists" and "militarists." McCloy was instructed in an ideology that saw the Civil War as the crucible of American civilization. Now that Manifest Destiny on the continent was fulfilled, this ideology held, it was America's inexorable and proper duty to break decisively with George Washington's policy of noninvolvement in European quarrels and act like a world power. Gradually it would assume Britain's role, emerging as the world's creditor while preventing the domination of continental Europe by any one power. In the 20th century, that meant America would share British discomfort about rising German power.

At Amherst, McCloy, always eager to test himself, had been one of the school's first "Plattsburghers," spending his summer vacations at the military training camps in Plattsburgh, New York, organized and funded by elite WASP businessmen and lawyers like Grenville Clark. Once America entered the conflict on April 6, 1917, McCloy promptly left Harvard to volunteer. Several weeks into officer training at Fort Ethan Allen, he caught the eye of a general officer, Guy Preston, a cavalryman who had fought at the Battle of Wounded Knee. Preston selected McCloy as a staff aide after he saw him dismount from a horse. "I could see blood all over his pants," Preston later recalled. "I said to myself, any man who could keep riding with that much pain must be a damn good officer."

The Great War was a formative experience for him, as it was for his generation and entire nations. Although he did not participate in combat—or perhaps because—McCloy left the Army free of cynicism or dread, and his convictions about America's international role, and the need to check German ambition, remained intact. The day after Armistice was declared on November 11, 1918, he wrote to his mother:

I did not play the part I worked for in the great act. My, how I was keyed up to it. No officer could have taken his men 'over the top' with any greater dash than I was prepared to do. It is very queer but I feel awfully desolate. The war is a thing that will be talked of and dreamed of for the duration of time and I did not get in it. A great many of my friends were killed, a greater number are wounded, and still a greater number were actively engaged in it. I was a soldier before any of them . . .

My, how bitter the French are to the Germans . . . It is a bitter shame that the people of Germany are not to see their towns sacked and their fields laid waste as the French have. People of Germany . . . don't realize yet what war is, and until they do there will be no peace in Europa.

These attitudes became increasingly unpopular and almost disreputable in the years following the Great War. The awful toll of industrialized warfare, the great powers' failure to pacify Europe at Versailles, and later charges of war-profiteering by American industry (including charges that the war was fought on behalf of Wall Street interests) disillusioned the American public. The nation assumed a churlish isolationism, turning self-indulgent and speculative. It took another generation, and another war, before isolationism could be driven decisively from popular opinion, and indeed from elite opinion.

While serving with the forces occupying Germany, McCloy briefly considered a military career. Finally, though, he decided to return to Harvard Law. Upon graduation in June 1921, he went to see George Wharton Pepper, an acquaintance of his mother through her work as a hairdresser, and the living embodiment of the Philadelphia Lawyer, circa 1921. Presenting his credentials, McCloy asked Pepper to which firms he should apply. The patrician candidly suggested that for all his accomplishments McCloy would never become a partner in a blue-chip Philadelphia firm. He was, after all, still a "scholarship boy" from the wrong

side of the tracks. Pepper advised the 26-year-old McCloy to head north, to an aggressive legal community less concerned about keeping up appearances and more appreciative of hard work. That night McCloy took a train to New York, the national center of talent and money-power.

There he joined Cadwalader, Wickersham & Taft, a staunchly Republican firm with a long roster of wealthy clients who needed counsel on their trusts and estates. But Cadwalader's nepotism was too redolent of the Philadelphia that McCloy had left behind. Through Donald Swatland, a fellow student at Harvard Law School, McCloy transferred to the Wall Street firm of Cravath, Swaine & Moore in 1924. Cravath was also a Republican firm, but there its resemblance to stodgier Cadwalader ended. Cravath was to the practice of corporate law what Amherst and Harvard were to education and what tennis was to sport. The "Cravath system" was the prototype for management of a contemporary law firm, and Cravath's casework put it at the cutting edge of corporation law throughout the 1920s and '30s. Cravath weighed lineage, personality, and ability when hiring new lawyers, but merit counted more than blood ties. A Cravath partner was just as likely to have graduated from the University of Michigan Law School as from Harvard.

Cravath also epitomized the international orientation of the corporate legal elite, a key element in the nascent Establishment that was emerging even as America was becoming an international power. Paul Cravath himself was a founding member of the Council on Foreign Relations, which had its genesis in the early 1920s, just as public opinion over America's first great European foray was souring. The lawyers, bankers, academics, and businessmen who founded the Council admitted to no ideology, but all shared the conviction that

the United States inevitably had to play a major role in world affairs.

Cravath men were noted for their long working hours, and McCloy, unmarried, with only his mother to support, favored by a sturdy constitution, and mature beyond his years owing to his wartime service, labored harder than most. His working life was dominated by complicated railroad re-

organization cases. (On one occasion in 1926, he became, for one day, the nation's youngest railroad president, his photograph splashed across newspapers around the country.) Many of McCloy's leisure hours were spent playing tennis at the Heights Casino in Brooklyn, which he joined in the same year as a young investment banker, James Forrestal. As Anna McCloy had hoped, the game eased her son's entry into the right social circles, particularly as he became known as one of the out-

standing amateur tennis players in New York. For the sake of his prowess on the court, McCloy was sought by influential men he otherwise might not have met, leaders of the bar such as George Roberts, a name partner in the prestigious law firm of Winthrop, Stimson, and prominent businessmen such as Julian Myrick, head of the U.S. Lawn Tennis Association and chairman of the Mutual Life Insurance Company. McCloy's social connections multiplied as he joined a lengthening

list of metropolitan men's clubs in the 1920s and '30s: Anglers' (forever the Rooseveltian outdoorsman, he was a life-long fly-fisherman), Bond, Grolier, Recess, University, and Wall Street. His social reputation was rivaled only by the esteem in which he was held at work, for, as Robert Swaine wrote, "no Cravath partner . . . had greater personal popularity than McCloy."

In 1930, a year after he became a full

partner at Cravath, he married Ellen Zinsser, the daughter of a socially prominent German-American industrialist in New York City. Their union merited the couple's immediate entry in New York's *Social Register*. Ellen McCloy was a socially adept wife who bore for her husband a son and a daughter. Nearly two decades after the marriage, when McCloy became the American representative in occupied Germany, Ellen's social skills and fluent German were instrumental to McCloy's effort to forge a new alliance



The young New York corporate lawyer with his new wife Ellen in Paris, around 1930.

between victor and vanquished.

The same year he was married McCloy was sent to Paris to run Cravath's European office, promptly becoming involved in a case that would vault him beyond the *Social Register* and into the pages of *Who's Who*, the register of elite, individual accomplishment. The case involved Bethlehem Steel's claim that in 1916, before America entered World War I, German agents had

sabotaged its munitions factory on Black Tom Island in New York Harbor. McCloy, on behalf of the American claimants, would pursue the case for nine years, long after the Nazis took power and everyone in the legal community, including some of his partners, thought he was flogging a dead horse. In the summer of 1938 he worked virtually day and night preparing briefs for the case. And in the unlikely year of 1939 he won a \$20 million judgment by default. On the eve of another European war, he had fortuitously established himself as an expert on German sabotage.

The Black Tom case made McCloy's reputation at a time when opinion on the most important question of the day was deeply divided. Internationalism, which meant intervention in Europe, was not the consensus view; nor were its advocates close to being the driving force behind American foreign policy. A substantial portion of the upper class scorned "that man" in the White House as a virtual traitor to his class. (McCloy's own law firm fought the New Deal tooth-and-nail in the courts throughout the 1930s.) Not only did FDR accuse the WASP-dominated upper class of grossly selfish mismanagement of the economy but he had also forged a political coalition critically dependent upon religious and ethnic minorities. He then opened up government to people without the right names and right origins, including Catholics, Jews, and others who were routinely excluded from the best universities, law firms, and corporations despite their talent. In league with reform-minded Protestants, these newcomers were challenging the maldistribution of wealth in America. Upper-class and elite anxiety was heightened by developments abroad. Many feared the international Left more than fascism, most prominently, the Wall Street lawyer John Foster Dulles. Grandson of one secre-

tary of state and nephew of another, Dulles advocated the cause of the "have-not" nations of Germany and Japan.

McCloy personified the tendency that would prevail within elite ranks. Brimming with confidence in America, these internationalists held that the "Fortress America" advocated by isolationists was naive. North America might seem impregnable to attack, but the aggressive fascist powers still threatened U.S. interests. Fascism not only contradicted the American aim of an open world economy but also threatened political and economic freedom at home, since America would likely become a garrison state if the dictatorships went undefeated.

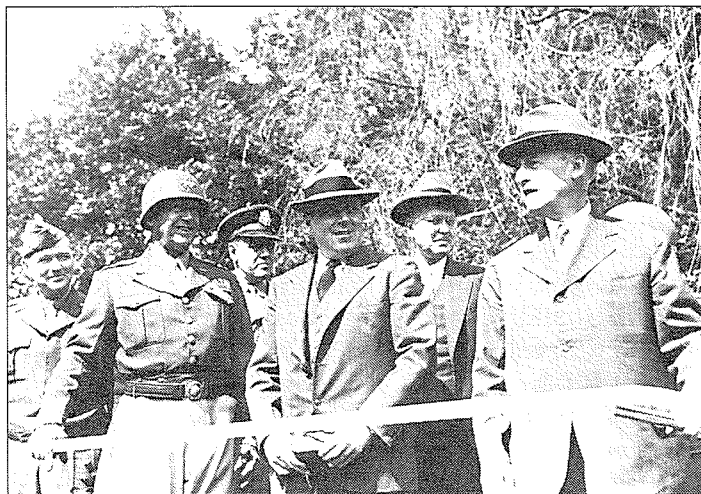
Two months after Hitler's 1939 invasion of Poland, McCloy was elected to membership in the Council on Foreign Relations, the incubator of internationalist views on U.S. foreign policy. Soon he was just as active in William Allen White's Committee to Defend America by Aiding the Allies, and he was working with Grenville Clark to spread military training in the schools, 20 years after Plattsburgh. Hamilton Fish Armstrong, editor of *Foreign Affairs*, pegged him as one of the more talented, up-and-coming men of his generation. His reputation soared. Gregarious but not insincere, McCloy had acquired the upper-class air of authority. He had the ease with himself that often comes with athletic success, and his self-confidence communicated itself effortlessly. His remarkable energy gave him presence, even though he was short and compact. A later law partner remarked, "I never met a man who was as comfortable in his own skin as McCloy." He could be simultaneously unyielding and disarming, a rare quality that won over many old lions of the Establishment.

In late 1940, a new, hawkish secretary of war named Henry Stimson asked McCloy to come down to Washington as a consultant on German sabotage. The response of

elites to the call to public life at the time may have exceeded even those during the Revolutionary and Civil Wars. The war, and America's emergence as a global power, marked a watershed in the relationship between national elites and Washington. It crystallized the emergence of a national Establishment united in its devotion to managing the United States' global power. The most prominent symbol of this union, of course, was Henry Stimson himself, born two years after the end of the Civil War, a Wall

Street lawyer, and a former secretary of state and secretary of war under two different Republican presidents, including FDR's unpopular predecessor, Herbert Hoover. An army of younger men with credentials similar to McCloy's came to Washington. A Cravath man (Al McCormack) directed Army intelligence, another Cravath man (Benjamin Shute) was responsible for distribution of the Magic and Ultra intercepts, and a third Cravath man (Donald Swatland) procured all the airplanes for the Army Air Forces. The entire civilian leadership of the War Department would consist of WASP men trained as corporate lawyers, namely Stimson, Robert Patterson, Harvey Bundy, Robert Lovett, and John McCloy. When personal contacts did not yield the right man for a job, there was always the Council on Foreign Relations. McCloy, who in the early days served as a personnel chief for Stimson, later recalled that "Whenever we needed a man we thumbed through the roll of Council members and put through a call to New York."

McCloy, bearing the official title of assistant secretary of war, became almost a sur-



At Potsdam in the summer of 1945, Assistant Secretary of War McCloy (center) reviewed American troops with his mentor, Secretary of War Henry L. Stimson, and General George S. Patton.

rogate son to the aging Stimson. As Stimson's chief troubleshooter, he drew on the skills he had honed as a corporate lawyer. With his prodigious energy he helped to secure passage of the Lend-Lease Act, organize the "arsenal of democracy," choose America's field commanders, and build the Pentagon. McCloy also was at the forefront of major domestic issues, including the internment of Japanese-Americans and the early stages of the integration of U.S. armed forces. By late 1943, once Allied victory had become mostly a matter of time, his attention shifted to high strategy and to politico-military decisions that would have ramifications for decades. He was intimately involved in the response (or lack thereof) of the Allies to reports of Nazi concentration camps, helped draft postwar occupation plans for countries from Italy to Korea, torpedoed the Morgenthau Plan to limit German industry, framed the Potsdam declaration, organized the State-War-Navy Coordinating Committee, and finally, participated in the decision to drop the atomic bomb. Probably no civilian other than Roosevelt took so direct a role in the war's mili-

tary decisions. "So varied were his labors and so catholic his interests that they defy summary . . .," Stimson wrote in his third-person postwar memoir. "He became so knowing in the ways of Washington that Stimson sometimes wondered whether anyone in the administration ever acted without 'having a word with McCloy'; when occasionally he was the first to give McCloy news he would remark that his assistant must be weakening."

By war's end, the role played by Stimson for nearly a half-century was ready to be assumed, perhaps not immediately but inevitably, by McCloy and his cohort. Shortly before resigning from the War Department, McCloy in his diary made a conscious reference to the mantle he felt he had inherited: "Later in the day, in what was a most emotional affair for me, [Stimson] . . . bestowed on Patterson, Lovett, Bundy and myself the Distinguished Service Medal . . . The presentation was done in the Secretary's office and I stood under the steady gaze of Elihu Root. I felt a direct current running from Root through Stimson to me . . ."

In 1946, McCloy went back to the practice of Wall Street law, leaving Cravath to join Milbank, Tweed, a firm distinguished by its ties to the Rockefeller family. But the satisfactions of power, and McCloy's convictions about the proper role of the United States in world affairs, hastened his return to Washington. In 1946, he agreed to serve on the Acheson-Lilienthal committee, charged with developing a proposal to control the development of atomic energy. Then, in 1947, despite McCloy's lack of financial experience, President Harry S. Truman suddenly made him a banker. One of the pillars of the liberal, dollar-denominated postwar order was to be the International Bank for Reconstruction & Development, or World Bank. With U.S. leadership and money, the Bank was supposed to help

prevent a repetition of the economic instability that many American policymakers believed led to World War II. But two years after its inception the Bank was foundering, unable to balance the respective needs of Wall Street purchasers of its bonds, American policymakers, and a Europe with a bottomless demand for dollars.

From 1947 to 1949, as McCloy labored to put the World Bank on its feet, he also participated in presidential commissions that established the unprecedented institutions deemed necessary to carry out the new American policy of containment, the National Security Council (NSC) and the Central Intelligence Agency (CIA). These, especially the CIA, were quickly staffed with Ivy League men and others cut from reliable Establishment cloth. McCloy, in his seamlessly connected official and quasi-official roles, personified the deepening postwar links between Washington and a coalescing American Establishment. Continuing a relationship that began during the war, members of the Council on Foreign Relations served as a sounding board for Washington policymakers, many of whom were drawn from the Council's ranks, and Council members in return had private access to foreign-policy officials. Establishment consensus on the need to confront communism and foster conditions conducive to U.S. interests around the world produced not only the governmental machinery to prosecute the Cold War but the Marshall Plan and the North Atlantic Treaty Organization (NATO). Little wonder that McCloy would recall the late 1940s as a "Periclean Age" in foreign policymaking.

Shared premises and conclusions largely explain why presidents from Truman to Reagan would seek McCloy's services during the next four decades, along with those of a handful of other men who had prosecuted World War II or were "present at the creation" of containment,

to borrow Dean Acheson's phrase. These were men, as one observer wrote, "whose stature [was] based on prior performance under fire . . . men of ability and judgment [and] action who knew what it meant to get and to give realistic and meaningful policy advice." That McCloy was called upon so often was doubtless also due to his inexhaustible energy, unwavering enthusiasm for the task at hand, and desire to remain close to power. He was known as a man more interested in getting things done than in winning credit for them. He considered himself a doer, not a conceptualist like Acheson. Nor was he prone to the introspection of a George Kennan. One of his law partners, Elliot Richardson, liked to compare him to a naturally gifted shortstop. In the same way that a shortstop instinctively reaches for a ball, stops, pivots, and throws to first, McCloy was a "natural at what he did. There was no space, no gap between understanding what needed to be done and doing it." A lifelong Republican, like Stimson, McCloy would serve more often, and for longer periods, under Democratic presidents, thus embodying, along with so many other things, postwar bipartisanship in the conduct of U.S. foreign policy.

Like all great edifices, however, the Establishment's foreign policy had faults, mistaken constructions that were masked by consensus. The greatest error was undifferentiated anticommunism. Establishment members understood Europe and the nature of the struggle there. In Europe, sophisticated societies had been disrupted and needed to be rebuilt, and European elites believed in (or could be persuaded to adhere to) democratic principles. The world outside Europe was altogether different. Many countries had not yet won national sovereignty, and while Washington generally opposed reimposition of colonial empires after 1945, the Establishment's

conservatism bound it to ruling elites that were reactionary and undemocratic. Yet the Establishment's anticommunist impulse was so strong that containment in Europe, which corresponded to American interests and ideals, was universally applied to Third World regions, where the genuine, uncorrupted nationalists were often left of center. Ideology supplanted dispassionate and pragmatic analysis, overwhelming even expert American opinion. This reflex was evident as soon as Japanese guns fell silent, when the first postwar social revolution began in China. Following a visit to Peking in November 1945, McCloy wrote to Henry Luce, cofounder and proprietor of *Time* and herald of the American Century. "We ought to give Chiang Kai-Shek a fair chance to show what he can do in the way of reform . . .," said McCloy. "Now that he's on the 10-yard line of victory is a hell of a time for us to be thinking about abandoning the long 'investment' we have in him."

America did not intervene in the Chinese civil war, of course. But the overselling of the communist threat, which was deemed necessary to persuade the American public to foot the bill for containment in Europe, set into motion a destructive dynamic that one day would shake the Establishment. Inevitable reverses abroad helped hold U.S. foreign policy hostage to what historian Richard Hofstadter called the "paranoid style" in American politics, eventually igniting McCarthyism and stifling dissent and full debate, even within the Establishment. An unlikely sign of McCarthyism-in-waiting involving McCloy himself appeared as early as 1946. In a May memo, FBI head J. Edgar Hoover warned the Truman Administration of an "enormous Soviet espionage ring in Washington . . . with reference to atomic energy," and identified McCloy, along with Dean Acheson and Alger Hiss, as worrisome for "their pro-Soviet leanings."

McCloy in fact proved to be one of

America's ablest Cold War diplomats. In 1949, he left the World Bank to become American High Commissioner to Occupied Germany, entering the cockpit of the struggle over Europe. Aided by a staff comprised almost exclusively of men who had interested themselves in German affairs at the Council, McCloy virtually godfathered the acceptance of the Federal Republic into the Western alliance. The acceptance of West Germany—and West Germany's acceptance of the West—alongside a stable if rigid European order were rightly regarded as McCloy's great accomplishments and as perhaps the greatest accomplishments of his generation. Germany had brought America into two European wars. It was where the brief against communism was confirmed, when the Berlin Wall went up in 1961. And it was also where the Cold War in Europe ended.

From 1953 to 1960, and despite the first two-term Republican presidency in 20 years, McCloy was primarily a private citizen, albeit an extraordinarily influential one. Part of the reason for his retreat was the dominance over foreign policy exercised by John Foster Dulles. Being secretary of state, and following in Stimson's footsteps, was arguably the one job McCloy wanted. When the office went to Dulles, McCloy returned to banking, becoming chairman of Chase Manhattan Bank, which he brought into being in 1955 by negotiating the merger of the Chase National Bank with the Bank of Manhattan.

Much of his influence on foreign policy devolved from his post at the Ford Foundation, where he served as chairman from 1953 to 1965. Based on his service in Germany, McCloy had a keen appreciation for what has been called the "revolution in statecraft," that is, the untraditional modes of influence available to states in an age of interdependence, many of them developed

during World War II. Using the resources of the Ford Foundation, and collaborating with U.S. government agencies, McCloy channeled funds into cultural activities, educational exchanges, and information programs all designed to roll back or retard the advance of communist ideology in Europe, and later the Third World. Some programs existed to criticize the reality of communism; others, like the funds earmarked for Jean Monnet's Action Committee for a United Europe, supported a positive alternative. The political unification of Western Europe became a favorite Establishment cause during the 1950s.

With American power at its peak in the 1950s, and the Establishment more visible at the levers of American authority, this governing elite began to attract deserved attention. Henry Fairlie, an expatriate British journalist, was the first to appropriate the term Establishment from his native soil and apply it to the American scene. Writing in 1954, Fairlie identified several psychological and social attributes common to members-in-good-standing of the Establishment. Of similar origin and education, they knew each other or everyone "worth knowing"; they shared deep assumptions that did not need to be articulated; their power to promote a course of action was exceeded only by their power to stop things, and their power to promote sound, reliable men. Usually neither elected officials nor career civil servants, Establishmentarians, when outside government, could be found at the command posts of the major institutions in the country. Inside government, they were invariably found at the commanding heights of a presidential administration, in the departments of State, Defense, or Treasury. They could be identified in any case by their allegiance to the Atlantic Alliance and foreign aid.

All these attributes applied to McCloy, who besides leading the Chase and the Ford

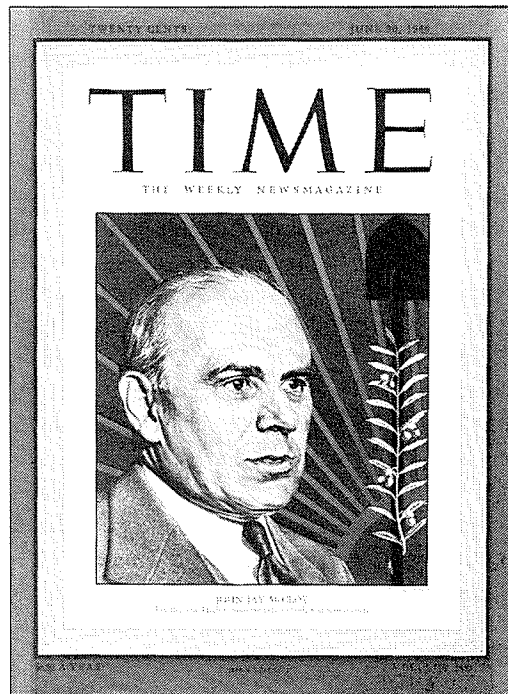
Foundation was chairman of the Council on Foreign Relations. Not surprisingly, when Richard Rovere wrote his tongue-in-cheek article on the Eastern Establishment in 1961, he anointed McCloy chairman. The only detail Rovere got wrong was identifying McCloy as an Episcopalian.

But, in truth, the nearly pure WASP character of the Establishment, properly called the Eastern (or even Northeastern) Establishment until the 1950s, was changing. The regulating institutions remained more or less intact, yet new sources of wealth were springing up in Texas and California. Then too, the great Roosevelt "inclusion" was still bringing down barriers. American soldiers could hardly fight against racist doctrines abroad only to return to a land of racial prejudice and ethnic exclusion, and such attitudes became socially unacceptable, or at least not expressible. Equally significant, the GI bill enabled millions of Americans to gain admittance to colleges previously dominated by the WASP upper class, and merit increasingly became as important a factor as background. Other class precincts—law firms, corporations, and men's clubs—were also opening up to non-WASP men of ambition, energy, and talent, and such newcomers no longer had to endure the "brutal bargain." It ceased to be news when a Jewish lawyer was elevated to partner status at Cravath, and America's high culture ceased to be WASP culture. Of all the nation's large ethnic groups, only black Americans were still excluded.

In 1961, the first non-WASP president, John F. Kennedy, asked McCloy to become secretary of the treasury. But McCloy was inclined to pass the baton onto a new generation, to the Robert McNamaras and Dean Rusk, men who generally fought in World War II rather than managed it. After helping Kennedy secure congressional approval of a new bureaucracy, the Arms

Control and Disarmament Agency, McCloy made himself available for special "elder-statesman" assignments. These ranged from adviser during the Cuban Missile Crisis to service on the Warren Commission, from public performances to secret missions. Whenever relations with West Germany were involved, McCloy was almost certain to be called upon.

As the State Department later described this extraordinary role, McCloy has "over the years been privy to confidential information from U.S. cabinet members and other senior officials. In turn he has regularly conveyed information from high foreign officials who conveyed information to Mr. McCloy in the full knowledge it would be passed to us and the expectation that the information would be protected. His visits are frequently facilitated by the Department and our official representatives abroad." State Department officials turned to Mc-



In 1949, the new High Commissioner made the cover of Time, then a signal honor.

Cloy for "outside views assimilable to inside needs," as one scholar put it. And in a real sense, "public opinion" as late as the 1960s really meant the opinion of men like McCloy, who had been in and out of government and were respected for their know-how, intelligence, and experience.

During this period, McCloy was practicing corporate law at Milbank, Tweed. He had the name and reputation that translated into extra billings, and he played a role reserved for Establishment lawyers with only the most impressive credentials, reputations, and contacts. For some 25 years, McCloy provided legal counsel to large U.S. corporations enmeshed in difficulties abroad. He represented Hanna Mining, Westinghouse, Alcoa, and all of the major oil companies in disputes everywhere from Latin America to the Middle East. Clients turned to him for his personal qualities and skills, but it was also McCloy's proximity to political power and understanding of Washington that made him a liaison between the political and business worlds. Years later George Shultz, Ronald Reagan's secretary of state, would say to McCloy, "More than anyone I know you have led a career that erased the artificial distinction between public and private service."

Until the mid-1960s, the postwar Establishment had ample reason to be satisfied with its conduct of foreign policy. True, China had been lost, Korea had been a stalemate, and Cuba had become a thorn in the American side, but American power was intact and though the peace was hard and dangerous, it was still a peace. Then came Vietnam. That debacle is rightly seen as the petard on which Establishment conceits, and the conceits of postwar American policy in general, were finally hoisted. The detached reasonableness and objectivity so typical of the Establishment seemed to vanish, and now the eminence and respect automatically accorded its members

worked against them, blinding them to the fact that their views were no longer informed or right.

It is a matter of some dispute as to which generation of the Establishment was chiefly responsible. Some critics reserve blame for the "best and the brightest" of the Kennedy and Johnson administrations, the Bundy and Rostow brothers, Dean Rusk, and Robert S. McNamara. But if the successor generation was incapable of imagining that a backward, peasant nation could defy American power, the seeds of their ill-considered crusade were planted earlier. The template of the postwar struggle over Europe had been forced onto the Third World ever since the debate over "who lost China." Writing in 1960, McCloy said, "The less-developed lands . . . promise to be the principal battleground on which the forces of freedom and communism compete—a battleground in which the future shape of society may finally be tested and determined." Vietnam only revealed the poverty of American perceptions and policy.

McCloy, along with other "Wise Men" called in by Johnson for advice, had qualms about a land war in Asia. But he finally told LBJ in mid-1965, "You've got to do it, you've got to go in." America's credibility was at stake, he warned. McCloy eventually turned against the war in 1968, but he did so more out of concern about what Vietnam was doing to the United States than what America was doing in Vietnam. When he extended, as Amherst's chairman of the board of trustees, an invitation to Secretary of Defense Robert McNamara to address the class of 1967, McCloy was angered and stunned by the hostile (though remarkably polite by later standards) reception given to an architect of the war. Vietnam, he concluded, was tearing apart the next generation of leaders and un-

dermining faith in American principles and institutions.

During the late 1960s and '70s, McCloy played a role in making adjustments to U.S. foreign policy while maintaining containment. He helped reconstruct NATO after the French withdrawal in 1966, monitored West Germany's *Ostpolitik*, and figured prominently in U.S. relations with oil producers in the Middle East. Taken together with the opening to China and arms control negotiations with the Soviet Union, these changes represented a foreign-policy agenda as Establishment in nature as that of the Truman administration. The enduring irony was that all this was done during the presidency of Richard Nixon, an insecure Californian always resentful of the East Coast brahmins, and one of the politicians who poisoned the domestic debate over foreign policy. But now he led the Establishment's policy of accommodation and adjustment to communist power.

Extricating America from Vietnam was such a long and bitter process, however, that it further discredited U.S. foreign policy and the Establishment that oversaw it. The hostile interpretation of *The Power Elite* (1956) by C. Wright Mills suddenly gained popular currency. The Establishment, it was said, shaped events for self-serving reasons from invulnerable positions behind the scenes. How could it lay claim to America's foreign policy when the United States, in the name of indiscriminate anticommunism, had as its allies some of the most repressive, brutal, and corrupt governments in the world?

McCloy, after he turned 80 years old in 1975, often commented on the fact that he had lived almost half the life of the American Republic. Depending on his mood, he would cite the fact to impress a listener with how young the country was, or with how old he was getting to be. In either case, he lamented what he saw as the end of the

consensus on America's world role. In fact, a whole view of the world and of history, as well as the culture, standards, and manners that produced men like McCloy, seemed to be receding. Respect for government plummeted, and along with it, the moral authority of institutions and elites. The stench of failure in Vietnam was sharpened by the disappointments of the Great Society, the scandal of Watergate, and the uncontrollable stagflation of the 1970s.

Jimmy Carter, and then Ronald Reagan, ran against Washington, campaigning on the principle that the federal government was an unworthy and destructive force in the life of the nation. Reagan then delegitimized taxes as the price to be paid for a civilized society, while devoting extraordinary resources to the military in peacetime. For the first time in decades, the "best and the brightest" of a new generation of Americans retreated behind their privileges and contented themselves with selfish pursuits. It was no coincidence that the 1980s marked a decade of speculative abuse in the American economy unparalleled since the 1920s. Seldom has the maldistribution of wealth increased so dramatically within a single decade. Greed was not only rewarded but celebrated, as a laissez-faire attitude permeated Washington and Wall Street. Those with the best education and resources acted selfishly, looted corporate coffers, and broke the social compact.

In one of his last public interviews, McCloy observed that "These big salaries lawyers are getting make it much harder for them to consider government as part of their careers. When I was young, the idea of serving in Washington was the most exciting prospect I could imagine." When public service was not disdained in the 1980s, it was simply viewed as a stepping-stone to a lucrative reentry into the corpo-

rate world. To judge from the makeup of the Bush administration, the idea of public service is not completely extinct, but the Establishment remains debilitated and elite status something to be thoroughly ashamed of. Before embarking on his 1980 campaign for the Republican presidential nomination, George Bush ostentatiously resigned from the Council on Foreign Relations and subsequently declared his fondness for pork rinds.

The governing elite seems to have lost sight of the sources of American power. Rather than engagement being the natural consequence of a robust polity and economy, the satisfaction of exercising power appears to be a preoccupation in and of itself. "I love coping with the problems in foreign affairs," Bush recently told a student who asked him what he likes most about his job. It is a sentiment that might have been appropriate in the 1950s, but not in the 1990s, when students are drilled in how to attend school without getting shot by gangs. The Establishment remnant, reluctant to admit the heavy toll exacted by the Cold War, has failed to face up to the fact that America's economic house is in considerable disorder. Can a sustainable foreign policy be fashioned by any elite that ignores domestic realities?

Along with this problem is the chronic American dilemma of re-creating a representative governing elite while eliminating exclusion of minority groups which already make up 25 percent of the population. There are now more Asian-Americans in New York than in Hawaii, and the population of European-descended whites in California is shrinking so dramatically that they could be a minority by the year 2000. If "persons of great ability, and second to none in their merits, are treated dishonor-

ably by those who enjoy the highest honors," as Aristotle wrote, then the traditional standards which carry authority and to which the rest of society aspires are threatened. As the demographic cast of America changes irrevocably, from one largely defined by European and African roots to one that can also trace its lineage to Asia and Latin America, will the upper class act, as E. Digby Baltzell asked in *The Protestant Establishment* (1964), like Henry Adams or Charles Eliot? Both prominent WASPs, they reacted quite differently to the massive southern and eastern European immigration of their day. Adams took refuge in ancestry and race, while Eliot, the president of Harvard, assumed that old-stock Americans should share their institutions and valuable traditions with the newcomers.

The decline of WASP dominance of elite culture has been proclaimed at least since H. L. Mencken declared its demise in 1924. At its strongest, WASP culture was imitated and aspired to by all, because it was relatively open to all. A new American culture and a new American view of history, more representative of today's racially diverse America, may yet be synthesized, but a single culture must serve as an axis of attraction to balance diversity. Without any major foreign threat, America may not need the kind of cohesive Establishment forged by hot and cold wars after 1940. But it cannot prosper without leadership exerted by a meritocracy.

The essence of elite responsibility, as John McCloy knew, is to create the standards by which the nation lives and to which the nation aspires. Or to borrow from the 1st-century Jewish sage Hillel, "If I am not for myself, who will be for me? If I am only for myself, what am I?"

TWILIGHT OF THE GODS

by John B. Judis

In September 1939, just over a week after Hitler's invasion of Poland and Britain's declaration of war, Walter Mallory, the executive director of the Council on Foreign Relations, and Hamilton Fish Armstrong, the editor of its journal, *Foreign Affairs*, went to Washington to see how the Council could help prepare America for what they expected would be another world war. Meeting with high State Department officials, they worked out an unprecedented arrangement under which the Council would serve as the department's unofficial policy planning agency. For the next six years, Council members, organized into War and Peace Studies, sketched the outlines of the new American-led world order that would emerge from the war.

The Council's close relationship to the Roosevelt administration during World War II marked the coming-to-power of what sociologists and journalists later called the American Establishment. For the next three decades, a like-minded group of corporate lawyers, investment bankers, and policy experts, passing in and out of government and operating through organizations like the Council, shaped the contours of American foreign policy. Today, the government's higher circles are still drawn from a relatively narrow social group, but the members of this group no longer represent a cohesive body united in its fundamental outlook. Instead, the individuals who exercise influence over foreign policy today represent the same conflicting set of private interests that effect domestic policy.

This is not the outcome envisaged by

the Establishment's critics in the 1960s. They saw popular democracy as the natural alternative to Establishment rule, but the Establishment's decline has diffused responsibility for American foreign policy without making the process any more democratic. The public is as removed as ever from most foreign policy decisions, but in place of an informally linked Establishment we now have partisan think tanks and self-interested lobbies.

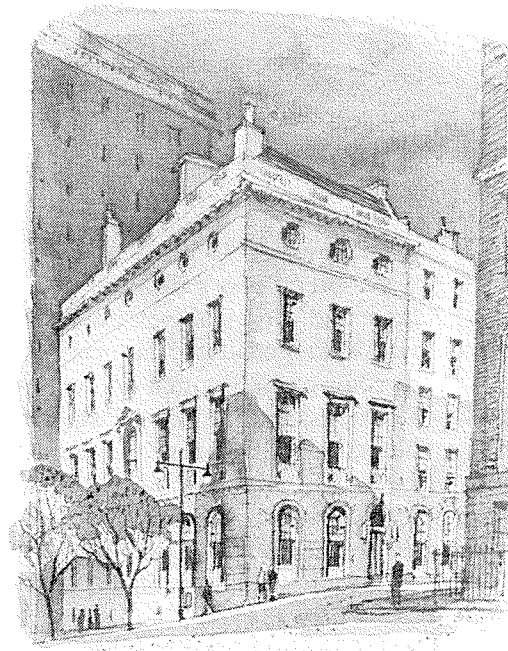
Controversy has long obscured the true character of the Establishment. It was never simply what Marx called a "ruling class" or what sociologist C. Wright Mills later called a "power elite." Instead, it was a group of powerful citizens who shared a unique view of where the country should go. Most members of the Establishment belonged to the upper class, but some were labor leaders and heads of broad-based organizations whose participation made the Establishment far more representative than its critics granted.

The foreign-policy Establishment dates from the end of World War I. In 1921, the Council on Foreign Relations was founded by men who had accompanied Woodrow Wilson to Versailles in 1919. Returning home disillusioned, they were nevertheless more determined than ever to create what Wilson had called a new world order. The Establishment was defined by this vision. The founders of the Council, who included Thomas Lamont, a J. P. Morgan and Company partner, and businessman Whitney Shepardson, have often been described as liberal internationalists, but the term has to

be carefully defined. They did not see free trade and international cooperation through organizations such as the League of Nations as ends in themselves but as the means by which American economic power, hitherto held in check by war and imperial rivalry among European powers, could come to the fore. They were willing to sacrifice some degree of diplomatic and military sovereignty to gain national economic ends. But when they saw that international organization could not stem the threat of fascism or communism to an open market system, they were among the first to favor taking up arms.

In the 1920s and early '30s, the Council's hundred-odd members, who met regularly for dinner at New York City's Harvard Club before a permanent headquarters was established in a brownstone on East 65th Street, constituted a center of dissent against the prevailing Republican isolationism. They were prestigious outsiders rather than powerful insiders. During the Roosevelt administration, however, Council members began to play a leading role in foreign policy. A Council group helped draft legislation for an Export-Import Bank and for reciprocal trade agreements, and in the late 1930s, as Roosevelt prepared the country for war, he called on Council members to fill the highest positions in the State and War departments and to help plan the postwar order. After the war, the Council and its members in the Truman administration, drawing upon lessons learned at Versailles, helped frame the objectives of the postwar era: to create an American-dominated international order, based on the dollar and free trade, and to contain the spread of Soviet communism.

The Council was by no means the only



The Council on Foreign Relations

elite organization that contributed to this new consensus—other groups such as the Twentieth Century Fund, the Carnegie Endowment for International Peace, the Committee for Economic Development, and the Brookings Institution also played significant roles. After the war, Ivy League universities also established foreign-policy institutes that contributed. But these organizations and institutes, whose members regularly corresponded with one another and sat together in Council study groups, supplemented rather than countered the Council's work. Collectively, they demonstrated the Establishment's expanding reach and power.

The Establishment's influence reached a peak in the early 1960s. In a process memorialized in David Halberstam's *The Best*

John B. Judis is the author of William F. Buckley, Jr.: Patron Saint of the Conservatives (1988) and of Grand Illusion: Critics and Champions of the American Century, to be published next year by Farrar, Straus, and Giroux. He is now working on a book about the decline of the American Establishment. Copyright © 1991 by John B. Judis.

and the *Brightest* (1972), President-elect John F. Kennedy gave banker and Council of Foreign Relations director Robert Lovett virtual veto power over his key cabinet appointments. JFK chose men like investment banker Douglas Dillon of Dillon, Read, and Company, McGeorge Bundy of Harvard, and Dean Rusk of the Rockefeller Foundation, all of whom had spent decades in Council study groups and discussions. Kennedy's successor, Lyndon B. Johnson, paid just as close attention to Establishment opinion. During the war in Vietnam, Johnson summoned the Establishment's "Wise Men," including Chase Manhattan chairman John McCloy, former secretary of state Dean Acheson, and Dillon, to the White House to advise him, and it was their counsel against further escalation in March 1968 that precipitated Johnson's decision to seek a negotiated settlement. But by then not only the country but the Establishment itself had been torn apart by the war.

During the 1950s and early '60s, the Council held study groups on Southeast Asia that recommended containing Vietnamese communism. One report in 1956, for instance, warned that "the independent existence of the nations of Asia is at stake." But as early as 1965, Establishment stalwarts began voicing reservations about the war. They included Walter Lippmann, who was perhaps the nation's most eminent columnist, University of Chicago political scientist and foreign-policy theorist Hans Morgenthau, and former State Department official George F. Kennan, Jr., the author of the famous "X" article in *Foreign Affairs* in 1947, which laid the foundation for containment. These dissenters initially argued that the United States was committing itself to a disastrous land war over a militarily unimportant country, but as the war dragged on, they and other Council members began to voice

disagreement with the larger Cold War strategy that had guided American foreign policy since the end of World War II. Was communism, they asked, a monolithic movement that the United States had to contain at all costs and in all regions? Could communism in a small Third World country like Vietnam be merely an expression of anticolonial nationalism?

The war in Vietnam also struck at the democratic pretensions of the Establishment's liberal internationalism. Most members of the Establishment continued to adhere to the Wilsonian faith that by encouraging national self-determination, the United States was making the world safe for democracy. In Vietnam, however, it appeared that the United States was fighting on behalf of a regime no more committed to democracy than its communist adversaries were. Moreover, the United States was not simply repelling an invasion, as it had in South Korea, but was intervening in a civil war that it had helped to precipitate.

The debate over the war within the Establishment paralyzed the Council on Foreign Relations. From 1964, when the escalation began, until 1968, the Council failed to hold any study groups on Vietnam, because, the *New York Times* reported, two board members felt the issue was "too divisive." Then in the fall of 1970, matters unexpectedly came to a head.

Because of retirements, the Council had to find both a new president and a new editor of *Foreign Affairs*. A search committee, chaired by David Rockefeller, of the Chase Manhattan Bank, was created to seek replacements. The committee decided to ask William Bundy to be president, and at that year's Harvard-Yale game, Harvard graduate Rockefeller asked Yale graduate Bundy if he was interested in the job. Bundy, who had developed ulcers serving in the Defense and State departments under Kennedy and Johnson, was not interested in be-

coming the Council's chief administrator, but he told Rockefeller that he would like to edit *Foreign Affairs*. Over drinks after the game, Rockefeller and Bundy settled it: Bundy would replace the venerable Hamilton Fish Armstrong as editor of *Foreign Affairs*. The appointment would be announced the following summer.

To Rockefeller, Bundy seemed the perfect choice. A graduate of Groton and Yale, he was the son-in-law of former secretary of state Dean Acheson. He had been a member of the Council since 1960 and a director since 1964. But as the *Pentagon Papers* would reveal that June, Bundy was also the man most responsible in the Johnson administration for planning the secret escalation of the war in Vietnam.

The search committee was in no position to withdraw Rockefeller's offer, but when the appointment was finally announced, a number of younger members, including political scientists Richard Falk and Richard Ullman, organized a protest that split the Council ranks and for the first time opened its deliberations to public scrutiny. Historian Arthur M. Schlesinger, Jr. declared his support for the protesters, and Walter Lippmann, one of the Council's original members, chose that moment to resign.

The Council's old guard closed ranks

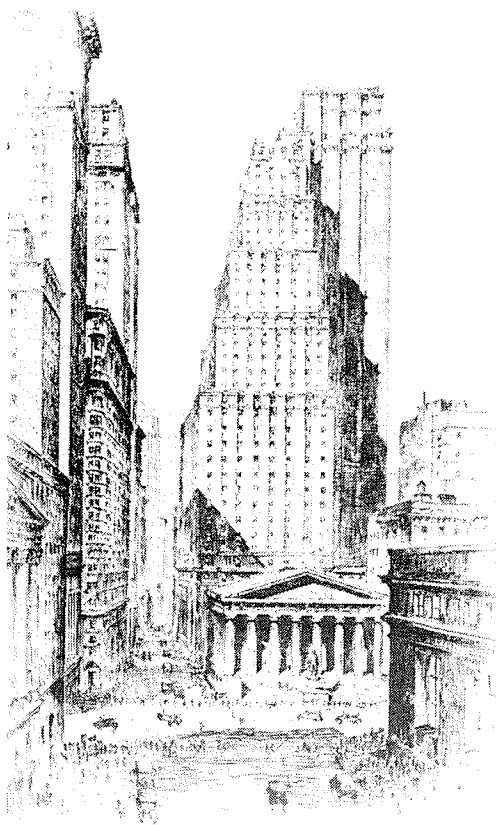
around Bundy. Rockefeller refused to acknowledge that what Bundy had done in the State Department was relevant. "Why I know all the Bundys. They're a fine upright family," he declared at a meeting with the dissidents. Former Council chairman McCloy was indignant. "The real intolerance these days is found among the professors who sit up on every goddam hilltop in their

institutes for international affairs," McCloy told the *New York Times*. "They're positively monastic up there. They need the Council the way the Greek philosophers needed the Agora—a place where they can walk among practical men and keep in touch with reality."

The old guard prevailed, and Bundy became editor, but the Council never completely recovered from the imbroglio. Through the next decade, it kept trying, unsuccessfully, to restore the powerful consensus that had made possible the Establishment's hold over foreign

policy. In 1973, it started an ambitious "1980s Project" to chart the "structure, key relationships, rules, processes, and institutions" of the international system, but by the decade's end, it abandoned the effort.

The other factor threatening the consensus within the Establishment was the decline of the American economy. The Wilsonian internationalism that underlay the



The Chase Manhattan Bank

Establishment had been based on the recognition that the United States was displacing Great Britain as the world's most powerful economy. The United States thus stood to benefit from free trade and open markets just as Britain had in the 19th century.

The heyday of liberal internationalism had occurred after the United States emerged from World War II in a position of unchallenged economic superiority. In 1950, the United States accounted for an astonishing 50 percent of the world's gross national product. But Western Europe and Japan began to rebuild their economies, opening new factories that were often more productive than older American plants and protecting their fledgling industries with trade barriers. Like Great Britain a century before, the United States chose to ignore and sometimes even to encourage foreign protectionism, recognizing that American prosperity depended on recovery in Western Europe and Japan.

By the end of the 1960s, spurred by growing U.S. demand, Japan and Western Europe caught up. While American exports grew by 67 percent during the 1960s, West German exports jumped 109 percent and those of Japan 333 percent. As the United States entered the 1970s, it faced its first trade deficit since 1893 and a mounting dollar crisis as foreigners, inundated by dollars, threatened to empty the nation's reserves by exchanging dollars for gold at the fixed rate set at Bretton Woods. The American economy was still the most powerful in the world, but it was now first among equals. And as the more prescient Americans peered into the future, they could see the signs of further decline.

In August 1971, the Nixon administration took action. Nixon slapped a tariff on imports, abandoned the gold standard, and imposed wage and price controls to stem inflation. While many businessmen ap-

plauded Nixon's moves, the Wall Street bankers, lawyers, and policymakers of the Establishment were alarmed. They saw the aggressive nationalism of what they called the "Nixon shocks" as a threat to the international order they had created after World War II.

The next month brought more differences over the trade issue. After World War II, the Council and other Establishment organizations had welcomed national labor leaders into their ranks. In the 1920s, organized labor had been highly protectionist, but a new generation of trade union leaders, notably the United Auto Workers' Walter Reuther, had come to see free trade as being in labor's overall interest. In 1947 the Twentieth Century Fund had brought business and labor leaders together in an influential report, *Rebuilding the World Economy—America's Role in Foreign Trade and Investment*, that strongly endorsed a liberalized international trading regime. With over a third of America's workers unionized, labor's support was critical to the Establishment's hegemony in foreign affairs. It provided the crucial link between the higher circles and the average voter and was the most valuable defense against the recurrence of popular isolationism.

But the growth of imports and the exodus of American companies to low-wage countries, which accelerated during the 1960s, cooled the liberal internationalist enthusiasm of both labor leaders and domestic manufacturers. In September 1971, the unions introduced a precedent-breaking bill in Congress to limit imports and to remove the tax exemption on U.S. multinational corporations, which stood accused of shifting American jobs overseas. The bill, sponsored by Senator Vance Hartke (D.-Ind.) and Representative James Burke (D.-Mass.), did not pass, but its very existence alarmed the proponents of liberal internationalism. In Washington, several multina-

tional corporations and banks organized through the Emergency Committee for American Trade (ECAT) to fight it.

These looming disputes over the Nixon shocks and the Burke-Hartke bill seemed far less important than the sharp clash over Vietnam, but in the years to come they would prove to be more serious and lasting. While the debate over Vietnam threw into question the Establishment's post-World War II containment strategy, the debate over trade shook the very foundations of Wilsonian internationalism.

In 1971 and '72 Establishment circles reverberated with concern over Nixon's policies and Burke-Hartke. In September 1971, Fred Bergsten, an economist with longstanding ties to the Council who had just resigned as National Security Adviser Henry Kissinger's economics analyst, along with former Johnson administration officials Richard Gardner and Richard Cooper, warned at a congressional hearing that Nixon's policies could lead to an international trade war. In *Foreign Affairs*, Bergsten attacked Nixon for promoting a "protectionist" and "disastrous isolationist" trend. Another Nixon official, Philip Trezise, resigned partly out of dissatisfaction with Nixon's policies and began to battle the administration's trade measures from inside the Brookings Institution and the Council.

Chase Manhattan Bank Chairman David Rockefeller shared the policy experts' concern. But after the bruising battle over Bundy's appointment, he had lost confidence that high-level policy discussions could be carried on at the Council on Foreign Relations. Even though he remained the chairman of the Council's board of directors, Rockefeller had begun to cast about for a new organization. He got his inspiration for the form it might take from Zbigniew Brzezinski, a Columbia University

professor and Council member who, like Rockefeller, vacationed in Seal Harbor, Maine.

Brzezinski, a longtime competitor of Kissinger, was also critical of Nixon's economic initiatives. The Polish émigré made his mark as a hardline Sovietologist, but by the late 1960s he had become interested in relations among the developed countries. Indeed, he had written a book, *Between Two Ages* (1970), in which he called for the United States, Canada, Japan, and Western Europe to form a "community of developed nations." Now in reaction to the Nixon shocks, Brzezinski convinced Brookings Foreign Policy Director Henry Owen to sponsor a series of tripartite studies along with the Japanese Economic Research Center and the European Community Institute of University Studies. He also talked to Rockefeller and Owen, another Seal Harbor vacationer, about the idea of an organization that would draw together leaders from North America, Japan, and Western Europe.

In the spring of 1972, Brzezinski, Rockefeller, and Bergsten attended the annual meeting of the Bilderberg Society, held at the Hotel de Bilderberg in Oosterbeek, The Netherlands. The society had been set up in 1954 as a private forum where American and European political leaders, businessmen, and policy experts could air their concerns. According to one participant at the meeting, Rockefeller proposed a tripartite or trilateral organization, and then Brzezinski, acting as if he were hearing the idea for the first time, enthusiastically seconded his suggestion. That July, 17 men, including Brzezinski, Bergsten, Owen, and McGeorge Bundy, met at Rockefeller's Pocantico Hills estate in the New York suburbs to plan what came to be called the Trilateral Commission.

The new group, which was officially established the next year, held its first execu-

tive committee meeting in Tokyo in October. Brzezinski was director and Rockefeller chairman of the executive committee. The 60-member American contingent included Bergsten, Gardner, Trezise, and most of the key Establishment figures who had protested the Nixon shocks. American funding came from the same corporations and banks, such as Caterpillar Tractor and Exxon, that had contributed to ECAT. With 180 members overall (later rising to 300), the Commission had offices in Manhattan, Paris, and Tokyo.

Like the Council on Foreign Relations, the Trilateral Commission did not have an official ideology. Yet, as economist Jeffrey Frieden has explained, the Commission's leaders had a common vision of a "transnational world economy." The Commission's first report stressed the economic interdependence of nations and opposed any attempt to restrict trade or investment. The Commission's "overriding goal is to make the world safe for interdependence," the report declared. This "will call for checking the intrusion of national governments into the international exchange of both economic and noneconomic goods."

Commission members also backed a version of the Nixon administration's strategy of détente with the Soviet Union, calling for the trilateral nations to draw the Soviet Union and its East European satellites into growing trade relations. In 1977, it issued an optimistic report on *Collaboration with Communist Countries on Managing Global Problems*. In the wake of Vietnam and the rise of the Organization of Petroleum Exporting Countries (OPEC), it re-



The Brookings Institution

jected the Cold War practice of viewing North-South relations with less developed nations through the prism of East-West relations. Speaking at the Commission's 1977 meeting, Brzezinski, who had just become President Jimmy Carter's National Security Adviser, called on the trilateral nations to "assimilate East-West relations into a broader framework of cooperation, rather than to concentrate on East-West relations as the decisive and dominant concern of our time."

From the beginning, the Commission had the support of the American, Japanese, and West European governments, and its reports and conferences served to lay the groundwork for several important initiatives. The idea of economic summits, for instance, came out of a Trilateral Commission recommendation, as did the World Bank's adoption of a special "petrodollar" window to handle burgeoning OPEC surpluses and Third World deficits. But the most visible sign of Commission influence came when an obscure Georgia governor was elected president. Rockefeller had first met Jimmy Carter when the Georgia governor came to New York in 1971 to meet

with bankers about underwriting his state's loans. Impressed by the southerner, Rockefeller had decided to make him one of two governors invited to join the Trilateral Commission. Brzezinski became Carter's foreign-policy mentor, tutoring him and writing his major speeches during his presidential campaign. When Carter won, he appointed 26 Commission members—about a fourth of the American contingent—to high administration posts. The appointees included Brzezinski, Secretary of State Cyrus Vance, Secretary of Defense Harold Brown, and Secretary of the Treasury W. Michael Blumenthal.

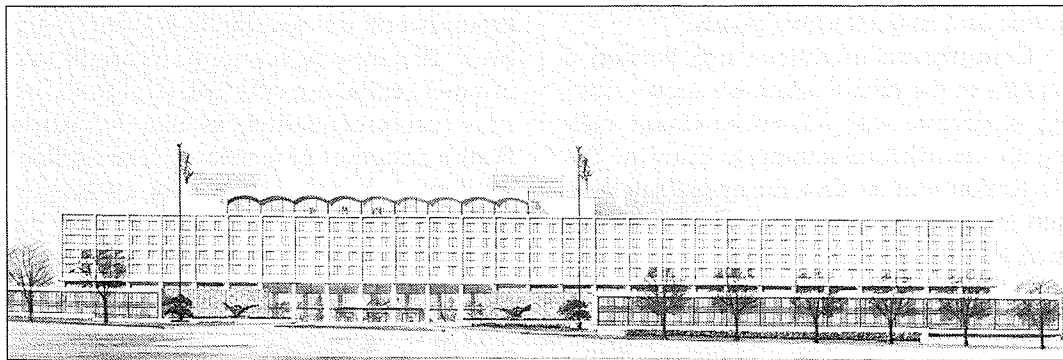
Like the Council on Foreign Relations of the 1920s, the Trilateral Commission reflected a new consensus among Establishment figures. And the large number of Commission members in the Carter administration, united by a common ideology, seemed to suggest that the foreign-policy Establishment—given up for dead after the clash over Bundy's appointment—had been revived. But by 1980, when Ronald Reagan won a landslide victory over Carter, the Trilateral Commission had itself become a casualty of American politics.

What eventually doomed the Commission was its identification with the Carter administration. As Carter's reputation sank under the weight of stagflation and the Iranian hostage crisis, membership in the Tri-

lateral Commission became a badge of dishonor that could be hung around the neck of political opponents. In 1980, candidate Ronald Reagan was able to use the Commission memberships of George Bush and then Carter to discredit them with voters. But even before 1980, the Commission had been undermined by policy disagreements within it and within the broader foreign-policy Establishment.

From the beginning, some members of the Establishment rejected the Commission's optimistic assumptions about U.S.-Soviet relations. In the summer of 1974, Paul Nitze, a former investment banker at Dillon, Read, and Company, who had been in and out of high government positions since World War II, resigned as a Nixon administration arms negotiator, denouncing Nixon and Kissinger for encouraging the "myth of détente." In 1976, after Carter's election, Nitze and other Establishment figures, including former Pentagon officials James Schlesinger and David Packard, formed the Committee on the Present Danger to reassert the Cold War view of U.S.-Soviet relations, calling for an arms buildup and opposing new arms-control agreements.

Nitze's initiative divided the Establishment, even as it split the Carter administration. As the Committee took the offensive, lobbying against the confirmation of Trilat-



The State Department

eral Commission member Paul Warnke as chief arms negotiator, it succeeded in dividing Brzezinski from Vance. Under attack from the conservatives, Brzezinski rediscovered the hardline views he had abandoned in the early 1970s, and this led to ongoing strife with Vance and the State Department. The turmoil also penetrated the Trilateral Commission, which followed its optimistic 1977 report on East-West relations with a bleaker Cold War assessment in 1978. By the late 1970s, the Establishment and the American members of the Trilateral Commission had become as bitterly divided over Cold War strategy as they had been over Vietnam.

The American members of the Trilateral Commission also encountered some opposition to their economic stands. Rockefeller and Brzezinski's concept of a trilateral alliance looked like a continuation of the Establishment's Wilsonian internationalism, but in fact it represented a subtle departure from it. Wilson's internationalism had been based on an assumption of American economic, but not military, superiority. Its goal was to eliminate military competition among nations so that the United States could flourish in free economic competition. But the Trilateral conception assumed that America, having lost its absolute superiority, would profit most by ceding its economic sovereignty to a seamless international capitalism. While Wall Street bankers and lawyers would continue to press this idea for the next decade, it would attract growing opposition not only from labor unions but from American manufacturing firms threatened by foreign competition.

As Rockefeller and McCloy's Establishment fell to blows over U.S.-Soviet relations and international economics, other institutions became more important in determining the course of

American foreign policy. Beginning in the mid-1970s, conservatives tried to build what journalist Sidney Blumenthal has called a "counter-Establishment," creating a variety of new think tanks and journals of their own. These institutions were highly effective in influencing policy, but they failed to play the dominant role that the Council on Foreign Relations or the Brookings Institution had played from the late 1930s to the late '60s.

One such institution was the Washington-based Heritage Foundation, founded in 1973 by activists Ed Feulner and Paul Weyrich with financial backing from brewer Adolph Coors and textile magnate Roger Milliken. In contrast to the Council on Foreign Relations and other Establishment institutions, Heritage never pretended to be nonpartisan or to represent a consensus of elite opinion. Heritage and other conservative think tanks were much closer to being lobbies for conservative causes and, later, for the Reagan administration. They were too embroiled in the present to plan the future.

Indeed, once Reagan assumed office, Heritage became an annex of the government, providing junior employees through its job banks, and issuing policy briefings to influence day-by-day debate on Capitol Hill. Its own junior staff adhered to a broad line set down by Heritage's management. On U.S.-Soviet relations, Heritage stood for the "rollback" of the Soviet empire—the conservative alternative to the older Establishment's strategy of Cold War containment—and on trade and foreign investment, Heritage shared the Wall Street bankers and multinational executives' support for free trade and unfettered investment.

By the mid-1980s, Heritage and its funders were as divided and confused as the liberal Establishment they had hoped to supplant. Soviet President Mikhail Gorbachev rendered conservative Cold War doc-



The Heritage Foundation

trine moot, and the flood of imports, encouraged by Reagan economic policies, battered many of the American manufacturers that had sustained Heritage and the Right. Abandoning their unequivocal support for free trade, both Milliken and Coors began to balk at supporting a think tank that opposed trade relief for domestic manufacturers, and they complained bitterly about Heritage's growing reliance on contributions from South Korea and Taiwan.

The one conservative group that consciously tried to mimic the older Establishment institutions was the American Enterprise Institute (AEI). Under William Baroody and then his son William, Jr., who took over from his father in 1978, AEI sought to create scholarship rather than propaganda. It recruited Democrats and liberal researchers as well as conservatives and Republicans. In the late 1970s, it played an important role in winning support for deregulation of business. But by the mid-1980s, AEI faced a financial crisis, brought about partly by a revolt from conservative funders who were not interested

in financing a nonpartisan institution that did not mirror their views. William Baroody, Jr. departed in 1986, and AEI, once the flagship of the conservative think tanks, became a lesser version of Heritage. Far from representing the creation of a new consensus, the conservative organizations simply reflected the breakup of the old.

Even more important than the birth of the new conservative think tanks was the growth of "K Street," the law offices and public-relations firms situated on or around one of downtown Washington's main thoroughfares. These firms—tied into the foreign-policy Establishment by prominent former officials such as Clark Clifford or Elliot Richardson—came to have considerable influence over foreign policy, but increasingly on behalf of overseas clients. Instead of contributing to a new consensus, they provoked charges of corruption and conflict of interest within the Establishment.

Prior to the New Deal, a few law firms had Washington offices specializing in patent law, but the New Deal created a demand for lawyers who could help clients deal with government. Covington and Burling, which Dean Acheson joined in 1921, grew into one of the nation's most powerful firms during the 1930s. Then came the boom during the 1970s and '80s, brought about first by the growth of regulatory agencies during the Nixon years and then by a surge of trade cases and legislation, which stimulated a flood of foreign money into K Street. In 1989, Japanese firms alone paid \$150 million for the services of Washington lawyers and lobbyists. These included 125 former officials, many of them prominent members of the foreign-policy Establishment like Richardson, a former Nixon administration official and a member of Rockefeller's Trilateral Commission.

Typical of the new K-Street firms was

Akin, Gump, Strauss, Hauer and Feld. Texas lawyer, banker, and real-estate tycoon Robert Strauss established a Washington branch of the Dallas firm in 1971 when he came to Washington as treasurer of the Democratic National Committee (DNC). Strauss then served as chairman of the DNC from 1972 to 1976, U.S. special trade representative from 1977 to 1979, Mideast negotiator in 1979, and then in 1980 as Carter's campaign manager. By the time he returned to the firm in 1981 it was one of Washington's most powerful, and this was no coincidence. Clients flocked to Akin, Gump because of Strauss's association with the firm. Moreover, when he returned, Strauss brought top officials from the U.S. trade representative's office with him, attracting important foreign clients, including the Japanese electronics giant Fujitsu. By 1991, Akin, Gump had 206 lawyers in Washington alone and had become one of the nation's top 35 law firms. And Strauss, before being appointed ambassador to the Soviet Union in June 1991, was able to move in the gray area between private wealth and public power, advising presidents and serving on prestigious commissions, while working as a lawyer to promote the interests of his firm and its clients.

In the 1980s, the K-Street firms proved extremely successful in shaping the government's agenda on trade and foreign investment. Law firms hired by Japanese electronics companies delayed the implementation of trade penalties against Japanese consumer electronics and semiconductor firms until after American industries had been decimated by below-cost imports; they lobbied against more restrictive trade laws; they helped block any congressional attempts to restrict or even gather information on foreign investors; they threw their weight against proposals to subsidize research and development by American firms. When challenged, these lawyers

and public-relations experts responded that they were furthering the principles of liberal internationalism.

Indeed, there was nothing new in what these firms and their lawyers were doing. Since the turn of the century, prominent lawyers had represented foreign firms and governments. In the 1950s, former New York Governor Thomas Dewey was hired by Japan to enhance its reputation in the United States, and Acheson's firm was employed by South Africa. But the decline of the American economy put this kind of representation in a different light. Instead of being seen as part of a larger effort to draw foreign countries and their firms into a U.S.-dominated world economy, prominent lawyers such as Richardson and Strauss were increasingly accused of betraying American interests—of using liberal internationalism to justify predatory trade practices by America's competitors.

Beginning in the late 1980s, a spate of books and articles appeared warning that K-Street lawyers and lobbyists were doing just that. Many of the authors represented wings of the Establishment, and their views were given currency in prestigious publications. Former TRW Vice President Pat Choate saw part of his book, *Agents of Influence* (1990), excerpted in the *Harvard Business Review*, and former Reagan administration official Clyde Prestowitz parlayed the success of his book *Trading Places* (1988) into a think tank, the Economic Strategy Institute, funded by major U.S. corporations and unions and dedicated to countering foreign influence on K Street.

These books and articles also raised questions about the independence from foreign influence of think tanks like Bergsten's Institute for International Economics, founded in 1981 with a grant from the German Marshall Fund. In 1989, the Committee for Economic Development (CED) became embroiled in controversy

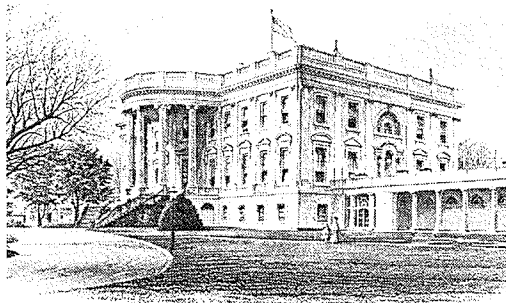
when it sponsored a U.S.-Japan joint economic study in which the Japanese group was chaired by Nissan's chief executive officer and the American group by a former U.S. trade representative whose public-relations firm was representing Nissan.

As was the case with K-Street lawyers, the think tanks and policy groups' acceptance of foreign contributions and advice represented nothing new in itself. But with American firms fighting for survival against foreign competitors, these contributions took on a different meaning, placing the organizations on one side of a new ideological and commercial divide. With their integrity and independence in doubt, the organizations in turn became even more cautious about what they said and did, making it even less likely that they would be able to forge a new consensus.

In Washington, some expected that the end of the Cold War and the accession of George Bush would revive the Establishment. Indeed, in the mid-1980s, Nitze, who became Reagan's arms negotiator, found himself allied with Warnke and other former adversaries against Reagan conservatives who rejected any arms agreement with the Soviet Union. By the end of the decade, Nitze, Warnke, Kissinger, Vance, and Brzezinski, while disagreeing on some particulars, shared roughly similar positions on U.S.-Soviet relations. Kissinger and Vance were even joint authors of an article for *Foreign Affairs*. But such newfound unity on U.S.-Soviet relations did not carry over into other areas of foreign policy, such as the Mideast, or into the most contentious questions of international economics.

The divisions over economic policy that surfaced in 1971 continued to widen, preventing any new consensus from emerging. In 1971, labor was the main dissenter from the postwar consensus on free trade and unfettered foreign investment, but by the

late 1980s, major corporations, including TRW, Corning Glass, Chrysler, Ford, General Motors, and USX, had declared their support for "managed trade" with Japan and Western Europe. On any major issue, coalitions of corporations and banks were likely to be arrayed against each other. During the recent Uruguay round of the General Agreement on Tariffs and Trade (GATT) talks, the Emergency Committee for American Trade joined Japanese and South Korean companies in pressing for the elimination of penalties against companies that "dump" their goods below cost in foreign markets. On the other side of the issue was



The White House

the Labor-Industry Coalition for International Trade, including B. F. Goodrich, Motorola, Corning, Inland Steel, TRW, and W. R. Grace and Company.

The Establishment institutions dealt with the lack of unity on these issues by staging debates and publishing pro and con reports. The Council on Foreign Relations held a debate in 1989 between financiers Felix Rohatyn and Peter Peterson, the new chairman of the Council, on whether foreign investment was helping or hurting America. Bergsten's Institute for International Economics, after being criticized for putting out a report downplaying the importance of Japanese trade barriers to the

American trade deficit, turned around and published a study documenting these barriers. But the clearest indication of irreconcilable differences occurred in 1989 when the New York-based Twentieth Century Fund set up a Task Force on the Future of American Trade Policy. Four decades before, a Twentieth Century Fund task force had played a critical role in establishing a consensus in favor of free trade, but this time the 12 participants, including two bankers, two corporate vice-presidents, one AFL-CIO official, and policy analysts from MIT, Brookings, Georgetown, and the Carnegie Endowment, failed to agree. Finally, the Fund published a report entitled *The Free Trade Debate* with opposing positions on trade and foreign investment.

As influence over foreign economic policy became more widely diffused, responsibility for American military-diplomatic strategy narrowed. During the months before the U.S. war against Iraq, Establishment policy experts—lacking a common framework—were hopelessly divided over what the administration should do; and President Bush kept decisionmaking focused in a small circle cut off even from his own National Security Council. As the Cold War continues to ebb and as consensus further erodes, the major Establishment institutions serve largely as debating societies. They will perform an important function—but no more so than any university or publication that is willing to air both sides of a controversy. Whether the Establishment itself still exists is a matter of semantics, not history. If one means by the Establishment merely a collection of upper-class individuals and elite institutions, then the Establishment is alive and well. Even the

Trilateral Commission survives, its North American office run by a former Brzezinski graduate student out of a warren of offices on Manhattan's East Side. But if one means by the Establishment the people and institutions whose liberal international outlook dominated American foreign policy from 1939 to 1969, then the Establishment is in severe disarray.

The decline of this Establishment has not benefited the country. Contrary to what its critics might have supposed, its fall did not lead to the rise of popular democracy, nor even to representative government. In a nation of 250 million, direct democracy is not possible; and in foreign policy—where the questions are often obscure—it is inconceivable. Ideally, government should function transparently, providing citizens with the ability to set policy by influencing the decisions of their elected representatives. Governments have invariably relied on informal networks of private citizens, organized through pressure groups, lobbies, political organizations, and elite groupings like the Council on Foreign Relations to fill the interstices between individual will and public power.

For three decades, the old Establishment occupied this area, holding study groups, publishing papers, and providing the officials that filled the upper echelons of government. But as it has disintegrated, narrow lobbies and pressure groups rather than an enlightened citizenry have filled the vacuum. Worse still, these lobbies and pressure groups represent no underlying consensus but only their own separate interests. American foreign policy, once the realm of the gods, has become the domain of mere influence peddlers.

BACKGROUND BOOKS

THE RISE AND FALL OF THE AMERICAN ESTABLISHMENT

Only a couple of decades ago, scholars could still speak with some plausibility of **The Power Elite** (C. Wright Mills, 1956), **The Protestant Establishment** (E. Digby Baltzell, 1964), or **The Higher Circles** (G. William Domhoff, 1970). Today, the authors' precise inventories of the social institutions that were thought to sustain the ruling elite seem antique, almost comical. "A person is considered to be a member of the upper class," Domhoff wrote in introducing one such inventory, "if his sister, wife, mother, or mother-in-law attended one of the following schools or belongs to one of the following groups . . ."

In retrospect, Baltzell emerges as the foremost seer of the group. He understood more clearly than his counterparts did that America's elite—and all three had very different definitions and opinions of the elite—was on the verge of dissolution. Rather than welcoming talented newcomers into the national "aristocracy," the nation's White-Anglo-Saxon-Protestant (WASP) governing class was engaging in a suicidal attempt to bar the doors, especially against Jews. "The traditional standards upon which this country was built and governed down through the years are in danger of losing authority," he wrote, "largely because the American upper class, whose [WASP] members may still be deferred to and envied because of their privileged status, is no longer honored in the land. For its standards of admission have gradually come to demand the dishonorable treatment of far too many distinguished Americans for it to continue, as a class, to fill its traditional function of moral leadership."

Baltzell said there was still time for the WASPs to save themselves—and thus the Establishment over which they presided—but his warning went largely unheeded. Today, it is the Protestant remnant that goes unheeded. There are still WASPs with power and WASPs with money, but they no longer constitute an Establishment with moral authority. This decline has been amply documented and celebrated in a number of books, from Peter Schrag's **The De-**

cline of the WASP (Simon & Schuster, 1971) to Robert C. Christopher's **Crashing the Gates: The De-WASPing of America's Power Elite** (Simon & Schuster, 1989). They represent two of the main schools of thought about the WASP's demise. Christopher believes that the tide of political and demographic change in 20th-century America was so powerful that no adaptations could have saved them. Schrag, somewhat like Baltzell, suggests that the WASPs were brought down by their own shortcomings: "They grew great as initiators and entrepreneurs. They invented the country and its values, shaped the institutions and organizations, and tried to teach the newcomers—lest they become uncouth boors—how to join and behave. But when technology, depression and the uncertainties of the postwar world frightened and confused them, they drew the institutions around themselves, moved to the suburbs, and talked prudence."

Today there is great nostalgia for the old days of the Establishment, as evidenced by the popular appeal of books such as **The Wise Men: Architects of the American Century** (Simon & Schuster, 1986), by Walter Isaacson and Evan Thomas, and by a lengthening procession of Establishment biographies (though not all of these are flattering) and memoirs. Edmund Morris's **The Rise of Theodore Roosevelt** (Putnam, 1979), for example, is only the best of several studies of this founding father of the national Establishment. Godfrey Hodgson's portrait of TR's protégé, **The Colonel: The Life and Wars of Henry Stimson, 1867-1950** (Knopf, 1990) casts its subject, who served as Herbert Hoover's secretary of state and Franklin Roosevelt's secretary of war, as a giant who set the mold of the Establishment man. Other books include Ronald Steel's **Walter Lippmann and the American Century** (Little, Brown, 1980); Thomas Powers' **The Man Who Kept the Secrets: Richard Helms and the CIA** (Knopf, 1979); Clark Clifford's **Counsel to the President: A Memoir** (with Richard Holbrooke, Random House, 1991). Joseph

Alsop's memoirs are soon to appear and biographers are now at work on lives of John J. McCloy, Dean Acheson, and Robert S. McNamara, among others.

In part, the nostalgia for the Establishment reflects a longing for consensus and stability in the governance of national affairs. It seems also to reflect a feeling that some of these leaders were in important ways superior to their successors. Henry Stimson, for example, is cast in noble terms by his biographer: "The ideas that did touch and move him were for the most part old ideas: traditional religious loyalty and practice; the patriotic traditions of the Founding Fathers; old and stirring ideals like 'justice, duty, honor, trust.'"

The WASP ideal that Stimson represented lingers in the popular mind, but hollowed of its moral content and reduced to style—Madras shorts, Ralph Lauren sweaters, horn-rimmed glasses. Americans no longer aim to emulate WASP virtues but, as the preppie fad of the 1980s and the sumptuous *faux* austerity of the Ralph Lauren ads suggest, to live a fantasy version of the WASP *lifestyle*. It is the rugged, TR-style outdoorsmanship of George Bush that we see constantly on display—the Maine retreat, the cigarette boat on choppy seas, the dogged golf games. It was Bush's genteel WASP *values*, his corny geniality and his platitudes about public service that earned him scorn as a wimp early in the 1988 presidential campaign.

Where have all the Stimsons gone? In an essay in **Culture As History: The Transformation of American Society in the Twentieth Century** (Pantheon, 1985), historian Warren I. Susman suggests that American culture bred a new type of individual after the turn of the century. The 19th-century "culture of character" was based on the principle that "the highest development of self ended in a version of self-control or self-mastery, which often meant fulfillment through sacrifice in the name of a higher law, ideals of duty, honor, integrity." This sustained "the human needs of a producer-oriented society." But the new consumer society of the 20th century required a different sort of person, Susman speculates, and early on "interest grew in personality, individual idiosyncrasies, personal needs and interests. The vision of

self-sacrifice began to yield to that of self-realization." This sort of culture produces Bart Simpsons, not Henry Stimsons.

Another explanation, not considered by many writers, concerns the neglected P in WASP: the possibility that the decay of religious faith among the elite helps explain the decline of the public-service ethos that sustained the Establishment. The thought is entertained by Richard Brookhiser, an editor of the conservative *National Review*, in **The Way of the WASP: How It Made America and How It Can Save It . . . So to Speak** (Free Press, 1991), but even he discounts it. WASP culture, he believes, still nourishes a form of civic-mindedness, but it is misdirected towards a progressivism in politics and religion that is badly out of step with mainstream America.

The new Establishment that many observers seem to pine for may not be possible. The country is much more populous and prosperous (and more politically divided) than it was during the Establishment's heyday. The makings of a new Establishment seem to be available in the new "inside-the-Beltway" institutions described, for example, by Hedrick Smith in **The Power Game: How Washington Really Works** (Random, 1987). If the other books make anything clear, however, it is that it takes more than motive and opportunity to make an Establishment. A certain conviction, spirit, and sense of common moral purpose are needed. And because they made their money on Wall Street (much as the founding fathers made theirs on the farm), the old Establishmentarians could more plausibly claim to play a disinterested role in public affairs than today's "players" from K Street can.

The old Establishment was built on the industrial fortunes of the 19th century. The new rich of the Information Age, like the Trumps and Milkens, have so far only flaunted their wealth or flattered themselves by purchasing glamor. A century ago a rich man's first thought might have been to found a prep school or college; today he puts his name on an art museum. Yet though we may resent today's rich and powerful for lacking the fiber of their predecessors, it is not so clear that, lacking it ourselves, we would know enough to honor it.