Oral History

Lieutenant Commander
C. Douglas Dillon, USNR

Interviewed by
Captain Peter B. Weed, USNR
Naval Historical Foundation

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Oral History Program
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Introduction

C. Douglas Dillon provides an example of one of many talented individuals who put lucrative careers on hold to come to the service of the country during a time of world crisis. Early on in his brief naval career, he was assigned to support Captain Frank D. Wagner. As Wagner climbed through the ranks to assume roles of increasing significance, Dillon was at his side. Because Wagner took him along to meetings with other ranking officers, Dillon is able to provide historians some interesting "fly on the wall" insights on some of the decisions made and interesting perspectives of the war.

The Foundation is grateful to him for participating in the program and sharing his story to Captain Peter Weed. The Foundation is also appreciative of the efforts made by Captain Weed, one of a dedicated corps of volunteer interviewers, to complete the project. Through the efforts of Captain Weed and other NHF volunteers, we are capturing many recollections from a "Greatest Generation" that is quickly passing on.

David F. Winkler, Ph.D.
Naval Historical Foundation
June 2001

C. Douglas Dillon, LCDR, USN

Clarence Douglas Dillon, Lieutenant Commander, USN, born in Geneva, Switzerland in 1909, raised in general New York region, graduated from Harvard University, Cambridge, MA in 1931. Started career as an investment banker at the firm of Dillon, Read & Co.

Entered the US Navy Reserves in January 1941 as an Ensign and called to active duty in May 1941. Served throughout WWII as an aviation intelligence officer, under such commands as the Naval Air Transport Command, Naval Air Seattle, DCNO-AIR, USS Wasp, USS Tangier, and USS Currituck. Participated in and supported forces during the Battle of Guam, Battle of Saipan, Battle of the Philippine Sea, and the Battle of Leyte Gulf. Worked closely with Admiral Frank D. Wagner throughout the war, and he served in roles such as Special Assistant, Flag Secretary, and Assistant Operations Officer. He was awarded the Air Medal and Legion of Merit for his service and left the Navy as a Lieutenant Commander in 1945.

Following the war and the end of his Naval service he resumed his prewar investment banking career with Dillon, Read & Co and became its chairman. In 1953 he returned to public service as the Ambassador to France. In 1958 he was named the Under Secretary of State for Economic Affairs, and then in 1959 named the Under Secretary of State. In 1961 he was appointed as the Treasury Secretary by President Kennedy, and in that position played a key role in drawing up the Trade Expansion Act of 1962, which greatly reduced tariffs, and the Revenue Act of 1962 which helped to spur industrial plant investment. During the Cuban Missile Crisis he was a member of the Executive Committee of the National Security Council.

In addition, he involved himself with a number of volunteer and philanthropic activities throughout his life. He served as chairman of the Rockefeller Foundation from 1972 to 1975, as well as president of Harvard Board of Overseers and chairman of the Brookings Institution. He was a longtime patron and trustee of the Metropolitan Museum of Art in Manhattan, elected as its president from 1970 to 1977 and then as its chairman. He led a campaign that raised over $100 million for the museum and nearly singlehandedly built up the museum's Chinese painting collection.

C Douglas Dillon resided in New York City with his wife of 20 years, Susan, until his death in 2003. He is survived by two children and three grandchildren.

Subjects Covered

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Born in Geneva Switzerland – childhood in New York
Start of career in investment banking – marriage – Harvard graduation
Interest in public service developed in college – travels in Europe
Discussion of political career – elected 1932 - Vice Chairman of the County Committee

June 1940 - applied for a Commission with Navy
January 1941 – initial Naval training
May 1941 – called to active duty – assigned to Third Naval District – decoding officer
Reassigned to Washington to Colonel Donovan for a new organization

Story about leaving Third Naval District in NY – boss not happy
Start of work with Colonel Donovan - Office of Information Analysis
Story of attitude in Washington prewar – lax security

Aviation Intelligence Officer School – January 1942 - Quonset, Rhode Island
Assignment to Captain Frank D. Wagner – "big break"
Special Assistant to CPT Wagner – negotiated Pan Am contract

Wagner promoted to Rear Admiral – orders to Naval Air Seattle
Naval Air Seattle – final training for newly formed carrier air squadrons
Setting up organization for Naval Air Seattle – toughest job in life
Story of "gung-ho" pilots – showing off- accidental deaths

Orders to Washington – Oct 1943 – with Admiral Wagner
Assist Admiral Wagner in briefing Admiral Towers for Joint Chiefs of Staff meetings

March 1944 – orders to USS Wasp as park of task group with Admiral Wagner
Role of Flag Secretary - keep up with all the information, orders, and traffic from Pearl
Task Group ordered to sea – bomb Japanese Island of Marcos
Join larger Task Force at Majuro – under Admiral Spruance – 4 to 5 carriers
Protect and support ground forces to land in Guan and Saipan
Story about near miss with LST's

Description of The Battle of the Philippine Sea

One man killed by bomb – rest of Wasp barely damaged
Story of carrier turning up searchlights for planes to spot at night
Japanese plane attempted to land on Wasp

Promotion to Assistant Operations Officer to Admiral Wagner
Move to Brisbane - discussion of MacArthur and Brisbane

Attached to seaplane tender Tangier in Manus Harbor
Moved to Hollandia then Biak – Woendi Lagoon
Discussion of operations conducted off Tangier
Idea to send seaplane tender far forward to locate Japanese ships

Discussion of Invasion of Mortai
Small island half-way between New Guinea and Mindanao

Ordered to join fleet for Invasion of Leyte
Discussion of Battle of Leyte Gulf – role of seaplanes – hurricane
Large Japanese battleship surprised American forces

Story of meeting with General MacArthur and his generals
Meeting was about air cover for Invasion of Luzon and Mindoro

Invasion of Luzon – in rear of main invasion fleet – attack by two Japanese planes
Admiral Wagner took Currituck to Manila Bay – first American ship to enter
Discussion of conditions in Manila – Filipinos welcome – POWs
Liaison with Fifth Air Force in Manila

June 1945 - flown home for 30 days R&R - then to Washington for reassignment
No job assignments – atomic bombs and Japanese surrender
Release from active duty as Lieutenant Commander
Air Medal and Legion of Merit

Did not spend time in the Reserves
Discussion about Eberstadt Report – recommended future role of the Joint Chiefs of Staff

Discussion of impact Navy had on life – taught to discipline yourself and work within the system
Great experience – look back on with pride and pleasure
Experience in Navy helped later government career – succeed in bureaucratic environment

11 June 1998

WEED: This is Thursday June 11, in the office of Mr. C. Douglas Dillon with an oral history being conducted by Capt. Peter B. Weed, USNR on behalf of the Naval Historical Foundation and the time is 11:40. Mr. Dillon, Good morning and thank you for consenting to this oral history. I was wondering if you'd tell us about your background prior to the naval service, where you were born, your parents, a little bit about the activities you participated in the community that you were raised in, and your education; some discussion about your childhood interests and activities and tying all this with how you developed an interest in the Navy.

DILLON: Well I'm glad to do that. I was born in Geneva, Switzerland when my parents were abroad on an extended vacation. I came back to the United States when I was only a few months old. My family at that time lived in Milwaukee, Wisconsin. My father was Clarence Dillon, who was an investment banker, eventually, but he wasn't at the time of my birth. He had graduated from Harvard in 1905. Went with a friend of his from Harvard who was from Milwaukee, to Milwaukee where he had a job in a small manufacturing company. It was there he met my mother whose family lived in Milwaukee at the time. Her name was Douglass, with two S's.

I was born in 1909, and my father went into the investment banking business in about 1912 and worked for William A. Read & Co. in their Chicago office. He did well they thought and so in a couple of years, in 1914, we moved to New York. The rest of my time – I was five – I was brought up in the general New York region. We lived first in Rye in Westchester County and later around 1918, when I was nine years old, I was sent to a small boarding school in New Jersey, which had only ten boys -- I was there for three years. My mother was not too well at the time, so she wanted to be rid of a rather rambunctious young boy. A couple of years later about 1921 or 22, my family finally settled in Far Hills, New Jersey. In the summers we started to go to Islesboro, Maine, a place called Dark Harbor in Penobscot Bay just off Camden. My first summer there was 1923 when I celebrated my 14th birthday. I went to boarding school, Groton School in Groton, Massachusetts, and was there for six years. After that I moved on to Harvard where I graduated in 1931.

In the summers we did an awful lot of small boat sailing. Dark Harbor was a center for that and had some very experienced small boat sailors who taught all of us. It was quite competitive, and I later had an opportunity to off shore cruise and take part in the Bermuda race one year from Newport to Bermuda. Essentially that was my youth until I went to work, which I did in the investment banking business, which was my father's business in New York with Dillon, Read & Co. William A. Read & Co. had become Dillon Read in 1920.

I continued to sail actively in the summers, when I was in Maine. I was married. I married when I was a senior in college just before graduation, because I finished my regular work there in March and all I had to do after that was take an oral exam. So I was able to get married. We had two children, two girls rather rapidly. I graduated from Harvard Magna Cum Laude and just worked in New York for the next eight or nine years. We lived in Far Hills, New Jersey and had a house on my father's place, and I commuted from there most of the time. Some years we rented small apartments in New York so we didn't have to be out in the country all the winters.

One thing that came out of my school and college was an interest in public service and particularly in foreign public service. I had a teacher at Groton who just inspired me that way at first and then at Harvard I worked my last couple of years directly with Professor Baxter, my thesis advisor, who later became president of Williams College. During the war he went down to Washington and became the head of the academic intelligence advisory committee at the OSS. I wrote my thesis at Harvard on the origins of the Spanish American War and that's the reason I graduated with such high honors, because it came out well. Because of my interest in foreign affairs, I spent part of each of my college summers driving around European countries, England, Germany and particularly France, my favorite destination.

When I was out of college, a friend of my father's, who lived out in New Jersey near where we lived, and who was very active in Republican circles at that time, came to me and said I ought to get interested in politics. So I ran for office. It was a party office, party representative from our little township on the Republican county committee in Somerset County. I was elected in 1932, a year after I graduated from college.

I became a good possibility as a future candidate for the legislature or some such thing so they gave me the title of Vice Chairman of the County Committee. In 1933, there was an election for governor. The County chairman, who was a house painter, fell off a ladder and broke his leg on the tenth of October. They didn't have time to find anyone to be County Chairman so I became the acting County Chairman and got a quick introduction into the realities of politics as they were practiced in those days. That kept me active, and they asked me later to run for the legislature, but I didn't think that was a very a good career. I was busy in New York and kept up my party activities, including my position as Vice Chairman of the Republican County Committee, until I went into the service. That's the background if you want me to answer your questions.

WEED: What was on your mind prior to America's entering the Second World War?

DILLON: As I said, I was interested in foreign policy and followed things rather carefully. When the fall of France occurred in 1940, I became convinced that we would sooner or later be in the war. So, in June, 1940, I applied to the Navy for a Commission. At that time you could just make an application. The reason I chose the Navy was because of my sailing experience. And I just thought life on the water would be the best thing for me. I didn't want to fly, and I wasn't particularly attracted to the Army, so I applied for a Navy Commission. In record time, I was told that they had no need for officers but they would keep my name on file.

So I then volunteered for a training program – an Army program at Plattsburg, New York with people from the business community, largely New York, but also Philadelphia, and some other places. It wound up with about 500 of us, and we trained for about a month in the summer of 1940 and got some piece of paper saying that we done had it.

But a little later that fall, I'd say toward the end of November or maybe early December, the Navy suddenly changed its mind and said that if I would accept a Commission as an Ensign, they'd be glad to have me. So I accepted.

I was 31 years old and they sent me in January 1941 for three weeks training. It was at Opalocka Air Base in Florida. I don't remember just what I did, but there were some Navy planes stationed there and I was a jack-of-all-trades for three weeks or a month. Long enough to learn something about the Navy. I also took a correspondence course on Navy procedures. So I came back to New York. I had been in business for nine years and by that time was doing fairly well. I was instrumental at that time in arranging with the British representative here for the purchase from the British of the American Viscose Company. They were engaged in selling American companies so they could get dollars for their war effort. And so Dillon, Read and Morgan Stanley joined together and bought the stock of Viscose, and then sold the stock to the public. I was one of two people that handled the deal. The American Viscose Company was the largest British owned company in America.

Three days later in early May, 1941, I was called to active duty and was assigned to the Third Naval District as a decoding officer. So that was the beginning of my naval service. I'd say I was there about a little over two months until the end of July. Then I received a phone call from my father who said that Colonel Donovan had been asked to come to Washington to do a job in intelligence. He was going to start a new organization, and he had nobody working for him and wanted some bright young people. The fact that I was a commissioned naval officer would be helpful to him in certain ways and so if I would like to go down there and work with him as an assistant he would be glad to have me. I jumped at it because it was either that or not having too much fun being a decoding officer in the Third Naval District.

WEED: If you're going to be in New York you would prefer to do business deals.

DILLON: Or something with more action and challenge. There couldn't be a lower job for an officer than decoding officer in the Third Naval District. Nothing of any interest that you were decoding. It was just a very routine job.

WEED: How did your father know Colonel Donovan?

DILLON: Donovan was a lawyer in New York, came from a big law firm, so naturally they knew each other. How he found out I was in the Navy, I don't know, but he did.

So the next day I came down to work in the Naval District. My boss was a Lieutenant who was about 45 years old, a Reserve who had been called to active duty from RCA. He had worked for RCA Communications. He was a pretty big shot as far as we were concerned. I got word to come in and see him, and he said "What's this!" and handed me this message and it said, "Ensign Dillon detached. Report to Chief of Naval Operations, Washington."

I looked at him and said, "I don't know. I have no idea." He said, "The Hell you don't. Ensigns don't get orders to report to the Chief of Naval Operations. Get out."

So that was the end of my naval service in New York. I went to Washington and found Colonel Donovan in a little building at the corner of Constitution and Pennsylvania Avenue. He had one or two secretaries and one other Ensign just like me. A Naval Reserve Ensign who came from San Francisco that he had co-opted. Donovan's title at that time was Coordinator of Information.

He built his office up rather rapidly and eventually, not long, I'd say a couple of months later, in October, he started to build a group of analysts. They were called the Office of Information Analysis. Something like that. He had gotten 10 or 12 of the fanciest professors in the country, specialists in their own fields. Donovan soon found he was having quite a problem organizing them so he handed the job to me.

What was interesting is that each one was the top in his own area, Russia, Africa, etc., etc. Each one thought he ought to have the best seat in staff meetings and the best office. It was my job to assign them their offices and more or less keep them happy.

Meanwhile Donovan requested that both of us be promoted. He asked for us to be appointed Lieutenants, but the Navy only went half-way and we were promoted to JGs. A few months later, when the war started, men my age entered the Navy as full Lieutenants.

There was one interesting thing worth mentioning that shows the spirit in Washington in those days which occurred a little bit earlier – probably early in September. Donovan got some sort of high powered secret message from somewhere abroad that he thought had to be delivered promptly to General Marshall. Well, the only way to do that was via a Commissioned Officer carrying this top secret thing. So, I got assigned the job to take this to General Marshall. By that

time it was about 4:30 in the afternoon and I got a taxi cab. I think it was 5 o'clock when I got to the War/Navy Building which was one of the old buildings along Constitution Avenue. And I walked in, and it was empty. I couldn't find anybody. Finally I saw a sign that listed the office numbers and saw that the Chief of Staff was on the next floor up. I walked up and found the office and knocked on the door, no answer. I opened it and walked into a sort of reception office, but nobody was there. So I looked and a back door was open so I walked in there and nobody was there. So I saw the next door and walked in there – General Marshall's private office and nobody was there.

WEED: You had the run of the place.

DILLON: There was a little safe in the corner of his room where he probably kept his secret papers. I came out and finally found a little sign that said Officer of the Day and went down a long corridor and found a fellow in his shirt sleeves sitting there. And, I said, "I have this for General Marshall." He didn't want to handle it, but I left it with him and returned to Donovan. This was a dramatic illustration of the complete lack of security in the War Department before Pearl Harbor.

The next thing that happened was Pearl Harbor. When that happened, I wanted to leave the professors, as I had joined the Navy to be in the Navy and to go to sea. So I went to Colonel Donovan and asked to be released. I told him why and he was kind enough to agree to release me.

At that time, almost immediately, the Navy decided it needed a whole flock of aviation intelligence officers to go with the many planned air squadrons. They set up a training program where these intelligence officers were trained. The first session was to start about the tenth of January at Quonset in Rhode Island. I applied to go there and was accepted.

WEED: What were you experiences your experience in Intelligence Officer's School at Quonset, Rhode Island?

DILLON: When I arrived at the Naval Air Station, Quonset for the first class of AVS Officers, which means Aviation Specialists, it was about January 15th, 1942. I found I was one of 600 young officers – most of them full Lieutenants, all newly recruited and many of them my age because after Pearl Harbor the Navy reduced the required age level for new full Lieutenant Reserve Officers. I was only a JG because I had joined up earlier, but I had had a few months of some experience.

We lived in an enlisted men's barracks and studied Navy regs and various other things about Naval life. We drilled, had some rifle shooting and, at the end of this whole thing, took various tests. We were ranked, and the ranking was sent to Washington.

Shortly thereafter, in early March, 1942, our orders came. They were generally to be Intelligence Officers for a carrier squadron or to be attached to the carrier itself. Usually a squadron job was to advise the squadron as to enemy numbers and capabilities. On a carrier it was usually air combat control, advising the carrier's planes in the air of the approach and location of enemy planes. Some were also assigned to various staff and administrative jobs.

Unfortunately, I graduated number one in the class. I say "unfortunately" because as a result of that, I think, I did not get a job in the field but was sent right back to Washington. I found myself, with one other officer from Quonset, assigned to a very senior Vice Admiral who was supposed to oversee and suggest improvements in Naval procurement policy. He soon realized that that was not really a substantive job, and after about two or three months, the Navy also realized it. The Admiral was allowed to retire, and we were reassigned. That was when I got my big break.

I was assigned to Captain Frank D. Wagner USN, Naval Academy 1916. He was starting a new job as head of the Naval Air Transport Service. There was a naval air transport service, but it was very small, and it was now going to be tremendously enlarged.

Captain Wagner was not particularly well suited to that job. He was a real fighting Naval Aviator. He had been in command of a squadron of Navy seaplanes in Manila at the outbreak of the war. He had been chased by the Japanese all the way to Australia and resented it terribly. So here, he found himself in the Navy Department and supposedly building a Naval Air Transport Command, something he'd never done up to that time. He did the best he could. I was his Special Assistant, and we got along very well. One of the things we did, and I was of considerable help to him, was to negotiate a contract with Pan American Airways to do some work for us. My business experience enabled me to do that, so I negotiated and completed the contract subject to Captain Wagner's final approval. This job lasted about two or three months. All in all, I lived in Washington about six months for these two jobs.

Then Captain Wagner got his promotion to Rear Admiral and was ordered to the West Coast to take command of a new organization being set up, called Naval Air Seattle. Our job was to give the final training to newly formed carrier air squadrons who were to go to sea immediately after completing their training with us.

We were handling fighter squadrons. There were two other similar organizations, one in San Francisco and one in San Diego.

When we arrived in October, 1942 at the Naval Air Station in Seattle, there was really no one there as far as our command was concerned. There was the Admiral, a Flag Lieutenant, and me as Flag Secretary. A week later he got a Chief of Staff. Then various officers began to come in. My job was to organize the command as a going operation. It turned out to be the toughest one I guess I've ever had in my life. Somehow, I got through it alive. I found it very difficult physically because there was so much to do, so many details to attend to, and no one to help. We

didn't even have a Chief Petty Officer when we arrived, and he probably is the most important individual when setting up a new command.

WEED: When did the pilots arrive?

DILLON: The build up was very rapid, and we soon had a couple of squadrons training at the same time. We had two or three subsidiary training bases. There also was an active squadron of search planes under our command that operated up towards Alaska and searched for Japanese submarines.

WEED: Did the squadrons consist of veteran pilots?

DILLON: No! The pilots in these squadrons were all entirely new except for their commanding officer and possibly one other regular officer. The rest of them were all entirely new, and we had a difficult time with them because they were all very "gung ho."

They had completed their individual training, and had just received the planes that they were to fly when they boarded their carrier. They were learning how to operate together as a squadron. They wanted to show how strong and good they were. We had to constantly lecture them to always put on their oxygen masks when they got up above 10,000 feet because they were taking off from sea level. They liked to show off and caused lots of nuisance. That kept happening until finally one plane dove straight into the ground and made a great big hole. Then the rest of the squadron realized that what we were talking about made sense.

WEED: This was serious business.

DILLON: Yes, and that happened two or three times with different squadrons; tragic, but it was what happened because we were at war and training these people very quickly. They were only with us for maybe two months. At that time, the Kaiser shipyards were turning out small carriers that could carry one squadron. They were turning them out at a rate of almost one a week and these squadrons were needed for that. My service in Seattle continued for nearly a year until Admiral Wagner got new orders. Instead of being ordered to sea, as he'd hoped, he was ordered back to Washington.

This was in the fall of 1943 and to a much better job. He was the assistant to the DCNO(Air), Admiral Towers, who was in charge of the whole Naval Air Service. His work was largely to help Admiral Towers in any way possible and to brief him on the agenda for the Joint Chiefs of Staff meetings which Towers attended. So, he would get these numerous papers and have to go through them, then brief Admiral Towers, who was extremely busy overseeing the whole Naval air operation including procurement, training and operations. So, I had a very interesting time because it was my job to read the Joint Chief's papers first and then help my Admiral with his work. While this was very interesting and important work, Admiral Wagner

really wanted to get back to sea. However, being in this job pretty well ensured that he would go to sea as soon as possible.

This job started in October of 1943, and we were there until March 1944. In March, about the first of March, Admiral Wagner got his orders. They were to go to sea as a task group Commander based in a new large carrier, which was USS Wasp. The first Wasp had been sunk earlier in the Southwest Pacific. This was a new and much larger carrier, which had just completed its training and shake down. She was in Pearl Harbor and ready to join the fleet. We flew out in a Navy seaplane from San Francisco.

WEED: Do you recall what the task group designation was and its composition?

DILLON: The task group composition was just the carrier and a couple of DD's to protect it. I was with the Admiral who took me along as Flag Secretary. That job was much different from what it was in Seattle because we had a top Petty Officer to help us. It was primarily to keep up with all the information, orders, and traffic that came out from Admiral Nimitz's headquarters at Pearl Harbor. So, we'd know what to do.

After just a few days in Pearl Harbor, we were ordered to sea. Our orders were to take a shake down practice cruise and bomb a Japanese island called Marcos, which was a useless place about 800 miles directly east of Japan. This was to give our squadrons their first chance to be in action and to be shot at and so forth. No one expected any Japanese ships or aircraft. It was just bombing this island. After that, we were told to return to a place called Majuro where a great task force was gathering. We would join that task force. It was under the command of Admiral Spruance. The purpose of this task force was to protect and support our ground forces, which were to land in Guam and Saipan. The task force consisted of about four, or maybe five, large carriers like the Wasp, at least one battleship, and a number of cruisers and destroyers. It was a very powerful force. It was supposed to prevent any interference with the invasion.

The bombing at Marcos went very well. Nobody was hurt or lost. I don't know what significant damage we did, but the squadrons had had their baptism of fire. On the way back to Majuro, an unusual incident occurred in which I played a major role by happenstance.

During the night on the return voyage, the Admiral's staff took turns on the Flag Bridge, which was the command bridge of the task group, which was just the Wasp and two DD's. The Flag Bridge was immediately under the Ship's Bridge, where the Captain of the ship was, who was in charge of what the ship did. But he was told what to do by the Flag Bridge. The operational members of our staff consisted of the Chief of Staff, Operations Officer, Weather Officer and me. We also had one other officer, the Supply Officer and a Flag Lieutenant, but they didn't take part in watches. So, there were only four watch standers, and we took turns on these various night watches. There was really nothing to do. We just sat there through our watch. There was a Petty Officer who watched the radar full time. The officer of the watch looked at it from time to time, but the Petty Officer watched the whole time.

The Admiral spent the night in his battle station, which was a minute cabin about six or eight steps down from the Flag Bridge. His orders were that nobody was to do anything, except to report to him first. Then he would come up instantly if there was any problem.

On our last night as we were nearing Majuro, we were cruising fast at about 20 - 22 knots. I had the midnight to four watch and was sitting there drinking coffee. The Petty Officer was watching the radar, and I'd look at it occasionally. Suddenly, he said, "Sir, I think I see something, and it looks like a lot of bandits" (that's what you call moving objects that you don't know what they are and which could be enemies). So I jumped up, went over, and sure enough, as I looked at the radar, there on our port bow were ten or more dots which were approaching on a 90 degree direct collision course with our task group. We had a DD well out on our port bow. By the time I looked at the radar, it was not much more than a mile from the first of these things, closing at 20 - 22 knots.

I didn't have time to get the Admiral up to the bridge, so I disobeyed his order, turned to the speaker and gave the order to turn the task group ninety degrees to the right so that we would be on a course parallel to and away from these objects. I didn't know what they were. I didn't think there were Japs around, but I didn't know. After I turned the group, the forward DD missed them, I think, by less than half a mile.

I raced down and told the Admiral that I had turned the task group. He nearly went through the ceiling and raced to the bridge in his pajamas! He looked at the radar and he kept looking at it, looking at it, looking at it. Finally he turned to me and said, "Well done." Then he looked some more and stayed there and waited. We were going much faster than they were, and when they disappeared behind us, he ordered me to turn the group back on course and went back to bed.

WEED: Did they ever come within visual range? Were the contacts ever identified?

DILLON: It was a dark night, I don't know, not by us, but they might have been from the DD. We never found out. We were supposed to have absolute silence, too, but that was broken by giving the order to turn the task group. Besides the DD on the Port Bow, our other DD was on the Starboard Quarter to the rear. The next morning we reached Majuro. We tried to find out what we had seen and soon did. We had missed a group of LST's full of Marines on their way to rendezvous for the invasion. Because of some slip-up, Pearl Harbor had not sent us the information we should have received about this movement. Just imagine what would have happened if we had run into them. I think the Admiral appreciated me all the more after that.

WEED: Deservedly so.

DILLON: When we got to Majuro we stayed only a few days, and then the whole fleet moved off and went for the invasion of Guam and Saipan. As the landing took place, the carriers were

stationed well to the west of Guam and Saipan. Our planes were going out further west to look for any Japanese that might be around. Sure enough they were there. They had sent a big fleet down. The ensuing battle was called the Battle of the Philippine Sea, or sometimes the Turkey Shoot, because we shot down so many of their planes.

In this battle, our planes went out and bombed their carriers, and their airplanes came in to attack us. We were very successful in practically destroying three or four carriers, whatever they had. They were not successful because at that time, as they hadn't yet adopted the kamikaze tactics, they just tried to bomb us. We got hit by one small bomb, a hundred-pound bomb that came into the side of the Wasp and caused some damage. One man was killed but for anyone on the ship that wasn't right there, you'd have never even known it had happened.

We knew it had happened because, after he dropped his bombs, the enemy plane flew away, directly in front of us, very low over the water, ten feet or so, rapidly turning from side to side. We were shooting at it with all we had and never touched it. It finally disappeared.

One of the most unusual things happened as night fell because our planes were so far out they couldn't get back to us until it was dark. They could not see the carriers, so the carriers were all authorized to turn on their search lights, straight up. Thus our planes could see the carriers which were four or five miles from each other. They landed on any carrier they found, as they had no way of knowing which was theirs.

We were picking up these planes as they were coming in, and another interesting experience happened as a plane started to come in and was trying to land. The engine sounded funny to the landing officer who suddenly realized that it wasn't one of ours. All the lights were turned off. The Jap plane flew right by the island of the Wasp. He couldn't try to land as the carrier was in total darkness. He disappeared, we lit up again, and some more of our planes came.

The next day we had a formal burial at sea for the casualty from the enemy attack. It was most impressive, particularly for the ship-based people who had had no part in the actual fighting.

The battle was a great success, of course, and the landings went well. Soon we had full control of both Guam and Saipan. Almost immediately after that battle, Admiral Wagner got new orders. This time he was ordered to the Southwest Pacific to join General MacArthur as Commander Naval Air Southwest Pacific.

WEED: Had he been promoted to three stars by then?

DILLON: No, he served officially under a four star Admiral who was Commander Naval Forces Southwest Pacific. Wagner was just the Air Commander. I imagine he was ordered there

because he knew General MacArthur from before the War, and General MacArthur knew him. The Navy probably thought their interaction would be good.

Admiral Wagner asked me to come along, and this time I was to be his Assistant Operations Officer. He was going to get a new Flag Secretary. We flew in a Navy Seaplane to Brisbane, Australia where Admiral Wagner reported to MacArthur who was stationed there at the time. We stayed there for a few days, sort of getting acclimatized. There was a standard warning never to be less than four in a group when walking around Brisbane. Apparently some Australians thought American sailors spoiled Australian women with compliments and gifts. So we were not popular with them.

Then we flew to the island of Manus where the Army was. There was an old seaplane tender there with a couple of squadrons of Black Cats, PBY's. We flew up there, crossing New Guinea, landed and went out to Tangier, which was going to be the Admiral's ship. He also had one or two very much smaller seaplane tenders, which could handle six or eight planes apiece. We took over and sat there in Manus Harbor. The Japs had been pretty well cleared out of the Marshalls, Guadalcanal, New Britain and all. So there was nothing to do, as our planes couldn't fly far enough West to find any enemy shipping. Shortly after that, the Army moved into Hollandia, New Guinea which was quite a ways farther west. General MacArthur came up and made his temporary headquarters there.

WEED: Did Tangier move to Hollandia shortly after the invasion?

DILLON: We didn't move, we stayed in Manus. The Army had no opposition there so, they picked Hollandia to go in and build a staging base.

A short time later they took another step. The Army moved and landed in Biak, which is an island three or four hundred miles further west of Hollandia. Once they'd done that, we moved and went first to Hollandia where Admiral Wagner went ashore, taking me with him. We went up in a jeep to the hilltop place where MacArthur's headquarters were, and Wagner checked in again with General MacArthur. I didn't see MacArthur that time as I waited outside.

After that we moved on and went to a place near Biak where naval units could stay, called Woendi Lagoon. There was an Australian cruiser there. We anchored near it and our seaplanes were anchored there. There we stayed for another month or so. One day the Australians caught a 10 to 12 foot shark and hung it off the stern of their cruiser to warn us against swimming.

WEED: What sort of operations were you conducting off of Tangier at that point?

DILLON: At that point we couldn't conduct anything. There were no Japanese that near. We were trying to figure out what we could do. That's where I had an idea. It was to send one of the smaller tenders way forward to a spot that looked on the chart as if it was protected enough for

seaplanes to operate. The Admiral agreed to give it a try. They got a few planes off and found some ships to bomb. But the place proved too rough for our planes to operate properly so they came back. Then we moved on from there to Morotai, which I believe is fully discussed earlier.

We then moved west with the Army. The Army had invaded Biak, so we moved up with our seaplanes to a place called Woendi lagoon, a good anchorage about ten miles from Biak. We'd send out our seaplanes at night. We had first some regular PBY "Blackcats," but they were changed soon to PBM Martin Blackcat seaplanes which were bigger, heavier and could carry more bombs.

They flew out as far west as they could to see if they could find any Japanese to bomb. It was hard to get far enough to find Japanese shipping.

You asked how I became Assistant Operations Officer. When we got to the Southwest Pacific, I think it was from my previous experience with Admiral Wagner. I think he thought that I would be more helpful in that position. There wasn't a regular Navy officer assigned as such and the work was more than one officer could handle. So, he gave me that job and got himself a new Flag Secretary who was just assigned to him. I worked closely with the Operations Officer and the Chief of Staff. A very small group because there was the Operations Officer, the Weather Officer, the Materials Officer, the Chief of Staff and me. That was the extent of the staff, and I worked with the Operations Officer trying to figure out where we could send the "Blackcats" and what they could do.

I had a brilliant idea, at least I thought it was brilliant, that we could send a small seaplane tender well forward of our position, all on its own. We had a small tender assigned us, which was very small, but it could handle a few planes. There didn't seem to be any Japanese Naval danger, and I thought I had spotted a place on the chart where it was protected enough for seaplanes to take off. They couldn't take off in a rough sea. The staff and Admiral Wagner said they couldn't tell from the chart, but that they'd try it, so the tender went up there, and they did get a few planes off. They flew out and were able to reach some Japanese ships and bomb them. That was pretty exciting, but, in a short time, the sea proved too rough for the planes so they came back.

Then we were ordered up as part of the invasion of Morotai, a small island about half way between New Guinea and Mindanao. There was nothing there. I don't even think there were any Japanese on it. We got up there and landed on it and the construction battalion built an airport in a day and a half or two days or something like that. They used steel runways and put them down and then we got a squadron of our first Naval land based search planes. They were able to fly all the way up as far as Leyte. They could report and look for Japanese ships and everything. Of course, that was, we all realized, probably some sort of preparation for an invasion of the Philippines. We stayed there for a while. A Japanese plane came and tried to

drop a bomb on us one night but missed. That was the first time we had a bomb dropped anywhere near us. Didn't come even close.

Then we were ordered to join the fleet for the invasion of Leyte. And we went into Leyte a day or two after the main invasion. We weren't part of the deal; we were just baggage, because as far as the invasion went they didn't need seaplanes. Our job was to take off from Leyte Gulf and do reconnaissance at night. The Army built a perfectly good airport at Tacloban and would fly fighter planes. They had to fight with the Japanese who came every evening. Their search planes would go out in the daytime, but they couldn't go at night. They didn't have that capacity, only we did. So our search planes would go out at night. We were anchored way up at the northern end, about half a mile from the northern end of Leyte Gulf right off Tacloban. The main fleet was further south, more in the middle of the Gulf, I recall. And, I remember we had a hurricane, rather a typhoon, that was horrific. A couple of destroyers, patrolling just outside Leyte Gulf, overturned and sank. The wind blew so hard, south to north, that we had two anchors out and were going full speed ahead with our engines and still straining at these anchors, worried they wouldn't hold. They did, but one ship broke loose and came right back through all of us. We weren't very happy because of the seaplanes that were anchored just off the northern shore of the Gulf. Also by that time we were on a very big and new tender, the Currituck. Our ship had something like 3 million gallons of aviation gas and all the bombs for the planes. So we didn't want a collision. The loose ship came quite close to us and piled up on the beach behind us missing our seaplanes. It was quite an experience.

The next experience there was the battle of Leyte Gulf during which we sank the Japanese fleet coming up through Surigao Strait from the south. But their newest and largest battleship came undetected through San Bernardino Strait to our north because the task force under Halsey had been lured away and wasn't there.

Our night search plane saw the Japanese and thought it was Halsey. The pilot had been given instructions that Task Force Thirty-Four was there and not to get too close to them if he saw them. Stay away from them and not pay any attention. So we only found out when he got back and made his report that he'd seen a big ship and thought it was part of Task Force Thirty-Four. And, of course, it wasn't. It was a big Japanese battleship coming through.

That morning we woke up to the fact he was outside chasing our small carriers, and we got the famous message that was brought to us reading "the whole world wants to know, where is Task Force Thirty-Four?" signed Nimitz. That's the way it was decoded and handed to us. Admiral Wagner said, "I can just imagine what Admiral Halsey feels like." Usually, to make decoding more difficult for the enemy, you would put words at the beginning as garbage that were meant to be thrown away when decoded. But this certainly didn't look like garbage; it looked like part of the message. So it was something.

Fortunately though, the Japanese battleship decided that the ships he was going after were big carriers because of the courageous attacks of their planes, and he'd better be afraid of them.

He turned around and ran away. We only found that out after the war. We didn't know why he turned around. Our battleships in Leyte Gulf were totally out of armor piercing ammunition, because we'd used it all up. If he wanted to, he probably could have come into Leyte Gulf and done tremendous damage, caused great loss. But he didn't. He turned around and went back. So that was the end of that.

Now I have an incident I wanted to tell you about concerning MacArthur, which is really a remarkable and historic story. The war plan leading up to the eventual invasion of Luzon required air protection for the invasion fleet because the Japanese had plenty of airplanes. We had to be able to knock out most of them. The only way to do it was to establish a forward base from which we could fly fighter planes to cover the invasion. And the only place for that was an island called Mindoro which was west of Leyte, but you had to go south through Surigao Strait down by Mindanao way around and up on your way to Luzon and, just before Luzon, you came to Mindoro. The plan was to establish an air base on Mindoro which could protect an invasion fleet on the way to Luzon.

Admiral Wagner sent for me one afternoon and told me, "General MacArthur has invited me to a staff meeting and said I could bring one officer with me. Will you come?" So I went.

We went to this meeting in MacArthur's headquarters in Tacloban. Sitting around the big table there was Admiral Kinkaid and a General – I don't remember his name, in command of the Army, and General Whitehead, who was in charge of the Fifth Air Force. Admiral Wagner was considerably junior to these officers and under the command of Admiral Kincaid, but he was in charge of Navy air and MacArthur knew him from when they'd been in the Philippines together when the war started. So he asked Admiral Wagner to come along.

The meeting didn't last very long. I was a fly speck on the wall along with the officers that were there with the service commanders. While by that time I had just received the rank of Lieutenant Commander, I was very junior compared to these officers. But anyway I was there.

MacArthur at the meeting said, "You all know the plan. I just want your advice now, before we make the final decision to go ahead." First he called on the General in charge of the Army and said, "Is this something that you can do?"

And he said, "Easily, if the Navy can get me there then it's no problem. I'll get the airport built rapidly." MacArthur then turned to Admiral Kinkaid and said, "Can you accomplish this?" And Kinkaid said, "Surely, it's not very difficult, provided I can have air cover on the way to Mindoro."

And then MacArthur turned to General Whitehead and said, "Can you provide the air cover, and he answered, "No way." He said, "From Tacloban, after you've gone way down south and are farthest away and start coming up north, I can have planes there, but they couldn't stay

more than three minutes. They'd have to come back or run out of fuel." They didn't have in flight refueling at that time.

So, MacArthur asked, "What should we do?"

Admiral Kinkaid said, "Well, we can't do it until we get air cover all the way. We will have to change the plan. Take smaller steps."

And he asked the Army General, and he said, "Well, I concur. That's the only thing to do."

And then he asked General Whitehead, "What should we do?" And he said, "Well, I think we ought to be more careful. Take the proper steps."

Then he turned to Admiral Wagner and said, "Wagner, what do you think?"

Admiral Wagner was a real fighting cock. He said, "General, I agree that if we do this, we will probably lose a ship, most likely a small carrier," but he said, "In view of the time it would take to change everything, it would put off the invasion of Luzon for months, since if you have to go in two steps, you still have to go to Mindoro before Luzon. I'd go ahead knowing we may very well lose something."

General MacArthur said, "Thank you." Then once again he turned to his three top commanders and said, "Gentlemen, your final opinion?" And the three top ones all said, "Don't do it." General MacArthur was silent. He puffed on his pipe for what felt like half an hour but probably was a full minute.

Finally, he took the pipe out of his mouth, knocked the ashes out, and said, "Thank you gentlemen, we will proceed as planned in the morning."

That was a most courageous decision – if the operation hadn't worked, MacArthur's neck was right on the line. He showed his greatness as a military commander by taking the full responsibility himself against the advice of his three service commanders. The result was that we lost one ship, a small Kaiser carrier, but were able to rescue the great majority of the crew. And we got to Mindoro.

As soon as we got there, we got fighter planes there. After a day or two, they cleared out all of the Japanese planes nearby, and we were able to proceed on schedule with the invasion of Luzon.

WEED: How did Admiral Wagner feel about that?

DILLON: Oh, he was glad, you see that's what he thought. He thought that was safe, but if we did lose one, he was willing to take the loss.

And, then there was the invasion of Luzon. We tagged along with that at the back end of the fleet. The only thing of interest in that was that we had a kamikaze attack, which was the only Japanese attack we saw. We were way in the back of the main invasion fleet and had no air cover. The front ships may have had some attacks, but we were not aware of them. I was on deck and saw this – there way up we saw a speck at maybe 15 – 20 thousand feet. It started down and our ship started shooting at it, hell bent. We weren't very well trained for targets, because the Currituck hadn't been in any battles or been given that much gunnery training. Fortunately we must have, at some point, hit this plane enough to damage it or do something to it because it went into the water right next to us not more than 100 feet from us. There was an explosion in the water. It sent water up way over the top deck where we were. We all went OHHHH, like that because that would have been one for the pictures if it had hit our ship with the load we were carrying – just like an ammunition ship blowing up, none of us would be here.

After the invasion in Lingayan, as soon as he was allowed, almost before he was allowed, Admiral Wagner took Currituck and went south and into Manila Bay. We were the first American ship to enter Manila Bay. And we went in and anchored just off Cavite, which was the Manila naval base prior to the Japanese arrival. That was where then Captain Wagner's seaplanes had been based before the war. We sent a landing party ashore there and stayed there. The seaplanes stayed there. They didn't have much to do as they did not have the range to fly across the South China Sea and back. They sort of flew mail routes and things like that.

I was assigned by Admiral Wagner to be the liaison officer with the Fifth Air Force which had, at that point, assumed operational command of our land-based search planes which were moving right away into Clark Field which had been the pre-war base for Army planes. They were to be sent out to bomb the railroad in Vietnam and have a look at what was going on. They were the only really good search planes. The Army planes were good bombers, but they were not trained to search.

So I went in with another officer and drivers in two jeeps, which were pulled off our ship. We were the first Americans to go into Manila from Cavite, a trip of eight or ten miles. As we went through the little towns on the way in our jeeps flying the American flag, thousands of Filipinos came out and cheered and yelled and screamed and everything like that because they'd been suffering for so long with the Japanese. It was quite an experience.

When we got into Manila, it was terrible. There were still dead Japanese lying all around. The Army had just freed the last prisoners of ours that were in the prison camp there. They had been left for weeks with only the bark on trees to eat, and it was terrible. Admiral Wagner offered to take some of them – get them to our sick bay to the extent that we could help. But they didn't do that. They got some planes and flew them out pretty fast to Saipan.

In Manila the Army outposts directed us to headquarters where we found the Fifth Air Force. The Operations Officer that I was to liaison with turned out to be a 28-year-old Brigadier General from West Point. That's the way they did it in the Air Force.
He was a brilliant, nice fellow, and we got along fine. My job was really to explain what the capacity of our people was, what they could do and what they couldn't do. They couldn't be used as bombers to back up his people, but they could do other things and so that was that. I returned to Cavite in my jeep, and my junior stayed in Manila with the Fifth Air Force.

Afterwards I went back in several times, but our ship just sat there. There was nothing to do. At that point, I guess it was the end of June, I and another officer from our staff, the materials officer, were detached and flown back home for 30 days rest and recreation and then to Washington for reassignment. We flew on a Naval air transport seaplane to Pearl Harbor via Saipan and then to San Francisco. I did not take a plane home from California. I didn't fly anymore for a while. I'd flown quite a few flights in my capacity as Assistant Operations Officer and had flown on PV's from Tacloban. That strip was just a steel strip. It had fighter planes parked right along the strip on both sides. You had just the strip to land on. If there was a cross wind, it was not much fun landing in a PV. I had also had a couple of scary close calls so I was glad to be shore based for a while.

I took my vacation and, after my 30 days, I went to Washington and reported for duty about the first of August. Instead of telling me where to go, which I fully expected, they said "We don't have anything for you right now. Just check in every day." I thought that was a little strange, but I did it. And then, a week later, the atomic bomb went off, and I knew why they told me to do that. They figured that might be the end, so they weren't sending people back out. The war was over and the surrender was only ten days later – something like the 20th or 21st. With the war over, I was released from Active Duty the day after Labor Day since I had been on active duty much longer than most any other Reserve, starting nine months before Pearl Harbor. Plus I'd seen action in the Pacific.

You asked about how I happened to receive the Air Medal and the Legion of Merit. Well, the Air Medal was automatic. The Air Medal at that time was given for five flights where you were in enemy territory and might be shot at. I had been shot at and had had enough flights.

The Legion of Merit was given to me on Admiral Wagner's recommendation for the service – all that I'd accomplished over my period of time with him. We had been engaged in a number of battles. The Admiral had a ceremony on board Currituck before I went back to the US. A couple of the other staff officers also received medals. Different ones from mine.

WEED: Were you a Lieutenant Commander when you were released from active duty?

DILLON: Yes.

WEED: Did you remain in the Reserves after that for any period of time?

DILLON: No, Admiral Wagner wanted me to stay and said I could stay on active duty. He said it was a wonderful life, and that I could go very far. But I felt that the Navy was my life for the war, but not for the rest of my life. So, I didn't do that. I went back to work in New York and resigned my reserve commission shortly after my release from active duty.

You asked about the Eberstadt Report. When I was released from Active Duty which was right after Labor Day, the then Secretary of the Navy was James Forrestal who was a good friend of mine, because he worked in Dillon, Read with me before the war. And I also knew Eberstadt from business before going to war. He was building up a group to make this study and Forrestal asked me if I would join his group. I was interested, so I said certainly. It was a study about the future role of the Navy. They assigned me the job of writing about what the future role of the Joint Chiefs of Staff should be, because I had had some experience with the Chiefs while working for Admiral Wagner. So I spent a month or so writing it up and then at the end of September or early October, Eberstadt and Forrestal took a look at my draft and decided that it would not do. I was called in and thanked very much and sent back home to New York, because I'd recommended the arrangement that we now have – a Chairman for the Joint Chiefs, with a separate staff. I thought that was the only thing that would really work to avoid the fights between the Services and bring about a better overall Defense organization. I was looking at it from a war point of view. The Navy and the Army and everyone else were looking at it from a peace time point of view. So they weren't quite ready for that. The Defense Department did not give the Chairman of the Joint Chiefs any authority, just the name, until legislation was passed about 10 or 12 years ago that adopted almost identically what I had recommended in my report. So that was pretty much the end of my Naval career.

WEED: As you reflect on your Naval career and your subsequent career in public service and business, how did the experiences and training and work that you did in the Navy affect your civilian career?

DILLON: Well, it was a wonderful experience. I had had no previous training of any kind. I did the three weeks at Opalocka and six weeks in Quonset, which really didn't teach you very much, just discipline, order and so forth. But you learn a lot by the work that you're doing, dealing with men and fellow officers and seeing how a big operation worked. I think it taught you that you had to discipline yourself and work within the system, whatever the system was. You could work to improve the system, but you couldn't go off on your own. If you tried to in most cases it would not work and be wrong. And so it was a great experience, and I look back on it with a certain pride and pleasure.

The investment banking business was more free wheeling and continued to be that way. I think what I learned in the Navy helped me when I suddenly found myself in government. My first government job was Ambassador to France with an embassy of 1,400 people and their wives there. It was a big operation. So it helped me to get along in a bureaucratic environment, to know how things work. It made me perfectly happy in the governmental environment. Some

people going into important government jobs straight out of business have a rough time, as they don't understand how government works. They don't like the Civil Service and all that goes with that. Also, of course, my earlier political life helped me immensely when I got to Washington in the State and Treasury Departments in dealing with the Congress, because I understood how members thought because of my earlier political work at the local and state level.

WEED: It was an honor to meet you and to hear about your experiences directly and I think you have provided some marvelous information that will be of benefit to naval history.