

TOP SECRET

History of SIS

C/4128.

LONDON.

14th February, 1940.

In the Shadows

I am sending you the brief historical sketch of what we now know as S.I.S. Not the least interesting portions of this sketch are the appendices, from which over and over again we learn the same lesson, i.e. that one must plan for the future and that success in S.S. work must always be the result of years of patient work, and not of improvisation.

The machine can be destroyed by a stroke of the pen, lessons can be forgotten overnight, but I can personally conceive no greater catastrophe from a national point of view. It might be well said of us in that case, as was said of other purblind citizens years ago - "Virtutem videant intabescantque relictam".

Yours ever,

*Let them regard virtue & power
in despair at her abandonment.
(Percy)*



H. M. G. Jebb, Esq.,



-SECRET-

OFFICE OF THE PRIME MINISTER

RICHMOND TOWER

WESTMINSTER PALACE

4th April, 1940.

Mr. Dear Lord Hankey,

Thank you so much for letting me see your very interesting report on the Secret Services. Of the three copies which I have had made, I am keeping one in accordance with the permission ... you so kindly gave me, and I am sending you the other two as you said you wanted some spares.

H. L. Ismay

The Right Hon. Lord Hankey, G.C.B., G.C.M.G., G.C.V.O.
Treasury.

53F
COPY SENT TO GLADWYN JEBB.

MOST SECRET.

11th March, 1940.

I have to-day forwarded to the Prime Minister my first Report on the Secret Service, and I have sent copies to the Secretary of State for Foreign Affairs and the Ministers at the head of the Service Departments.

I am sending copies of my letters to Gladwyn Jebb for record. I am relying on him to see that the conclusions are submitted in due course to those concerned.

I hope that you will see fit to carry out the third recommendation in favour of monthly meetings at which you will preside. I attach some importance to these as an element in the Secret Service.

I am sorry to say I cannot enclose a copy of the Report as my facilities for reproduction here are limited, and I have only my office copy left. You, however, will be able to obtain the Secretary of State's copy, or you can have it reproduced in such form as you may think convenient.

May I take this opportunity to express my indebtedness to Gladwyn Jebb, who, I am glad to think, will be working with me in the second part of the enquiry dealing with M.I.5.

(Sgd.) HANKEY.

The Hon. Sir Alexander Cadogan,
G.C.M.G., C.B.

33F
33F

Copies to The Secretary of State for Foreign Affairs.
 The First Lord of the Admiralty.
 The Secretary of State for War.
 The Secretary of State for Air.
 Mr. Gladwyn Jebb. (but not of report).

MOST SECRET.

11th March, 1940.

I submit herewith my first Report on the Secret Service which deals with the various organisations under the control of Colonel Menzies.

The Report has taken rather longer to complete than I expected, as the organisation has developed and extended considerably since I was last concerned with it.

In reading the Report you will notice that during my enquiry a good deal of action has been taken to strengthen S.S. at various points. In addition however, I have included a certain number of recommendations. I suggest that Sir Alexander Cadogan's Private Secretary, Mr. Gladwyn Jebb who has rendered me much assistance in this enquiry, might be left to bring these to the attention of all concerned.

There are certain aspects of S.S., including cryptography, on which I have thought it inexpedient to give any details or even to express my views in writing. In no case however, did I form an adverse opinion of these activities.

I have now started on the second part of my enquiry, namely Home Security (M.I.5), and will render a report in due course.

I am sending a copy of this letter and Report to the Secretary of State for Foreign Affairs, the First Lord of the Admiralty, the Secretary of State for War and the Secretary of State for Air.

(Sgd.) HANKEY.

The Rt.Hon. Neville Chamberlain, M.P.

557

Similar letter sent to:-

The First Lord of the Admiralty.
The Secretary of State for War.
The Secretary of State for Air.
Mr. Gladwyn Jebb.

MOST SECRET.

11th March, 1940.

I enclose herewith a copy of a letter to
_____ the Prime Minister covering my first Report on the
_____ Secret Service, a copy of which I also enclose.

(Sgd.) HANKEY .

The Rt.Hon. Viscount Halifax, K.G.

MOST SECRET.

THE SECRET SERVICES.

Inquiry by the Minister without Portfolio.

FIRST REPORT.

- I. INTRODUCTION
- II. THE SECRET FOREIGN INTELLIGENCE SERVICES.
- III. S.S.
- IV. DISTRIBUTION OF INFORMATION.
- V. WIRELESS COMMUNICATIONS. (Section VIII.)
- VI. ACTIVITIES IN ENEMY COUNTRIES.
- VII. ACTIVITIES IN NEUTRAL COUNTRIES.
- VIII. FINANCE.
- IX. THE SPIRIT OF S.S.

THE SECRET SERVICES.

Inquiry by the Minister without Portfolio.

FIRST REPORT.

I. INTRODUCTION.

1. In December, 1939, I was asked by the Prime Minister, the Foreign Secretary, and the three Service Ministers, to conduct an investigation into the Secret Intelligence Services. I have had the advantage of the co-operation of Mr. H. Brittain of the Treasury and Mr. Gladwyn Jebb of the Foreign Office, both of whom have given me very valuable assistance. The latter has also acted as Secretary to the inquiry. In addition, I have worked in close co-operation with Colonel S.G. Menzies, D.S.O., M.C., the recently appointed Chief of the Secret Service, and the Directors of Intelligence of the Admiralty, War Office, Air Ministry, the Head of the Intelligence Department of the Ministry of Economic Warfare, and Sir Campbell Stuart.

2. I have assumed that, in the circumstances of the war, my task would be carried out most usefully if, in cases where improvements were generally agreed by all concerned to be desirable, they were carried into immediate effect without waiting until this Report was completed. For this reason it will be found that this Report contains the record of a number of measures of reorganisation already adopted, but not many fresh recommendations.

3. The Secret Services were formed in the year 1909 as the result of an inquiry by a Sub-Committee of the C.I.D. The signatories of the Report were:-

Lord Haldane (Chairman)
Mr. McKenna
Mr. H.J. Gladstone
Mr. Sydney Buxton
Lord Esher
Lord Hardinge of Penhurst
Sir George Murray
Sir Edward Henry
Admiral Bethell and
Generals Ewart and A.J. Murray

Their recommendation was -

"That a Secret Service Bureau should be formed to deal with espionage and to act as a screen between foreign spies and Government officials".

4. Very soon, however, it was found that the work fell into two main compartments namely, Foreign Intelligence and Home Security (M.I.5).^{*} These are still the main branches of Secret Intelligence. Not only have their activities increased enormously, but, with experience and the march of science, round them have gradually grown up, as the result of war experience and technical development, a cluster of other secret or quasi-secret services, dealing with such subjects as Cryptography, Wireless Intercepts, Wireless Direction-Finding, detection of Illicit W/T stations, W/T Beacons, and other possible means of leakage of secret information such as infra-red rays, water transmission, cable intercepts, the maintaining of foreign radio services, sabotage and propaganda in enemy countries.

^{*} A note on the origins and development of the S.S. is attached as Appendix I.

This investigation would not be complete unless it included the relations between the two original main branches of Secret Intelligence, and these more recent developments, from the point of view of both intelligence and technical co-operation.

PROCEDURE.

5. The Foreign Intelligence branches of the subject were first taken up. In fact it was not until some weeks later that I ascertained that the inquiry was intended to extend to a wider field. This first Report, therefore, is devoted to the Foreign Intelligence Service, both in its internal organisation and external relations. This part of the investigation was facilitated by the fact that Colonel S.C. Menzies had just been appointed in the place of the late Admiral Sir Hugh Sinclair as Chief of S.S. and was himself in the process of reorganising the work to meet the exigencies of the present war.

II. The Secret Foreign Intelligence Services.

TWO MAIN BRANCHES,

6. The Secret Foreign Intelligence Services consist in two main branches, viz:-

Cryptography and Interception work

S.S. proper.

The former, it is true, is paid for, not out of Secret Service funds, but out of the ordinary Foreign Office Vote, (Government Code and Cipher School, hereafter referred to as G.C. & C.S.) and, properly speaking, might be said to be excluded from the reference. But it provides one of the main elements

in the acquisition of secret information and it would be absurd not to take it into account. In fact, in the late war, as is well known, by good fortune combined with the patient efforts of an exceptionally able staff, it became the most reliable of all our secret sources of information.

7. The close connection of the two above branches of Secret Foreign Intelligence is recognised by the fact that to-day, while they are separate organisations, they both work under the central direction of the same head - Colonel S.C. Menzies, who is responsible for their co-ordination both inter se and with the Foreign Office, the Intelligence Branches of Staffs of the Defence Services, the Ministry of Economic Warfare and other Government Departments.

CRYPTOGRAPHY.

8. The material for cryptography is furnished by British Cable Companies and Wireless Telegraphy Intercepts made by W/T interception stations maintained by G.C. & C.S. and the Service Departments. The cost of the two G.C. & C.S. stations, and of a third which is under construction, is borne on the Foreign Office Vote. At a very early stage of the inquiry I visited the G.C. & C.S. at its war station. In view of the extreme secrecy of this branch of secret intelligence it would be inadvisable to put anything at all on paper about its present work, or even to state my opinion as to its present state of efficiency, though I would be prepared to do so verbally at an unrecorded meeting. It is sufficient to state that I suggest no changes or

developments, apart from that referred to in paragraph 44 below affecting the purely interception side of the work.

1ST RECOMMENDATION.

9. I recommend that the utmost care should be exercised by all those who have knowledge of the existence of this work, not even to mention it except in conditions where secrecy is certain to be inviolable. In no circumstances should it be referred to in Cabinet Minutes or in any circulated documents.

III. S.S.

10. The Secret Service works under the Foreign Office. Its funds are provided by the Secret Service Vote, which is accounted for by the Treasury. Although this money is voted by Parliament, the expenditure is not subject to the ordinary methods of Parliamentary control. The Chief of S.S. works under the immediate supervision of the Permanent Under Secretary of State for Foreign Affairs, to whom he renders accounts of the expenditure of the various Services controlled by him. The Chief of S.S. submits a budget, which covers all the normal expenditure that can be foreseen. In time of war, however, experience shows that the S.S. is liable to be called upon, at the shortest notice, to submit plans for and to carry out large-scale projects to meet the exigencies of war developments, which may involve immediate non-recurrent expenditure for which no budgetary provision was made

or could possibly have been made. Several examples could be given that have come to my personal notice during the present war.

11. In such cases the Chief of S.S. applies for the requisite funds to the Foreign Office, who, if they approve the project, approach the Treasury.

12. During the present war, in cases where the projected operation was on such a scale that the Foreign Office and Treasury wished for investigation on the Ministerial level, and the detail involved was greater than so heavily burdened a Minister as the Secretary of State for Foreign Affairs could undertake, I have been asked to look into the matter and to give a Ministerial decision, a task which I have gladly performed to the best of my ability and in consultation with the Ministers concerned or their Departments.

END RECOMMENDATION.

This is a plan, which, I recommend, might continue to be followed, though on occasion it might be preferred to refer the matter to some Minister other than the Minister without Portfolio. In any event the Minister in question must work in close co-operation with the Foreign Office, and preferably through the channel of the Private Secretary to the Permanent Under Secretary of State.

GENERAL DESCRIPTION OF S.S.

13. At the present time a large proportion of the activities of S.S. are carried out at a war station in the country, where they are in close propinquity to the G.C. & C.S. and within easy reach of the

Department dealing with propoganda in enemy countries.

14. The principal branches of S.S. are as follows:-

Collection of information in foreign countries through agents.	Partly in London and partly in the War Station.
Distribution of information.	ditto.
Activities in enemy and/or neutral countries.	ditto.
Establishment arrangements.	ditto.
W.T. Communications.	War Station.

There is, in addition, some smaller but important work which it is better not to mention in a written Report. I have visited nearly all the above branches, whether in London or in the country.

DIRECTION AND CONTROL.

15. The direction and control of the whole organisation is exercised by Colonel Menzies from headquarters in London. At the outset of the inquiry, when Colonel Menzies had only just been appointed as Director, it was obvious that he was considerably overloaded with immediate charge of the War Station as well as of headquarters. He has now carried out considerable measures of decentralisation including the following appointments:-

- (i) Lt.-Col. Vivian, who, besides acting as Head of the War Station, is also Deputy Director, a post for which he is, in my opinion, admirably qualified.
- (ii) Lt.-Col. A.M. Craig, R.M., late Assistant Director of Naval Intelligence, a highly trusted officer, who has been selected to act as liaison officer at S.S. with the Admiralty.

(111) Mr. Claude Dansey who has taken over the control of a number of sections which previously reported direct to Colonel Menzies, and who acts as a kind of "Assistant Under Secretary".

POLICY.

16. The Policy of the S.S. is entirely in the hands of the Director, subject to the Foreign Office. The Director naturally takes into account the requirements of the Directors of Naval, Military, Air and Economic Warfare Intelligence, with all of whom he is in personal touch, as well as those of the Foreign Office.

17. Nevertheless I have reached the conclusion that something might be gained from occasional meetings between the Heads of the various Intelligence Services referred to above, and the Head of the S.S., on whom they all depend for so much of the Secret Intelligence. Such meetings would be held at regular intervals (say once a month) to discuss policy and to compare notes as to the information required, possible improvements, the activities of Section IX, communications, liaison arrangements, training of Intelligence Agents, and so forth.

3rd RECOMMENDATION

18. With the assent of those concerned it has been arranged that monthly meetings shall be held of the following:-

The Permanent Under Secretary for Foreign Affairs (in the Chair).

The Director of Naval Intelligence.

The Director of Military Intelligence.

The Director of Air Intelligence.

The Director of Intelligence in the
Ministry of Economic Warfare.

The Director of S.S.

The Private Secretary to the Permanent
Under Secretary of State, Foreign
Office (Secretary).

NOTE.

My original idea had been that this should be linked up to the Joint Intelligence Committee, but Colonel Menzies pointed out that from the earliest days S.S. had, for vital reasons of secrecy, deliberately been kept aloof from regular Government Committees such as the Committee of Imperial Defence and the Chiefs of Staffs organisation, and that meetings on a less formal basis as suggested above would be preferable. I accept this view.

THE CLASS OF INFORMATION
REQUIRED.

Collection of Information.

19. In the collection of information the first question that arises is as to what intelligence is required. Very early in the inquiry I became uneasy as to whether S.S. was in all cases fully aware of the information that Government Departments required, which depends on the liaison arrangements.

20. It transpired, however, that the Foreign Office, Ministry of Economic Warfare (whose Director of Intelligence is a former member of S.S.) and Military Intelligence Department (who now have no less than eight active service officers in S.S. including two recently appointed) were satisfied on this particular point. The Director of Naval Intelligence, however, at the outset of the inquiry was not so well satisfied, but the subsequent seconding to S.S. of

Lieutenant-Colonel Craig (see paragraph 16 (ii)), together with the loan of a Naval Commander, have already improved matters and it is now hoped that the Admiralty and S.S. will be able to devise new methods and plans in the closest accord and to put them into operation as circumstances permit. The Director of Air Intelligence was satisfied that S.S. knows what intelligence he wants from the questionnaires forwarded to him periodically, though he does not receive all the technical information he requires, a matter which is dealt with below in paragraph 25. At present the Air Staff is only very slightly represented in S.S.

Colonel Menzies would welcome a few serving Staff Officers of the R.A.F., if and when available, but Air-Commodore Buss was about to vacate the appointment of Director of Air Intelligence and preferred to leave the question to his successor.

4th RECOMMENDATION.

21. I recommend that the Director of Air Intelligence and Colonel Menzies should keep in view the possibility and desirability of the temporary introduction into S.S. of new blood from the Air Staff, when suitable men are available.

THE EXTENT TO WHICH THE
INFORMATION IS
OBTAINABLE.

22. The next question is the extent to which the information required by the Government Departments is forthcoming. There is general agreement that the service of information of a general and political

character is very satisfactory. The Foreign Office and Ministry of Economic Warfare are well content with the supply of political intelligence.

23. In technical matters, however, the position is less satisfactory. None of the three Service Intelligence Departments receive all the technical information they require.

24. The Admiralty, for example, would like to have prompt information as to the movements of enemy ships through the Danish Belts. I was informed that this service could be built up only under great difficulties, if indeed this was found possible at all in war-time, owing to the extreme vigilance of the Danish Government. It was stated, for example, that at the outset of the war the Danes had completely broken up the German coastwatching service in the Belts. In Norway the position of ground intelligence was rather better and an interesting new method for obtaining intelligence is in course of development.

25. Similarly, information as to movements through the Kiel Canal and the position of the main units of the German Fleet in their Home Ports has been difficult to obtain, but the rather inadequate ground reports are supplemented from time to time by intelligence obtained by air reconnaissance.

26. Good help has been given to the Naval Intelligence Department by S.S. as to

ships in neutral ports, but there is little information as to the Russian fleet, while Italy is now rather out of the picture.

27. The Director of Military Intelligence emphasized the importance of obtaining fuller details of the present and prospective output of factories, and figures for stores, munitions and implements of war. In particular, he laid stress on the importance of photostat copies of documents or other positive proof on the subjects dealt with not only in enemy countries but also in certain neutral countries such as Italy, Russia and Japan.

28. The Director of Air Intelligence would like more information as to the numbers of aircraft present on German aerodromes, as well as particulars as to their types, markings and so forth. At first sight that would appear to be relatively easy information to obtain, but I was informed that the Germans exercise the utmost precaution to prevent any approach by strangers to their aerodromes. As a matter of fact the Air Intelligence Service is well informed about the location of the German air forces from a source which it is unnecessary to disclose. The Director of Air Intelligence reported that the last information supplied by S.S. on the subject of German production had been early in 1937 when a very valuable document had been

obtained giving the expansion scheme of the German Air Force. He added that they had had very little information about the production of the latest Messerschmidt Fighter aeroplanes.

29. S.S. point out that a certain amount of information of a detailed character is already supplied but that it takes years to develop regular and dependable sources for the above classes of intelligence. The funds available before the war were not sufficient for this and it is extremely difficult to build up the necessary contacts in time of war. It must be recognised also that a long time is required before the machine can be built up afresh in Poland and Czecho-Slovakia and even in Holland, where the Venloo incident has badly dislocated the organisation. Similarly, a fresh machine for Finland could not be provided at a moment's notice.

30. I do not think that Colonel Menzies' explanations can be contested and they are well understood by the several Directors of Intelligence. The development of the liaison between S.S. and the Services should create a closer mutual understanding between all concerned and facilitate the improvement of this side of the work.

31. The Head of the Intelligence Department, M.E.W., also, while well satisfied with the political reports which

formed the background of their work, required more definite information, such as copies of the Customs returns of certain neutral countries, trade statistics and so forth. He admitted that such information was available in some countries, particularly Roumania, and that there had been a few successes in some other countries. But he wanted more information of this kind. He thought that its absence was largely due to the fact that the representatives of S.S. abroad did not know precisely what sort of information was required.

32. I was informed by Colonel Menzies that the work for M.E.W. was comparatively new and was not yet fully developed. Good progress, however, was being made and he had already been able to furnish some of the information which M.E.W. required.^x

TRAINING OF AGENTS, ETC.

33. A suggestion which was made from more than one quarter was that those who direct the work in the field, e.g. Passport Control Officers in countries adjacent to Germany, were not sufficiently informed as to the requirements of the Service Departments, particularly in the technical sphere. Obviously it would be difficult to find individuals for these posts who were technically competent to serve all three Services. It was thought, however, that

^x Major Morton has just reported a very great improvement both in the quantity and quality of the commercial intelligence received from S.S. I do not think we need have further apprehensions under this head.

the difficulty might be got over to some extent by giving these supervisors some special training.

5TH RECOMMENDATION.

34. This is a matter which I suggest might form the subject of examination at the meetings to be presided over by the Permanent Under Secretary of State for Foreign Affairs referred to in paragraph 18 above.

FORM OF REPORTS.

35. Opinions in Government Departments tend to differ somewhat as to the best form in which the reports of S.S. should appear. Some hold that the reports are most useful when rendered in the form of items of intelligence which can be collated by the Service Intelligence Departments themselves with the information they receive from other sources so as to complete the picture. Others consider that the reports are more useful if they are first collated by S.S. All concerned appear to agree that the political reports compiled by which include "interpretation", are of great value and that is the form preferred by the Foreign Office and the M.E.W., and accepted by the D.N.I. On the other hand, the D.M.I. and D.A.I. expressed a preference for information without "interpretation". In my view no hard and fast rule can be laid down. In the case of political and general information some interpretation appears desirable. As a former member of the Naval

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

6th RECOMMENDATION.

Intelligence Department, however, I can quite understand that in cases of technical intelligence, e.g. in reply to a questionnaire, it is preferable that the information should be precise and submitted without comment. In a word, the form in which the information is submitted must be adapted to the circumstances of the case. This is one of the questions which might very usefully be dealt with at the meetings under Sir Alexander Cadogan referred to above in paragraph 18.

IV. Distribution of Information.

36. An Intelligence system, however successful in the collection of information, will be perfectly useless unless its information reaches those concerned in making plans or decisions.

37. I have heard no criticism against S.S. in this respect. So far as I have been able to judge the intelligence accumulated both by S.S. and G.C. & C.S. is rapidly conveyed to all concerned.

38. The difficulties inherent in the existence of parallel organisations in London and the War Station seem to have been surmounted by the provision of adequate communications. In the peculiar circumstances of this war the expense involved seems unavoidable.

V. Wireless Communications. (Section VIII).

39. One of the most remarkable developments as compared with my previous

contacts with S.S. is the organisation responsible for maintaining W/T communications both with official stations abroad, such as Embassies, or with agents. This section played an important part, for example, in the maintenance of communications between the British Missions in Poland and London during the retreat from Warsaw.

7th RECOMMENDATION.

40. Some remarkably compact apparatus has been evolved by this section for the peculiar needs of S.S. and I recommend that the Service Ministers should instruct their W/T Technical Departments to keep in touch with these developments with a view to their possible adaptation to the needs of their respective Services.

41. This organisation, so far as I was able to judge from a brief visit to one of the Wireless stations, is maintained in a high state of efficiency.

42. The Director of Naval Intelligence informed me that the Admiralty so much appreciated the work that they were rendering direct assistance by the transfer to Section VIII of expert naval ratings. The Director of Air Intelligence also stated that he received a good deal of valuable information from this section.

43. In the course of the inquiry it transpired that, owing to rapid developments to meet the exigencies of the war, some readjustment in the system of co-ordination between the wireless interception and direction-finding organisation (known as "Y" Services) of the Fighting Services and the cable interception service of the Foreign Office had become necessary. It was evident also that provision must now be made for the inclusion in this system of certain wireless organisations that have recently come into existence, namely -

- (i) Illicit Wireless Interception, including Beacons;
- (ii) Cable Censorship;
- (iii) Interception of German Broadcasting Station;
- (iv) R.D.F.

44. After consultation with, and with the approval of, the Departments concerned I have prepared a scheme of co-ordination, which has been forwarded separately to the Treasury, Foreign Office, and the Service Departments. For convenience of reference a copy is attached as Appendix II. It has been accepted by all the Government Departments concerned and will shortly be put into operation.

VI. Activities in Enemy Countries.

45. In this section certain subterranean activities are dealt with which have been forced upon the Government by the conditions of modern warfare. It is by far the most difficult of the activities of S.S. to assess correctly. At first sight the natural instinct of any humane person is to recoil from this undesirable business as something he would rather know nothing about. The Germans, however, have brought the development of sabotage and kindred subterranean services to a high pitch of efficiency and it is unavoidable to maintain them ourselves unless we are to be placed at a serious disadvantage. For example, sabotage may become indispensable for stopping or slowing down delivery to the enemy of some vital commodity, the supply of which in ample quantity would prolong or intensify the war. If that is accepted then we must do our best to render these services as efficient as possible.

46. These services are entrusted in S.S. to Section IX, which deals with propaganda (including false information) and sabotage on the lines of the German staff sections who have organized similar activities for years. So far as large scale sabotage is concerned it is too early to express an opinion as to the efficiency of this Section as, up to the present time, none of the planned major operations have been put into practice. Plans taken almost

at random from the files, however, were examined and these undoubtedly were well devised and accompanied by a wealth of detailed information, maps, photographs, etc. I can testify also that, when called upon to produce schemes for particular operations at short notice, the Section has displayed ingenuity and resource.

47. There has come to my knowledge one case of leakage of an important plan of sabotage - in Yugoslavia. It is only fair to say, however, that in that particular case I myself was warned beforehand that the operation was of such a nature that unless it were carried out immediately the preparations were completed the risk of leakage, which was ever present, would be immensely increased.

48. It is obvious that the selection of agents abroad for this kind of work must be accompanied by a good deal of risk, especially when, as in our case, it has not been possible to build up a permanent service of personnel of proved reliability. If espionage is difficult to improvise after the outbreak of war, that is infinitely more true of sabotage.

49. Apart from major operations there is evidence of useful sabotage by S.S. on a lesser scale, for example, on the Danube and on the Polish railways, particularly in Galicia, where

valuable results have been achieved, and communications between Germany and Roumania and Russia have been hampered to a considerable extent.

50. In the early months of the war difficulties arose and a certain amount of friction was engendered between a section of the General Staff known as M.I.R., which dealt with similar matters, and S.S. Before the present enquiry began, however, it had been arranged in principle that M.I.R., which consisted of ten officers, should devote itself primarily to plans and research, and that actual sabotage in enemy countries should be undertaken by S.S. If, however, there were a possibility of our own troops acting in conjunction with the local government then the actual work of sabotage should more properly be entrusted to M.I.R. An example which would be familiar to members of the War Cabinet is in the case of the destruction of the Roumanian oil wells. If that particular operation should be undertaken it could only be carried out completely with the co-operation of the Roumanian Government, and certain British specialist forces would be sent to co-operate and the responsibility falls on M.I.R. Similarly, certain operations designed for the occasion of a German invasion of Belgium or Holland, in which British forces would co-operate if invited by the Belgian or Dutch

Governments, would also fall to M.I.R. On the other hand, operations in countries occupied by the enemy or in Russia, which is potentially hostile, would ordinarily fall to S.S.

8th RECOMMENDATION.

51. This sub-division, which must be liable to minor adjustments from time to time to meet war requirements, appears to me to be logical and appropriate provided that the closest co-operation between the two Departments is preserved. I recommend that the Chief of the Secret Service and the Director of Military Intelligence should be charged with the duty of ensuring the closest co-operation and pooling of ideas between the Heads of the Sections concerned. Plans for this are under consideration at the present time.

PROPAGANDA.

52. Coming to propaganda I find myself on much more delicate ground. Here there is every scope for overlap between Section IX and the activities both of Sir Campbell Stuart, who is responsible for propaganda in enemy countries, and with the Ministry of Information, who are responsible for similar work in neutral countries. Moreover, overlapping and friction has already occurred.

IN ENEMY COUNTRIES.

53. In the case of enemy countries the probability of such overlapping arose out of the history of the question. Until about twelve months before the war, when

Sir Campbell's Stuart's organisation was brought into existence, there was little propaganda in Germany outside of the S.S. organisation. Consequently Section IX built up a small propaganda organisation for its own purposes. Eventually, by arrangement, the personnel devoted to this work were handed over to Sir Campbell Stuart's charge.

54. The arrangement was then made that Sir Campbell Stuart should produce the material for propaganda and S.S. should be responsible for introducing into countries occupied by the enemy such part of it as Sir Campbell Stuart preferred to distribute by this channel rather than in the form of wireless broadcasts or leaflets.

55. In theory there is much to be said for this plan. If S.S. are to develop sabotage services they must have some starting point. It is much easier to find agents who will carry propaganda into an enemy country than a sabotage plan or something more lethal. It is only after a long test on a relatively harmless scale that individuals can prove themselves reliable for more difficult work. In a word, the introduction of relatively innocent material is claimed by S.S. to be the indispensable training for sterner tests.

56. Moreover, there are all sorts of technicalities involved. Some of the

material may best be introduced into a country occupied by the enemy in manuscript or typescript and printed or otherwise reproduced there. It may be desirable that it should appear to have an origin in the country where it is circulated, whether an enemy or a neutral country. In that event it may be important, in order to avoid disclosing its origin, that even the paper and the ink are of the quality used in that country. Again, an agent who was willing to carry a pamphlet of, let us say, an apparently religious character, would be utterly unwilling to carry another pamphlet purporting to be written from the point of view of some propagandist society, Communist, Fascist or what not. S.S. claim to have a unique experience in all these matters. They consider that the most serious mistakes might be made if an attempt were made by some new organisation to build up a fresh service. It is indeed obvious that there ought not to be two Departments of the Government maintaining agents for clandestine business of this kind. It is one of the weaknesses to correct which S.S. was brought into existence.

57. In practice, however, the arrangement has not given entire satisfaction. S.S. claimed that 70-80,000 pieces are now being introduced monthly in Germany, and that there are three secret printing presses

running anti-Naziism "somewhere in territory occupied by the Germans". S.S., however, have no control over these presses and Sir Campbell Stuart was far from convinced that the material he produces reaches its destination. Further, he was not satisfied that the S.S. organisation was not still producing propaganda for Germany and German occupied countries on its own account. S.S. urged that a certain amount of such propaganda in particular districts was indispensable in order to convince those whom they wish to employ to carry out their activities that the Allies are going to win the war. They claimed that it was easier for them, with their own local knowledge, than it would be for Sir Campbell Stuart, to produce such local propaganda, but they made no claim to produce propaganda in enemy countries in the larger political sense. Weekly meetings had been arranged to promote co-operation, but hitherto, in Sir Campbell Stuart's opinion, these had not been a success.

58. Consequently Colonel Menzies, Sir Campbell Stuart and I united in an attempt to secure co-operation and good relations between the two sections. We came to the conclusion that the contacts were not sufficiently close. These have been strengthened by improved liaison arrangements.

59. In addition, arrangements have been made for giving the weekly meetings a more practical character. It is essential that each Department should know and understand the requirements and the difficulties of the other and combine to solve them in a spirit of good team work.

9th RECOMMENDATION.

60. My recommendations on this subject, which are of rather a provisional character, are as follows:-

- (a) That S.S. are responsible only for the transmission of propaganda and its circulation in enemy countries and Russia, but are not responsible for the nature of the propaganda in enemy countries. They should, however, have some knowledge of its objects and character in order that they may make appropriate arrangements for introducing it into enemy countries.
- (b) That Sir Campbell Stuart's Department is responsible for the production of material for propaganda in enemy countries and Russia but not for its introduction by secret agents into those countries. They must be taken into the confidence of S.S. as to the means by which it will be introduced.
- (c) That in order to secure complete mutual understanding and full knowledge both by Sir Campbell Stuart's Department and S.S. of the facilities and difficulties of the other the plans must be worked out jointly, for which weekly meetings should be held; these meetings should be devoted mainly to the discussion of actual plans for the secret dissemination of propaganda, including any local propaganda which S.S. may need to support its operation.
- (d) That Colonel Menzies and Sir Campbell Stuart should both keep a close eye on the co-ordination of the transmission by agents of propaganda into enemy countries in

order to ensure, as far as possible, the elimination of friction and that the material produced is circulated in those parts of Germany and Russia and in those circles for which it is intended.

- (e) That if any difficulties arise which cannot be settled jointly they should be reported to the Minister without Portfolio.

I am glad to be able to report that I now hear from both parties that the new arrangements are working satisfactorily. (4th March, 1940).

VII. Activities in Neutral Countries.

61. The question of the extent to which S.S. can assist the Ministry of Information in propaganda in neutral countries has recently been discussed between the Secretary of State for Foreign Affairs and the Minister of Information, and for this reason I have not gone into the matter in much detail. Boldly speaking, in my view co-operation should be regulated mutatis mutandis on the same lines as set forth in paragraph 60.

10th RECOMMENDATION.

VIII. Finance.

62. The Secret Service Vote for 1939-40 amounted before the war to £700,000 and a Supplementary estimate has just been presented by which it will be increased to £1,100,000. For next year the Original Estimate will be £1,600,000

63. The bulk of the vote is spent through the Foreign Office but it would be inadvisable to put on paper details of its allocation. Apart from provision for M.I.5. (with which I shall be dealing in a further report) the Foreign Office items on which the Vote is spent fall into two

categories: (a) the normal organization of the Secret Service, which is more or less a continuing one, and (b) special non-recurrent items which are authorized from time to time.

64. A large part of the expenditure under (a) consists of the remuneration of agents employed for the purpose either of obtaining information or of sabotage. I was informed that such remuneration is carefully graded according to the importance and usefulness of the agents, and figures quoted to me suggest that the rates of payment are on a reasonable basis. At regular intervals the Chief of S.S. reviews the list of agents and considers how far it needs revision in the light of the results obtained. I have no doubt that the Chief will continue to control this expenditure on such lines.

65. Under head (a) are also included the salaries and expenses of the Head-quarters staff of the Service. From particulars given the remuneration of that staff would not appear to be excessive.

66. The special schemes referred to under (b) are often very expensive and the Foreign Office and the Treasury must in the main rely on the Chief of the Service to see that they are carried out as economically as possible, consistent with efficiency. The Chief certainly recognizes the need for close control of this expenditure.

67. Under both heads the prevention

of overlapping between the Secret Service and other Departments - for example, in propaganda, referred to in the immediately preceding paragraphs - is just as important from a financial point of view as from that of technical efficiency.

68. I am not satisfied that the present system of engaging personnel on a purely temporary basis without any prospect of their receiving a pension or annuity on their retirement is in the best interests either of S.S. or of its employees. It is not, however, a matter that can easily be adjusted during the war, and in any event I should prefer to postpone its examination until I deal with M.I.5, where I expect to encounter a similar problem.

IX. The Spirit of S.S.

69. I cannot close this Report without mentioning the strong impression I have derived of the healthy spirit of loyalty, esprit de corps and devotion to duty which animates all ranks of S.S.

(Sgd.) HANKEY.

TREASURY CHAMBERS,
S.V.I.

11th March, 1940.

APPENDIX I.THE ORIGINS AND DEVELOPMENT OF THE S.I.S.

On the 10th August, 1909, the late Sir Mansfield Cumming was sent for by the D.H.I., and informed that, at the instance of the I.D.C., a new department was to be created in charge of all secret agents employed by the Navy and the War Office. This was subsequently modified in October of the same year to a definite division of Foreign and Home Services, the former under C. and the latter (as now) under K.

The duties of the S.S. Bureau at that time were:-

- (1) To obtain information of any movement indicating an attack upon this country, or any hostile action or preparations for such an attack.
- (2) To act as screens to the Admiralty and the War Office.
- (3) To conduct investigations.
- (4) To correspond with all paid agents and persons desirous of selling secrets.
- (5) To act as representatives of the Admiralty and the War Office.
- (6) To organise a scheme of permanent correspondents both at home and abroad who will furnish information from within the enemy's lines at time of war.

In 1919 the Charter was:-

"To supply all authorised Government Departments with any information that they may require which is not readily obtainable through other official Channels."

During these pre-war years, Political Intelligence did not come under the Bureau, and even the full War Office work was slow in absorption, although the War Office files from 1905 onwards show that Grierson, Davies, Gleichen, Aylmer Haldane, Burnett Stuart, Robertson and others, were continually urging on the Navy the need for Naval Intelligence to run side by side with the Military Section which had a history prior to the Napoleonic wars.

At last, on the 31st October, 1910, General Sir G.M.W. MacDonogh (then Colonel MacDonogh of M.O.S.), wrote a classic Minute in this connection (Appendix 'A') and the machine began to function in a very restricted way. The restriction was essentially financial, the total funds for both G. and K's Services being about £6,000 per annum., although the Foreign Office were expending some £60,000 even at that time.

The reference in General MacDonogh's Minute to "the first essential is thorough organisation in time of peace," is supported by two of the greatest authorities in S.S. Nicolai of Germany and Orloff of Russia, both of whom demanded forty years as the minimum wherein to establish a really efficient Intelligence Service. The work of the British pioneers in S.S. already referred to, shows how marvellously this minimum can be shortened once the principle had been recognised as a national necessity, but the military origin persisted, a point well emphasised by Nicolai in all his writings. (Appendices B, C, & D.)

In 1914 at the outbreak of war, the machine was still amateurish in execution, but very quickly assumed a more responsible position owing to the increasing demands made on it from all quarters. There was also in existence the P.I.D., entirely controlled by the Foreign Office in the person of Tyrrell, but as the war progressed there grew up various un-related bureaux functioning under various Departments of the Services. Among these were at least three organisations at G.H.Q. France, one section of the Admiralty dealing with Spain, a Middle East Bureau, and two or three others in more distant theatres of war. Granted that it was not possible to control the operations of all of these from London at that time, the lack of co-ordination and investigation of source led frequently to haphazard and dangerous decisions for want of a central clearing house. To the Departments also the arrival

of secret and sometimes exciting information was often such a new development, that because of their very non-experience they were prone to launch out without consultation or reference to the needs of other branches of the Government.

Fortunately, both at home and abroad, there were several outstanding personalities who ensured success for the work under their control in these various organisations, but the principle was obviously wrong and steps began to be taken to combine all secret Intelligence activities under one control, and under one cover.

Early in 1916, the S.S. Bureau known familiarly until then as "C's" show, was camouflaged as M.I.I.C., thus returning in title, although not altogether in fact, to the War Office, whose early efforts had led to its inception. And even before then the funds came fully under the Foreign Office vote to such an extent indeed that several of the other bureaux, (notably the Admiralty one in Spain), had to ask "C" for monies required, which he had to obtain and issue without any idea of how they were going to be expended. In passing, it may be noted that the Foreign Office representatives abroad had by this time become alive to the value and need of a Service so complementary to their legitimate duties.

C/S questions, communications and cryptography, W/T services in embryo, gradually made their appearance, and the S.S. work generally evolved into a State necessity, such as was explained so admirably after the war by Colonel Nicolai. (Appendix B).

The lessons of the war, learnt thus painfully as the years 1914/18 wore on, led to a re-organisation of the Service after 1919, and somewhere about 1921 the term S.I.S. began to be commonly used in all cognate reports and questions of personnel, a term easily recognised by the various Government Departments to whom the papers and information were by this time regularly sent as a matter of routine. It was about this time too that

the Secret Manual of Intelligence incorporated the fundamental principle of a central control over all military S.S. wherever functioning at the various G.H.Q.'s in war time.

The establishment of Passport Control, unknown before 1914/18, provided official recognition of S.I.S. representatives abroad, thus affording cover which previously was difficult and dangerous to procure. In this respect the British Service for years suffered under a grave disability, compared with that of other countries, whose S.S. representatives had been fully recognised for years, whether as in in French, Italian and Japanese Embassies by posting them as Naval and Military Attachés, or whether as in the case of America and Germany as being perfectly straightforward Secretaries of Embassies in name. It must be remembered, however, that even in these foreign Services, the official cover acted for the most part as a post-box, and that the real Secret Service continued to be done behind the scenes by private individuals in business or other occupations. Apart from the senior representative in each country, this division of actual work still holds good, although in time of war the factor of division control now handicaps and sometimes completely sterilizes the payment of agents abroad, and particularly in enemy territory. This factor did not operate in 1914/18; it is to-day one of the greatest difficulties with which every S.S. organisation is hourly confronted.

The S.S. funds under the direction of the Foreign Office have an increasing number of activities to finance, some of which can only be roughly estimated owing to the fluctuations of monetary values. A further drain on available resources has been created by the extension of the financial responsibility to the experimental side of the cryptographical machine. There is a danger here of forgetting the cardinal point so succinctly put by that great expert, General Krivitski, "The question of adequate funds never arose in a properly conducted S.S." The failure to appreciate this

essential basis of S.S. work has, at times, undoubtedly led to inability to provide the required information.

But war is only an incident, and as during peace war must be budgeted for, so in war the post war conditions must be foreseen and planned. It is not unreasonable to assume that whatever the peace ultimately arrived at, there will be a tremendous movement of individuals from all countries in search of livelihood, better conditions, opportunities for advancement etc. etc., which will necessitate a very strict C/E watch being kept at all the posts now functioning vis-a-vis enemy agents. Nor will it be wise to take it for granted that war is impossible and cannot recur again. Indeed, the experience of the past has been that after a war the duties and need of an expert protective S.S. are more active and more desirable than at any other time.

In any consideration, therefore, of the machine to-day, the future utilisation of this machine must be as carefully considered. For this reason the services of experts should be retained and encouraged, whether in the field (i.e. at posts abroad) or at H.Q. where they operate through their records and through past experience as sieves for information reaching this country.

To-day the S.I.S. Organisation comprises:-

- (a) Centres of information abroad, Political, Naval, Military, Air and Economic (a new but vital factor in war and peace.)
- (b) Observation posts for C/E measures abroad.
- (c) Stations for immediate communication from abroad in the shape of W/T equipment and operators.
- (d) Receiving stations at home for these W/T communications, and transmitting stations for quick Press messages and other matter which the Government may wish to send in an urgent and secret manner. The Foreign Office and the Ministry of Information have been saved an amount which runs into millions by the operation of this section of the S.I.S. machine.
- (e) Cryptographic school and corps of trained code experts employed on improving secret communications and on investigating and breaking down the communications passing between other countries.

- (f) A Q/E centre at home for recording the information from abroad and passing it on to the Home Service (H.I.S.) whose organisation picks up the results at this end.
- (g) A section dealing with propaganda (including false information) and sabotage on the lines of the German Staff Sections, who have organised this for years.
- (h) An unique registry of facts and persons recorded during the last thirty years in the S.I.S. reports and investigations.
- (i) A sectional organisation, serving the Departments of State, composed of officers of experience and training, whose scrutiny and instinct for values render the reports furnished as documents to be acted on and appreciated, by reason of complete knowledge of the sources supplying them.
- (j) Lastly, unified control under one Chief and one organism, which between 1909 and 1940 has now become a necessary part of the State machinery.

14th February, 1940.

COPY

APPENDIX A.

Minute Issued by General MacDonogh
on the 31st October, 1910.

D.M.O.

Mr. Churchill's sub-committee, which is considering the feasibility of establishing a system of postal censorship in time of strained relations or of war, expressed the opinion that, as it would not be possible to prevent the agents of a foreign Power from reporting the progress of our mobilisation and concentration and the despatch of war vessels from our ports, it was essential that we should be provided with equally good means of information, so that we should not fight under a disadvantage in this respect.

As matters stand at present it is probable that our Secret Service system compares unfavourably with that of other first class Powers, and that consequently we should find ourselves at a great disadvantage in case of war. It is still in its infancy, and though great progress has been made since the Bureau was started a year ago, much remains to be done before it can be considered in any way efficient, in fact in the event of war with Germany we cannot now point to a single agent that would be likely to be of use to us.

The first essential is thorough organisation in time of peace. This is true of all branches of the Intelligence Service, but more particularly of the Secret Service, as reliable agents can only be found by degrees, and it is only after a long period of association that those relations of confidence between the agent and his employer can be established which are a sine qua non of the efficient working of the system. It must also be remembered that an organisation which may render valuable information in time of peace may be utterly useless in war time, when suspicions are easily awakened and the difficulties of communication increased a hundredfold.

The question of obtaining information in time of war by means of S.S. agents has been discussed on several occasions during the last twenty-two years, but so far little or nothing has been done. The great difficulty in former years was the want of funds, but now that the Bureau has been formed and we have got into closer touch with the Foreign Office, this difficulty has been lessened, and it seems probable that if a reasonable scheme were put forward for P.O. approval, we should get enough money to work it. We would have to go slowly at first, but if the scheme proved itself to be of value and yielded promising results, we should probably be enabled to extend it.

COPY

APPENDIX B.

Extract from -

THE GERMAN SECRET SERVICE

by

Colonel W. Nicolai

CHAPTER I.

Espionage is of military origin. At all times and in all places, accurate information, supplemented by means of espionage among the enemy, has been an indispensable auxiliary help in military struggles.

COPY

APPENDIX C.

Extract from -
THE GERMAN SECRET SERVICE

by

Colonel W. Nicolai.

CHAPTER VI.

It is obvious that the secret service of the three great military powers, France, England and Russia, had the advantage when it was a question of capturing the neutral thoroughfares, and all the more so because their services were in full working order at the outbreak of war.

COPY.

APPENDIX D.

Extract from -

THE GERMAN SECRET SERVICE

by

Colonel V. Nicolai.

CHAPTER XV.

Secret agents, all sorts and conditions of men, need, first of all, a commanding personality in every sense of the term to command them. He must have a knowledge of humanity, a dispassionate judgment and a skill in handling men. It is remarkable that in the German I.S. it was a cavalry officer of an old family and an unusually well-educated woman who knew best how to deal with the agents, even the most difficult and crafty of them. The Intelligence Service is a service for gentlemen. It breaks down wherever it is placed in the hands of other persons. The head of the service must, in every respect, stand head and shoulders above his agents; otherwise it is not he who commands but the agents with all their inferior characteristics. For in the secret service there are serious dangers for anyone who comes into touch with it. They lie in the uncontrollable nature of the work and of the information received, and also in the temptation which money offers. Stern discipline is necessary in the I.S.; it is also essential to look upon political opponents as the enemy and to believe in war. For these reasons the organization of the I.S. is, in all countries, generally placed in the hands of military men, even when its purely military objects stand behind the political and the economic.

COPY

APPENDIX E.

Extract from -
THE GERMAN SECRET SERVICE.

by
Colonel W. Nicolai.

CHAPTER I.

The World War provided the proof that a struggle between nations had grown out of the narrow limits of decision by arms and had become a contest in which the whole national strength was engaged on the political, economic and military territories, and, not least, even in the very soul of the people. In the place of a military I.S. there arose a State Secret Service against surrounding countries. It concerned itself with all that might give the State an advantage over another, and equally with economics, politics and armaments. It did not limit itself any longer to the purely negative activity of inquiry, but engaged in positive action in the economic struggle and in home and foreign political propaganda.

APPENDIX II.

CO-ORDINATION OF WIRELESS INTERCEPTION
DIRECTION-FINDING, CRYPTOGRAPHY, AND
ALLIED ACTIVITIES.

Note by the Minister without Portfolio.

A proposal was recently made by the Director of Naval Intelligence to the Directors of Military and Air Intelligence for the re-organisation of the Co-ordination of Wireless Interception and Cryptography in consequence of the considerable extension of wireless and allied activities which has taken place since the outbreak of war.

2. As this proposal was cognate to some enquiries on which I have recently been engaged I called together a small exploratory meeting composed of -

Rear-Admiral J.H. Godfrey
Director of Naval Intelligence, Admiralty.

Major-General F.G. Beaumont-Hesbitt
Director of Military Intelligence, War Office.

Colonel S.G. Menzies

Group-Captain L.F. Blandy
(representing Director of Intelligence,
Air Ministry).

Mr. Gladwyn Jebb* (Foreign Office).

3. As a result of the discussion that took place at this meeting the following points were elucidated:-

- (a) In time of peace the wireless interception and Direction-Finding organisation (commonly known as "Y" services) of the Fighting Services was largely used to help the wireless stations and cable interception service of the Foreign Office to provide material for cryptography.

* Mr. Gladwyn Jebb was indisposed and unable to attend.

- (b) The work of the "Y" services is co-ordinated by the "Y" Sub-Committee, of which the Chairman is the Head of the Government Code and Cypher School (hereafter described as G.C. & C.S.), and the members are the three officers of the Fighting Services in charge of their respective "Y" organisations.
- (c) The role of the "Y" Sub-Committee is to ensure that the wireless interception programmes of the various "Y" stations do not overlap, to co-ordinate requirements of the three Services, and the G.C. & C.S., and to arrange where required and where possible for mutual assistance.
- (d) The "Y" Sub-Committee is responsible to the main Committee on the Co-ordination of Interception and Cryptography, of which the Chairman is the Director of the G.C. & C.S., and the members are the three Directors of the Intelligence Departments of the Fighting Services.
- (e) Since the outbreak of the war there have been certain new developments, apart from, but bearing an important relation to, "Y" services. These necessitate reconsideration of the adequacy of the existing organisation for co-ordination. The developments are:-
- (i) Illicit wireless interception including Beacons.
 - (ii) Cable censorship.
 - (iii) Interception of German broadcasting stations.
 - (iv) R.D.F.
- (f) Under war conditions the "Y" organisations of the Fighting Services inevitably have to concentrate more on the investigation of enemy, naval, military and air activities. In doing so, material for the G.C. & C.S. is automatically provided, but co-ordination of "Y" activities to satisfy the requirements of all services, and to ensure full exchange of wireless intelligence derived therefrom assumes both greater importance and greater complexity.

In addition, the new developments mentioned above constitute a formidable addition to the work of co-ordination hitherto undertaken by the Head of the G.C. & C.S. in his capacity as chairman of the "Y" Sub-Committee.

The work of this officer in his particular sphere of cryptography has become so heavy and of such importance as to make it both unfair and undesirable to expect him to remain responsible for the increased degree of co-ordination required, and in addition for the co-ordination with "Y" work of new developments which lie outside that sphere.

- (g) The necessary liaison between the "Y" organisation and the Signal Departments of the three Fighting Services is achieved by the fact that the heads of the "Y" organisations are members of the Wireless Board.

4. My consideration of these points leads me to make the following proposals which have the assent of the officers mentioned above in paragraph 2:-

- (a) That the "Y" Sub-Committee, comprising the Head of the G.C. & C.S. and the heads of the "Y" organisations of the three Fighting Services, should be reconstituted and strengthened by the addition to it of:-

- (i) An independent whole-time Chairman. The occupant to be a senior officer with considerable practical experience of both the control and working of wireless in the Fighting Services.
- (ii) A whole-time Secretary.
- (iii) A member for Illicit Wireless Interception.
- (iv) A member from the Cable Censorship.

The role of the Sub-Committee would be to continue its present task of co-ordination of "Y" services, and in addition to co-ordinate and bring up to common focus such wireless

intelligence activities as are at present unrelated and such others as may come into existence. The Sub-Committee would also be responsible for ensuring that such gaps as may be discovered between existing or new services and activities will be filled.

- (b) That the Chairman should report after a reasonable period whether anything more or less is required to obtain the maximum intelligence value from existing "Y" services or from any related new developments.
- (c) That the Sub-Committee should continue to be responsible to the existing main Committee on the Co-ordination of Interception of Wireless Telegraphy and Cryptography (see paragraph 3(d) above).
- (d) That the offer of the Director of the G.C. & C.S. to accommodate the whole-time Secretary mentioned in (a)(ii) should be accepted.

(Intd.) H.

22nd February, 1940.