

REPORT OF CYPHER CONFERENCE.

A Conference, consisting of representatives of the Admiralty (Intelligence Division and Signal Division) Foreign Office (Private Secretary to Under Secretary of State, and Parliamentary Department), War Office (Military Intelligence and Cypher Staff.) met at the Admiralty on 27th February, 1919, to consider the question of the "unsatisfactory position as regards cypher telegrams despatched by various Government Departments", as outlined in Admiralty Letter M. C11768/19 of 16th January, 1919, addressed to the Foreign Office and a similarly numbered letter of 7th February, 1919, addressed to the War Office.

Instances of Misuse of Cyphers, etc.

2. The Conference finds that:-
  - (a) there is evidence to the effect that insufficient discrimination was exercised by Government Departments in general as regards transmitting messages in a safe cypher (as opposed to Plain Language or a code which provides little, if any, secrecy). This was particularly the case as regards information from which could be deduced by the Enemy agents

Names of Vessels.

Cargoes which they carried.  
Port and Date of Departure.  
Port and Date of anticipated arrival.

Note:- There is reason to believe that this was of frequent occurrence as regards messages exchanged between the Ministry of Munitions and the United States.

- (b) The Codes and Cyphers used by such Departments are in many cases unsuitable for the purpose for which they are employed



employed.

(c) Identical messages were sometimes transmitted both in a secret cypher and also in either Plain Language or an unsafe code.

(d) The British War Mission in the U.S.A. often sent in J.P. Morgan's Code, replies to telegrams received by them in Foreign Office Cypher, and these replies were of such a nature as to give a good idea of the contents of the original message.

(e) Certain Government Departments who either do not telegraph widely or else use mainly Imperial lines are employing very old cyphers, e.g. a cypher issued in 1908 is still in use at the present time for messages of a secret nature.

(f) Owing to the absence of any nucleus of trained cypherers on which to draw, much of the work has had to be entrusted to totally inexperienced men, with most deplorable results.

(g) The tendency of the foregoing was not only to present the Enemy with a totally unnecessary amount of information of the greatest importance to him, but also to compromise British Government Codes and Cyphers.

(h) Much difficulty and delay have been caused by the fact that hardly any cyphers are held in common by Officers serving abroad under the Foreign Office, Admiralty, War Office and Colonial Office.

(i) It is also evident that Government Departments in general are not aware of the harm which may ensue from sending in Plain Language or in an unsafe code information which, though of apparently no consequence in itself, is yet of great assistance to the Enemy when collated with similar information. For example, a telegram to the United States asking for a supply of a certain material may be quite harmless in itself: a reply equally harmless in appearance may be the reply "Your 507 due Liverpool 23rd December;" the two messages, however, when

collated



collected by the Enemy, inform him that a vessel containing this material (which it may be greatly to his advantage to prevent arriving) is due at Liverpool on 23rd December, and from this he can deduce her probable date of sailing and arrange to sink her.

(j) It is equally evident that Government Departments are not aware that the expert cryptographer, given sufficient material in the way of merely the figures of cypher messages can in a few months "read" the cypher, particularly if the espionage is frequently employed and the messages are badly cyphered, as experience has shown is frequently the case.

#### Opinion of Conference.

3. The Conference is unanimously of opinion that any continuance of the existing procedure, by which
  - (a) each Government Department independently makes its own codes and cyphers,
  - (b) Experience gained by any one Department is not automatically accessible to the others,
  - (c) Owing to periodical changes in personnel, a great deal of the vast experience gained during the war would probably in the near future not be available to cypher-makers even in the Department which at present possesses that experience.
  - (d) Owing to lack of co-ordination, one Department acts in such a way as to compromise the cyphers of another Department,
 would be not only uneconomical and inefficient but would also be a source of positive national danger.

#### Recommendations.

4. That in the interests of both economy and efficiency a new Department be created at the earliest possible moment, to be known as the Code and Cypher Department and to be attached to

to

ADM 118637/55  
SECRET  
COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION



to the War Cabinet Secretariat and eventually to the Imperial Defence Committee.

5. That this Department consist of two Sections,

(1) A "Code and Cypher School" which shall undertake the duties set forth in paragraph 6 below.

(11) A Section whose duties are explained in the Secret Appendix hereto.

6. The Code and Cypher school shall:-

(a) Compile and print all British Government Codes and Cyphers with the sole exception of those specified in paragraphs 8 and 9, below.

(b) Conduct the closest study of British Government Codes and Cyphers in use, with a view to their improvement as regards brevity, clearness and security.

(c) Maintain the closest liaison with all Departments requiring Codes or Cyphers; consult their requirements as to the vocabulary and degree of simplicity required in such Codes or Cyphers, and advise them generally in all code and cypher matters.

(d) Keep thoroughly abreast of all developments in business and commercial codes.

(e) Undertake the training of as large a proportion as possible of the Code and Cypher officers at present employed by Government Departments and of all officials detailed by Departments for such employment in the future. Such training to include not only instruction in the correct use of Cyphers but also warning as to what to avoid and why.

7. Every Government Department shall nominate an official who will be responsible for the encoding and decoding, enciphering and deciphering, of the messages despatched or received by his Department. Such officials will in every case receive a course of instruction at the Code and Cypher School, will be responsible that all rules laid down for the correct use of codes and cyphers are adhered to by the Code and Cypher personnel of their Departments, and will  
continue











SECRET.

APPENDIX  
-----

If, before the war, the construction of British Government ciphers was, generally speaking, inexact to a dangerous degree, it can only be said that the other equally important branch of cryptology - i.e. the destruction of foreign Government ciphers - was absolutely ignored. On the other hand most of the European powers, and - as there is reason to believe - the Japanese, had long made a study of this difficult science and had brought it to a high state of perfection. We were therefore at a grave disadvantage during the whole of the negotiations which preceded the outbreak of hostilities and for the first few months of the war.

The Intelligence Branches of the Admiralty and War Office took prompt steps to rectify this state of affairs, and the results of their labours, which have steadily improved, have undoubtedly been of capital importance from the naval, military and political points of view. In fact it may be said that in this branch of their science our cryptographic experts are now equal to those of any foreign power.

It is submitted that there can be no question that, having once instituted this form of research, it would be a grave mistake to let it drop. It is certainly one of the most accurate and productive forms of secret service, though one of the cheapest in the light of the results obtained, and it is the surest method of obtaining timely warning of the intentions of other powers. For valuable, for instance, it would have been to reveal all the telegraphic messages passing between Berlin, Vienna and London in July 1914, needs no comment.

If.

If, however, it is agreed that the fruits of four years painstaking and highly successful work are not to be wasted, there still remain two difficulties to be discussed of before we can ensure it being carried on as efficiently in peace time as it has been during the war.

The first of these difficulties is the provision of the material on which the experts have to work - i.e. the copies of foreign cypher messages.

During the war these have been obtained under one of the Censorship regulations, but as soon as the censorship is removed the Cable Companies will be under no obligation to provide copies of the telegrams passing over their lines, and we shall therefore be dependent on wireless telegrams and on the goodwill of individual Cable Companies. As for the wireless telegrams, these are generally recognised now not to be a safe method of transmission (for the reason that the figures of the telegrams are given out to the whole world), and are therefore not used by any Government for the despatch of secret messages; and so far as the goodwill of individual Cable Companies is concerned, it is extremely doubtful whether more than one or two would be willing to give us copies of their telegrams unless they were compelled to. In any case it would need a great deal of explanation and would be a most unreliable and unsatisfactory arrangement. For all practical purposes the great bulk of material will be lost as soon as the censorship is removed. It is believed that an explanation of this situation was a considerable factor in the Cabinet decision to retain the censorship for the present.

To meet the difficulty the War Office have inserted the following clause in the amending Bill to the

Official



Official Secrets Act of 1911 which they are shortly going to bring before Parliament:

"7A

- (1) Where in the opinion of a Secretary of State such a course is expedient in the interests of public security, such Secretary of State by warrant under his hand may require any person who owns or controls any cable, wire or apparatus for wireless telegraphy used for the sending or receipt of telegrams to or from any place out of the United Kingdom, to produce to him, or to any person named in his said warrant, the originals and transcripts of all telegrams or of telegrams sent from or addressed to any specified person or place, United Kingdom by means of any such cable, wire or apparatus for wireless telegraphy, and all other papers relating to any such telegram as aforesaid.
- (2) Any person who on being required to produce any such original or transcript or paper as aforesaid, refuses or neglects to do so, shall be guilty of an offence under this Act and shall for each offence be liable on conviction by a court of summary jurisdiction to imprisonment with or without hard labour for a term not exceeding three months, or to a fine not exceeding £100 or to both such imprisonment and fine.
- (3) Where the person guilty of an offence under this section is a Corporation or Company, every director and officer of the Corporation or Company shall be guilty of the like offence unless he proves that the act or neglect constituting the offence took place without his knowledge or consent.
- (4) In this section the expression "telegram" shall have the meaning assigned to it in the Telegraphy Act 1869, and the expression "wireless telegraphy" shall have the meaning assigned to it in the Wireless Telegraphy Act, 1904."

It is not known how/soon the Bill is likely to be introduced or what are its chances of passing through Parliament. It is, however, desired to emphasize the great importance of the clause quoted above, and to express the earnest hope that His Majesty's Government will be able to ensure its becoming law at the earliest possible date.

The second difficulty to be solved, if the first can be got over, is finance. Throughout the war the cryptographic

cryptographic

- 4 -

cryptographic staffs of the Admiralty and War Office have been paid by those Departments, but now that hostilities have ceased the Admiralty and War Office quite justly point out that the naval and military value of their work has greatly decreased compared with that of the political side, and they naturally look to the Foreign Office to provide the necessary funds. It is, however, obviously impracticable for reasons of secrecy apart from financial grounds, for these to be provided out of the ordinary Diplomatic and Consular vote, and the Secret Service funds placed at the disposal of the Foreign Office are already taxed to their limit to provide for other indispensable requirements.

In these circumstances - unless indeed an adequate increase of the Secret Service vote is considered practicable - it is submitted that the cost of this secret work might be met by including the Admiralty and War Office experts in the organisation of the proposed new Code and Cypher Department, thus concealing them from view and at the same time decreasing their total cost by amalgamating what have hitherto been two separate staffs.

The additional cost to the proposed new Department of such an amalgamated section is estimated at not more than £15,000, which seems small in comparison with the value of the results which may be hoped for. It must be remembered that the men capable of doing this work are exceedingly few in number and must possess special qualifications of a very high order. They must also be thoroughly trustworthy for they possess dangerous knowledge and it is therefore absolutely essential that they should be paid really good salaries and adequate pensions provided.

The



ADM 18637/SS

54507

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

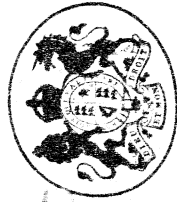
The matter is of considerable urgency, as the War Office will have to reduce their staff as soon as the new financial year begins, and once the experts have dispersed it will be impossible to get them together again. Moreover, the staff themselves are anxious as to the future. In one instance an indispensable member of the staff is urgently required by the Foreign Office for service in the Far East, and only the extremely important work he is doing in the War Office justifies us in retaining him in this country.

ADM I/8637/55

ADM I/8637/55

54507

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION



Foreign Office,  
S.W.1.

1

24 MARCH 1919.

1

*My dear Sir,*

Understanding that you approve of the general recommendations of the Code and Cypher Conference, I am writing to the Chancellor of the Exchequer to procure his assent to the estimated cost of the Secret Section of £ 15,000 per annum. Meanwhile, in order that the Staff may not be dispersed after March 31, I propose to continue to pay them at their present rates of salary out of our Secret Service Funds here, until the future of the service is finally decided.

I do not, however, agree that the school should be housed in the offices of the War Cabinet or Committee of Imperial Defence in the future — for many reasons, and among others because we have no clear idea at present what form those bodies will assume. I myself think that, as the greater part of the work in time of peace will be political (for which reason I understand that both the War Office and the Admiralty think that we ought to pay), the Foreign Office is the proper place for the new school to be housed, if only we can provide the accommodation.

I hope

Yours  
faithfully

John Jellicoe, Admiral.

proved



ADM 118637/55

5459

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

I hope that you will agree to this. But if not I shall be quite ready to discuss it with the War Office and you.

*James Murray*  
*W.C.P.R.*

First Lord.

With refer  
The salar  
paid by the Ac  
declare that t  
not therefore  
funds in conn

J.A.V.

any reason why I  
approve?

If you

pl. with please,

letter. And

20.11.

W.C.P.R.

Remains attached

My

First Lord.

With reference to the attached letter.

The salaries of the Secret Section will continue to be paid by the Accountant General of the Navy until we officially declare that their services are no longer required. It will not therefore be necessary to trouble the Secret Service funds in connection with this matter.

is. But if not

The suggestion that the Code and Cypher School should be under the Foreign Office is not concurred in.

The whole reason for raising the question of the formation of the Code and Cypher School is that, before the war, each Government Department made their own codes and cyphers, some of which were almost childish in their inefficiency, resulting in much information being given to the enemy unnecessarily.

It is therefore necessary to collect experts in this matter under one central authority. If the proposal that the School shall be housed in the offices of the War Cabinet (or whatever takes its place subsequently) does not appeal to Lord Curzon, it is considered that the School should be housed in the Admiralty, as the fighting Services have had more experience in the compilation and decyphering of codes than any other Departments, whilst all the arrangements as regards de-cyphering wireless messages are already in existence in the Admiralty building.

Wherever the new Department may be located in peace time, we should have to stipulate that on the outbreak of war the naval portion of its staff should immediately be mobilised and take up their work in the Admiralty. Our experience has

proved



proved that in war the decyphering staff must be in the closest possible proximity to the War Staff. We have had to work day and night all the year round, and as immediate action has often had to be taken in consequence of the information which we have supplied, no avoidable delay in transmitting the information to the Operations Division can be allowed.

[ Without wishing to disparage the Foreign Office in the least, it is considered that the atmosphere of calm deliberation which characterizes that Department is not suited to an organisation such as the proposed Code and Cypher School, which, above all things, must be a "live" undertaking, especially in connection with the "breaking" of codes and cyphers, where it is a question of working against time in order that the de-cyphers may be of value.

*Appreciated*

*I concur.*

*Prepare letter as above*

*Revised*

*W.H.*

*Dg.iii-19*

*DN. 28. 3. '4.*





ADM 118637/55

SUSG

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

2

India Office.

10650

Code & Cyphering  
Dept.~~Copy~~

29th March, 1919.

I received your letter of the 24th of March on the subject of the general recommendations of the Code & Cypher Conference.

I fear I cannot agree with the suggestion that the Code & Cypher School should be under the Foreign Office. The whole reason for raising the question of the formation of the School is that, before the war, each Government Department made their own codes and cyphers, some of which were almost childish in their inefficiency, resulting in much information being given to the enemy unnecessarily.

It is therefore necessary to collect experts in this matter under one central authority. If the proposal that the School shall be housed in the offices of the War Cabinet (or whatever takes its place subsequently) does not appeal to you, I consider that the School should be housed in the Admiralty, as the fighting services have had more experience in the compilation and decyphering of codes than any other Departments; whilst all the arrangements as regards decyphering wireless messages are already in existence in the Admiralty building.

Wherever the new Department may be located in peace time, we should have to stipulate that on the outbreak of war the naval portion of its staff should immediately be mobilised and take up their work in the Admiralty. ~~Our~~ <sup>His</sup> experience has proved that in war the decyphering staff must be in the closest possible proximity to the War Staff. ~~We have had to wait 4 days and~~ <sup>we have had to wait 4 days and</sup> night all the year round - and as immediate action has

(often

e.

ADM 118637/55

54507

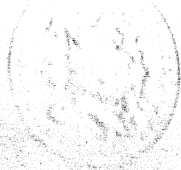
COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

|   |   |
|---|---|
| 1 | 2 |
|---|---|

often had to be taken in consequence of the information which we have supplied, no avoidable delay in transmitting the information to the Operations Division can be allowed.

The Right Hon.  
The Earl Curzon,  
KG., GCSI., GCIE.,  
Foreign Office.

L. Carlton H



*Guernsey*  
*France*  
*war time*  
*name of*  
*J. Kee*  
*James*  
*transferred*  
*once & then*  
*for the*

India Office.



SECRET.

Minutes of a Conference held at the Foreign Office on the 29th April, 1919, to consider the question of the proposed new CODE and CYPHER DEPARTMENT.

40  
N.W.

Present.

The Right Hon. Earl Curzon of Kedleston, K.G. . . . Chairman.

The First Lord of the Admiralty.

The Secretary of State for War.

The D. N. I., Admiralty.

The D. D. M. I., War Office.

Captain W. M. James, D. D. N. I.

Captain R. L. Nicholson, Director of Signals Division, Admiralty.

Major H. E. Franklyn, D.S.O., M.C., War Office.

Secretary: The Earl of Drogheda, Foreign Office.

The Chairman summarized briefly the recommendations of the Inter-Departmental Conference which recently met to consider the matter, and said that the main question now before the meeting was the housing of the new Department, with the establishment of which everyone in principle agreed. In his opinion the arguments in favour of housing the new Department in the Admiralty in time of war were unanswerable, but we were providing for its establishment under peace conditions, and in time of peace he thought that the fact that the interest of the intercepted telegrams was practically entirely political indicated that the new Department should be housed in the Foreign Office.

Mr. Long said that he adhered to the view that the Department should be housed in the Admiralty.

Mr. Churchill explained that he was quite impartial, as he did not in any case want the new Department in the War Office. What was principally required was adequate "cover" for it, and in

- 2 -

in his opinion this could only be properly provided in the Admiralty. It would be very difficult to hide the Department in the Foreign Office.

After the matter had been thoroughly discussed it was finally decided that the Department should be housed in the Admiralty, and that a small Committee consisting of an Admiralty, War Office, Foreign Office and Treasury representative should meet to work out the details of the staff and financial arrangements, it being understood that whoever was Director of Naval Intelligence should always be the head of both Sections (constructive and destructive) of the Department.

Mr. Churchill raised the question of the distribution of the intercepted telegrams, and it was decided that they should be sent to the Secretary of State for Foreign Affairs, who would be responsible for passing them on to the Prime Minister or other Cabinet Ministers concerned when they were of sufficient importance.

It was pointed out that, as soon as the Censorship ceased, no foreign messages would be received from the Cable Companies, unless Section 7a of the Amending Bill to the Official Secrets Act of 1911 were passed. This Bill, which is in the charge of the Home Secretary, has not yet come before the House of Commons, and it was decided that the Foreign Office should write to the War Cabinet Secretariat, and point out the importance attaching to the Bill being brought before Parliament at the earliest possible date.

Copies to the First Lord of the Admiralty.  
Secretary of State for War.  
D.N.I.  
D.M.I.



ADM 118637/55

SECRET

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

MOST SECRET.FIRST LORD.

Submitted:-

The matter of the Code and Cypher School requires a definite decision by the Cabinet.

You may remember that on the 29th of April the Committee of the Cabinet, which sat at the Foreign Office, decided that a Code and Cypher School should be established under the Admiralty.

From certain remarks which were made at a recent Cabinet Meeting on the subject of the Censorship, I gather that the proposal to establish a Code and Cypher School is not concurred in by several members of the Cabinet, who were not present at the meeting referred to above.

The present position in regard to the matter is that a scheme of organisation has been prepared, and proposals as to salaries forwarded to the Treasury for concurrence. No answer has yet been received.

In connection with this matter it now transpires that even if the proposed clause in the Official Secrets Bill is passed, it will be some ten days before the telegrams can be obtained from certain of the Cable Companies for de-cyphering, and the news received will thus be about a fortnight old in some cases, as soon as the Censorship is removed.

On the other hand, even if this is so, I consider that it is worth while establishing a Code and Cypher School, if it is only for the sake of keeping ourselves up to date in cyphering and de-cyphering, so as to be ready in case of strained relations, when the Censorship can be re-imposed as one of the "Precautionary measures".

The cost would be roughly £20,000 a year. The present organisation costs about £40,000 a year.

Submitted, therefore, that steps may be taken to obtain a definite decision from the Cabinet at an early date as to whether the scheme for the Code and Cypher School is to be proceeded with or not.

*W. S. Curzon*

Director of Naval Intelligence.

24 May, 1919.

*I will enquire a how.*

*W. S. Curzon to do so.*

*W.S.*

*26. 5. 19.*

ADM 118637/55

SUSG 7

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

FIRST LORD.

Government Code & Cypher School.

I attach papers on which it was decided that the Government Code & Cypher School should be placed under the Director of Naval Intelligence at the Admiralty.

Historically, this department belongs to the Admiralty, for two reasons: first, that the Admiralty probably devoted more attention to the making of cyphers, than other Government Departments, owing to its extensive use of wireless; and, second, that the work of "breaking" cyphers was most successfully initiated at the Admiralty - not, it is true, in the Intelligence Division, but by Sir Alfred Ewing, Director of Naval Education, assisted by certain officers, one of whom (Mr. Denniston), an Assistant Master at Osborne, is now Head of the Code & Cypher School.

During the war, there were valid and unanswerable reasons why this Department should be housed in the Admiralty, in close proximity to the Naval Staff. It was often a matter of minutes between the receipt of information and the despatch of the warning telegram. That reason no longer applies. The School is at present domiciled

*The School will not suffer by being transferred today as it is presumed the personnel remain - which is key - is to safe secure its being housed back by special in case of need. B*

4-5

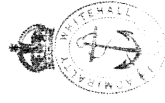


Kendall



ADM 118637/55

54567



at 1, Watergate House, Adelphi. The great bulk of the material which it produces, is political, and concerns the Foreign Office primarily. The work of constructing cyphers is work which is done for all Departments of State, and not primarily for the Admiralty.

I do not know what force there is in Mr. Churchill's suggestion that it would be difficult to find cover for the School if placed under the Foreign Office. The Navy Estimates (page 122) show a Coding Section of the Naval Intelligence Division; and the Admiralty telephone list shows "Government Code & Cypher School", with names of the individuals set out at length.

I have consulted the Staff Assistant Secretary (Mr. Flint), and he agrees that in any logical system, the School should be under the Foreign Office, rather than under the Admiralty, provided always that the arrangement should be subject to review in case of war.

186

24:3:21.

The School will not suffer by being transferred  
 today as it is presumed the personnel remain -  
 - by then remains the same  
 which is key - is to safe same its being handed back  
 ready efficient in case of need. B

4-5

Personal & Secret.

April 25th, 1921.

My dear Lee,

I think I mentioned to you a little while ago that I proposed with your assent that the Code and Cypher School, which during the war was for very good reasons placed under the Admiralty, should now be taken over by the Foreign Office, to which nine-tenths of its work appertains.

I was the Chairman of a Conference just two years ago at which the then Secretary of State for War (Mr. Churchill) and the then First Lord (Mr. Long) were present, and at which it was decided to continue the Code and Cypher School's existence, and to house it, at any rate for the present, in the Admiralty. The reasons for this decision were that it would be undesirable to deprive the School of the shelter which the Admiralty buildings afforded,

that

The Rt. Hon:  
The Lord Lee of Fareham, F.C., G.B.E.  
etc. etc. etc.

The Right Honourable  
The Earl Curzon of Kedleston.  
KG., &  
C.,

"School" to the

to be  
Admiralty

in any  
or its

to.

11



to the House of Commons

that the vote would be more likely to slip through the House of Commons if it came under an Admiralty disguise, and that the Foreign Office might feel some compunction if, in the interviews of the Secretary of State with foreign Ambassadors and Ministers, he were to profit by information which his own Department had secretly acquired.

These reasons struck me at the same time as very flimsy - nor did I entertain any of the qualms described in the last paragraph. I deferred, however, to the representations of my colleagues (being then only acting Secretary of State) until I had greater personal experience and had seen the system in operation.

I now realise that it is both illogical and indefensible for the following reasons:-

(1) It is wrong in principle; for the Foreign Office is by far the most extensive user of the cyphers of all the Government Departments: the

sphere

sphere  
polit  
cept  
of no  
tion  
Power  
them  
crea  
the  
work  
with  
very  
has  
liev  
to i

The Right Hon  
The Earl

slip through  
 an Admiralty  
 might feel  
 of the Secretary  
 Ministers, he  
 own Depart-  
 e time as very  
 qualms des-  
 red, however,  
 (being then  
 had greater  
 stem in opera-  
 gical and in-  
 the Foreign  
 of the  
 as: the  
 sphere

sphere of activity of the School is now purely political, and the intelligence procured has, except in very rare cases, no relation to, and can be of no value to, the Admiralty.

(2) In some cases, as you may know, our possession of the cyphers has been detected by foreign Powers, and in the consequent change of cyphers by them we have lost almost immeasurably.

(3) I cannot doubt that there will be an increase of efficiency if the School is brought under the Foreign Office, since the greater part of its work ought to be done in the closest co-operation with us, and our experience of the matter is now very considerable.

(4) Even the argument of the Admiralty 'cover' has ceased to apply; for whereas I was led to believe, two years ago, that the Department was likely to be housed in the Admiralty building, it is now domiciled

The Right Honourable  
 The Earl Curzon of Kedleston.  
 KG., &  
 C.,



Let the...  
 (1/1/1955)

domiciled in separate quarters, as detached from one Office as from the other.

(5) That has terrified me most has been the too generous and careless distribution of the material under the existing system. I have already been obliged to resume the power conferred upon me by the Cabinet Committee of deciding to whom the intercepted telegrams should go, and the danger of a profuse or indiscriminating distribution, I hope, no longer exists.

There only remains the transfer to the Foreign Office of the Department itself, for which we can now find room.

If, as I trust, you agree to this, there need be no difficulty in making the necessary arrangements. In what I have said, I must not be thought to have passed any criticism upon the Admiralty officials who have hitherto managed the School. Their conduct of it has been unexceptionable. But they are administering a system which is fundamentally wrong and

and which,  
 the background  
 sensible

glad t  
 date c

The Right Honourable  
 The Earl Curzon  
 KG

Ref  
 54507  
 4.7

ADM 118637/55

SECRET

and which, now that war conditions have receded into the background, must be placed upon a sound and defensible basis.

*Dear Sir,*  
*I am glad to hear of your return to the country and hope you will find it all the more enjoyable now that the war is over.*  
*Yours sincerely,*  
*Lee*

*11/1/55*  
I shall be glad to facilitate the transfer, at the earliest date convenient to both your Department and mine.

Believe me, Yours sincerely,  
(Signed). LEE.

The Right Honourable  
The Earl Curzon of Kedleston.  
KG., & C.,

ached from one  
been the too  
he material  
eady been  
pon me by the  
he intercepted  
a profuse or  
no longer  
the Foreign  
ich we can now  
there need  
r arrangements.  
ht to have  
officials  
Their conduct  
ey are ad-  
lly wrong  
and



*Secret*

23rd May 1921.

My dear Curzon:

I am sorry to have delayed so long in replying to your letter of April 25th, about the Code and Cypher School, but the matter required very careful consideration and a good deal of consultation with those concerned. I am now, however, able to say that the Admiralty will agree to the taking over of the School by the Foreign Office, subject to the following conditions,

which I feel sure you will consider reasonable :-

- (i) That the efficiency of the School should be fully maintained at its present standard and that the constitution of the Naval portion of it should remain unaltered and available for immediate re-transfer to the Admiralty on the outbreak of war.
- (ii) That all "intercepts" which in any way concern the Admiralty or its business, should at once be communicated to us by the Foreign Office.

Subject to these conditions, I shall be glad to facilitate the transfer, at the earliest date convenient to both your Department and mine.

Believe me, Yours sincerely,

(Signed). LEE.

The Right Honourable  
The Earl Curzon of Kedleston.  
KG., &  
C.,

are ad-  
wrong  
and

Personal & Secret.

May 28th, 1921.

My dear Lee,

I am much obliged to you for your letter of May 23rd about the Code and Cypher School and readily accept the conditions on which you agree to its transfer to the Foreign Office, assuming, as I am given to understand is the case, that by "Naval portion of it" you do not mean more than those individuals who worked at the Admiralty during the war and are thus specially conversant with naval work. If the Admiralty wishes to draw more extensively than this on the School in such an emergency, its utility to the Foreign Office might be seriously crippled at a time when it ought to be at concert-pitch.

I am having a letter written to the Treasury to obtain their concurrence in the transfer of the necessary funds from your vote to ours, and

The Rt. Hon:

The Lord Lee of Fareham, P.C., G.B.E.  
etc. etc. etc.

as

- (a) In time of peace and when the School is in ception now in force under the direction of the Admiralty should be continued, and to this end the wireless expert of the Code and Cypher School (Lieutenant Lambert) should continue to occupy his present position.
- (b)



Pe

July 16th 1921.

rt,

recollect that circumstances

J.N.I.

The First Lord asks me to ascertain whether the interpretation in the first para of Earl Curzon's letter is acceptable to the Admiralty. Will you please advise.

O.N.  
1/6.MOST SECRETSecretary.

The interpretation in the first paragraph of Earl Curzon's letter can be accepted, providing that the following stipulations are clearly understood :-

- (a) In time of peace the system of wireless interception now in force under the direction of the Admiralty should be continued, and to this end the wireless expert of the Code and Cypher School (Lieutenant Lambert) should continue to occupy his present position.

(b)

ADM 118637/55

SUSG 7

COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION

Personal & Secret.

Dear Vansitt  
 You will  
 between the  
 two months  
 Code and Cy

In the  
 May 28th,

prepared to  
 which were  
 assuming  
 not inten  
 worked at  
 thus spec

The  
 and he h  
 can be a  
 (a) In  
 now in  
 be cont  
 Code ar

(b) In order to make proper use of the secret records of war work, in connection with questions which are continually arising at the Admiralty, ~~in connection with~~ <sup>submarine warfare,</sup> it is necessary that Lieutenant-Commander Clarke's services should be available to the Admiralty.

(c) On mobilisation for war five officers of the Code and Cypher School, including the two named above, will be required to be placed at the disposal of the Admiralty in order to carry out the work, which will be essential. The names of these officers are :

Commander Denniston, Lieut. Commander Clarke,  
 Lieutenant Knox, Lieutenant Hope, Lieutenant Lambert.

It is requested that the First Lord may embody these Admiralty requirements in replying to the letter of the Secretary of State for Foreign Affairs.

Private Office

Referred. OM

2/6

D.S.I.

3.6.21.

*[Handwritten signature]*