

HEADQUARTERS ARLINGTON HALL STATION
ARLINGTON, VIRGINIA

SPSIS-1

DATE _____

INFOURAL MEMO FOR: Mr. Friedman:

I wonder if Mrs. Highley couldn't finish this job? I have finished the re-typing, but it has not been proof-read, nor stamped SECRET.

Attached is a carbon of the first draft, which I took the liberty of marking up. This merely consists of changes in arrangement of sentences, and you may or may not find it of use. Colonel Corderman read the original and made no comments. Just drop this in the wastebasket if you don't want to bother.

Attached also are additional copies of the tabs which I had made. You will note they are clearer than the others, as I had them made from G-2 copies or originals.

M. Dyer

W. Preston Corderman
Colonel, Signal Corps
Commanding

~~RESTRICTED~~~~CONFIDENTIAL~~~~SECRET~~

A BRIEF HISTORY OF THE SIGNAL INTELLIGENCE SERVICE

1. Prior to June 1917 no department of the Government conducted any cryptanalytic activities whatsoever. From June 1916 to about December 1920 a considerable amount of work along these lines was conducted purely as a patriotic enterprise and at his own expense by Mr. George Fabyan, whose Riverbank Laboratories at Geneva, Illinois, organized and provided elementary training for a small group of amateur cryptanalysts to work upon such codes and ciphers as were forwarded by the War, Navy, State, and Justice Departments. The group soon became somewhat proficient and grew in numbers, at one time reaching 30 persons. The undersigned directed the cryptanalytic operations and training at the Riverbank Laboratories from ~~the time of~~ the inception of this work until its close ~~thereat~~ in 1920, except for a period of a year (May 1918 - May 1919) when he was 1st Lieut., MID, ~~serving~~ at GHQ-AEF in the German code solving section.

2. a. In June 1917 the cryptanalytic activities of the War Department were initiated by Colonel Van Deman, G-2, with the commissioning of H. O. Yardley, a telegrapher at the State Department who had ^{been} taken some interest in cryptography, who was given two civilian employees to assist him. The work grew rapidly and by the autumn of 1917 the increased staff was organized as a section designated as MI-8, which was subdivided into six subsections:

- Subsection 1. Code and cipher solution
- " 2. Code and cipher compilation
- " 3. Training
- " 4. Secret inks
- " 5. Shorthand and miscellaneous
- " 6. Communications (for MID only).

b. The functions and duties of these six subsections may be briefly outlined:

(1) The code and cipher solution subsection was what would now be called the cryptanalytic subsection. It was the largest of the subsections of MI-8 and performed ~~the~~ cryptanalytic work not only for the War Department but also for all other Government departments, including Navy, State, Justice, and the two censorships—Cable and Postal, which were then separate organizations.

(2) Despite the fact that under Army regulations the compilation and revision of codes was a function of the Chief Signal Officer, compilation activities under the Signal Corps were apparently in a moribund state. Information having been received that the Germans possessed copies of the War Department Telegraph Code, MI-8 deemed it advisable to establish a code compilation subsection, and that subsection produced several codes

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such as Military Intelligence Codes No. 5 and No. 9, small pocket codes for secret agents, and the like.

(3) In addition to training ^{its} own personnel, MI-8 trained ~~the majority~~ of the personnel ~~sent overseas~~ for cryptanalytic duties with ~~land~~ forces, both AEF and Siberia. It must be mentioned, however, that approximately 85 officers were trained at Riverbank Laboratories, where a six-week training course in cryptanalysis was given ^{them} ~~these~~ officers prior to their ~~shipment overseas~~ ^{departure for foreign duty.}

(4) A laboratory was established for the preparation of invisible inks for use by our own agents. It also examined letters for secret writing, and an average of over 2000 letters per week ~~were~~ examined for the military and postal censorship from July 1, 1918 to February 1, 1919.

(5) The shorthand subsection was organized to ^{decipher} ~~handle~~ captured documents and texts in various shorthand systems, especially German, which ~~had to be deciphered~~. This was ~~in fact~~ the first subsection organized in MI-8, when the censorship began sending (October 1917) letters and documents supposed to be in cipher but which ^{actually} ~~were~~ ^{actually} ~~turned out to be~~ in shorthand. In June 1918 the AEF requested 15 expert stenographers who could ~~take down~~ ^{record} verbatim examinations of German prisoners. The required number was found and ~~assigned~~. This subsection also provided trained linguists for MI-8 and the AEF.

(6) The communications subsection was established in MI-8 for handling messages to and from military attaches and intelligence officers serving abroad. In a period of nine months it sent and received about 25,000 such messages, practically all in code.

3. At the height of its development, which was reached in November 1918, MI-8 was, for those days, a rather large unit, consisting of 18 officers, 24 civilian cryptographers and cryptanalysts, and 109 typists and stenographers. The time had come for the establishment of a definite policy for the future. Now, the guiding heads of Military Intelligence at that time fully recognized the high importance and value of the services rendered by the MI-8 cryptanalytic bureau, because they had been in positions ^{to see} ~~which~~ the products of the daily activities of the bureau ~~came directly to their notice and they could not fail to note~~ ^{could} their influence and bearing, ~~which they understood~~, not only upon the military and naval, but also upon the diplomatic, political, and economic phases of the conduct of the war. They therefore had practical experience in the matter and could bring the weight of their positions of influence and their actual experience to bear upon those ^{who held} ~~in charge~~ of the purse strings, with the result that they were able to obtain funds sufficient to keep a fairly large organization intact for a year or two. An annual appropriation of \$100,000 was recommended in a memorandum for the Chief of Staff from the A. C. of S., G-2, dated May 16, 1919, (Tab A attached) to be used as follows:

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Rent, light, and heat	\$	3,900
Reference books		100
Personnel: Chief (Yardley)		6,000
10 code and cipher experts		
• \$3,000		30,000
15 code and cipher experts		
• \$2,000		30,000
25 clerks		
• \$1,200		<u>30,000</u>

\$ 100,000

The item for "rent, light, and heat" is explainable ^{ed by the fact that it was decided} when it is noted that the bureau ~~was to be moved~~ from Washington with a view to hiding its existence. Of the \$100,000 recommended, the State Department was to provide \$40,000 and \$60,000 was to be provided for expenditure by the A. C. of S., G-2 on "confidential memoranda" against funds pertaining to "Contingency Military Intelligence Division" — that is, by vouchers not subject to review by the Comptroller General. The paper containing the recommendations made by the A. C. of S., G-2 to the Chief of Staff was "OK-ed" and initialled by Acting Secretary of State Polk on May 17, 1919, and within three days of the initiation of the paper (May 19) it was approved by the Secretary of War over the signature of General March, Chief of Staff (see top sheet of Tab A). Next came the question of actually obtaining the funds. In this connection Tab B shows a copy of a letter dated May 24, 1922 from the then Secretary of State to Senator Kadsworth, who was Chairman of the Senate Appropriations Committee. With the letter went a special memorandum and a copy of it is included in Tab B. Evidently the funds were obtained. The plan was put into effect, the bureau was installed in a private house at 22 East 38th Street, New York City, and all personnel together with ^{and} existing records were moved thereto.

4. The foregoing funds ^{provided for} took care of the bureau for the FY 1920, but when in June 1920 it came time to set up the budget for FY 1921, the purse strings were already beginning to be pulled tighter. Many of the "old-timers" in G-2 had gone to other assignments; those remaining and the newcomers in G-2 apparently did not have the background of the story, nor the foresight and the influence to press the matter so far as the War Department was concerned. The appropriation was at once cut in half, that is, to \$50,000, of which the State Department share still continued to be \$40,000. It is possible that the G-2 thesis was that since the work done by the bureau was primarily, if not solely, for and of interest to the State Department at that period in our affairs, all or nearly all of the funds should be provided by that department. The War Department overlooked some very important points in the situation — points which will be brought up and emphasized later in this summary. Near the close of FY 1921, when it appeared that a further contraction in funds could be anticipated, an attempt was made to obtain State Department support before Congressional appropriations committees, and

the A. C. of S., G-2 succeeded in getting the Secretary of State to write a letter to the Chairman of the Senate Appropriations Committee. A copy of this letter is attached as Tab B. The A. C. of S., G-2 also presented his views before the committee in closed session, during which open reference was made to the exhibits of cryptanalytic work ^{and which showed} decided by a memorandum attached to Tab B. ^{Apparently the committee would} The showing ^{must have been} impressive, for there was not, in FY 1922, another sharp decrease in funds allotted for cryptanalytic work. However, in order not to break the continuity of the history, at this point will merely be stated that year by year the funds provided for the maintenance and operation of the bureau became more and more constricted, ~~until~~ ^{By} the autumn of 1929 the following tabulation, based upon a letter dated July 17, 1929 from Major J. S. Albright, G-2, to the Chief Signal Officer (General Gibbs) ^{shows that the} ~~bureau had been permitted to deteriorate to the degree indicated by~~

Rent	\$ 3,000
Books, postage, travel and transportation, misc.	2,370
Personnel:	
1 Chief (Yardley)	7,500
1 code & cipher expert	3,600
1 translator (Jap)	3,750
1 secretary	1,800
1 clerk-typist	1,600
1 clerk-typist	1,320
	<u>\$25,000</u>

5. Of the total appropriation of \$25,000, the State Department furnished \$15,000, the War Department \$10,000. ~~The~~ ^{the} activities of the bureau had ~~at this time~~ ^{become} so reduced that it was sending in only occasional translations of a few Japanese and a few Mexican diplomatic messages. No research whatsoever was conducted in cryptanalysis; there were no training activities, no intercept, no direction-finding studies, no secret ink work. The personnel consisted of six persons ~~as told~~ ^{and} 37% of the total payroll went to one man, who had little interest other than to continue as long as possible to maintain himself in the sinecure into which he had been permitted to establish himself. ~~He not only had his well-paying Government position but was engaged commercially in other activities.~~

6. In the summer of 1929 Major J. S. Albright, Signal Corps, was assigned ~~to~~ ^{to} ~~serve~~ ^{to} on the staff of the A. C. of S., G-2 to supervise and coordinate such of the cryptographic and cryptanalytic activities of the War Department as remained. After a careful ~~study~~ ^{study} of the situation and an appraisal of ~~how the existing~~ ^{the operations of} cryptanalytic bureau, ~~was and was not serving~~ the functions for which it had been or should be intended, Major Albright came to the conclusion that the entire picture was wrong. He felt that ^{while the} the product "bulletin" which the bureau was ~~turning out~~ ^{turning out} only intermittently was indeed of primary interest for ~~its own sake~~ ^{its own sake} to the State Department, and while the War Department had only a secondary interest in the "bulletin" for the information it gave, the primary interest of the War Department in

Certainly, he felt that

cryptanalytic studies in peace time was that ~~it was intended~~ to engage in research and to provide ~~a means~~ for training specialized personnel for immediate war-time effectiveness. Major Albright found that not only was there very little if any training being conducted but also that all persons in the bureau, except for one clerk receiving the least pay, were "getting along in years" ~~and, practically no~~ their potential usefulness for possible wartime service, ~~practically nil~~. Moreover, the bureau was now hidden away in a public office building in New York (under cover of the "Code Compilation Company" for alleged purposes of security) and far away from direct supervision of anybody connected with the War Department or of G-2, (so that ~~nothing that was going on, how the office was administered, etc.)~~ *It was later learned that* Yardley devoted most of his time to two or three private enterprises, (commercial code compilation, real estate brokerage, consultant in code matters to commercial firms) and he was having a "field day" at Government expense. There were, in addition, several other weighty factors which motivated Major Albright in preparing a G-2 study (Tab C) recommending that the bureau be taken out of G-2 and its functions transferred to the Signal Corps. Chief among these was the desirability, if not necessity, of placing all cryptographic and cryptanalytic work of the War Department under one agency, rather than distributing it among three (The Adjutant General, for printing, storage, issue, and accounting of codes; the Chief Signal Officer, for compiling codes and ciphers; Military Intelligence, for solution of codes and ciphers). Memorandum on the same subject was prepared by Lieut. Col. W. K. Wilson of the War Plans and Training Section of G-2, and is also attached hereto (Tab D). The reasons given in the G-2 study and in Colonel Wilson's memorandum were apparently deemed valid by the Chief of Staff, for Major Albright's recommendations were approved in April 1929 and steps were soon initiated by G-2 and the Chief Signal Officer to put them into effect. The recommendations carried with them merely ~~the wording~~ *of changes in the wording* made by AR 105-5, specifying the duties of the Chief Signal Officer, these duties being enlarged to include the printing, storage, distribution, and accounting of codes and "in time of war the interception of enemy radio and wire traffic, the goniometric location of enemy radio stations, the solution of intercepted enemy code and cipher messages, and laboratory arrangements for the employment and detection of secret inks."

7. However, before anything could be done ~~actually~~ *effect the* to transfer the activity, a new and very disturbing factor entered into the picture. In March 1929 a new administration took office, in which Mr. Stinson became Secretary of State. For a few weeks no "bulletins" from the cryptanalytic bureau in New York were given him, the intention being to "go slow" until he had become sufficiently well oriented in the duties of his office to warrant bringing to his attention the highly secret (and in the then current view, highly "unethical") activities engaged in by War and State Departments by means of funds provided in large part by the latter Department. Early in May 1929, however, the time was deemed ripe for this

measure, and (according to Yardley) it was with some trepidation that a few translations of Japanese code messages were placed on Mr. Stimson's desk. There seems to be some reason to believe that his reaction was violent and his ~~action~~ drastic. Upon learning how the material was obtained, he characterized the activity as being highly unethical and declared that it would cease immediately, so far as the State Department was concerned. To put teeth into his decision he gave instructions that the necessary funds of the State Department ~~would~~ be withdrawn at once ⁽¹⁾.

It was only after considerable pressure by the A. C. of S., G-2 that he was dissuaded from this course, which might have had serious consequences by suddenly throwing out of employment the six people concerned, at a time of ~~the~~ severe economic depression. For these workers had only special training in a field wholly useless to commercial, industrial, shipping or banking firms, or to other government departments, or to educational institutions, ^{and} an arrangement was ~~therefore~~ ^{therefore} made, to close the office immediately so far as active work was concerned, but to keep the personnel on the payroll for the time necessary to wind up affairs and get the files in shape ready to turn over to the Signal Corps. This took a couple of months, and at the end of June 1929 the employees were given three months' pay in advance in a lump sum, to tide them over the period in which they might be jobless. Since they had been paid out of "confidential funds" they had no civil service status and no retirement benefits; moreover, they were ineligible for transfer to other Government positions. ~~Of course, the danger was that their dissatisfaction with what must have appeared to them as high-handed, arbitrary action on the part of a new official, and that their helplessness in (the serious personal situation created for them in the midst of a serious economic depression) by this drastic action, might lead them to indiscretions which might prove most embarrassing to the Government and have serious consequences upon national defense.~~ ^{It turned out that, whatever their private feelings, all the discharged personnel, except the chief beneficiary of the old regime, remained loyal and did the best they could to find jobs.}

8. In October 1929 I was sent by the Chief Signal Officer to New York to take over the ~~Ward~~ ^{Ward} up records and files of the defunct Bureau and to oversee their transportation to Washington. The Cryptanalytic activities, research, and training now being under the Chief Signal Officer, immediate steps were taken completely to reorganize the bureau and its work. The funds available ~~were~~ ^{were} of course, very slim -- only what remained of the War Department's ~~contribution~~ ^{contribution} of \$10,000 for the FY 1930, ~~was available,~~ because the remainder of the State Department's share of \$15,000 had already been withdrawn, by the State Department, as indicated above. An offer of employment was made to Mrs. Wilson, the Japanese expert with Yardley, but she was unable to accept, since it involved moving to Washington and she

(1) A number of years later (1941) Yardley told me that he had been misinformed as to Mr. Stimson's attitude and that it was really the President (Mr. Hoover) who "killed" the bureau, not Mr. Stimson. There ~~may be~~ ^{may be} some grounds for believing this, and it would be interesting to know the truth.

had a husband and child in New York. Another employee, Mr. Victor Weisskopf, had a business in New York and refused to move to Washington. The female clerical employees were deemed unsuitable for our purposes and, moreover, having no civil service status, they could not be taken on by transfer. An offer of temporary employment was made to Yardley but he ~~and~~ refused the tender. Instead, he proceeded secretly to prepare a book which first appeared in the form of articles in the Saturday Evening Post, and ~~was~~ later ~~appeared~~ in much expanded form under the title, "The American Black Chamber." The book and articles were highly sensational and made damaging disclosures concerning the most secret activities ever conducted by the Government. Before the appearance of the articles and book, however, he had taken certain steps to protect himself from possible prosecution for his disclosures, among which was to resign his commission as Major in the Military Intelligence Reserve. Of course, had the authorities understood the real purpose of his resignation they might have prevented it so as to retain some hold on him. But being in doubt or in ignorance of his real motives and deeming it just an act of pique, the resignation was accepted. The unfortunate consequences attendant upon the publication of the book need no elaboration herein. Suffice it to say that our amicable relations with the British, who resented the disclosure of certain information obtained from them by Yardley as a commissioned officer, were disturbed; much more serious, our precarious relations with Japan were brought to a boiling point when about 30,000 copies of the Japanese translation of The American Black Chamber were sold in Tokyo in a period of less than a month (perhaps the book was subsidized by the Japanese Government itself). The bad odor into which all cryptanalysts and cryptanalytic activities fell, as a result of the difficulties which the publicity given the matter by Yardley's disclosures occasioned high government officials, had a bad effect upon the attempted reorganization of the cryptanalytic bureau by the Chief Signal Officer. Funds were hard to get, and State Department support was lacking, ~~if not in the other direction altogether~~. The most serious consequences of Yardley's disclosures, however, came ten years later, and their effects can hardly be estimated. I refer here to the jolt which his book gave the Japanese cryptographers, leading them out of their blissful ignorance and causing them to develop really complex methods which are now giving us so many difficulties. The same is true probably as regards the German and Italian cryptographers -- their education has been entirely at Uncle Sam's expense and the final consequences of Yardley's work can not yet be foreseen. They may well turn out to be disastrous.

9. Without delay, as indicated in the beginning of the last paragraph, the Chief Signal Officer proceeded, as energetically as possible under the circumstances, to carry out the mission assigned to him. The reorganized code and cipher solving section was placed under the War Plans and Training Division, since the code compilation section was already there. A rather detailed directive, which was prepared by G-2 and approved by the Secretary of War (Tab E), became the guiding plan of the reorganized service, which was now named the Signal Intelligence Service. Its personnel, consisting of myself and one or two clerks, soon was augmented by a half dozen more

employees. Training literature and courses in cryptanalysis and cryptography were prepared and put into good use at once. A great deal was done in expanding our cryptographic work also, by preparing reserve editions of existing codes, compiling and devising new codes and ciphers, developing cipher apparatus, and so on. Cryptanalytic work was put on a firm basis of research and training, with emphasis on the latter, for there existed no intercept service and the raw material could not be obtained. (Yardley had been able to get a small amount of material from the cable companies but this source had practically "dried up" by 1929 due to fear on the part of the companies.) Hence an intercept service now was organized and grew very slowly. All phases of signal intelligence were unified under one service and taken under study and action. Moreover, important cooperation with the Navy in the same type of work was ~~also~~ initiated. How the activity has expanded since then requires no comment at this time. However, a few words about relations with the Navy are pertinent.

10. Cryptanalytic activities in our Navy Department were practically non-existent until after the close of the last war, during which, as was noted above, whatever problems they had in cryptanalysis were referred to MI-8. But in 1921 the Navy, recognizing the important role which cryptanalysis was bound to play in future, began building up a large unit in the Navy Department, with echelons afloat. Whereas the Army placed emphasis upon civilian training, the Navy placed emphasis upon officer training; and for each dollar the Army was able to obtain for cryptanalytic and cryptographic work the Navy was able to obtain three to five dollars, until by 1939, as far as concerned numbers of officers and civilian personnel engaged in these activities, amount of equipment on hand, and funds available for research, the Navy had considerably outstripped the Army. However, it may be said, with some justifiable pride perhaps, that while they were ahead of us in quantity, we were ahead in quality, for all the important developments in both the cryptographic and the cryptanalytic fields must be credited to Army personnel. At first, cooperation between the two services was intermittent and at times very indifferent—the usual mutual suspicions and jealousies pervaded our relationships. But, happily, for the past four or five years cooperation has been much more wholehearted, with the result that it may now be said without reserve that, as regards their cryptographic and cryptanalytic activities, technical cooperation between the Army and Navy in these fields is so close as to be the same as though they were under one head. This, of course, is as it should be and must be in order to gain the desired result from such activities.

11. It would be of utmost value to the winning of this war if the Government were now in a position to read the codes and ciphers of all the foreign powers whose actions and probable intentions are of interest and importance in our prosecution of the war. It could have been in this fortunate position had it given to cryptanalytic studies the attention

Note: It seems to me No. 1 should be the necessity for factual knowledge of intentions of potential enemies; No. 2 the protection of our own systems (now included in No. 4); then 1, 2 and 3.

~~WHICH they deserve during peacetime and had provided funds for their continuity on a scale sufficient for the purpose for which they are intended.~~ The matter can be summarized very succinctly in this statement: Actual or physical warfare is intermittent, but signal security warfare, especially cryptanalytic warfare, is continuous. It is vital that this be understood by those who exercise the control over such studies.

12. There are four basic reasons why this continuity in cryptanalytic studies is so important. They will be discussed briefly:
in peacetime

(1) It must be realized that cryptanalytic activities have no counterpart in civil life. Therefore, on the outbreak of war there is no important source from which trained, experienced personnel can be drawn for immediate usefulness. Since skill in cryptanalysis can hardly be developed in a short time and cryptanalytic units capable of producing quick results can not be improvised in a hurry, unless there is a good-sized nucleus of such trained and experienced personnel no good cryptanalytic operations can be conducted in the early phases of a war; that is, just at the time when results can usually be obtained most easily and when such results are extremely important. Moreover, it is in the upper strata of cryptanalytic brains that continuity in studies is most important. It is possible, under pressure, to obtain large numbers of recruits of high intelligence from colleges and universities, but until they have had at least five years actual experience and training they are wholly unprepared to attack the more difficult problems encountered in modern, up-to-date secret communications. Consider the present "Purple" system, for example. It required almost two years of concentrated effort to break down this system and it was indeed fortunate that this had been accomplished by September 1939. If we had only been able to start this study in December 1941 it would not have been possible to read those messages short of two years' study, if at all, because the problem is so difficult to begin with, and moreover, the volume of traffic available for analysis would be so small compared to what it was shortly before December 7, 1941. Moreover, if we did not have the two years' experience with the ordinary "Purple" the task of reading the special "Purples" now occasionally employed would be extremely more difficult, if it could be done at all before too late to be useful. Again, our present difficulties with Japanese military systems are in large part occasioned by our failure to devote sufficient study to these systems over the past few years; but it must be realized that limitations on funds and personnel made such studies impossible, because with the small staff of SIS personnel from 1930 to 1940 it was all that this personnel could do to keep abreast of the Japanese diplomatic systems, for which G-2 was clamoring.

(2) Continuity in cryptanalytic studies also requires continuity in intercept work, for without the basic raw material no studies at all can be conducted on actual traffic and purely theoretical studies may be

far off the real target altogether, no matter how successful. Continuity in intercept work means, of course, that the equipment and personnel of the intercept service have to be maintained and thus, these are available on the outbreak of war, for immediate, useful work. Unless cryptanalytic studies are pursued the need for the maintenance of adequate intercept stations soon disappears, for it presently begins to look as though the work done by the intercept personnel is useless and funds for this activity are withdrawn.

(3) Continuity in cryptanalytic studies is necessary because cryptanalysis is not a static science or art -- it must progress as cryptographic science progresses. In the past few years great strides have been made in the latter, especially as regards the development of complex electrical and mechanical cryptographic devices and machinery. Moreover, the cryptanalytic work done during the last war has been publicized. As alluded to above, "The American Black Chamber" in particular has exercised a wide influence in putting certain nations which had been quite backward in their cryptography on their guard, causing them to engage in studies and developments for the improvement of their codes and ciphers. The result is that the cryptographic systems of these nations have become more and more difficult to analyze. It is important to note that improvement in cryptography usually comes in successive small steps, and if the opposing cryptanalyst can keep in step with these progressive increases in complexity he can, as a rule, be in a position to read the new systems almost as fast as they are put into usage. If there is much of a lag in the cryptanalysis the cryptographer gets too far ahead for the cryptanalyst to catch up quickly; in some cases catching up becomes impracticable or impossible.

(4) Finally, it may be noted that continuity in cryptanalytic studies brings improvements in our own cryptographic systems and methods, without which we may be lulled into a false sense of security and remain blissfully ignorant of what some foreign cryptanalytic bureau may be doing with our supposedly secret communications. It can be said that the greatest blow that can be dealt to signal security work is loss of continuity in cryptanalytic studies, for it means that a disastrous blow has been delivered to technical efficiency of both the cryptographic and cryptanalytic services for war-time functioning.

13. It may be pertinent to add that the British Government began its cryptanalytic activities in 1914 and never desisted from them for even a month since then, though of course on a smaller scale than was reached at the height of these activities in 1918-19. However, it was on a scale sufficient to enable them to keep up with the diplomatic traffic of most of the governments of any consequence in the world in which they had an interest. The British built up a corps of about 35 to 40 able cryptanalysts, including Army and Navy officers permanently assigned to cryptanalytic

duties. They maintained cryptanalytic units in London, India, Africa, China, and so on — the officers being transferred from one unit to another but constantly staying in cryptanalytic work. The result is that today, while our SIS has solved and can perhaps again solve more difficult individual problems, in overall coverage of the field the British organization is considerably ahead of ours. It is clear that no country is too small for them to have an interest in that country's secret communications, and they are today able to read the traffic of most countries on which they have had continuity since the last war.

14. Finally, if we are not to repeat once more the mistakes made at the close of the last war in respect to signal security work, every effort should be made to place the present organization on the most firm, permanent foundation it is possible to erect. The service should not be considered as merely an appendage to the functions performed by the Signal Corps only in time of war but as a permanent service that operates on a large scale in peace-time as well as in war-time.

William F. Friedman,
Director of Communications Research.

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and dated June 29, 1942.
Minor changes made on
April 2, 1943.

Att.: 5 TABS, A to E, incl.