

PREM 19/591

TOP SECRET

MT

CABINET 2
PART I

Confidential File

Security of the Secret Services.
Chapman Pincher's book: 'Their
Trade is Treachery' and related
papers including Sir Roger Hollis

SECURITY

PART I

May 1979

| Referred to | Date | Referred to | Date | Referred to | Date | Referred to | Date |
|---------------------|------|---------------------|------|-------------|------|-------------|------|
| 27.3.81 | | 31.10.81 | | | | | |
| 30.5.81 | | 3.12.81 | | | | | |
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| 8.11.81 | | 26.7.81 | | | | | |
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| 26/7/81 | | 12.8.81. | | | | | |
| 16-10-81 | | | | | | | |

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~~PREM 19/591~~

~~PART ONE
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PART

I

ends:-

~~CAW to RTA 26.4.81 (5)~~

Ld. Trent to C. Pincher 12-8-81

PART

2

begins:-

RTA to CAW 16.10.81

A05434

LINCOLN COLLEGE, OXFORD OX1 3DR

FROM THE RECTOR.

RIA

CADILLAC
A 5251
13 AUG 1981
MAILING INSTRUCTIONS
FILE No. _____

12th August, 1981

Dear Mr. Pincher,

Thank you for your letter of 6th August. I think that, in reply, I can only confirm that, so far as the Prime Minister's statement in Parliament was concerned with my own part in the matter in question, it had, of course, my full agreement.

*Yours sincerely,
Duke Lind*

Chapman Pincher, Esq.,
Church House,
16 Church Street,
Kintbury,

SECRET

file

Security
26



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG
CABINET OFFICE

"Their Trade is Treachery"

The Prime Minister has seen and noted your minute 'A05303 of 25 July 1981 and the report on Chapman Pincher's sources which you submitted with it.

I have sent a simple acknowledgement to the Attorney General's minute of 17 July 1981, a copy of which is attached.

I am returning herewith the report on Chapman Pincher's sources.

C. A. WHITMORE

26 July 1981

SECRET

SECRET



ds

25

10 DOWNING STREET

From the Principal Private Secretary

26 July 1981

Chapman Pincher's Sources

The Prime Minister has seen and noted the Attorney General's minute of 17 July 1981 about the sources which Chapman Pincher used in writing his book "Their Trade is Treachery".

G. A. WHITMORE

Jim Nursaw, Esq.,
Law Officers' Department.

h

SECRET

24

Ref. A05303

MR WHITMORE

--- You asked for a note of elucidation on the Attorney General's minute of 17 July attached.

2. You will remember that, after the publication of Chapman Pincher's book Their Trade is Treachery and the Prime Minister's statement of 26 March about Sir Roger Hollis, the Prime Minister agreed that the Security Service should conduct an investigation, with a view to finding out what were the sources to which Chapman Pincher had had access when writing his material about Sir Roger Hollis.

3. It is the report of that investigation to which the Attorney General is referring in his minute of 17 July. I have now been sent a copy of the report, and attach it herewith (for return please). It establishes the following points:

- (a) The main source for the letter which Mr Jonathan Aitken MP sent to the Prime Minister on 31 January 1980 was a former member of the Security Service called Arthur Martin. He was one of those who was not satisfied that Sir Roger Hollis was innocent of treachery, and he says that he wanted to make sure that the Prime Minister had been fully informed about the suspicions of Sir Roger Hollis and the investigations of them. He chose to go about this by stimulating, and providing the material for, Mr Aitken's letter; and the Prime Minister's reply satisfied him that she had been properly informed. He says, and the Security Service are satisfied, that he was not a source for Chapman Pincher.

(b)

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

THIS IS A COPY. THE ORIGINAL IS
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OF THE PUBLIC RECORDS ACT

(c)

(d) Chapman Pincher's primary source on the Hollis affair was almost certainly Peter Wright, a former member of the Security Service, now living in Australia. The evidence for this is partly circumstantial and partly intrinsic: Chapman Pincher's book includes a number of references, and turns of language and phrasing, which strongly suggest that Peter Wright was Chapman Pincher's main, if not only, source on this subject. Peter Wright was closely involved in the investigation of Sir Roger Hollis and Mr Mitchell. He was not one of those who said at the time that he thought Hollis was guilty. He left the Service, however, with a grievance about the amount of his pension from the Security Service - his period in the Security Service had been relatively short, he qualified only for a relatively small amount of pension, and he thought it should be higher to take account of previous service in the Army. He still nourishes this grievance. It is assumed that he has received payments from Chapman Pincher which will supplement his pension.

4. I do not know whether the evidence against Peter Wright would be strong enough to sustain a prosecution under the Official Secrets Act: the Attorney General's minute rather suggests that he thinks it might be. But the question is probably academic: Peter Wright is in Australia; offences under the Official Secrets Act are not extraditable offences; and, since he must assume that there has been an investigation and that it has reached the conclusion it has, he is presumably very unlikely to risk a visit to this country and the possibility of prosecution. My understanding is that it is his return to the country that is what the Attorney General means by "an unexpected change in circumstances".

ReA

ROBERT ARMSTRONG

23 July 1981

● AFTER THOSE STUNNING DISCLOSURES...

**MI5 CHIEF WAS
RUSSIAN SPY
SUSPECT**

Daily Mail front page, March 23

**MAGGIE FURY
AT MI5
BOMBSHELL**

Daily Mail front page, March 24

**MAGGIE ORDERS
SECURITY
REVIEW**

Daily Mail front page, March 27

FOUR months ago I
revealed in the Daily
Mail, in its serialisa-

**Now that
Whitehall
smokescreen
can be
blown away**

blown away.

FOUR months ago I revealed in the Daily Mail, in its serialisation of my book *Their Trade is Treachery* that Sir Roger Hollis, a former Director of MI5 had been under deep suspicion of spying for the KGB.

Since then a great deal has happened in the inner recesses of Whitehall.

Thanks to friends in high and secret places, I have been kept informed of these events and can now throw light on several intriguing mysteries concerning the Hollis Affair.

Not the least fascinating aspect of the whole affair was the statement made by the Prime Minister to Parliament during that first extraordinary week of publication.

Mrs Thatcher's words were carefully chosen. Though she could not avoid confirming my disclosures that Hollis had been suspected by his own colleagues for several years, had been investigated by them, interrogated and then investigated again after his death by Lord Trend, a former Cabinet Secretary called back for the purpose, she also indicated that he had been 'cleared'.

In fact, it was far from being as simple as that. I can now reveal exactly why the last inquiry was called, and why Lord Trend was chosen to conduct it.

Suspicious

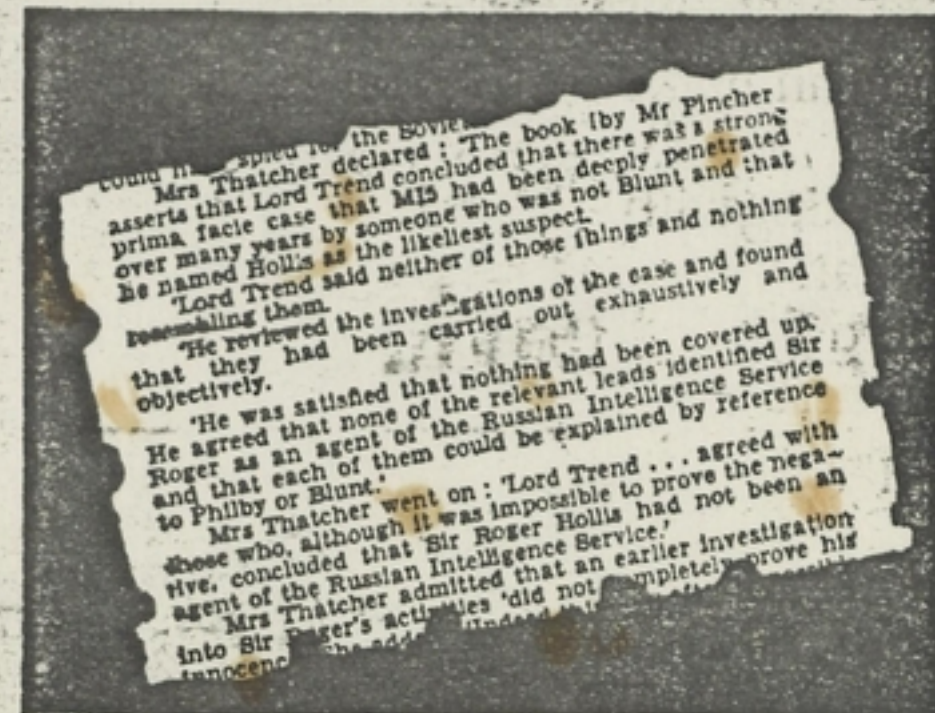
What happened was this. Certain members of a joint MI5-Secret Service team (code-named the Fluency Committee) involved in the earlier secret investigations into Hollis were deeply dissatisfied with the way the case had been left. The security and intelligence chiefs had decided to shelve the issue in the belief that, because there was no evidence that would have been admissible in a court to incriminate Hollis, the case was best forgotten.

So, in the early summer of 1974, a spokesman for the Fluency Committee called Stephen de Mowbray, a former Secret Service officer, presented himself at 10 Downing Street and asked to see the then Prime Minister, Sir Harold Wilson.

He did not see Sir Harold, but had a long session with the Cabinet Secretary, Sir John Hunt, now Lord Hunt.

Hunt was already aware of the suspicions regarding Hollis for, a few months previously, in Edward Heath's premiership, there had been discussions about the dangers of KGB penetration.

As an extra precaution, it had then been decided to appoint a Privy Councillor of unquestion-



From Mrs Thatcher's statement to the Commons

by Chapman Pincher

able integrity to whom allegations of possible treachery might be referred for quick investigation. Lord Trend had agreed to take that on.

De Mowbray, who has an impressive record as an investigator, seemed so convinced that there had been a high-level spy in MI5 and that his treachery had been covered up, that the allegations were referred to Trend.

Lord Trend interviewed all the members of the Fluency Committee except one, who was overseas. They came away believing that he was impressed by the weight of evidence they had gathered against Hollis.

He then spent two days a week for several months browsing among the relevant files at MI5 headquarters in Curzon Street. He consulted former security chiefs, including Sir Dick White who had promoted Hollis to be his deputy, and then recommended him as his successor.

I have been able to consult people who have read the report which Trend finally submitted after almost a year.

They confirm that no new evidence whatever reached him. So he was in no better a position than the members of the Fluency Committee had been when they completed their inquiries by interrogating Hollis in 1970.

The case really remained—and still remains—unproven, either way.

Trend therefore took a value judgment, deciding that while he could not be certain that Hollis had not been a spy, he should be given the benefit of the doubt. So, unless further evidence arrived, the security

departments could assume—which they did with relief—that Hollis had not been an agent of the KGB.

In his report, Trend also stated that there was no truth in de Mowbray's charge that there had been a cover-up.

In the Whitehall mind a 'cover-up' is a situation in which officials withhold embarrassing information from Ministers. In the minds of most people a 'cover-up' is a situation in which officials and Ministers withhold embarrassing information from the public. In the latter sense there had been a total cover-up of the Hollis Affair and most of the other security scandals disclosed in my book.

In 1975, de Mowbray was seen by Hunt and briefed on Trend's findings. He declined to accept them, arguing that Trend had done no more than follow the convenient 'departmental' line previously taken by the heads of MI5 and the Secret Service. He was not allowed to see the Trend Report or any of the relevant documents.

Mrs Thatcher's statement, prepared by the Cabinet Office in conjunction with the Law Officers and MI5, suggested that the investigation of Hollis had been almost routine. In fact, Hollis was the first Director-General of MI5 ever to fall under any suspicion whatever.

The statement also contained an essential item which still makes no sense to the officers who gave evidence to Trend or to Whitehall officials aware of the facts.

Mrs Thatcher said: 'The case for investigating Sir Roger Hollis was based on certain leads that suggested, but did not prove, that there had been a

Russian intelligence agent at relatively high level in British counter-intelligence in the last years of the war. None of these leads identified Sir Roger or pointed specifically or wholly in his direction. Each of them could also be taken as pointing to Philby or Blunt.'

Blunt left MI5 in 1945 and Philby left the Secret Service in 1951. Neither had any further access to secrets. Yet the leads which made the Fluency Committee most suspicious of Hollis occurred after 1951.

For this and other reasons, some members of the Fluency Committee go further than I do in believing the case to be unproven. They believe that Hollis was guilty.

However, I am glad to reveal as well that MI5 has not lost all its old cunning.

Just before Mrs Thatcher made her statement, Sir Robert Armstrong the Cabinet Secretary, formally requested a copy of the book so that Mrs Thatcher could make a statement about its contents with the least possible delay.

In fact, this was pure bluff.

I have now established that MI5 secured a copy of the text by surreptitious means at least two weeks, and probably more, in advance of publication and that a brief of it was available to the Cabinet Office in plenty of time for Mrs Thatcher's consideration.

Security

Photocopies of the text were shown to former chiefs of MI5 and the Secret Service as well as to senior Civil Servants and their advice was sought.

Among other things, it was decided that, though the book bristled with technical breaches of the Official Secrets Act, no attempt would be made to suppress it.

The timely disappearance, the day before publication in the Daily Mail, of Lady Hollis, widow of Sir Roger Hollis, to a 'safe house' where she could not be questioned by reporters, was, of course, a clue that the security forces knew something about what was going on.

A political decision was taken to try to clear away all the embarrassing problems presented by the book at the first available opportunity—the day the book was published.

With canny political acumen, Mrs Thatcher and her advisers assumed that if she announced the setting up of an independent inquiry, MPs would refrain from asking embarrassing Parliamentary questions.

Events have proved them more than justified.

019
SECRET

23



01-405 7641 Extn 3201

ROYAL COURTS OF JUSTICE,
LONDON, WC2A 2LL

Prime Minister.

A copy of the report to the Attorney
General refers to is attached,
under cover of a minute from
Sir Robert Armstrong.

PRIME MINISTER

CHAPMAN PINCHER'S SOURCES

HW
23.ii

I have now seen the report of the investigation into Chapman Pincher's sources and I have discussed it with the Director of Public Prosecutions. It is quite clear that it is impossible for us to take this any further unless there is an unexpected change in circumstances.

A copy of the report will reach you through the usual channels.

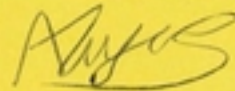
I am not circulating copies of this minute.

M.H.

17 July 1981

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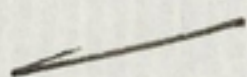
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31

10 DOWNING STREET

Prime Minister.

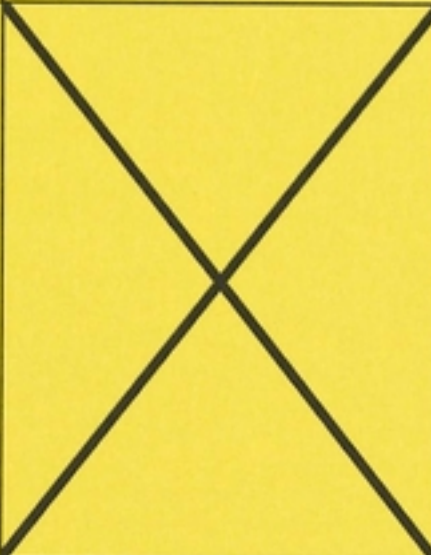


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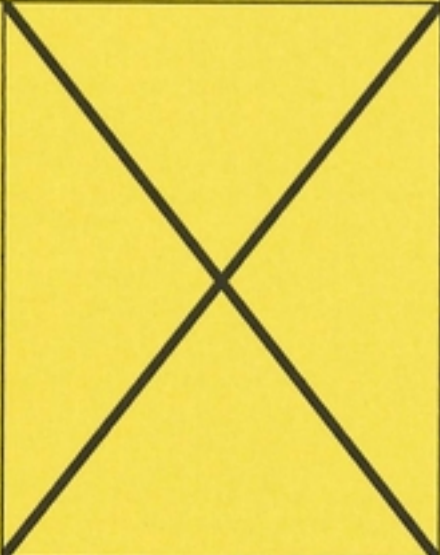
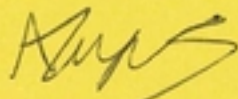
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Security

HS

10 DOWNING STREET

THE PRIME MINISTER

1 April 1981

Dear Mrs. Hollis,

Thank you for your letter of 27 March about the statement which I made in the House of Commons last week.

I am very glad that what I said then has been of some comfort to your husband and his family.

Yours sincerely
Margaret Thatcher

Mrs. Adrian Hollis

SP

File

SPZ

SIR ROBERT ARMSTRONG

The Pincher Book

I attach a copy of a rather sad and unhappy letter from the daughter of Charles Ellis.

I doubt whether there is much comfort the Prime Minister can offer her, but I should be grateful for your advice on what Mrs. Thatcher might say to her.

C A WHITMORE

1 April 1981



10 DOWNING STREET

PRIME MINISTER

The late Sir Roger Hollis's daughter-in-law has sent you the attached letter thanking you for the statement you made last Thursday.

I have consulted Sir Robert Armstrong about the kind of reply you should send, and we are agreed that it would be prudent to send no more than a very brief and simple answer which offers no comment on substance. I attach such a letter for your signature.

J.M.

31 March 1981

CONFIDENTIAL

Security



10 DOWNING STREET

From the Principal Private Secretary

A 1728
31 MAR 1981
FILING INSTRUCTIONS
FILE No. _____

RA
Sir Robert Armstrong

The Pincher Book

We had a word last week about the Prime Minister's suggestion that she might follow up her statement in the House on Thursday with a letter to Lady Hollis. Your advice - which I conveyed subsequently to the Prime Minister - was that admirable gesture though this might be, it might give rise to difficulties, given Sir Roger Hollis' marital history; and the Prime Minister decided not to write.

28/3/81

I now attach a letter from Sir Roger Hollis' daughter-in-law thanking the Prime Minister for her statement. I am disposed to advise the Prime Minister to reply very simply and briefly on the following lines:-

"Thank you for your letter of 27 March about the statement which I made in the House last week.

I am very glad that what I said then has been of some comfort to ~~you and~~ your husband *and his family.*"

Do you agree?

tail.

Mr Whitmore *the* *you*

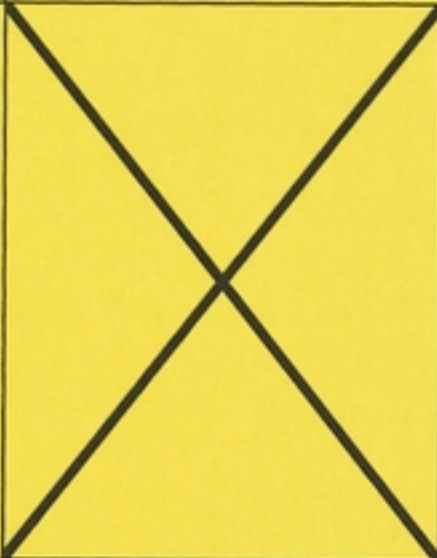
30 March, 1981.

*I agree; but suggest
a small amendment.*

CONFIDENTIAL

RA 31. iii

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| DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>591</i> (one piece/item number) | Date and sign |
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65 BAINTON ROAD,
OXFORD

27th March, 1981

D. Mrs. Thatcher,

R30

Thank you for your statement yesterday which so comprehensively rejected the allegations against Sir Roger Hollis, my late father-in-law. I appreciate that your concern was for the national security, but I am sure that you understand the implications for Sir Roger's family and friends. For my husband Adrian it has been exceeding painful to have his father's reputation attacked in this way. He loved and respected his father and never for a moment believed him capable of treachery to the country which they both love.

Please accept my thanks for restoring our personal peace and equanimity.

Yours sincerely,

Margaret Hollis

33, BARNINGTON ROAD,

OXFORD



020

MS



3.

Prime Minister.

July

So in

The Rt. Hon. The Lord Home of The Hirsel, K.T.

March 27th. 1981.

R28

Lydon Hayslet

Thank you for your letter on the Pincher business.

I thought that your statement was excellent and achieved exactly the right balance.

I have declined all but the barest comment, but if Diplock and his colleagues want to see me I will get in touch with Robert Armstrong.

Robert Armstrong

The Rt. Hon.
Mrs Margaret Thatcher. M.P.
10 Downing Street.

Duncan Campbell and Walter Barr reveal how Hollis's successor at MI5 still believes in his innocence

The rot at the top of MI5

THE MAN who succeeded Sir Roger Hollis as head of MI5, and who is alleged to have ordered a subsequent accusatory interrogation of Hollis, has denied the existence of any government reports 'implicating Sir Roger Hollis'. Sir Martin Furnival Jones, who was the Deputy Director General of MI5 under Hollis, and later the Director General from 1965 until 1970, told the *New Statesman* in an exclusive interview that investigations conducted by former Cabinet Secretary Sir Burke Trend had not led Trend to conclude that Hollis was a traitor.

Our taped interview with Sir Martin Furnival Jones, who has now refused to comment further, took place last summer, when we investigated the contents of the 'Trend Report' concerning the high level penetration of MI5 by the KGB. Rumours and reports about the Soviet agents at the top of MI5 have been circulating for more than a decade. After the exposure of Anthony Blunt, Hollis's name was mentioned with increasing frequency, and last year we received some very precise information about Sir Roger's alleged treachery. But — particularly in view of Furnival Jones's comments — we did not consider it a firm case against a dead man, and one who had not confessed.

We asked Furnival Jones if he accepted that Sir Burke (now Lord) Trend's 'considered view was that Hollis was a Soviet penetration agent'. Furnival Jones replied that 'I'm sure it wasn't his view . . . I know Burke Trend and I know that isn't his view . . . He told me'.

We asked him if he knew if Trend's investigations implicated anyone else: 'I'm afraid I can't help you', he said. Was he aware of the existence of a report on the subject by Trend: 'None implicating Sir Roger Hollis, no'.

THE REVELATIONS made by Chapman Pincher and the *Daily Mail* do not amount to proof against Hollis. That may be provided, one way or the other, by the Prime Minister. However Pincher's allegations have brought out into the open the enormous split within both British and US intelligence agencies over the persistent suspicions of KGB moles. From our own investigations we can say that a substantial part of Chapman Pincher's material, which is identical with our own unpublished report, comes (in our case, indirectly) from James Jesus Angleton, the former CIA counterintelligence chief. Angleton and his favourite defector, Anatoli Golitsin, spent over a decade after Golitsin's 1963 defection purporting to identify KGB moles in Western intelligence and security services from the CIA downwards. The Angleton/Golitsin mole-spotting hunts created such friction, distrust, and mutual suspicion that many CIA officers eventually came to the view that the damage and ruin created by Angleton implicated him as the main choice for a KGB 'mole'.

Angleton's investigations were never conclusive. Most recently, he supplied

spy author Andrew Boyle with the name of his alleged 'fifth man', a British physicist living in the US called Wilfred Mann. Mann has successfully repudiated the allegation.

Some critical parts of the explanation of Hollis's alleged treachery — in particular the account of how he was recruited by the KGB — are less than paper thin, and rely entirely on Angleton. Hollis was supposed to have been sexually (presumably heterosexually) compromised in the early 1930s while working for British American Tobacco in Shanghai by a particularly rough KGB recruiter.

Angleton also alleges that Hollis made determined attempts to minimise the significance of Soviet defectors, in particular the Petrovs who defected to Australia. Then, in 1963, came Angleton's prize, the defecting KGB major Anatoli Golitsin. Angleton claims that the final evidence to make Blunt confess came from Golitsin, and that he also pointed to a mole at the heart of MI5.

THE DESCRIPTION of the search for the MI5 mole published this week



James Jesus Angleton

reveals how one very senior MI5 official, whom Pincher obliquely calls 'Peters', was initially intensely watched because he was one of a very few people handling certain information believed to have leaked. Then he was cleared and suspicion inevitably fell on his boss, Hollis. This senior official was in fact the Deputy Director General, Graham Mitchell, who is still alive, living in Surrey. Although he was cleared (and inevitable suspicion generated that he was set up by Hollis as a scapegoat) he left MI5 early, retiring in 1963 at age 58.

Angleton also claims that Hollis ordered the MI5 team interrogating Blunt off the job shortly after they began getting close to receiving information on other MI5 penetrations.

Angleton was forced to resign from the CIA in 1974, when congressional enquiries revealed the illegal surveil-

27.3.87

lance activities being carried out in the US by his Counterintelligence Division. Since then, he has been an erratic figure in the background of the Washington spy scene, endlessly leaking book-length accusations of moles and plants to visiting journalists.

By the end of this week (and after we go to press) Mrs Thatcher will have produced the authorised, Whitehall version of the Hollis Affair. However far she is forced to go this time there will be no getting back from what one senior intelligence official describes as a 'fantastically damaging cover-up'. There remains in MI5 a group of officials, led by one whom we have heard of only enigmatically as 'Steven', who are convinced that Hollis and everyone who arrived during his time must now be the target of the greatest purge any intelligence organisation has seen in non-revolutionary times. Many in MI5 understandably hold opinions at the opposite extreme. Outside MI5, one may well wonder why we need any of this circus anyway.

Terry O'Halloran on allegations of racism Protests at police raid on school

STUDENTS at Archway School, North London, claim that they were physically attacked and racially abused by police who raided their school on 16 February.

So far press reports have concentrated on the official version of the raid: acting on an anonymous phone call alleging a riot and stabbing at the school, half a dozen police vehicles, including a dog van, accompanied by an ambulance descended on the school. Finding no riot at an annexe of the school the police — now accompanied by a helicopter — moved on to the main building, where a group of about 20 children were taking it in turns to ride around on a moped. Thinking the moped might be stolen the police

ASPECTS OF CONSENSUS

National Film Theatre
Sat 4 April 10 a.m. — 9

A one-day discussion of TV

The range of policy options deeply alienated them from whom were active in t be restricted to a narrow conser and led to an increa to examine whether there is in f The impact of a rous foot promising help to by Foot's refusal to ans rent increases.

There will be 3 sessions:

DOES CONSENSUS
UNEMPLOYMENT
NORTHERN IRELAND

Speakers will include:

Mary Holland, M
McCron, Michael

Tickets £7.00. Unwaged £5.00 or benefit card

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NATIONAL FILM THEATRE

Feat

abandoned Linwo



CGWU convenor Jimmie
h AUEW convenor Ronnie

ernal transport compan Peugeot brothers and P holding and which has profits from the main c the event the campaign n collapsed. Why?

E BULK of the workforc on whether to fight on their confidence: hey could win. As one st

ce our decision to accept th in 1976 and the redund ate investment that went v the defensive. Few people ce of winning.

nfidence was hardly heig of the Labour-control rict council in the week ment to put up council i Labour councillors had ifesto of being 'a cushie t as soon as their budge the council had caved announcement was foll

decision, now rescinde rs interest free car loans dly alienated them from whom were active in t and led to an increa The impact of a rous foot promising help to by Foot's refusal to ans rent increases.

HE TALBOT showroom ards realised that ind me to begin quickly if it fore the planned clous had prepared a hearts a its own. It wanted a three reasons. First, n to increase their redi osting £10 million. Sec n, for example, a facti mage sales: BL's exper

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES.

Reference: CC (81) 13th Conclusions, Minute 1

Date: 26 March 1981

Signed Wayland Date 13 September 2011

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons Hansard, 26 March 1981, columns 1079-1085 "Security"

Signed AWayland Date 13 September 2011

PREM Records Team

With permission, Mr. Speaker, I will make a statement about the security implications of the book published today which purports to give a detailed account of the investigations into the penetration of the Security Service and other parts of the public service which were undertaken following the defection of Burgess and Maclean in 1951.

The events into which those investigations were inquiring began well over 40 years ago. Many of those named or implicated in this book as having been the subject of investigation have died. Others have long since retired. None of them is still in the public service.

The extent of penetration was thoroughly investigated after the defection of Burgess and Maclean, as indeed the author of this book makes clear. The book contains no information of security significance which is new to the security authorities. And some of the material is inaccurate or distorted. All the cases and individuals referred to have been the subject of long and thorough investigation.

The investigations into the possibilities of past penetration have inevitably extended widely. They have covered not only those suspected of being guilty; but also all those who could conceivably fit the often inconclusive leads available. The fact that somebody has been the subject of investigation does not necessarily or even generally mean that he has been positively suspected: many people have had to be investigated simply in order to eliminate them from the enquiry.

/The results

The results of the investigations into Philby and Blunt are now well known. There were good reasons for suspecting a few others, but as it was not possible to secure evidence on which charges could be founded, they were required to resign or were moved to work where they had no access to classified information. Many others were eliminated from suspicion.

Apart from the main allegation, which I will come to, I do not propose to comment on the other allegations and insinuations in this book. Nor can I say which allegations are unsubstantiated or untrue - as some certainly are - since by doing so I should implicitly be indicating those which were suspected of having a degree of substance.

I must, however, comment upon the grave allegation which constitutes the main theme of the book, that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was an agent of the Russian Intelligence Service.

/The case for investigating .

The case for investigating Sir Roger Hollis was based on certain leads which suggested, but did not prove that there had been a Russian Intelligence Service agent at a relatively senior level in British counter-intelligence in the last years of the war. None of these leads identified Sir Roger Hollis, or pointed specifically or solely in his direction; each of them could also be taken as pointing to Philby or Blunt. But he was among those that fitted some of them, and he was therefore investigated.

The investigation took place after Sir Roger Hollis's retirement from the Security Service. It did not conclusively prove his innocence; indeed it is very often impossible to prove innocence; that is why in our law the burden of proof is placed upon those who seek to ^{establish} ~~prove~~ guilt and not on those who defend innocence. But no evidence was found that incriminated him, and the conclusion reached at the end of the investigation was that he had not been an agent of the Russian Intelligence Service.

This view was challenged, however, by a very few of those concerned, and in July 1974, Lord Trend, the former Secretary of the Cabinet, was asked to review in detail the investigations that had taken place into the case of Sir Roger Hollis, and to say whether they had been done in a proper and thorough manner, and whether in his view the conclusions reached were justified. He examined the files and records and he discussed the case with many of those

/ concerned,

concerned, including two people who considered that the investigation should be reopened.

Mr. Pincher's account of Lord Trend's conclusions is wrong. The book asserts that Lord Trend "concluded that there was a strong prima facie case that MI5 had been deeply penetrated over many years by someone who was not Blunt", and that he "named Hollis as the likeliest suspect". Lord Trend said neither of those things, and nothing resembling them. He reviewed the investigations of the case, and found that they had been carried out exhaustively and objectively. He was satisfied that nothing had been covered up. He agreed that none of the relevant leads identified Sir Roger Hollis as an agent of the Russian Intelligence Service, and that each of them could be explained by reference to Philby or Blunt. Lord Trend did not refer, as the book says he did, to "the possibility that Hollis might have recruited unidentified Soviet agents into MI5". Again, he said no such thing.

Lord Trend, with whom I have discussed the matter, agreed with those who, although it was impossible to prove the negative, concluded that Sir Roger Hollis had not been an agent of the Russian Intelligence Service.

I turn next to the arrangements for guarding against penetration now and in the future.

/ All Departments

All Departments and agencies of Government, especially those concerned with foreign and defence policy and with national security, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. Recent security successes (like the expulsion of members of the Russian Intelligence Service from this country in 1971) would hardly have been achieved, if the Security Service was penetrated. The Security Service exercises constant vigilance not only against the risk of current penetration but also against the possibility of hitherto undetected past penetration which might have continuing implications. But, however great our confidence in the integrity and dedication of those now serving in the Security Service, we need to make sure that the arrangements for guarding against penetration are as good as they possibly can be, both in this area and throughout the public service.

Existing security procedures were introduced during the years following the Second World War. Burgess, Maclean, Philby and Blunt were all recruited by the Russian Intelligence Service before the Second World War, and came into the public service either before or during the war, well before existing security procedures were introduced. It was in 1948 that the then Prime Minister announced the Government's intention to bar Communists and Fascists and their associates from employment in

/ the public

the public service in connection with work the nature of which was vital to the security of the State. This led to the introduction of what came to be known as the "purge procedure". In 1952 the positive vetting procedure was instituted, with the object of establishing the integrity of civil servants employed on exceptionally secret work. In 1956 it was publicly declared that character defects, as distinct from Communist or Fascist sympathies or associations, might affect a civil servant's posting or promotion. In 1961 security procedures and practices in the public service were reviewed by an independent Committee under the Chairmanship of the late Lord Radcliffe. The Committee's report, published in 1962, contained an account of those procedures, and made various recommendations for modifying them, which the Government accepted. These procedures, as modified in 1962, are still in operation today.

These arrangements have over the years substantially reduced the vulnerability of the public service to the threat of penetration, and have served the interests of national security well. But it is twenty years since they were last subject to independent review. In that time the techniques of penetration and the nature of the risks may have changed. We need to make sure that our protective security procedures have developed to take account of those changes.

I have therefore decided, after consultation with the right hon. Gentleman the Leader of the Opposition, to ask the Security Commission:

/ "To review the

"To review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required".

These terms of reference will enable the Security Commission to review, and to make recommendations as appropriate, on the arrangements and procedures used in all parts of the public service for the purposes of safeguarding information and activities involving national security against penetration by hostile intelligence services, and of excluding from appointments which give access to highly classified information both those with allegiances which they put above loyalty to their country, and those who may for whatever reason be vulnerable to attempts to undermine their loyalty and extort information by pressure or blackmail.

There are difficult balances to be struck here between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service, and the individual rights of members of the public service to personal freedom and privacy. The Security Commission will be able to consider how these balances ought to be

/struck in the

struck in the circumstances of the present time, as they conduct their review and prepare their recommendations. It will be my intention to make their findings known to the House in due course, to the extent that it is consistent with national security to do so.

Mr. Speaker, in conclusion I should like to emphasise once again that this statement arises out of a book which deals with investigations of matters and events which occurred many years ago. My concern is with the present and with the future. That is why I am asking the Security Commission to undertake the review which I have described.

Polly. Answer

Vernon Telegrams

BLOCKING ANSWER

Answer

Said Budget

Power responsible minutes

Level

Operational

Mr. Speaker, I hope that the House will appreciate and respect the fact that I have dealt with these matters in my statement, which was prepared with great care, more fully than might have been thought appropriate in the past. I trust it will be understood when I say that I can have little or nothing that I can usefully add.

Disruption

There is no evidence of current penetration of the security service.

M.P.: Security Service

I understand no M.P. paid as agents of the security service but if the relevant interests were to be reviewed, they could be asked. It would be a matter for the Intelligence Dept.

HOLLIS AND MINISTERS

Q Have Ministers been kept informed on the investigation into the case against Sir Roger Hollis?

Since 1975, when Lord Trend reported, successive Prime Ministers and Home Secretaries have been told of the fact that Sir Roger Hollis was investigated, of the conclusions of the investigation and of Lord Trend's report of his review of the investigation. Ministers were not informed until then.) I cannot of course answer for what happened or did not happen under previous administrations, but I imagine that the Security Service took the view that they were not called upon to report to Ministers unless the investigations led - as it never did - to the conclusion that Sir Roger Hollis had probably been a spy.) As a general rule it must be right that the Security Service should report to Ministers only when there is definite reason to believe that there has been a breach of security. Their directive does not require them - indeed, it authorises them not - to report to Ministers every investigation they undertake, and it would be very undesirable that they should. With the benefit of hindsight perhaps it would have been better if they had reported this particular case to Ministers at an earlier stage. Nowadays they certainly would do so in accordance with the arrangements I described to the House in my speech in the Blunt debate on 21st November 1979.

CONTINUING INVESTIGATION

Q12. Are you satisfied that all the leads studied in the investigation of the penetration of the Security Service have been fully accounted for?

A. All the leads which could have implied penetration of the Security Service can be attributed to known spies such as Philby, Blunt or Blake, or are now so old or vague that they cannot be investigated further.

FAILURES OF SECURITY SERVICE

Q2. If Hollis was not a spy, then who was at the bottom of the failures experienced by the Security Service during Hollis' time as Director-General?

A. I cannot accept that a period which included the arrest and conviction of Lonsdale, the Krogers, Houghton and Gee, Vassall and Blake was a period of unmitigated failure. No Intelligence Service wishes to get the reputation of abandoning its agents to their fate, and it is hard to believe that, if the Russians had had forewarning that the Security Service was on to these people, they would not have found means of getting them out of the way.

PETERS

Q: What about PETERS?

A: I understand that Mr. Graham Mitchell, a former Deputy Director General of the Security Service, has told the press that he is the man to whom the code name PETERS applies. I can confirm that this is so, and, since he is the one and only other case reviewed by Lord Trend, that he was investigated and that the clear conclusion, with which Lord Trend agreed, was that he had not been an agent of the Russian Intelligence Service.

IMMUNITY

Q15. Have any of those mentioned in the book been offered immunity from prosecution?

A. The question of immunity from prosecution is one for my Rt Hon and Learned Friend, the Attorney General.

SECURITY SERVICE AND MPs

Q.16. Are any hon. Members of the House paid as agents of the Security Service?

A. I understand not, but if the national interest were to require it, they could be. It would be a matter for the individual Member.

Q.17. Do the Security Service collect information from or about MPs?

A. Members of Parliament may of course volunteer information which they consider ought to be in the possession of the security authorities. The Security Service would not themselves initiate an approach to an MP who might have information of a security interest without informing the Home Secretary. Information about MPs sometimes becomes available to the Security Service incidentally in the course of enquiries made under their directive.

DRIBERG

Q4. (ref pp 97.7, 119-206, 206-8)

Were Captain Kerby and Tom Driberg employed as agents by
MI5 whilst they were MPs?

A. I am not prepared to comment on individual cases mentioned in
the book.

FIFTH MAN

Q8. (ref Chapter 17)

Will the Prime Minister identify the Defence Scientist referred to in the book as the real fifth man?

A. No. As I have already made clear in my statement to the House, however, a number of public servants who came under suspicion but against whom charges could not be brought were asked to resign or moved to non-secret work.

SIR GEOFFREY HARRISON

Q13. (ref page 187)

Have the security aspects of the compromise of Sir Geoffrey Harrison, to which the book clearly refers, been looked into?

A. Yes, and there is no evidence of any damage to security.

TELEPHONE TAPPING

Q15. (ref p 225)

Will you confirm the arrangements for telephone tapping described in Mr Pincher's book.

A. I have nothing to add to the statement which my Rt Hon Friend the Secretary of State for the Home Department made in this House on 1 April 1980, the White Paper issued the same day (Cmnd 7873), and the recent report by Lord Diplock. (Cmnd 8191).

SECURITY COMMISSION

D. Inquiry by the Security Commission and Accountability

Q1. Why have you asked the Security Commission to conduct this inquiry?

A. The Security Commission was established in 1964. Its terms of reference as announced in this House on 23 January 1964 by the then Prime Minister are as follows -

"If so requested by the Prime Minister, to investigate and report upon the circumstances in which a breach of security is known to have occurred in the public service, and upon any related failure of departmental security arrangements or neglect of duty; and, in the light of any such investigation, to advise whether any change in security arrangements is necessary or desirable".

Although, as I have said, there is no evidence of current breaches of security, it is nearly twenty years since the procedure for safeguarding against penetration and protecting sensitive information and areas of work were last subject to independent review (by Lord Radcliffe, in his Report on Security Procedures in the Public Service (Cmd 1681) in 1962). I think that a new review would now be timely. The Security Commission is the appropriate body to consider the procedures in the public service for safeguarding against threats to national security and to make recommendations about the handling of security matters in the public service.

RE-INVESTIGATION OF PAST

Q3. But would not an independent and specially constituted Committee of Inquiry allow you to review the Hollis case again as well as the other allegations in the book?

A. As I said in my statement, I am satisfied that the Hollis case has been exhaustively and objectively investigated and reviewed. The same is true of the other alleged cases of penetration. A new investigation by a special Committee of Inquiry would be unlikely to turn up new evidence or produce different conclusions from those which we already have. I believe a further inquiry into the past would serve no useful purpose, and would pre-empt resources from more productive tasks.

INDEPENDENT ENQUIRY

Q6. Would not a Standing Committee of Privy Counsellors answerable to Parliament for the work of the Security and Intelligence Services ensure a better protection against the future risk of penetration?

A. No, I do not think so. I believe that the public interest is best safeguarded by maintaining the present arrangements whereby the Ministers directly concerned bear full responsibility for these matters. The Security Commission will help us to make sure that the procedures for protecting security are as they should be.

MORALE OF SECURITY SERVICE

Q7. Are you not concerned at the damage which the inquiry and the revelations in the book will do to the efficiency of the Security and Intelligence Services?

A. I am of course concerned at the damage which this book may do to the morale of the organisations in question. The preservation of national security has been my paramount consideration in deciding to ask the Security Commission to review the procedures.

ACCOUNTABILITY

The Rt Hon Gentleman the Member for Cardiff South East did not of course propose an inquiry into the past, which he thought was unlikely to be useful or successful. He came down against any role for Parliament in decisions on security matters. He floated the idea of an inquiry on relations between Ministers and the heads of the agencies, and on whether Parliament could be more involved in the rules and the way in which they were applied or observed.

Mr Speaker, we have an open society, which depends for its protection on the work of the ~~Secret~~^{Security} Service, and on it being able to do that work in secret. To open it up to public or even Parliamentary scrutiny would be to risk weakening or destroying its effectiveness.

That is why I believe that responsibility cannot be put into commission to Privy Counsellors outside the Government of the day, to a Parliamentary Committee, or to the Judiciary. It has to be carried, as the House has always accepted it should be, by Ministers.

There are established procedures for accountability to Ministers in these matters. These were strengthened by the arrangements which I described in the Blunt Debate on 21 November 1979. These arrangements for accountability to Ministers are working satisfactorily, and I see no need or reason to ask the Security Commission to review them.

FILES ON MPs

Q Is it true that the Security Service have dossiers on 60 Labour Members of Parliament?

A This is an old story.

It would not be in the public interest for me to disclose any details of Security Service records.

/ I can, however, say that the Security Service would not approach or investigate a Member of Parliament without informing my right hon. Friend the Home Secretary, though information about MPs sometimes becomes available to the Security Service incidentally in the course of inquiries made under their directive_7.

THE DIRECTIVE TO THE DIRECTOR GENERAL OF
THE SECURITY SERVICE
(Denning, para. 238)

1963

On 24 September, 1952, Sir David Maxwell Fyfe, then Home Secretary, issued this Directive to the Director General of the Security Service, which is the governing instrument today:

"In your appointment as Director General of the Security Service you will be responsible to the Home Secretary personally. The Security Service is not, however, a part of the Home Office. On appropriate occasion you will have right of direct access to the Prime Minister.

The Security Service is part of the Defence Forces of the country. Its task is the Defence of the Realm as a whole, from external and internal dangers arising from attempts at espionage and sabotage, or from actions of persons and organisations whether directed from within or without the country, which may be judged to be subversive to the State.

You will take special care to see that the work of the Security Service is strictly limited to what is necessary for the purposes of this task.

It is essential that the Security Service should be kept absolutely free from any political bias or influence and nothing should be done that might lend colour to any suggestion that it is concerned with the interests of any particular section of the community, or with any other matter than the Defence of the Realm as a whole.

No enquiry is to be carried out on behalf of any Government Department unless you are satisfied that an important public interest bearing on the Defence of the Realm, as defined in paragraph 2, is at stake.

/You and your

You and your staff will maintain the well-established convention whereby Ministers do not concern themselves with the detailed information which may be obtained by the Security Service in particular cases, but are furnished with such information only as may be necessary for the determination of any issue on which guidance is sought."

21 Nov. 1979

NEW ARRANGEMENT FOR MINISTERIAL ACCOUNTABILITY

In the light of these events, I see no need to change the principles governing the relationships between the Security Service and Ministers, as set out in the Denning Report. I think it right, however, that there should be a clear understanding among all those concerned about how we expect those principles to be applied. I have accordingly agreed the following points with my right hon. Friend the Home Secretary and my right hon. and learned Friend the Attorney-General.

First, the Director-General should report to the Home Secretary if he receives information about a present or former Minister or senior public servant indicating that he may be, or may have been, a security risk, unless circumstances are so exceptional that he judges it necessary to report direct to the Prime Minister.

Secondly, when the Director-General has reported to the Home Secretary, it is the Home Secretary's responsibility to inform the Prime Minister or make sure that the Prime Minister is informed.

Thirdly, if the Attorney-General is asked to authorise a grant of immunity from prosecution in a case involving national security, he should satisfy himself that the Home Secretary is aware that the request has been made. In cases of especial doubt or difficulty, the Attorney-General or the Home Secretary, or both, may wish to see that the Prime Minister is also aware that the request has been made. The Attorney-General and the Home Secretary should always be informed of the outcome of the offer of immunity. It is the responsibility of the Home Secretary to ensure that the Prime Minister is informed.



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

MR. CHAPMAN PINCHER'S BOOK

The Prime Minister met the Home Secretary, the Foreign and Commonwealth Secretary, the Chancellor of the Duchy of Lancaster and the Attorney General yesterday evening to discuss the statement she is due to make today on the allegations contained in Mr. Chapman Pincher's book. You were also present.

I now attach a copy of the latest version of the statement which has been revised to take account of last night's discussion.

I am sending copies of this minute, and of the draft statement to Mr. Halliday (Home Office), Mr. Walden (FCO), Mr. Heyhoe (Chancellor of the Duchy of Lancaster's Office) and Mr. Nursaw (Law Officers' Department).

CW

26 March 1981

MPEW

DRAFT STATEMENTSECURITY

With permission, Mr. Speaker, I will make a statement about the security implications of the book recently published which purports to give a detailed account of the investigations into the penetration of the Security Service and other parts of the public service which were undertaken following the defection of Burgess and Maclean in 1951.

2. As I said to the House on 21 November 1979, the events into which those investigations were inquiring began well over 40 years ago. Many of those named or implicated in this book as having been the subject of investigation have died. Others have long since retired. None of them is still in the public service.

3. The extent of penetration was thoroughly investigated after the defection of Burgess and Maclean, as indeed the author of this book makes clear. The book contains no information of security significance which is new to the security authorities. All the cases and individuals referred to in it have been the subject of exhaustive investigation. The investigations into the possibilities of past penetration have inevitably been, as such investigations have to be, very wide. They have covered not only those suspected of being guilty; they have

/ extended

extended to all those who could conceivably fit the often inconclusive leads available. The fact that somebody has been the subject of investigation does not necessarily or even generally mean that he has been positively suspected: many people have had to be investigated simply in order to eliminate them from the inquiry.

4. The results of the investigations into Philby and Blunt are now well known. There were good reasons for suspecting a few others, but as it was not possible to secure evidence on which charges could be founded, they were required to resign or were moved to work where they had no access to classified information. Many others were eliminated from suspicion.

5. Apart from the main allegation, which I will come to, I do not propose to comment on the other allegations and insinuations in this book. Nor can I say which allegations are untrue or unsubstantiated - as some certainly are - since by doing so I should implicitly be indicating those which were suspected of having a degree of substance.

6. I must, however, comment upon the grave allegation which constitutes the main theme of the book, that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was an agent of the Russian Intelligence Service.

7. The case for investigating Sir Roger Hollis was based on certain leads which suggested, but did not prove, that there had been a Russian Intelligence Service agent at a relatively senior level in British counter-intelligence in the last years of the war. None of these leads identified Sir Roger Hollis, or pointed specifically or solely in his direction; each of them could also be taken as pointing to Philby or Blunt. But he was among those that fitted some of them, and he was therefore investigated.
8. The investigation took place after Sir Roger Hollis's retirement from the Security Service. It did not conclusively prove his innocence; indeed it is very often impossible to prove innocence: that is why in our law the burden of proof is placed upon those who seek to prove guilt and not on those who defend innocence. But no evidence was found that incriminated him, and the conclusion reached at the end of the investigation was that he had not been an agent of the Russian Intelligence Service.
9. This view was challenged by a very few of those concerned, however, and in July 1974, Lord Trend, the former Secretary of the Cabinet, was asked to review in detail the investigations that had taken place into the case of Sir Roger Hollis, and to say whether they had been done in a proper and thorough manner, and whether in his

view the conclusions reached were justified. He examined the files and records and he discussed the case with many of those concerned, including two people who considered that the investigation should be reopened. Mr. Pincher's account of Lord Trend's conclusions is wrong. The book asserts that Lord Trend "concluded that there was a strong prima facie case that MI5 had been deeply penetrated over many years by someone who was not Blunt", and that he "named Hollis as the likeliest suspect". Lord Trend said neither of those things, and nothing resembling them. On the contrary, he reviewed the investigations of the case, and found that they had been carried out exhaustively and objectively. He was satisfied that nothing had been covered up. He agreed that none of the relevant leads identified Sir Roger Hollis as an agent of the Russian Intelligence Service, and that each of them could be explained by reference to Philby or Blunt. Lord Trend did not refer, as the book says he did, to "the possibility that Hollis might have recruited unidentified Soviet agents into MI5". Again, he said no such thing. Lord Trend, with whom I have discussed the matter, agreed with those who, although it was impossible to prove the negative, concluded that Sir Roger Hollis had not been an agent of the Russian Intelligence Service.

10. I turn next to the arrangements for guarding against penetration now and in the future.

11. All Departments and agencies of Government, especially those concerned with foreign and defence policy and with national security, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. Recent security successes (like the expulsion of members of the Russian Intelligence Service from this country in 1971) would hardly have been achieved, if the Security Service was penetrated. But, however great our confidence in the integrity and dedication of those now serving in the Security Service, we need to make sure that the arrangements for guarding against penetration are as good as they possibly can be, both in this area and throughout the public service.

12. Existing security procedures were introduced during the years following the Second World War. Burgess, Maclean, Philby and Blunt were all recruited by the Russian Intelligence Service before the Second World War, and came into the public service either before or during the war, well before existing security procedures were introduced. It was in 1948 that the then Prime Minister announced the Government's intention to bar Communists and Fascists and their associates from employment in the public service in connection with work the nature of which was vital to the security of the State. This led to the

introduction of what came to be known as the "purge procedure". In 1952 the positive vetting procedure was instituted, with the object of establishing the integrity of civil servants employed on exceptionally secret work. In 1956 it was publicly declared that character defects, as distinct from Communist or Fascist sympathies or associations, might affect a civil servant's posting or promotion. In 1962 security procedures and practices in the public service were reviewed by an independent Committee under the chairmanship of the late Lord Radcliffe. The Committee's report, published as Cmnd 1681, contained an account of the procedures, and made various recommendations for modifying them, which the Government accepted. These procedures, as modified in 1962, are still in operation today.

13. These arrangements have over the years substantially reduced the vulnerability of the public service to the threat of penetration, and have served the interests of national security well. But it is twenty years since they were last subject to independent review. In that time the techniques of penetration and the nature of the risks may have changed. We need to make sure that our protective security procedures have developed to take account of those changes.

14. I have therefore decided after consultation with the right hon. Gentleman the Leader of the Opposition

to ask the Security Commission:

"To review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required".

15. These terms of reference will enable the Security Commission to review, and to make recommendations as appropriate on, the arrangements and procedures used in all parts of the public service for the purposes of safeguarding information and activities involving national security against penetration by hostile intelligence services, and of excluding from appointments which give access to highly classified information both those with allegiances which they put above loyalty to their country, and those who may for whatever reason be vulnerable to attempts to undermine their loyalty and extort information by pressure or blackmail.

16. There are difficult balances to be struck here between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service, and the individual rights of members of the public service to personal freedom and privacy. The Security Commission will be able to consider how these balances ought to be

/ struck

struck in the circumstances of the present time, as they conduct their review and prepare their recommendations. It will be my intention to make their findings known to the House in due course, to the extent that it is consistent with national security to do so.

17. Mr. Speaker, in conclusion I should like to emphasise once again that this statement arises out of a book which deals with investigations of matters and events which occurred many years ago. My concern is with the present and with the future. That is why I am asking the Security Commission to undertake the review which I have described.

Ref. A04547

MR. WHITMORE

Security

At the risk of being a bore, but in the light of this morning's press, I still think that there is a case for adding one sentence to paragraph 11. It would be a new fourth sentence, just before the last sentence; and it would read:

"The Security Service exercises constant vigilance not only against the risk of current penetration but also against the possibility of hitherto undetected past penetration which might have continuing implications".

2. This additional sentence would really go to the same point as the one which was bothering the Chancellor of the Duchy of Lancaster yesterday: the need to bridge the gap between the old history and the new review.

REA

ROBERT ARMSTRONG

26th March, 1981

SUBJECT

Master

CONFIDENTIAL



File

cc

10 DOWNING STREET

From the Principal Private Secretary

26 March 1981

Dear John,

Mr Chapman Pincher's Book

The Prime Minister met Mr. Michael Foot and Mr. Roy Hattersley in her room in the House this morning to discuss the statement about Mr. Chapman Pincher's book which she was due to make later in the day. She was accompanied by the Home Secretary and Sir Robert Armstrong.

The Prime Minister said that what she had to say to Mr. Foot and Mr. Hattersley was strictly on Privy Counsellor terms. Mr. Pincher's book dealt with events which had occurred twenty to fifty years ago. It contained nothing of a security nature which was new to the security authorities. All the allegations it made about the penetration of the Security Service by the Russian intelligence service had already been investigated thoroughly. Though much of the content of the book was accurate, there was also a good deal that was inaccurate and distorted. In particular what Mr. Pincher said about the results of the investigation into the allegation that Sir Roger Hollis had been an agent of the Russian intelligence service was wrong.

She had concluded that it would be right for her to make an oral statement about the book. This was an unusual course to take. She had, for example, dealt with the Blunt case by first giving a Written Answer and then speaking in the subsequent debate. One of the difficulties about making a statement would be that there would be little she would be able to add to it when she came to answer supplementary Questions. Even so she thought this was the right way to handle the matter. She did not propose to try to answer each and every allegation in the book. If she cleared some people, those whom she did not mention would be thought to be guilty. But because of the position he had held as Director General of the Security Service, she felt that she had to deal with the allegation against Sir Roger Hollis, which was the main theme of the book.

/She would

CONFIDENTIAL

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She would also emphasise in her statement that she saw no point in conducting yet another investigation into the charges which had been made against Sir Roger Hollis and other people. They had already been examined very thoroughly in the past and Lord Trend had conducted his own exhaustive review of them. Rather, she would make clear that her primary concern was now with the ways and means of preventing penetration of the Security Service today and in the future and she would accordingly announce that as security procedures had not been reviewed for twenty years, she was asking the Security Commission to conduct an examination of those procedures to see whether they matched today's circumstances and to recommend any necessary changes. The terms of reference for the Security Commission's enquiry (a copy of which she gave to Mr. Foot) would be virtually the same as those of the Radcliffe Committee which had carried out the last review in 1961-62. If we proceeded in this way she believed that the morale of the Security Service would be sustained and confidence established in our ability to prevent their penetration in future.

In response to questions by Mr. Foot, the Prime Minister confirmed that the enquiry by the Security Commission would not re-examine the allegations against Sir Roger Hollis which had already been rebutted by the earlier investigations. As for the other charges in the book, many of them were unsubstantiated. The difficulty about saying that some of them were inaccurate was that this would lead to demands for her to say which stories were inaccurate and which were accurate.

Mr. Foot said that he was grateful to the Prime Minister for letting him know in advance the main points of her statement. He agreed with the way she was handling the matter and he would support her proposal for a review of security procedures by the Security Commission. Mr. Callaghan had suggested in the debate on Blunt that there should be an enquiry. That idea had not been taken up by the Government at that time, and he would welcome their readiness to have an enquiry on this occasion.

Mr. Hattersley asked whether Sir Roger Hollis could be given a clean bill of health. The Prime Minister said that it was not possible to prove his innocence conclusively. The allegations against him had been thoroughly investigated and those investigations subsequently reviewed by Lord Trend. Nothing to incriminate Sir Roger Hollis had emerged from these enquiries. The book also contained allegations about former Members of Parliament, and she proposed to deal with those by saying that it would not be in the national interest for her to go beyond what she was saying in her statement.

Mr. Hattersley then asked whether the enquiry by the Security Commission would be confined solely to security procedures or whether it would also embrace the accountability of the Security Service. Mr. Foot added that when Mr. Callaghan had proposed an enquiry in the Blunt debate he had suggested that it should consider whether any change was needed in relations between Ministers and the heads of the Intelligence Services and whether Parliament could be involved more in the Maxwell Fyfe rules and the way in which those rules were applied and observed. This was something which

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the forthcoming enquiry might consider. He was sure that there would be pressure from some parts of the House for the scope of the enquiry to be extended to embrace the question of accountability.

The Prime Minister said that she was not ready to broaden the term of reference of the Security Commission's enquiry any further. Ministers were responsible for overseeing the Security Service and she and the Home Secretary kept very closely in touch with the Director General of the Security Service. Parliament had to trust Ministers, and she hoped that the Opposition would back her and the Home Secretary just as, when the Conservative Party had been in Opposition, she had supported Mr. Callaghan and Mr. Rees on security matters.

Mr. Foot said that he did not want to be obstructive. He would welcome the enquiry by the Security Commission, though he would go on to say that he hoped that the Government would look again at what Mr. Callaghan had proposed during the Blunt debate with regard to the scope of an enquiry.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours sincerely,

Blair Whitman.

J.F. Halliday Esq
Home Office

CONFIDENTIAL

Ref: A04545



CONFIDENTIAL

PRIME MINISTER

I attach a draft of a Speaking Note for the meeting which you propose to have with the Leader of the Opposition later today.

I am sending copies of this minute and of the draft to the Home Secretary, the Foreign and Commonwealth Secretary, the Lord Chancellor, the Chancellor of the Duchy of Lancaster and the Attorney General.

(Robert Armstrong)

25th March 1981

CONFIDENTIAL

SPEAKING NOTE

You will have seen the extracts from Chapman Pincher's book Their Trade is Treachery published in the Daily Mail this week.

2. I am afraid that there can be no doubt that Pincher has had access to someone who had first hand and detailed knowledge of Security Service investigations and files, and who has been guilty of a gross betrayal of trust. The Security Service are investigating to see if they can discover who is responsible. Any question of prosecution would of course be for the Attorney General.

3. In my statement tomorrow I shall make it clear that I do not propose to discuss or comment on any of the detailed allegations in the book, though I shall have something to say about inaccuracies in Pincher's account of the Hollis case.

4. We do not propose to institute an inquiry into past penetration of the Security Service, or into the Hollis case. It is all a long time ago; it has been exhaustively investigated over many years, and (in the case of the investigation of Hollis) reviewed by Lord Trend. A new inquiry would be very unlikely to produce new evidence or significantly different conclusions, and it would involve a massive diversion of Security Service resources away from the current tasks which ought to be their main preoccupation.

5. But, even if you take the view (as I do) that the Security Service is not now penetrated, we need to make sure that the arrangements and procedures for safeguarding against renewed penetration are as good as they can possibly be, both in that area and in the rest of the public service. The existing procedures date from thirty years ago, and were last reviewed by the Radcliffe Committee on Security Procedures twenty years ago. I think it would be timely to review them again. Since 1964 we have had the Security Commission with general terms of reference to advise on whether changes in security arrangements are necessary or desirable. I therefore propose to announce in my statement tomorrow that I have decided, after consulting the Leader of the Opposition, to ask the Security Commission:

To review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required.



10 DOWNING STREET

Seen by the Prime Minister.

A.H.
25/3

From the Press Secretary

SIR ROBERT ARMSTRONG

cc. Mr. Whitmore *A.H.*
25/3

I have it from a senior and reputable journalist that one of Chapman Pincher's most fruitful sources is Lady Falkender. Indeed, my informant said that most of the stuff comes from her.

The reason it is coming out now is:

- a) the piece recently by Barry Penrose in the Sunday Times about the removal of a former Ambassador to Moscow because of an indiscretion with a KGB woman had put the wind up Sidgwick and Jackson; were they going to be scooped?
- b) consequently they brought forward publication and quickly tied up serialisation rights with the Daily Mail;
- c) they had had 20,000 copies of the book bound last weekend, such was the rush;
- d) Lady Falkender and Chapman Pincher are under contract jointly to write another book for Sidgwick and Jackson on infiltration into British life;
- e) there is at least a suspicion that the current book by Chapman Pincher is an effort to cash in on his Falkender information before the joint effort with Lady Falkender comes out - no honour among thieves.

B. Ingham

MR. WHITMORE *W.*

Supplementaries on Security

Looking only at the parts of the book published so far in the Daily Mail, I think that the Prime Minister should be prepared to deal with at least the following broad areas:-

(i) Isn't the whole series of revelations which have come out this week clear and undeniable evidence that the Security Service and the Intelligence Service work as a State within a State, unaccountable in practical terms to Ministers, let alone this House, except when they want and choose to be? How can Ministers claim that they have real responsibility when the first time that any Minister was warned about the suspicions about Hollis was in 1975, 10 years after his retirement?

(ii) Is it not an outrage that MI5 should employ Members of this House to spy on Party matters, and even to incite their colleagues to misdemeanours, apparently with the knowledge of the Security Service? Are the Security Services free to make their own contacts with Members of this House without any Ministerial scrutiny? Is that not a crime against this House and the sovereignty of Parliament? What are the rules about the use of Members of Parliament by the Security Services? Does the Prime Minister know of the details of these contacts? Has the House itself not got the right to know more on all of this?

(iii) Doesn't the way that Hollis was treated show that the establishment protects its own, whereas a humble Corporal who leaks minor secrets to the Russians because he is short of money is likely to end up in prison for 20 years? Look at the way Sir Peter Hayman, Sir Geoffrey Harrison and Sir Anthony Blunt were treated. And now Hollis too. Isn't this a clear case of double standards and hypocrisy?

/(iv)

(iv) Are there any more scandals to come? Is the cupboard really bare? How can the Prime Minister convince herself, let alone the House, that she has now been told everything?

(v) Why should we be satisfied with another inquiry by insiders? Has not this spate of revelations made it vital, if public confidence is to be sustained, that there should now be an inquiry by those who represent the people rather than by those who represent the system?

MS

25 March, 1981.


Ref: A04545

CONFIDENTIAL

PRIME MINISTER

I attach a draft of a Speaking Note for the meeting which you propose to have with the Leader of the Opposition later today.

I am sending copies of this minute and of the draft to the Home Secretary, the Foreign and Commonwealth Secretary, the Lord Chancellor, the Chancellor of the Duchy of Lancaster and the Attorney General.



(Robert Armstrong)

25th March 1981

CONFIDENTIAL

SPEAKING NOTE

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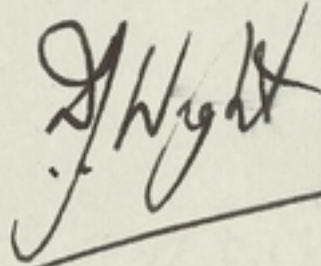
5. But, even if you take the view (as I do) that the Security Service is not now penetrated, we need to make sure that the arrangements and procedures for safeguarding against renewed penetration are as good as they can possibly be, both in that area and in the rest of the public service. The existing procedures date from thirty years ago, and were last reviewed by the Radcliffe Committee on Security Procedures twenty years ago. I think it would be timely to review them again. Since 1964 we have had the Security Commission with general terms of reference to advise on whether changes in security arrangements are necessary or desirable. I therefore propose to announce in my statement tomorrow that I have decided, after consulting the Leader of the Opposition, to ask the Security Commission:

To review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required.

Ref. A04543

MR SANDERS

--- I now enclose with this minute a set of notes for supplementaries which
 have been discussed and cleared with the Departments concerned. I also
 --- enclose a background note which deals with some of the main allegations in
 Chapman Pincher's book about a variety of named and unnamed individuals.
 The information in this background note is not for use in answering supple-
 mentaries but is designed to provide a brief indication as to the accuracy of
 some of the allegations in the book. The background note is based upon
 information which has been provided in the main by the Security and Intelligence
 Services.



D J Wright

25 March 1981

I understand not but if the
 relevant material were to require it, they
 could be. It would be a matter for the
 individual member.

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NOTE FOR SUPPLEMENTARY

Mr. Speaker, I hope that the House will appreciate and respect the fact that I have dealt with these matters in my statement, which was prepared with great care, more fully than might have been thought appropriate in the past. I trust it will be understood when I say that I can have little or nothing that I can usefully add.

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| DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>591</i> (one piece/item number) | Date and sign |
| Extract details: <i>Notes for Supplementaries attached to minute dated 25 March 1981 (folio 20)</i> | |
| CLOSED UNDER FOI EXEMPTION | |
| RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958 | <i>26/9/2023</i> <i>Wayland</i> |
| TEMPORARILY RETAINED | |
| MISSING AT TRANSFER | |
| NUMBER NOT USED | |
| MISSING (TNA USE ONLY) | |
| DOCUMENT PUT IN PLACE (TNA USE ONLY) | |

Ref. A04542

PRIME MINISTER

Mr. Chapman Pincher's Book

I attach a new version of your draft statement, revised following your discussion with the Chancellor of the Duchy of Lancaster this morning.

2. The first nine paragraphs are unchanged. The revisions are from paragraph 10 onwards.

3. New paragraph 12 is a brief summary of the history of existing security procedures. It explains that they were not introduced until after the Second World War - and long after the generation of Burgess, Maclean, Philby and Blunt came into the public service - and gives a very brief account of the stages of their introduction. A more detailed account can be found in Chapter 5 of the Radcliffe Report on Security Procedures in the Public Service (Cmnd 1681) which is referred to in the draft.

4. In preparing this revised draft it has occurred to me that there might be some advantage in the actual terms of reference for the Security Commission closely following those given to the Radcliffe Committee in 1961. The more extended terms of reference could then be converted into an additional paragraph in your statement, not formally part of the terms of reference but describing the matters with which the terms of reference will enable the Security Commission to deal. It would clearly be more difficult for the Leader of the Opposition to object to relatively brief terms of reference which followed the 1961 precedent. If it was decided to make this change, it would be necessary to tell Lord Diplock and Lord Bridge of the new terms of reference before you made your statement.

5. I am sending copies of this minute and of the revised draft to the Home Secretary, the Foreign and Commonwealth Secretary, the Lord Chancellor, the Chancellor of the Duchy of Lancaster and the Attorney General.

RTA

ROBERT ARMSTRONG

25th March, 1981

DRAFT STATEMENT

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With permission, Mr. Speaker, I will make a statement about the book recently published which purports to give a detailed account of the investigations into the penetration of the Security Service and other parts of the public service which were undertaken following the defection of Burgess and Maclean in 1951.

2. As I said to the House on 21 November 1979, the events into which those investigations were inquiring began well over 40 years ago. Many of those named or implicated in this book as having been the subject of investigation have died. Others have long since retired. None of them is still in the public service.

3. The extent of penetration was thoroughly investigated after the defection of Burgess and Maclean, as indeed the author of this book makes clear. The book contains no information of security significance which is new to the security authorities. All the cases and individuals referred to in it have been the subject of exhaustive investigation. The investigations into the possibilities of past penetration have inevitably been, as such investigations have to be, very wide. They have covered not only those suspected of being guilty; they have extended to all those who could conceivably fit the often inconclusive leads available. The fact that somebody has been the subject of investigation does not necessarily or even generally mean that he has been positively suspected: many people have had to be investigated simply in order to eliminate them from the inquiry.

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/4. The

4. The results of the investigations into Philby and Blunt are now well known. There were good reasons for suspecting a few others, but as it was not possible to secure evidence on which charges could be founded, they were required to resign or were moved to work where they had no access to classified information. Many others were eliminated from suspicion.

5. Apart from the main allegation, which I will come to, I do not propose to comment on the other allegations and insinuations in this book. Nor can I say which allegations are untrue or unsubstantiated - as some certainly are - since by doing so I should implicitly be indicating those which were suspected of having a degree of substance.

6. I must, however, comment upon the grave allegation which constitutes the main theme of the book, that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was an agent of the Russian Intelligence Service.

7. The case for investigating Sir Roger Hollis was based on certain leads which suggested, but did not prove, that there had been a Russian Intelligence Service agent at a relatively senior level in British counter-intelligence in the last years of the war. None of these leads identified Sir Roger Hollis, or pointed specifically or solely in his direction; each of them could also be taken as pointing to Philby or Blunt. But he was among those that fitted some of them, and he was therefore

investigated. I have to tell the House that the account of the investigation in this book is not accurate, many of the author's inferences are unjustified, and the conclusion which he reaches is not supported by the facts.

held in the book

contains a number of inaccuracies

8. The investigation took place after Sir Roger Hollis's retirement from the Security Service. It did not conclusively prove his innocence; indeed it is very often impossible to prove innocence : that is why in our law the burden of proof is placed upon those who seek to prove guilt and not on those who defend innocence. But no evidence was found that incriminated him, and the conclusion reached at the end of the investigation was that he had not been an agent of the Russian Intelligence Service.

9. This view was challenged by ~~one or two~~ ^{a very few} of those concerned, however, and in July 1974, Lord Trend, the former Secretary of the Cabinet, was asked to review in detail the investigations that had taken place ~~into two~~ ^{the} cases, ~~those~~ of Sir Roger Hollis ~~and of one other man~~, and to say whether they had been done in a proper and thorough manner, and whether in his view the conclusions reached were justified. He examined the files and records and he discussed the cases with many of those concerned, including two people who considered that the investigation ~~of Sir Roger Hollis~~ should be reopened.

Mr. Pincher's account of Lord Trend's conclusions is wrong. The book asserts that Lord Trend "concluded that there was a strong prima facie case that MI5 had been deeply penetrated over many years by someone who was not Blunt", and that he

"named Hollis as the likeliest suspect". Lord Trend said neither of those things, and nothing resembling them. On the contrary, he reviewed the investigations of the ~~two~~ cases ~~in~~ ~~question~~, and found that ~~they~~ ^{UK} had been carried out exhaustively and objectively. He was satisfied that nothing had been covered up. He agreed that none of the relevant leads identified Sir Roger Hollis as an agent of the Russian Intelligence Service, and that each of them could be explained by reference to Philby or Blunt. Lord Trend did not refer, as the book says he did, to "the possibility that Hollis might have recruited unidentified Soviet agents into MI5". Again, he said no such thing. ^{UK who have dismissed the matter de} Lord Trend ~~agreed with the conclusion that~~ ~~Sir Roger Hollis was not and had never been a spy~~ +

/10. I turn

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- 5 -

10. I turn next to the arrangements for guarding against penetration now and in the future.

11. All Departments and agencies of Government, especially those concerned with foreign and defence policy and with national security, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. Recent security successes (like the expulsion of members of the Russian Intelligence Service from this country in 1971) would hardly have been achieved, if the Security Service was penetrated. But, ~~however small it may be that the Security Service is not now penetrated~~ and however great our confidence in the integrity and dedication of those now serving ^{we must know} ~~it~~ we need to make sure that the arrangements for guarding against penetration are as good as they possibly can be, both in this area and throughout the public service.

12. Existing security procedures were introduced during the years following the Second World War. Burgess, Maclean, Philby and Blunt were all recruited by the Russian Intelligence Service before the Second World War, and came into the public service either before or during the war, well before existing security procedures were introduced. It was in 1948 that the then Prime Minister announced the Government's intention to bar Communists and Fascists and their associates from employment in the public service in connection with work the nature of which was vital to the security of the State. ~~This led to the introduction of what came to be known as the "purge procedure"~~ In 1952 the positive vetting procedure was instituted, with the object of establishing the integrity of civil servants employed on exceptionally secret work. In 1956 it was publicly declared that character defects, as distinct from Communist or Fascist sympathies or associations, might affect a civil servant's posting or promotion. In 1962 security procedures and practices in the public service were reviewed by

/an independent

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an independent Committee under the chairmanship of the late Lord Radcliffe. The Committee's report, published as Cmnd 1681, contained an account of the procedures, and made various recommendations for modifying them, which the Government accepted. These procedures, as modified in 1962, are still in operation today. ~~The numbers of posts for which positive vetting clearance is a requirement has increased steadily since that time~~

13. These arrangements have over the years substantially reduced the vulnerability of the public service to the threat of penetration, and have served the interests of national security well. But it is twenty years since they were last subject to independent review. In that time the techniques of penetration and the nature of the risks may have changed. We need to make sure that our protective security procedures have developed to take account of those changes.

14. I have therefore decided /, after consultation with the rt. hon. Gentleman the Leader of the Opposition, / to ask the Security Commission:

"To review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required".

15. These terms of reference will enable the Security Commission to review, and to make recommendations as appropriate on, the arrangements and procedures used in all parts of the public service for the purposes of safeguarding information and activities involving national security against penetration by hostile intelligence services, and of excluding from appointments which give access to highly classified information both those with allegiances which they put above loyalty to their country, and those who may for whatever reason be vulnerable to attempts to undermine their loyalty and extort information by pressure or blackmail.

/16. There

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- 7 -

16. There are difficult balances to be struck here between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service, and the individual rights of members of the public service to personal freedom and privacy. The Security Commission will be able to consider how these balances ought to be struck in the circumstances of the present time, as they conduct their review and prepare their recommendations. It will be my intention to make their findings known to the House in due course, to the extent that it is consistent with national security to do so.

17.

SECRET

From the Rt. Hon. Harold Macmillan, O.M.

Telephone: 01 836-6633

Private and Confidential

4 Little Essex Street,
London, WC2R 3LF

*Pl file with
the press - use
London book.
27*

24th March 1981.

Dear Prime Minister

I have just received your private and confidential letter of March 23rd which has caused me great distress.

I do not propose to read the book for I really now only read with great difficulty and prefer to stick to Scott or Dickens. In any case if I am approached by the press, which I certainly shall be, I will follow my invariable rule of saying 'no comment'.

There is another book likely to come out by a certain Count Tolstoy attacking Churchill and me and Field Marshal Lord Alexander. But it all happened thirty-six years ago. Again I shall say 'no comment' and hope everyone will do the same.

*Very sincerely
A. B. Macmillan*

The Prime Minister

Seen by the Prime Minister.

25th 81.

From: The Rt Hon Edward Heath MBE MP



Imperial Hotel

TELEPHONE
24301 (8 LINES)
TELEGRAMS
IMPERIAL TORQUAY
TELEX 42849

TORQUAY
TQ1 2DG

H. M. CHAPMAN
MANAGING DIRECTOR
HARRY MURRAY
GENERAL
MANAGER

*Seen by Mr. L.M.
Mr
25/3*

R25/3

24th March 1981

Dear Margaret

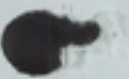
Thank you for your letter of the 23rd March 1981 about the statement you propose to make in the House of Commons next Thursday on Chapman Pincher's new book 'Their Trade is Treachery'.

I am making no comments to the media pending your statement. Meantime I am glad to know that the Cabinet Office, as usual, will be available to help with any of my papers if I need to refresh my memory from them.

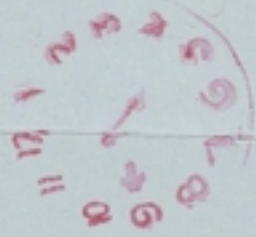
M. Thatcher

The Rt Hon Margaret Thatcher MP
The Prime Minister





75 MAR 1981



Faint, illegible text at the bottom of the page, possibly bleed-through from the reverse side.

7 copies to RTA

JH

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Chapman Pincher's Book

The Prime Minister discussed with you this evening the draft statement on Mr. Pincher's book which you submitted with your minute AO4533 of 24 March.

I attach the latest version of the statement revised in the light of your discussion with the Prime Minister.

I am sending copies of this minute to Mr. Halliday (Home Office), Mr. Walden (Foreign and Commonwealth Office) and Mr. Nursaw (Law Officers' Department).

CW

24 March 1981

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SECRET

DRAFT STATEMENT

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4. The results of the investigations into Philby and Blunt are now well known. There were good reasons for suspecting a few others, but as it was not possible to secure evidence on which charges could be founded, they were required to resign or were moved to work where they had no access to classified information. Many others were eliminated from suspicion.

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/investigated.

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- 3 -

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9. This view was challenged by one or two of those concerned, however, and in July 1974, Lord Trend, the former Secretary of the Cabinet, was asked to review in detail the investigations that had taken place into two cases, those of Sir Roger Hollis and of one other man, and to say whether they had been done in a proper and thorough manner, and whether in his view the conclusions reached were justified. He examined the files and records and he discussed the cases with many of those concerned, including two people who considered that the investigation of Sir Roger Hollis should be reopened. Mr. Pincher's account of Lord Trend's conclusions is wrong. The book asserts that Lord Trend "concluded that there was a strong prima facie case that MI5 had been deeply penetrated over many years by someone who was not Blunt", and that he

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- 4 -

"named Hollis as the likeliest suspect". Lord Trend said neither of those things, and nothing resembling them. On the contrary, he reviewed the investigations of the two cases in question, and found that they had been carried out exhaustively and objectively. He was satisfied that nothing had been covered up. He agreed that none of the relevant leads identified Sir Roger Hollis as an agent of the Russian Intelligence Service, and that each of them could be explained by reference to Philby or Blunt. Lord Trend did not refer, as the book says he did, to "the possibility that Hollis might have recruited unidentified Soviet agents into MI5". Again, he said no such thing. Lord Trend agreed with the conclusion that Sir Roger Hollis was not and had never been a spy.

10. The events in question took place anything from 20 to 50 years ago. I turn next to the arrangements and procedures for guarding against penetration now and in future. All Departments and agencies of Government, especially those concerned with foreign and defence policy and with national security, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. The generation of Burgess, Maclean, Philby and Blunt has long since passed into retirement. Recent security successes (like the expulsion of members of the Russian Intelligence Service from this country in 1971) would hardly have been achieved, if the Security Service was penetrated.

/11. But,

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11. But, however sure we may be that the Security Service is not now penetrated and however great our confidence in the integrity and dedication of those now serving in it, we need to make sure that the arrangements for guarding against penetration are as good as they can possibly be, both in this area and throughout the public service.

12. I have therefore decided, after consultation with the rt. hon. Gentleman, the Leader of the Opposition, to ask the Security Commission:

To review and make recommendations as appropriate on the arrangements and procedures used in all parts of the public service for the purposes of safeguarding information and activities involving national security against penetration by hostile intelligence services, and of excluding from appointments which give access to highly classified information both those with allegiances which they put above loyalty to their country, and those who may for whatever reason be vulnerable to attempts to undermine their loyalty and extort information by pressure or blackmail.

13. There are difficult balances to be struck here between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service, and the individual rights of members of the public service to personal freedom and privacy. The Security Commission will be able to consider how

SECRET

/these

SECRET

- 6 -

these balances ought to be struck in the circumstances of the present time, as they conduct their review and prepare their recommendations. It will be my intention to make their findings known to the House in due course, to the extent that it is consistent with national security to do so.

SECRET

Ref. A04533

PRIME MINISTER

Chapman Pincher's Book

I attach a revised version of the two draft statements, reflecting comments made by you and others over and since the weekend.

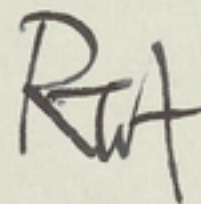
X

2. I have still to show Lord Trend the revised version: I will let you know if I have anything to report as a result.

3. Lord Diplock has told me that he is ready to accept the proposed reference to the Security Commission. He is content with the terms of reference which we wrote him before the weekend. I have made a minor change in them, reflecting your comments: I should like to show him the revised text tomorrow, if you are content with it. He proposes to conduct the inquiry with Lord Bridge, but does not want any other member of the Security Commission with them.

4. I have obtained a copy of the book from the publishers. It is provided on the understanding that we will not reveal any parts of the contents to the Press or broadcasting media before publication date (which is on Thursday, 26 March) and on the understanding that we are not seeking to prevent or delay publication of the book. I am sending a copy of the book with this minute. Notes for supplementaries will follow shortly.

5. I am sending copies of this minute and the revised version of the two draft statements to the Home Secretary, Foreign and Commonwealth Secretary and the Attorney General.



ROBERT ARMSTRONG

24 March 1981

X. I have now done so; and he is content.

SECRET

DRAFT STATEMENT

With permission, Mr. Speaker, I will make a statement about the book recently published which purports to give a detailed account of the investigations into the penetration of the Security Service and other parts of the public service which were undertaken following the defection of Burgess and Maclean in 1951.

2. As I said to the House on 21st November 1979, the events into which those investigations were inquiring began well over 40 years ago. Many of those named or implicated in this book as having been the subject of investigation have died. Others have long since retired. None of them is still in the public service.

3. The extent of penetration was thoroughly investigated after the defection of Burgess and Maclean, as indeed the author of this book makes clear. The book contains no information of security significance which is new to the security authorities. All the cases and individuals referred to in it have been the subject of exhaustive investigation. The investigations into the possibilities of past penetration have inevitably been, as such investigations have to be, very wide. They have covered not only those suspected of being guilty; they have extended to all those who could conceivably fit the often inconclusive leads available. The fact that somebody has been the subject of investigation does not necessarily or even generally mean that he has been positively suspected:

SECRET

SECRET

many people have had to be investigated simply in order to eliminate them from the inquiry. [The process of investigation has continued over many years, and has not ceased today: whenever new information becomes available the investigations are resumed.]

4. The results of the investigations into Philby and Blunt are now well known. There were good reasons for suspecting a few others, but as it was not possible to secure evidence on which charges could be founded they were ~~asked~~^{required} to resign or were moved to work where they had no access to ~~sensitive~~^{classified} information. Many others were eliminated from suspicion.

5. Apart from the main allegation, which I will come to, I do not propose to comment on the ~~other~~ allegations and insinuations in this book. Nor can I say which allegations are untrue or unsubstantiated - as some certainly are - since by doing so I should implicitly be indicating those which were suspected of having ~~some~~ degree of substance.

6. I must, however, comment upon the grave, [~~but I believe untrue~~], allegation which constitutes the main theme of the book, that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was an agent of the Russian Intelligence Service.

7. The case for investigating Sir Roger Hollis was based on certain leads which suggested, but did not prove, that there had been a Russian Intelligence

SECRET

Service agent at a relatively senior level in British counter-intelligence in the last years of the war. None of these leads identified Sir Roger Hollis, or pointed specifically or solely ~~in his direction~~; each of them could also be taken as pointing to Philby or Blunt. But ^{he} he was among those that fitted some of them, and he was therefore investigated. I have to tell the House that the account of the investigation in this book is ^{not} inaccurate, many of the author's inferences are unjustified, and the conclusion which he reaches is not supported by the facts.

8. The investigation took place after Sir Roger Hollis's retirement from the Security Service. It did not conclusively prove his innocence; indeed it is very often impossible to prove innocence: that is why in our law the burden of proof is placed upon those who seek to prove guilt and not on those who defend innocence. But no evidence was found that incriminated him, and most of those concerned with the investigation considered that he had not been an agent of the Russian Intelligence Service.

9. This view was challenged by one or two of those concerned, however, and in July 1974 Lord Trend, the former Secretary of the Cabinet, was asked to review in detail the investigations that had taken place into two cases, those of Sir Roger Hollis and of one other man, and to say whether they had been done in a proper and thorough manner, and whether in his view the conclusions reached were justified ~~on the basis of the investigation~~. He examined the files and records ~~of the~~

^{he}
~~investigations~~, and ~~he~~ discussed the cases with many
of those concerned, including ^{some 2 people} ~~some~~ who considered
that the investigation of Sir Roger Hollis should be
reopened. Mr. Pincher's account of Lord Trend's
conclusions is wrong. The book asserts that
Lord Trend "concluded that there was a strong prima
facie case that MI5 had been deeply penetrated over
many years by someone who was not Blunt", and that
he "named Hollis as the likeliest suspect". ^{Lord Trend} ~~He~~ said
neither of those things, and nothing resembling them.
On the contrary, he reviewed the investigations of the
two cases in question, and found that they had been
carried out ^{with care} ~~with great thoroughness~~ and ^{objectivity} ~~objectivity~~.
^{had been covered up.} ~~In other words,~~ ^{nothing} he was satisfied that there was no
cover-up. He agreed that none of the relevant leads
identified Sir Roger Hollis as an agent of the RIS, and
that each of them could be explained by reference to
Philby or Blunt. ^{Lord Trend} ~~He~~ agreed with the conclusion that
Sir Roger Hollis was not and had never been a spy.

had been covered up.

Lord Trend did not refer, as the book says he did, to
"the possibility that Hollis might have recruited
unidentified Soviet agents into MI5". Again, he said
no such thing.

10. That is how the matter rests. If new
evidence came to light, the investigation would of
course be reopened. But new evidence is not now
very likely to appear. The events in question took
place 30 to 50 years ago. All the leads which suggest
penetration of the Security Service ^{in that period} can be account-
ed for by reference to known cases, ~~(like those of~~
~~Philby and Blunt)~~ (The exhaustive investigation of

Sir Roger Hollis has been gone over in detail by Lord Trend; there is no reason to suppose that another review today would reach a different conclusion.

11. ~~That brings me~~ to the arrangements and procedures for guarding against penetration now and in future. All Departments and agencies of Government, especially those concerned with foreign and defence policy and with national security, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. The generation of Burgess, Maclean, Philby and Blunt has long since passed into retirement. ~~As the author of this book himself acknowledges,~~ recent security successes (like the expulsion of members of the Russian Intelligence Service from this country in 1971) would hardly have been achieved, if the Security Service was penetrated, ~~and he says that he can find no evidence and does not believe that it is currently penetrated.~~ ~~I believe this to be right;~~ ~~and I can assure the House that the Service is constantly vigilant not only against the risk of current penetration (but also against the possibility of hitherto undetected past penetration or compromise which might still have continuing implications for the integrity of its security.~~

12. But, however ^{sure} confident we may be that the Security Service is not now penetrated, ~~we need also~~ ^{to} be ^{sure} confident that the arrangements for guarding

The ends in question look like anything for 20 to 50 years ago, but I have ~~not~~ ^{not} to

and have faith in confidence in the significant distribution of those now being in it.

-5- we need to make ^{sure} ~~sure~~

possibly

against ~~renewed~~ penetration are as good as they can be, both in this area and throughout the public service. (Over the years the techniques of penetration and the nature of the risks may have changed. We need to be sure that our protective procedures have developed to take account of these changes.)

13. I have therefore decided, after consultation with the rt. hon. Gentleman, the Leader of the Opposition, to ask the Security Commission:

To review and make recommendations as appropriate on the arrangements and procedures used in all parts of the public service for the purposes of safeguarding information and activities involving national security against penetration by hostile intelligence services, and of excluding from appointments which give access to highly classified information both those with allegiances which they put above loyalty to their country, and those who may for whatever reason be vulnerable to attempts to undermine their loyalty and extort information by pressure or blackmail.

14. There are difficult balances to be struck here between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service, and the individual rights of members of the public service to personal freedom

SECRET

and privacy. The Security Commission ~~will have~~
~~these considerations in their minds, and~~ will be able
to consider how these balances ought to be struck in
the circumstances of the present time, as they
conduct their review and prepare their
recommendations. It will be my intention to make
their findings known to the House in due course, to
the extent that it is consistent with national security
to do so.

SECRET

Ps / Sir R Armstrong
Cabinet Office

16

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TO IMMEDIATE FCC
TELEGRAM NUMBER 260 OF 24 MARCFN

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FOLLOWING FOR PUS

YOUR TELNO 207

1. I HAVE SHOWN YOUR TUR TO MR CALLAGHAN. HE HAS EXPRESSED HIS GRATITUDE TO THE PRIME MINISTER FOR PUTTING HIM IN THE PICTURE AND HAS SAID THAT HE WOULD INDEED LIKE TO HAVE A WORD WITH ROBERT ARMSTRONG IN THE CABINET OFFICE ON HIS RETURN TO LONDON (31 MARCH) AND TO HAVE AN OPPORTUNITY OF LOOKING THROUGH SOME OF THE RELEVANT PAPERS TO REFRESH HIS MEMORY.
2. IN THE MEANTIME HE HAS ASKED FOR A COPY OF CHAPMAN PINCHER'S FORTHCOMING BOOK TO BE SENT OUT TO HIM HERE SO THAT HE CAN HAVE AN OPPORTUNITY OF READING IT BEFORE HIS RETURN TO THE UK IN CASE HE IS TACKLED BY THE PRESS ON ARRIVAL AT HEATHROW. I HAVE TOLD HIM THAT WE WILL TRY TO ARRANGE THIS. WE WILL CONTACT SAD TODAY TO SORT OUT THE MODALITIES.

THOMSON
LIMITED
HD/SECURITY
PS/PUS
CHIEF CLERK
SIR. A. ACHANI

COPIES TO:
PS/SIR. R. ARMSTRONG, ✓
CABINET OFFICE

SECRET

Seen by the P.M.

AKH
23rd

Prime Minister.

The lobby this morning at No 10 concerned
on the Daily Mail article to the exclusion of
all else. Neville Giffen held the line that
we were trying to get a copy of the book and that
when we had it, it was to be studied urgently.
In fact we are having difficulty in getting a copy.
The publishers refused this morning to give us one.
At the lobby this afternoon Mr Giffen will
say that you hope to make a statement later
in the week, probably Thursday. This will help
off the very
unpleasant
pressure.

Prime Minister

1. You may find this background on my briefing to the British
press here on the Chapman Pincher article in today's Daily

Mail useful:-

- (a) cannot comment on substance
- (b) the Prime Minister has seen the Daily Mail.
- (c) we are taking the report seriously
- (d) the Prime Minister has asked for a copy of the book to be
acquired and to be studied urgently.
- (e) the objective of this would be to put her in a position to
make an oral statement as soon as possible - leading them to
Thursday rather than Wednesday.

* We have gone back to
them and are pressing
them hard.

AKH
23rd

2. Under questioning I was chased, of course, on the substance
but made it clear that, while I acknowledged the author of the
book was also writing in the Daily Mail, we had to go to the
original text - ie the book.

3. The Prime Minister could operate only on the basis of Mr
Pincher's book. She wanted it examined very carefully so
that at the earliest opportunity she could make a statement.
That statement would be as full as possible.

4. I said that Chapman Pincher was an old campaigner in the security
field, and we would have to examine what he was saying. But
without mentioning Hollis, I sought to make the point that
infiltration was an old story.

5. But the press were very interested in whether the Prime Minister
had advance knowledge of the Daily Mail story/book and whether,
as Pincher says, she had been told of the allegation and
inquiries about Hollis. I was uncommunicative and said they
would have to await a statement.

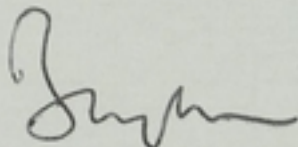
6. How much information would the Prime Minister be able to
lay her hands on, given the passage of time?

I said that she would be given all the relevant information.

7. I emphasised that the Prime Minister would have the fullest
report of the available facts. But did she know more than
Pincher? - one mischievous correspondent asked.

I said she would have all the material facts at her disposal in framing her statement. Mr Pinchers "facts" resulted from his talking apparently to a host of people who may or may not have their own reasons for telling him things or have a particular stand point.

8. The press put it to me that Sir Robert Armstrong would coordinate the study and preparation of the statement. I did not deny it.



23.3.81.

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TO IMMEDIATE NEW DELHI

TELEGRAM NUMBER 207 OF 23 MARCH

FOLLOWING FOR HIGH COMMISSIONER FROM PUS

1. NO 10 HAVE ASKED IF YOU WOULD ARRANGE FOR THE FOLLOWING PERSONAL AND CONFIDENTIAL FROM THE PRIME MINISTER TO BE PASSED TO MR CALLAGHAN AS SOON AS POSSIBLE. BEGINS:

YOU SHOULD KNOW THAT WE ARE EXPECTING THE PUBLICATION THIS WEEK OF A NEW BOOK BY CHAPMAN PINCHER, ENTITLED 'THEIR TRADE IS TREACHERY'. IT WILL CONSIST LARGELY OF AN ACCOUNT OF THE INVESTIGATIONS INTO PENETRATION OF THE SECURITY AND INTELLIGENCE SERVICES WHICH WERE UNDERTAKEN FOLLOWING THE DEFECTION OF BURGESS AND MACLEAN. ITS MAIN THEME WILL BE TO SET OUT THE CASE FOR THE AUTHOR'S BELIEF THAT SIR ROGER HOLLIS, A FORMER DIRECTOR GENERAL OF THE SECURITY SERVICE WHO IS NOW DEAD, WAS PROBABLY AN AGENT OF THE RUSSIAN INTELLIGENCE SERVICE.

IT WILL ALSO REFER TO ABOUT TWENTY OTHER PEOPLE, SOME NAMED AND MOSTLY DEAD, OTHERS NOT NAMED AND LIVING, AS HAVING BEEN INVESTIGATED AS POSSIBLE AGENTS OR AS HAVING BEEN IN SOME WAY OR ANOTHER INVOLVED WITH PEOPLE KNOWN TO HAVE BEEN AGENTS. THOUGH THERE ARE MANY INACCURACIES AND UNJUSTIFIED INFERENCES IN THE BOOK, THE ACCOUNTS OF A NUMBER OF THESE CASES ARE GIVEN IN SUCH DETAIL THAT THEY MUST BE DERIVED FROM PEOPLE WITH DIRECT AND DETAILED KNOWLEDGE OF THE MATTERS DEALT WITH.

WE EXPECT THE BOOK TO BE PUBLISHED ON THURSDAY, 26 MARCH: AND IT IS BEING SERIALISED IN THE 'DAILY MAIL' IN ADVANCE OF PUBLICATION.

THE BOOK IS BOUND TO ATTRACT A GREAT DEAL OF PARLIAMENTARY AND PRESS ATTENTION, AND I MAY NEED TO MAKE A

/STATEMENT

S E C R E T D E D I P

*Ps/Li R Armstrong
Cabinet Office*

15

S E C R E T D E D I P

2964 - 1

STATEMENT IN THE HOUSE OF COMMONS, POSSIBLY AS SOON AS THURSDAY, 26 MARCH.

I SEND YOU THIS LETTER NOW, AS YOU MAY BE APPROACHED BY THE PRESS AND ASKED TO COMMENT. I DARE SAY THAT YOU WILL PREFER TO MAKE NO COMMENT, AT ANY RATE BEFORE I HAVE MADE MY STATEMENT. IF IN THE MEANTIME YOU WOULD LIKE TO REFRESH YOUR MEMORY OF YOUR OWN INVOLVEMENT IN THESE AFFAIRS, OR INDEED TO LOOK AT THE PAPERS YOU SAW WHILE YOU WERE PRIME MINISTER, WOULD YOU LIKE TO GET IN TOUCH WITH ROBERT ARMSTRONG IN THE CABINET OFFICE, WHO WILL GIVE WHATEVER HELP HE CAN. ENDS.

2. THE SIGNED COPY OF THE MESSAGE IS BEING SENT TO RUTH SHARPE IN MR CALLAGHAN'S OFFICE.

3. SIMILAR LETTERS ARE BEING SENT TO OTHER FORMER PRIME MINISTERS.

CARRINGTON

LIMITED
HD/SECURITY D
SIR A ACLAND
CHIEF CLERK
PS/PUS

COPIES TO
PS/SIR R ARMSTRONG
CABINET OFFICE

2

S E C R E T D E D I P



flwjs
cc 66

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Private and Confidential.

Dear Jim,

You should know that we are expecting the publication this week of a new book by Chapman Pincher, entitled "Their Trade is Treachery". It will consist largely of an account of the investigations into penetration of the Security and Intelligence Services which were undertaken following the defection of Burgess and Maclean. Its main theme will be to set out the case for the author's belief that Sir Roger Hollis, a former Director General of the Security Service who is now dead, was probably an agent of the Russian Intelligence Service.

It will also refer to about twenty other people, some named and mostly dead, others not named and living, as having been investigated as possible agents or as having been in some way or another involved with people known to have been agents. Though there are many inaccuracies and unjustified inferences in the book, the accounts of a number of these cases are given in such detail that they must be derived from people with direct and detailed knowledge of the matters dealt with.

We expect the book to be published on Thursday, 26 March; and it is being serialised in the Daily Mail in advance of publication.

The book is bound to attract a great deal of Parliamentary and press attention, and I may need to make a statement in the House of Commons, possibly as soon as Thursday, 26 March.

/ I send you

I send you this letter now, as you may be approached by the press and asked to comment. I dare say that you will prefer to make no comment, at any rate before I have made my statement. If in the meantime you would like to refresh your memory of your own involvement in these affairs, or indeed to look at the papers you saw while you were Prime Minister, would you like to get in touch with Robert Armstrong in the Cabinet Office, who will give whatever help he can.

Yours sincerely
Raymond Stobart

The Rt. Hon. James Callaghan, MP.

VRB



File JK5
cc Co

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Private and Confidential

Re: Ted

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Yours
Raymond

The Rt. Hon. Edward Heath, MBE, MP.

EB



File JKS
, Co

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Private and Confidential

Dear Alex,

You should know that we are expecting the publication this week of a new book by Chapman Pincher, entitled "Their Trade is Treachery". It will consist largely of an account of the investigations into penetration of the Security and Intelligence Services which were undertaken following the defection of Burgess and Maclean. Its main theme will be to set out the case for the author's belief that Sir Roger Hollis, a former Director General of the Security Service who is now dead, was probably an agent of the Russian Intelligence Service.

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Y
ours ever

Raymond

The Rt. Hon. The Lord Home of Hirsel, KT, DL.

LB



File JCS
cc CO

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Private and Confidential

Dear Sir Harold,

You should know that we are expecting the publication this week of a new book by Chapman Pincher, entitled "Their Trade is Treachery". It will consist largely of an account of the investigations into penetration of the Security and Intelligence Services which were undertaken following the defection of Burgess and Maclean. Its main theme will be to set out the case for the author's belief that Sir Roger Hollis, a former Director General of the Security Service who is now dead, was probably an agent of the Russian Intelligence Service.

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I send you this letter now, as you may be approached by the press and asked to comment, particularly as you are referred to by name as someone to whom Pincher has talked during the course of his inquiries. I dare say that you will prefer to make no comment, at any rate before I have made my statement. If in the meantime you would like to refresh your memory of your own involvement in these affairs, or indeed to look at the papers you saw while you were Prime Minister, would you like to get in touch with Robert Armstrong in the Cabinet Office, who will give whatever help he can.

Yours sincerely,

Raymond Delisle

The Rt. Hon. Sir Harold Wilson, KG, OBE, FRS, MP.

1/10



File JKS
a Co

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Private and Confidential

Dear Mr. Macmillan,

You should know that we are expecting the publication this week of a new book by Chapman Pincher, entitled "Their Trade is Treachery". It will consist largely of an account of the investigations into penetration of the Security and Intelligence Services which were undertaken following the defection of Burgess and Maclean. Its main theme will be to set out the case for the author's belief that Sir Roger Hollis, a former Director General of the Security Service who is now dead, was probably an agent of the Russian Intelligence Service.

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Yours sincerely,

Raymond Stobart

The Rt. Hon. Harold Macmillan, OM, FRS.

AC

Ref: A04517



File 14 (a)
ML

SECRET AND PERSONAL

MR. WHITMORE

The Prime Minister will probably not have time to read Chapman Pincher's book from cover to cover; but in case she wants to glance at it I attach a copy of the page proof.

As you know, we are not supposed to have it, or indeed to know of its existence. Hence the grading at the top of this minute.

RA

(Robert Armstrong)

20th March 1981

SECRET AND PERSONAL

Prime Minister

14

Ref: A04512

SECRET

MR. WHITMORE

ms

Sir Robert Armstrong mentioned his talk with Lord Diplock when he saw you this evening. As you said then, X/ when women he very satisfactory from our point of view. full 20min

Sir Ian Bancroft and I saw Lord Diplock this morning, to tell him about the proposed reference to the Security Commission.

2. I outlined the background to the reference, and gave him a copy of the draft terms of reference, making it clear that these were still subject to the approval of Ministers.

3. Lord Diplock said that he had been intending to retire from the chairmanship of the Security Commission as soon as the report of the current inquiry (into the Wagstaff case) was completed and published. Sir Ian Bancroft and I urged him to defer his retirement until the proposed new inquiry was completed. He obviously felt that that might be rather longer than he would wish; Sir Ian Bancroft therefore suggested that he should take on the inquiry at the outset, on the understanding that he might retire after a few months and hand over to Lord Bridge, who would in the meantime work on the inquiry with him.

4. Lord Diplock said he would like to discuss this with Lord Bridge and let me know his answer after the weekend.

5. We discussed who might sit with Lord Diplock for the purposes of this inquiry. We explained the possible difficulties about Lord Allen of Abbeydale or Lord Greenhill. It became clear that Lord Diplock was beginning to think in terms of himself and Lord Bridge doing the inquiry on their own. We did not discourage this: it could well be both effective and expeditious.

RIA

(Robert Armstrong)

20th March 1981

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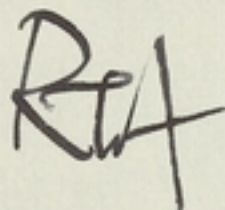
MR. WHITMORE

I attach a draft of a letter which the Prime Minister might send to all her predecessors about the Chapman Pincher book.

2. You will see that the letter is by way of a warning of what is coming, and an offer of briefing and access to papers. It does not go into the substance; nor does it foreshadow the contents of the Prime Minister's statement.

3. If the Prime Minister agrees, I believe that it would be useful if the letters could be typed and signed before the Prime Minister goes to Maastricht, but left undated. I envisage that they should issue on Monday, 23rd March (and be so dated) if the fact that the book is coming out is by then public knowledge and especially if serialisation starts that day; but perhaps the Prime Minister would leave it to the discretion of the Home Secretary to authorise dispatch in her absence, if it is not possible to take a decision before she goes.

4. I am sending copies of this minute and the draft letter to the Private Secretaries to the Home Secretary and the Foreign and Commonwealth Secretary and to the Legal Secretary to the Law Officers.



(Robert Armstrong)

20th March 1981

SECRET

DRAFT LETTER FROM THE PRIME MINISTER TO

The Rt. Hon. Harold Macmillan, OM, FRS
The Rt. Hon. The Lord Home of Hirsel, KT, DL
The Rt. Hon. Sir Harold Wilson, KG, OBE, FRS, MP
The Rt. Hon. Edward Heath, MBE, MP
The Rt Hon. James Callaghan, MP

You should know that we are expecting the publication this week of a new book by Chapman Pincher, entitled "Their Trade is Treachery". It will be about spies; and it will consist largely of an account of the investigations into penetration of the Security and Intelligence Services which were undertaken following the defection of Burgess and Maclean. Its main theme will be to set out the case for the author's belief that Sir Roger Hollis, ^{a former} Director General of the Security Service, was probably an agent of the Russian Intelligence Service.

Who is now dead)

It will also refer to about twenty other people, some named and mostly dead, others not named and ^{mostly} living, as having been investigated as possible ^{agents} spies or as having been in some way or another involved with people known to have been ^{agents} spies. Though there are many inaccuracies and unjustified inferences in the book, the accounts of a number of these cases are given in such detail that they must be derived from people with direct and detailed knowledge of the matters dealt with.

We expect the book to be published on Thursday, 26th March; ^{and} it is being serialised in the Daily Mail in advance of publication.

The book is bound to ^{attract} ~~excite~~ a great deal of Parliamentary and Press ^{attention} ~~interest~~, and I ^{may} ~~expect that~~ I shall need to make a statement about it in the House of Commons, possibly as soon as Thursday, 26th March.

HM and
HW only

I send you this letter now, ^{as} ~~since~~ you may be approached by the Press and asked to comment , particularly as you are referred to by name as someone to whom Pincher has talked during the course of his inquiries . I dare say that you will prefer to make no comment, at any rate before I have made my statement. If in the meantime you would like to refresh your memory of your own involvement in these affairs, or indeed to look at the papers you saw while you were Prime Minister, would you like to get in touch with Robert Armstrong in the Cabinet Office, who will give whatever help he can.

010
Ref: A04510



12

SECRET AND PERSONAL

MR. WHITMORE

If the Prime Minister is content with my proposal to offer her predecessors briefing and access to papers, we shall need to have ready the papers which each of them saw when he was Prime Minister. Perhaps it would be useful if Confidential Filing could start looking them out.

(Robert Armstrong)

20th March 1981

SECRET AND PERSONAL

SECRET

Prime Minister. ||

covering

TOP SECRET AND PERSONAL

You started to look
at this this evening.

Ref. A04508

JML

PRIME MINISTER

20 in

I attach a revised version of the draft statement on Mr. Chapman Pincher's book, taking account of the decisions taken and suggestions made at your meeting on 18th March (Mr. Whitmore's note of that date). The draft has been discussed with the Home Office, the Foreign and Commonwealth Office, the Security Service and the SIS, and reflects their comments and suggestions. I have also discussed it with Sir Ian Bancroft, who is your principal adviser on references to the Security Commission.

2. I should draw your attention to the following points:

- (1) Paragraph 6 invites you to talk of "the grave, but I believe untrue, allegations" about Sir Roger Hollis. The phrase "but I believe untrue" of course anticipates what follows; but I think that that is in the circumstances no bad thing.
- (2) The statement (in the last sentence of paragraph 8) of the view of most of those who were concerned with the inquiry into the Hollis case has been strengthened, on the suggestion and with the full support of the new Deputy Director General of the Security Service, who was one of those concerned.
- (3) I have discussed with Lord Trend what should be said about his report. He helped draft and is content with paragraph 9.
- (4) At the end of paragraph 11, the draft says of the arrangements for maintaining vigilance against penetration of the Security Service: "and they are not purely internal: they include a measure of external supervision". That external supervision is, of course, Lord Trend. The statement, as now drafted, is at pains not to imply a continuing role for Lord Trend.

-1-

SECRET

covering

TOP SECRET AND PERSONAL

covering

TOP SECRET AND PERSONAL

He himself wondered whether it would be better to leave those words out: they would invite the question: what does the external supervision consist of? But he is content to leave it to you to decide; and, if you are asked, he is content for you to say that it is Lord Trend. The Home Office are inclined to leave the words out; the Security Service think that it adds strength to refer to external supervision, and would rather leave the words in. I do not have a strong view either way: I started by thinking that the thought is a useful one, but the draft suggests that you should say that you will not describe the arrangements, and as they are in any case to be reviewed by the Security Commission it is not strictly necessary to add the detail about external supervision.

(5)

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OF THE PUBLIC RECORDS ACT

3.

4. Notes for supplementaries will be available when you get back from Maastricht.
5. As to procedure:
- (a) I have warned the Chancellor of the Duchy, and am warning the Lord Chancellor this afternoon.
- (b) Sir Ian Bancroft and I are to see Lord Diplock today; as agreed, we will warn him of the intention to make the reference to the Security Commission and invite him to comment on the draft terms of reference, making it clear that they are still subject to Ministerial approval.

-2-

SECRET

covering

TOP SECRET AND PERSONAL

SECRET

covering

TOP SECRET AND PERSONAL

- (c) I have seen Lord Trend, and am seeing Lord Hunt of Tanworth this afternoon.
- (d) I hope to have draft letters to your predecessors available for you by this evening. If you are content with them, perhaps they could be typed and signed but not dated; and perhaps you would give the Home Secretary discretion to authorise their despatch before you come back from Maastricht, if the situation seems to call for it. Otherwise they can wait until you are back.
6. Two points on the Security Commission:
- (a) I am told that Lord Diplock is on the point of resigning. He will presumably be succeeded by Lord Bridge, who is on the Commission (and Deputy Chairman). When Sir Ian Bancroft and I see him, we will try to discourage him from resigning at this moment; but, if he is determined to do so, it may be that we should try to complete the formal change before announcing the reference.
- (b) I wonder whether, as the reference has now turned out - covering not just the security and intelligence services - it is necessary or indeed right to rule out Lord Allen of Abbeydale and Lord Greenhill from consideration for this inquiry. Particularly if we have a new Chairman, the Commission could do with one member for this inquiry with direct experience of the operation of vetting procedures and personnel security problems in the public service. If that were acceptable, it might point to choosing a larger membership than usual: say, four rather than two in addition to the Chairman.
7. I am sending copies of this minute and of the draft statements to the Home Secretary, the Foreign and Commonwealth Secretary, the Attorney General and Sir Ian Bancroft.

REA

ROBERT ARMSTRONG

-3-

20. 3. 81

SECRET

covering

TOP SECRET AND PERSONAL

SECRET

[photocopied - with

PM comments - to

DWight on 23/3]
(P1-7) MS

DRAFT STATEMENT

With permission, Mr. Speaker, I will make a statement about the book recently published which purports to give a detailed account of the investigations into the penetration of the Security Service and other parts of the public service which were undertaken following the defection of Burgess and Maclean in 1951.

2. As I said to the House on 21st November 1979, the events into which those investigations were inquiring began well over 40 years ago. Many of those named or implicated in this book as having been the subject of investigation have died. Others have long since retired. None of them is still in the public service. [We are concerned with fairly ancient history.]

*Deliber - does not
add any info*

3. The extent of penetration was thoroughly investigated after the defection of Burgess and Maclean, as indeed the author of this book makes clear. The book contains no information of security significance which is new to the security authorities. All the cases and individuals referred to in it have been the subject of exhaustive investigation. The investigations into the possibilities of past penetration have inevitably been, as such investigations have to be, very wide. They have covered not only those suspected of being guilty; they have extended to all those who could conceivably fit the inconclusive leads available. The fact that somebody has been the subject of investigation does not necessarily or even generally mean that he has been positively suspected:

SECRET

many people have had to be investigated simply in order to eliminate them from the inquiry. The process of investigation has continued over many years, and has not ceased today: whenever new information becomes available the investigations are resumed.

4. The results of the investigations into Philby and Blunt are now well known. There were good reasons for suspecting a few others, but as it was not possible to secure evidence on which charges could be founded they were ^{asked to resign or were} removed to work where they had no access to sensitive information ~~or were asked to resign~~. Many others were eliminated from suspicion.

I think this order is better.

5. ^{Apart from the main allegation, which I will come to} In general I do not propose to comment on the allegations and insinuations in this book. Nor ~~do I~~ ^{can I say} propose to indicate which allegations are untrue or unsubstantiated - as some certainly are - since by doing so I should implicitly be indicating those which were ^{suspected of being} ~~thought to have~~ some degree of substance. [It would not be right or fair for me to name or to implicate anyone who has not either been found guilty by a court of law or is not otherwise publicly known to have worked for a hostile intelligence service (like those who declared themselves by defecting).]

" Apart from the main allegation, which I will come to"
(I think this is a necessary phrase here - otherwise I may get cries of 'whitewash' before we need them).

Suggest we delete.

6. I must, however, comment upon the grave, but I believe untrue, allegation which constitutes the main theme of the book, that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was an agent of the Russian Intelligence Service. And I believe that the

House is entitled to be assured not only that the investigations into past penetration have, [as I have already said,] been as thorough as possible, but also that we have the best possible arrangements to guard against any recurrence of penetration now or in the future.

7. First, then as to Sir Roger Hollis. None of the available leads pointed ^{solely} ~~exclusively~~ to him; ~~and~~ each of them could also be taken as pointing to Philby or Blunt. But his ^{name} ~~profile~~ was among those that fitted some of them, and he was therefore investigated. I have to tell the House that the case made out by the author of this book simply does not stand up; his account of the investigation is inaccurate and many of his inferences are unjustified; and on one particularly important point he is entirely wrong.

8. The investigation took place after Sir Roger Hollis's retirement from the Security Service. It did not conclusively prove his innocence, ^{in fact} ~~it~~ is often impossible to prove innocence: that is why in our law the burden of proof is placed upon those who seek to prove guilt and not on those who defend innocence. But no evidence was found that incriminated him, and most of those concerned with the investigation considered that he had not been an agent of the Russian Intelligence Service.

9. This view was not accepted by one or two of those concerned, however, and in 1974 Lord Trend, the former Secretary of the Cabinet, was asked to

I do not like this phrase but have not yet been able to find another one. The trouble is that the case the author makes out may stand up, but it is not correct.

review in detail the whole of the investigation that had taken place, and to say whether it had been done in a proper and thorough manner, and whether in his view the conclusion reached was justified (on the basis of the investigation). He ^{examined} was given access to all the files and records of the investigation, and he discussed the case with many of those concerned, including ^{those} some who considered that the investigation should be reopened. Mr. Pincher's account of Lord Trend's conclusions ^{are wrong} could hardly be further from the truth. Reporting in 1975, Lord Trend did not, as the book asserts, "name Hollis as the likeliest suspect". On the contrary, he found that the investigation had been carried out exhaustively and objectively, and he agreed with those who were satisfied on the basis of the investigation that there was no evidence that Sir Roger Hollis was or had ever been a spy. And it is quite untrue to say, as the book says, that "Lord Trend referred to the possibility that Hollis might have recruited unidentified Soviet agents into MI5". Lord Trend said no such thing.

10. That is how the matter rests. The investigation would of course be reopened if new evidence came to light. But that is not how very likely. ^{new evidence} The events in question took place 20 to 50 years ago. (The trail is cold, and a new investigation would be very unlikely to turn up new evidence.) The thorough investigation already made has been gone over in detail by Lord Trend; there is no reason to suppose that another review today would reach a different conclusion.

do we need this? It is
stronger without it.

We have to check the
references to Lord Trend
conclusion very carefully for
the reasons I have indicated.
Would it be better to
say "The book states that
LT etc. That is not
true. On the contrary...
use the same conclusion
of an.
We may have to cite advice
for Mr. Pincher to ensure that
we do not lay ourselves open to
a demand for the document
itself.

11. That brings me to the arrangements and procedures for guarding against penetration now and in future. All Departments and agencies of Government, especially those concerned with foreign and defence policy and with national security, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. The generation of Burgess, Maclean, Philby and Blunt has long since passed into retirement, (and none of those known to have worked for the Russian Intelligence Service has been at the centre of affairs or had any real influence on security and intelligence matters for at least 30 years.) ~~Even if there was penetration extending beyond the known cases in the years during and after the war, it does not follow that there is penetration now; indeed, the evidence points in the opposite direction.~~ ^{Although} The author of this book himself acknowledges that recent security successes (like the expulsion of members of the Russian Intelligence Service from this country in 1971) would hardly have been achieved, if the Security Service was penetrated, ~~and he says that he can find no evidence of current penetration.~~ ^{we have to side, ward of course} ^{now} I can assure the House that the Service is constantly vigilant not only against the risk of current penetration but also against the possibility of hitherto undetected past penetration or compromise which might still have continuing implications for the integrity of its security. (The House will not expect me to describe the arrangements

subject deletion.

but we have to side, ward of course

Although

we have to side, ward of course

now

as the covering note indicates it will only give rise to questions.

for maintaining that vigilance; but they are very thorough, taking account, as the House would expect, of previous experience; and they are not purely internal: they include a measure of external supervision.]

12. But, however confident we may be - as I am - that the Security Service is not now penetrated, we need also to be confident that the arrangements for guarding against renewed penetration are as good as they can be, ~~not only in this particularly sensitive area but~~ ^{now and here in this area and} throughout the public service. Over the years the techniques of penetration and the nature of the risks may have changed. We need to be sure that our protective procedures have developed to take account of these changes.

13. I have therefore decided, after consultation with the rt. hon. Gentleman, the Leader of the Opposition, to ask the Security Commission:

To review and make recommendations as appropriate on the arrangements and procedures used in all parts of the public service for the purposes of safeguarding sensitive information and areas of work against penetration by hostile intelligence services, and of excluding from appointments which give access to highly classified information both those with allegiances which they put above loyalty to their country, and those who may for whatever reason be vulnerable to ~~hostile~~ attempts to undermine their loyalty and extort information by pressure or blackmail.

①

SECRET

14. There are difficult balances to be struck here between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service, and the individual rights of members of the public service to personal freedom and privacy. The Security Commission will have these considerations in their minds, and will be able to consider how these balances ought to be struck in the circumstances of the present time, as they conduct their review and prepare their recommendations. It will be my intention to make their findings known to the House in due course, to the extent that it is consistent with national security to do so.

SECRET

BACKGROUND NOTE"Their Trade is Treachery"

This background note is intended to summarise the information available, principally from Security Service and SIS sources, about some of the allegations against named or unnamed individuals in Chapman Pincher's book. The information is set out in the order in which the various allegations appear in the book.

1. Sir Roger Hollis Apart from the distortions of the findings of the Trend Report, which have been dealt with in the Prime Minister's statement and notes for supplementaries, the book also contains a number of other distortions of facts about Hollis. The following are examples:-

- (a) "Elli" - p5 Gouzenko's information on Elli was very vague and provided no lead as a possible candidate for the Soviet spy in MI5. Gouzenko did not say that Elli had been able "to bring out MI5 files on Soviet Intelligence officers so that they could see exactly what was known about themselves". The lead on Elli given by Gouzenko was not only vague; it also referred to a GRU agent. But the evidence which led to the investigation of Hollis referred to a KGB agent.
- (b) Positive vetting - p9 There is nothing to suggest that Hollis stood in the way of positive vetting procedures in MI5. He spent much of his career in Protective Security and as Director General was particularly concerned that MI5 PV procedures should conform to those of other departments.
- (c) Hollis and Peters - pp 25-26 Hollis was carrying out the instructions of the then Prime Minister, Mr Macmillan, when he told the case officers on the Peters investigation that the Prime Minister had ordered that there should be no confrontation of Peters unless there was direct evidence that he was implicated in Philby's defection.
- (d) "Destruction" of tapes on Blunt - p 36 The first two interviews of Blunt in 1964 were not recorded on tape. The third and subsequent interviews were recorded: the tapes and transcripts are still held.



UNITED STATES DEPARTMENT OF JUSTICE

MEMORANDUM FOR THE ATTORNEY GENERAL

This memorandum is submitted to you for your information and guidance. It concerns the proposed amendments to the Federal Bureau of Investigation (FBI) regulations regarding the collection and use of fingerprints.

The proposed amendments are designed to clarify the procedures for the collection of fingerprints and to ensure that the information obtained is used only for the purposes authorized by law.

The amendments are being proposed in order to bring the FBI regulations into conformity with the provisions of the Federal Privacy Act of 1974. It is requested that you advise this Bureau of any comments or suggestions you may have.

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PREM 19/9591

Background
Note dated 2/4/03
181

- (e) Agnes Smedley - pp 39-40 There is no evidence that Hollis knew the Russian agent, Agnes Smedley, an American journalist, when he was in China before the war.
- (f) Ursula Bearton - p 34 There is no evidence to connect the Russian agent, Ursula Bearton with Hollis. The fact that she went to Oxford to live there on arrival from the Far East in 1940 could be explained by the fact that her family lived there. There is no evidence of a connection with Hollis's simultaneous presence at Blenheim Palace, the war-time home of MI5.

2. Philby

- (a) "comfortable interview" and the 1955 Macmillan statement - p 13
It is true that a representative of SIS did carry out a series of interviews with Philby after Helenus Milmo had produced his report. The intention (undoubtedly inspired by Jim Skardon's performance with Fuchs) was to see whether the "soft approach" would produce an admission. It failed. Nevertheless Milmo's final judgement, that it must be assumed Philby had been a Russian agent throughout his SIS career was generally accepted. The Macmillan statement was prompted by a PQ and in the absence of firm indictable evidence of guilt had to be couched in exculpatory terms. Following this Philby's friends felt free to help him find a job. He was in touch with SIS in Beirut and passed information to the SIS representative.
- (b) choice of Elliott rather than Martin to confront Philby in 1962 - p15
It cannot be confirmed that Martin was deliberately excluded. He would have been one among several officers who might have been qualified. The selection of Elliott seems to have been based on the conviction that persuasion by an old friend might be more effective.
- (c) offer of immunity to Philby - p 17 The Law Officers decided that the evidence against Philby was still too thin and therefore used their discretion to offer immunity. Philby's (written) confession was in some respects misleading (for example that



(a) The first part of the document is a letter from the Director of the Central Intelligence Agency to the President, dated 1951. It discusses the activities of the Soviet Union in the United States and the need for a more effective intelligence gathering program.

(b) The second part of the document is a report from the Central Intelligence Agency to the President, dated 1951. It provides a detailed account of the activities of the Soviet Union in the United States, including the names of several individuals who are believed to be working for the Soviet government.

(c) The third part of the document is a report from the Central Intelligence Agency to the President, dated 1951. It discusses the activities of the Soviet Union in the United States, including the names of several individuals who are believed to be working for the Soviet government. It also mentions the need for a more effective intelligence gathering program.

(d) The fourth part of the document is a report from the Central Intelligence Agency to the President, dated 1951. It discusses the activities of the Soviet Union in the United States, including the names of several individuals who are believed to be working for the Soviet government. It also mentions the need for a more effective intelligence gathering program.

(e) The fifth part of the document is a report from the Central Intelligence Agency to the President, dated 1951. It discusses the activities of the Soviet Union in the United States, including the names of several individuals who are believed to be working for the Soviet government. It also mentions the need for a more effective intelligence gathering program.

PREM 19/591

Background -
note dated 24/03/82

he had broken with the KGB shortly after World War II) but there is no firm evidence that it was prepared in advance or written under control. It would however be fair to assume that Philby and the KGB had discussed contingency plans if he were ever forced into a corner.

3. Commander Crabb - p 55 Commander Crabb was recruited by an SIS officer (Bernard Smith) to examine the hull of Ordzonikidze, a cruiser, in Portsmouth Harbour at the time of the Bulganin and Kruschev visit. Crabb died, or was killed, in circumstances which it has never been possible to clarify.

4. The "middle-aged American" recruited by Blunt - pp 89, 119-120 The "middle-aged American" is clearly Michael Whitney Straight, a rich and influential American, who was recruited by the Russian Intelligence Service whilst a student at Cambridge University in the 1930s. In an interview conducted jointly by the FBI and the Security Service in Washington in 1963, Straight stated that Blunt had recruited him for work for the RIS and that statement led directly to Blunt's own confession in 1964. Straight was not prepared to give evidence against Blunt in court. This information has never been published before.

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7. Rado and Maurice Oldfield - p 101 Rado did indeed transit Cairo en route for USSR and tried to defect. His attempt was frustrated but he survived USSR and has been to the West since then as a senior Hungarian civil servant. Neither Sir Maurice Oldfield (who was in Cairo at the time) nor Philby either saw Rado or influenced his fate.

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PREM 19/591

BACKGROUND NOTE
DATED 24/03/81

8. Lord Inverchapel - p 114 Served as Ambassador in China, the Soviet Union and the United States. There is no evidence that he was ever disloyal.

9. John Cairncross - chapter 16 Cairncross entered the Diplomatic Service in 1936 and was transferred to the Treasury in 1938. In an interview carried out in the United States in 1964, he confessed that he had worked for the Russian Intelligence Service between 1936 and 1952 whilst in the Diplomatic Service, Treasury, SIS and GCHQ. He is still alive and lives in Rome. His name has periodically been mentioned in the Press as an associate of Blunt.

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PREM 19/591

Background Note
dated 24/03/81

14. Phoebe Pool - p 137 The allegation, attributed to Blunt, that she was a Soviet courier is basically correct, although there is no evidence that Blunt saw her shortly before she died. She suffered from extreme mental instability and it was during a particularly bad breakdown that she is reported to have mentioned the names of Francis Graham-Harrison, whom she knew well, and Sir Andrew Cohen in a security context.

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Background Note
date 24/03/81

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PREM 19/591

BACKGROUND
NOTE DATED 24/03/2008

23.

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25. Sir Geoffrey Harrison - p 189 Sir Geoffrey Harrison, in his last days as Ambassador in Moscow in 1968, was compromised in the way described. This has recently been publicised in the Press and Sir Geoffrey Harrison has admitted what is alleged to have occurred.

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24 March 1981

TOP SECRET

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OF THE PUBLIC RECORDS ACT

PREM 19/591

BACKGROUND NOTE
DATED 24/03/81



ees as last para

10 DOWNING STREET

10

*From the Principal Private Secretary*SIR ROBERT ARMSTRONG

The Prime Minister held a meeting this morning with the Home Secretary, the Foreign and Commonwealth Secretary and the Attorney General to consider your minutes AO4472, AO4473 and AO4474 of 16 March 1981. You, Sir Michael Palliser, Sir Brian Cubbon, the Director General of the Security Service, the Deputy Director General of the SIS and Mr Sheldon were also present.

The Prime Minister said that Mr Chapman Pincher's book was certain to arouse a great deal of public interest and lead to very strong pressure in Parliament for a reaction from her. The Opposition were likely to seek a debate. She was quite clear that it would be impossible to hold the position in the House with the traditional line that the Government did not comment on intelligence and security matters. She believed that she would have to make a statement and that she would probably have to do this sooner rather than later. There was bound to be public concern that although the events described in Mr Pincher's book had occurred many years ago, Soviet penetration of the Security Service was still continuing today. It would therefore be important to reassure the public that every possible step had been taken and was continuing to be taken to safeguard the Security Service against penetration. Equally, the book would strike a very damaging blow to the morale of the Service unless Ministers took steps to reassure its members. These considerations pointed to some kind of inquiry, which she would announce in her statement. If the meeting shared this view, it would be necessary to decide the scope of the inquiry and who should conduct it. On the latter point, one possibility was the Security Commission.

In discussion there was general agreement on the need for the Prime Minister to make a statement. It was pointed out that only a handful of people in the Security Service were aware of the investigations that had been carried out into allegations of Soviet penetration, and Mr Pincher's revelations would come as a considerable shock to the rest of the Service. Former Director Generals like Sir Martin Furnival-Jones and Sir Michael Hanley would be particularly outraged by the part played by some of their former colleagues in the preparation of the book. It would be very helpful in reassuring past and present members of the Service if the Prime Minister were to make a robust statement indicating that the allegations of penetration had been exhaustively investigated and that procedures to prevent

AND PERSONAL

further penetration had been made as foolproof as possible. It would be important that any inquiry did not go over once more the ground which had been covered by the Security Service's own internal investigations and Lord Trend's inquiry, for to do so would be to risk giving people like Mr de Mowbray the opportunity to reopen longstanding allegations and, in the end, tearing apart the Security Service of today and seriously damaging its morale and efficiency. While there was general agreement that an inquiry should not be backward looking and should be confined to reviewing the existing procedures, including positive vetting, for preventing Russian penetration, it was pointed out that there were bound to be charges that the handling of the allegations against Sir Roger Hollis and other members of the intelligence and security agencies amounted to a massive cover up by the Establishment. These attacks would be strengthened by the fact that most of the stories in Mr Pincher's book about people other than Sir Roger Hollis were largely accurate and it would be correspondingly difficult to convince the public that his conclusions about Sir Roger Hollis were ill-founded. Moreover, the statement, which Lord Trend had endorsed, that the case against Sir Roger Hollis was "at least not proven" was a weak one which would raise more questions than it answered and was best not used publicly.

In further discussion it was agreed that an inquiry into the current procedures for preventing Soviet penetration of the intelligence and security agencies and for safeguarding their integrity was a matter wholly within the terms of reference of the Security Commission. Although Lord Diplock personally might be reluctant to take on the inquiry following criticism, not least from the Opposition, of his recent report on telephone interception, he should nonetheless be asked to conduct the proposed inquiry. If possible, the other members of the Commission taking part in the inquiry should not have had substantial connection with the intelligence and security agencies; and this pointed to Admiral Sir Horace Law and Sir Alan Cottrell joining Lord Diplock in the inquiry. The alternative to using the Security Commission was to set up an ad hoc committee of former senior Ministers, but the objection to this course was that virtually all those who might be asked to take part in the inquiry had themselves been associated with the intelligence and security agencies in one way or the other when they had been in office.

The draft statement attached to your minute A04473 was not considered in detail, but it was agreed that the opening and closing paragraphs should be amended to avoid direct attacks on Mr Pincher. It was also agreed that the statement would not be able to deal with the detailed allegations against all the people named in the book but it would have to make it clear that the stories about them were a mixture of truth and falsehood and that, in any case, none of those mentioned who were still alive were now in the government service.

TOP SECRET
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AND PERSONAL
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT**

The Prime Minister, summing up the discussion, said that they were agreed that she should make a statement in the House on Mr Pincher's book. This would announce the establishment of an inquiry by the Security Commission into the present systems and procedures for preventing Soviet penetration of the public service, including the intelligence and security agencies. The inquiry would not concern itself with allegations about penetration that had already been thoroughly investigated. The precise timing of her statement would need to be decided in the light of events over the next few days, but Thursday 26 March, which was the day the book was due to be published, appeared to be the most likely day to make it.

The
The following

steps should now be taken:-

- i) Consulting Lord Trend as necessary, you should revise the draft statement on Mr Pincher's book in the light of the discussion and in particular incorporate in it the proposed terms of reference for the inquiry by the Security Commission. You should circulate the revised statement to those present at the meeting.
- ii) When the terms of reference of the inquiry had been agreed, you should see Lord Diplock to let him know that the Prime Minister wished the Security Commission to undertake the inquiry. She would see Lord Diplock herself only if he thought there were difficulties about the Security Commission carrying out the investigation.
- iii) Once the Daily Mail began to serialise the book on Monday 23 March, you should ask the publishers for a copy.
- iv) You should warn the Lord Chancellor (in view of Lord Soames's absence next week) and the Chancellor of the Duchy of Lancaster that the Prime Minister would probably be making a statement next week.
- v) The line for the Home Secretary to take at Prime Minister's Question Time on Tuesday 24 March was that Mr Pincher's book was being studied urgently and that the Prime Minister hoped to make a statement later, possibly on Thursday 26 March. The same line should be used in dealing with press inquiries.
- vi) She and the Home Secretary would see Mr Foot and Mr Hattersley on Wednesday 25 March. Former Prime Ministers, Home Secretaries and Foreign

TOP SECRET

~~TOP SECRET~~

PAGE 4 7
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AND PERSONAL

Secretaries would need to be warned the same day about her statement.

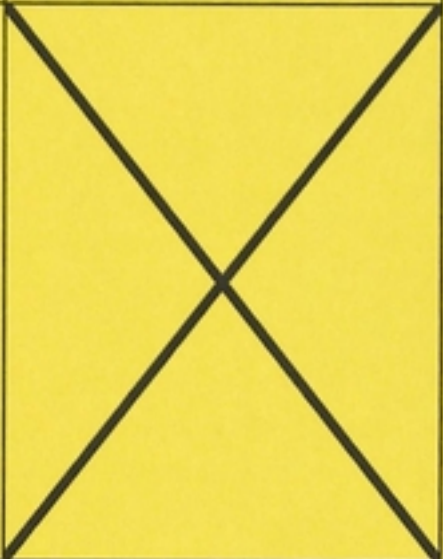
I am sending copies of this minute to Mr Halliday (Home Office), Mr Walden (Foreign and Commonwealth Office), Mr Nursaw (Law Officers' Department), the Director General of the Security Service and the Deputy Director General of the SIS.

JWH.

18 March 1981

TOP SECRET

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| ARCHIVES | |

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| DEPARTMENT/SERIES <u>PREM 19</u> PIECE/ITEM <u>591</u> (one piece/item number) | Date and sign |
| Extract details: <u>Minute dated circa 1st</u> <u>March 1981</u> |  |
| CLOSED UNDER FOI EXEMPTION | |
| RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958 | <u>ASUP</u> <u>18/05/23</u> |
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PRIME MINISTER

Their Trade is Treachery

I warned you on 17th February 1981 (A04690, copy attached) about Mr. Chapman Pincher's forthcoming book with this title on the penetration of the security and intelligence services, with its main theme that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was a spy. I now learn that the book will be published on 26th March (not the end of April), and will be serialised in the Daily Mail from 23rd March.

2.

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

3. Despite the general rule against commenting on detailed allegations of the kind made in Pincher's book, I do not believe that you will be able to get away with "no comment". I think that you will be bound to say something about the measures taken to investigate and guard against penetration of the security and intelligence services; and I think that you will have to deal with the main theme of the book, the allegation that the late Sir Roger Hollis was a spy, because of the wealth of circumstantial detail (and unjustified inference) with which it is presented.

4. You were given a summary account of the investigation of Russian penetration of the Secret Services by my predecessor shortly after you took office in May 1979. For ease of reference I attach a copy of that summary herewith.

5.

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

But there is some reason to think that Mr. Pincher's main source is Mr. Peter Wright, a former member of the Security Service and of the team that investigated the Hollis case, who is known to have been one of those dissatisfied with the conclusion of the investigation. Mr. Wright now lives in Australia, out of reach of the Official Secrets Act, nursing a grievance about his pension.

6. There is no new information of security value in the book. There does not seem to be likely to be any value in a reinvestigation of the Hollis case, since there is no new evidence; nor in another review of the original investigation, which would only be doing again what was done by Lord Trend in 1975. Officials do not therefore recommend any further action, beyond whatever statement you think right to make. I have tried my hand at a draft statement, on the assumption that there is to be no further action, and I attach the result herewith.

7. But you will clearly wish to consider with your colleagues whether political considerations make some further action necessary. It is not easy to see what form a further inquiry might take. Perhaps the only possibility is another review of the investigation, this time by the Security Commission or conceivably by the Chairman of the Security Commission sitting alone.

8. You will also wish to consider how to deal with the Opposition on this matter. Mr. Foot knows nothing about the Hollis and "Peters" cases, nor about the representations made by _____ but Mr. Callaghan was fully briefed on the whole affair, studied the papers with considerable care, and in the

TOP SECRET

end expressed himself as satisfied that inquiries into the case against Hollis had been taken as far as it was possible to take them. If Mr. Callaghan is in the country - I believe he is due to go to India shortly - it might be prudent to offer to brief him in advance of the publication. I suppose that he could be asked to tell Mr. Foot; but the right course is probably for you and the Home Secretary (possibly accompanied by me and the Director General of the Security Service) to see Mr. Foot and Mr. Hattersley.

REA

ROBERT ARMSTRONG

16th March, 1981

TOP SECRET

DRAFT STATEMENT

In accordance with the long-standing practice of successive Governments in these matters, I do not propose to comment in detail on this publication "Their Trade is Treachery", by Chapman Pincher. It is a mixture of truth, inaccuracy, unjustified inference and speculation. It contains no information of security significance which is new to the security authorities. But in view of the theme of the book the House is entitled to an assurance that everything possible has been done to investigate past penetration and to guard against present and future penetration of the Security Service by the Russian Intelligence Service. I should also comment upon the grave but I believe untrue allegations that the late Sir Roger Hollis, Director General of the Security Service from 1956 to 1965, was an agent of the RIS.

2. All Departments and agencies of Government, especially those concerned with foreign and defence policy, are targets for penetration by hostile intelligence services. The Security Service, with its responsibilities for countering espionage and subversion, is a particularly attractive target. I can assure the House that it is constantly vigilant not only against the risk of current penetration but also against the possibility of hitherto undetected past penetration or compromise which might still have continuing implications for the integrity of its security. The House will not expect me to describe the arrangements for maintaining that vigilance;

but they are as thorough as they can be, taking account of previous experience, and they are not purely internal: they include a measure of external supervision.

3. The investigations into the possibilities of past penetration have inevitably been, as such investigations have to be, very wide. They have covered not only those suspected of being guilty; they have extended to all those who could conceivably fit the often vague and indefinite leads available. It follows that the fact that somebody has been the subject of investigation does not necessarily or even generally mean that he has been positively suspected. Many people have been investigated simply in order to eliminate them from the inquiry.

4. After the defection of Burgess and Maclean in 1951, there were a considerable number of leads and suggestions to be followed up, and the inquiries did indeed go very wide. In the course of the ensuing inquiries many people, not only in the Security Service, were investigated. Since many of the leads related to periods before and during the war, many of those investigated were, by the later '50s and early '60s, in senior appointments, inside and outside Government service. The results of the investigations of Philby and Blunt are now known. There were good reasons for suspecting some others, but it was not possible to secure evidence on which charges could be founded. These suspects were generally speaking moved to work where they had no

access to sensitive information or were asked to resign. Many others were conclusively eliminated from suspicion. The process of investigation continued over many years, and has not ceased today: whenever new information becomes available the investigations are resumed.

5. The profile of Sir Roger Hollis was among those that fitted some of the available leads. Others fitted them too, including Philby and Blunt. Nonetheless he had to be investigated, and he was. But the case made out by the author of this book simply does not stand up; the account of the investigation contains serious inaccuracies; and on one particularly important point, to which I shall come shortly, he is entirely wrong.

6. The investigation took place during the years after 1965, when Sir Roger Hollis retired. It did not succeed in conclusively eliminating the possibility of his having been an agent of the RIS. But no evidence was found that incriminated him, and the conclusion reached, when the investigation was completed in 1971, was that the case against him was, putting it at its lowest, not proven, and was not capable of being further pursued unless fresh evidence was available. Most of those concerned in the investigation would have said, and would still say, that the balance of probability was clearly against him having been an agent of the RIS.

7. One or two of those concerned, however, challenged this view, and pressed for the investigation to be reopened. In 1974, therefore, Lord Trend

was asked to review the whole of the investigation in detail. Mr. Pincher's account of Lord Trend's conclusions could hardly be more wrong. Reporting in 1975, Lord Trend did not "name Hollis as the likeliest suspect": on the contrary, he found that the investigation had been thorough and as complete as it was possible to make it; and he said that he could find no reason, either in the evidence available at the time or in the more general circumstances of Sir Roger Hollis's character and career, for dissenting from the decision reached in 1971.

8. That is how the matter rests. The investigation would of course be reopened, if new evidence came to light. But that is not now very likely. The events in question took place 20 to 50 years ago. The trail is cold, and a new investigation would be very unlikely to turn up new evidence or lead to a definite conclusion. The thorough investigation already made 10 to 15 years ago has been gone over in detail by an independent reviewer; there is no reason to suppose that another review today would reach a different conclusion.

9. The generation of Burgess, Maclean, Philby and Blunt has long since passed into retirement. None of them has been at the centre of affairs or had any real influence on security and intelligence matters for at least 30 years. As Lord Trend has said in his report, even if there was penetration extending beyond the known cases in the years during and after the war, it does not follow that there is

penetration now; indeed, the evidence points in the opposite direction. The author of this book himself acknowledges that recent security successes (like that of Operation FOOT in 1971) would hardly have been achieved, if the Security Service was penetrated, and can find no evidence of current penetration. I know of no reason to suppose or suspect that the Service has been penetrated at any time for many years. I have already referred to the continuing arrangements in the Security Service to guard against penetration. I can tell the House that my right hon. Friend the Home Secretary and I have taken steps to satisfy ourselves that these arrangements are well designed and effective.

10. There is one last point. I can only speculate about Mr. Pincher's motive for writing this book. Perhaps he persuades himself that it is in the public interest. But his book demonstrates all the dangers and evils of trial by journalist. Accusations as grave as this should be made only in due process of law, subject to rules of evidence and under the protection of the court for the rights of the defendant. To traduce any man in this way, and certainly to traduce anyone who is no longer living and cannot defend himself, is, quite simply, not only wrong but deplorable.

NOTES FOR SUPPLEMENTARIES

Q1. Will the Prime Minister identify the senior Security Service official code-named PETERS?

A1. No. He is still living. I can, however, confirm that the investigations eliminated him from any suspicion of having been an agent of the RIS.

Q2. Will the Prime Minister comment on the other allegations in the book?

A2. No. When people have neither confessed nor been prosecuted, it is not for me or for this House to judge or comment.

Q3. Does the Prime Minister know what Mr. Pincher's sources were?

A3. Some of them he names. They include present and former Members of this House. Others are not named, but it certainly looks as if some of the information could have come only from someone with first-hand knowledge of Security Service records. A detailed investigation is being made, and any relevant evidence will be submitted to my right hon. Friend the Attorney General.

Q4. Will the investigations of past penetration be reopened in the light of this book?

A4. The book is being closely studied by the security authorities. It is in the main, as it purports to be, an account of their investigations, and contains (as far as can be discovered) no new information of security value. If closer examination of it produces or suggests any new leads, they will of course be followed up.

Q5. Have Ministers been kept informed on the investigation into the case against Hollis?

A5. Yes. Successive Prime Ministers and Home Secretaries have been told of the fact that Sir Roger Hollis was investigated, of the conclusions of the investigation, and of Lord Trend's report of his review of the investigation.



MINISTER'S STATEMENT

1. Will the Minister for Finance be pleased to state whether the Government are considering the possibility of introducing a new tax on the income of individuals?

2. If so, what are the details of the proposed tax and when is it likely to be introduced?

3. Will the Minister be pleased to state whether the Government are considering the possibility of introducing a new tax on the income of companies?

4. If so, what are the details of the proposed tax and when is it likely to be introduced?

5. Will the Minister be pleased to state whether the Government are considering the possibility of introducing a new tax on the income of trusts?

6. If so, what are the details of the proposed tax and when is it likely to be introduced?

7. Will the Minister be pleased to state whether the Government are considering the possibility of introducing a new tax on the income of partnerships?

8. If so, what are the details of the proposed tax and when is it likely to be introduced?

9. Will the Minister be pleased to state whether the Government are considering the possibility of introducing a new tax on the income of estates?

10. If so, what are the details of the proposed tax and when is it likely to be introduced?

11. Will the Minister be pleased to state whether the Government are considering the possibility of introducing a new tax on the income of individuals who are non-residents in India?

12. If so, what are the details of the proposed tax and when is it likely to be introduced?

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SECRET AND PERSONAL

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SIR ROBERT ARMSTRONG

The Prime Minister has read with considerable concern your minute A04690 of 17 February 1981 about Mr. Chapman Pincher's forthcoming book on the penetration of the security and intelligence services.

She awaits your further advice on the line the Government should take when the book is published.

C. A. WHITMORE

19 February 1981

SECRET AND PERSONAL

67

Prime Minister.
I am afraid this is going to
put us into a sticky hole.
You can only take note of
this stage.
17th

MT

Ref. A04690

PRIME MINISTER

Chapman Pincher has written, and Sidgwick and Jackson have accepted, a book on the penetration of the security and intelligence services, and in particular of the Security Service.

2. It gives a detailed account of a number of cases, including those of Anthony Blunt, Guy Burgess, John Cairncross, Tom Driberg (Lord Bradwell) and Captain Henry Kerby MP. But the most damaging material, and that which constitutes the theme of the book, is the assertion that Sir Roger Hollis, who was Director General of the Security Service from 1956 to 1965, was a spy. The book also deals with the allegation that Sir Roger Hollis's Deputy, Mr. Graham Mitchell, was a spy.

3. The case against Sir Roger Hollis, and the way in which both that and the allegations against Mitchell are treated, are so detailed and accurate that they could only have derived from a person or persons actually involved in the investigations of those cases or from someone with access to the files of those investigations. The book will of course be examined for "fingerprints", but at first sight it looks as if the source must have been one or more of three people who were concerned in the investigations. If the source could be identified conclusively, the Attorney General would have to consider whether to take action under the Official Secrets Act, because the breach of confidence is profound. But it would be a very messy prosecution, if it came to that; and one of the suspects now lives outside the jurisdiction.

4. It is clear that Chapman Pincher knows in detail not only about the case against Hollis and the investigation of it, but also about the review of the investigation conducted in 1974-75 by Lord Trend. He refers to this review. Like Jonathan Aitken in his letter to you last year, he distorts Lord Trend's conclusion: he gives the impression that Lord Trend concluded that Hollis was probably guilty, whereas of course Lord Trend's conclusion was that, while it was not capable of proof, there was certainly no conclusive evidence that he was guilty and the balance of probability was that he was not (he subsequently put that balance at 80 to 20).

5. The book is due to be published at the end of April, and is likely to be serialised in the Daily Mail during the previous week. It is clearly likely to arouse a lot of interest, and to be very damaging to the morale of the Security Service.

6. I shall of course offer advice on the line which the Government should take when the book is published; but it would be premature for me to offer any advice at this stage, until it has been possible to carry out a detailed study of the book and to form a more definite idea about who might have been the source or sources for it. My present thinking is that it will probably be impossible to take the usual line of "no comment". On the other hand this is not like the case of Blunt, where there was a definite confession of guilt and no possibility of prosecution. We are dealing here with inconclusive material, no doubt dressed up by Chapman Pincher to be as damaging as possible, and the possibility of libel action by some of those named or referred to.

7. No doubt the publication of the book will lead to the usual clamour for some kind of inquiry. We shall have to decide, nearer the time, whether such an inquiry is desirable or inevitable or not. The fact is, I think, that the trail is now so cold that there is really no possibility of re-investigation of the Hollis case or any other of the cases mentioned. All that one could really do would be to invite some independent person - for instance, a judge - to review the investigations that have been carried out. But that, of course, is exactly what Lord Trend did six years ago. To have that job done again would inevitably call in question the Government's confidence in Lord Trend's review and the findings thereof.

REA

ROBERT ARMSTRONG

17th February, 1981



The book is due to be published at the end of April, and I think to be
finalized in the Daily Mail during the previous week. It is clearly likely to
excite a lot of interest, and to be very damaging to the morale of the Security
Services.

I shall of course offer advice on the lines which the Government should
take when the book is published; but it would be premature for me to offer any
advice at this stage, until it has been possible to carry out a detailed study of
the book and to form a more definite view about the extent to which it has been
or sources for it. My present thinking is that it will probably be impossible to
take the neutral line of 'no comment'. On the other hand, I think it is
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prosecution. We are dealing here with inconclusive material, no doubt created
up by Captain Fincher to cause damage as possible, and the possibility of
libel action by some of those named or referred to.

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case or any other of the cases mentioned. If that one could really do would
to invite some independent person - for instance, a judge - to review the
investigation that have been carried out. But that, of course, is exactly what
Lord Trend did express view. To have that job done again would inevitably call
in question the Government's confidence in Lord Trend's review and the findings
thereof.

ROBERT ARMSTRONG

13th February, 1961

Security

25 June 1980

The Prime Minister has asked me to thank you for your letter of 24 June 1980.

She is grateful to you for writing as you did.

C. A. WHITMORE

Nicholas Elliott, Esq.

THE GARDEN HOUSE
STANFORD DINGLEY
READING
BERKSHIRE RG7 6LX
(0734) 744 371

NICHOLAS ELLIOTT

ME

24th June 1980

Dear Margaret,

The following may be already known to you. Just in case it is not, I thought I would warn you of it:

- (i) I was told over the week-end by someone who usually gets his facts right
- (a) that Anthony Blunt is writing his memoirs and
 - (b) that one of the Sunday's (probably the Sunday Times) has bought the serial rights
- (ii) Sir Roger Hollis (now defunct), a former head of the Security Services as you doubtless know, was under suspicion, before he died, both in Whitehall and Washington of working for the KGB. Harry Chapman Pincher has discovered this; and I would think it must now be known to a number of people outside the relevant services (past and present).

All this leads me, alas, to fear that the above could become public before very long.

Yours

Nicholas

Prime Minister.

X/ above is, of course, the story how Rashtin's son reported to you.

ME 24th

Security
JS

CONFIDENTIAL



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister your minute A02399 of 20 June 1980 and she has noted what Lord Rawlinson said when you saw him about Mr. Chapman Pincher's activities.

C. A. WHITMORE

24 June 1980

A large, stylized handwritten signature in dark ink, possibly reading 'KRB'.

CONFIDENTIAL

Ref. A02399

MR. WHITMORE

Your minute of 11th June.

2. I have now seen Lord Rawlinson and have put him in the picture on a Privy Counsellor basis. He will not seek Chapman Pincher out; but I said that, if Pincher came back to him, I thought that he might say that he had been sufficiently interested in Pincher's story to make some inquiries, from which he had learnt that the enquiries made had been thorough, and their outcome was reassuring.

3. Lord Rawlinson said that Chapman Pincher had now parted company with the Express newspapers and was free-lancing. The parting had not been amicable, and he was like a bear with a sore head.

4. He also said that Pincher thought that Campbell and Penrose were minded not to publish anything on this so long as Mr. Mitchell was still alive.

5. Lord Rawlinson was obviously glad that his approach to the Prime Minister had been taken seriously. He does not expect any response from her in writing.

REA

(Robert Armstrong)

20th June, 1980

CONFIDENTIAL

Prime Minister

To Mr.

RM

20th

about Sir Roger Hollis.



Security

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister your minute AO2313 of 10 June 1980 and the accompanying letter from Lord Rawlinson.

The Prime Minister thinks that there would be advantage if you saw Lord Rawlinson on a Privy Counsellor basis and put him in the picture, in the knowledge that he would pass on what he was told to Chapman Pincher.

(C A WHITMORE)

11 June 1980

CA

CONFIDENTIAL

Security

Prime Minister.

*Agree to discuss with
Sir Robert Armstrong after Cabinet
tomorrow?*

*Please see Lord
Rawlinson on
P-C basis.
me.*

*RMW
10 vi*

Ref. A02313

MR. WHITMORE

Lord Rawlinson has asked me to convey the attached letter to the Prime Minister. In it Lord Rawlinson warns the Prime Minister that Chapman Pincher is aware that Duncan Campbell and Barrie Penrose are working on stories about Sir Roger Hollis - no doubt similar to those about which Jonathan Aitken wrote to the Prime Minister earlier in the year. There is a strong hint that Chapman Pincher would like to be put in a position to pre-empt Campbell and Penrose, and would (for the sake of that) give a sympathetic presentation.

2. I should normally recommend a very long spoon indeed in dealings with Chapman Pincher. This instance, however, might be the case for an exception to the rule. Chapman Pincher will not wish to be scooped on his own territory by Campbell and Penrose, and might quite like to be able to scoop them instead.

3. I think, therefore, that it is for question whether we should brief Lord Rawlinson very much on the lines which we briefed Lord Charteris earlier for his conversations with Mr. Jonathan Aitken. On this basis I might write to (or, probably better, see) Lord Rawlinson on a Privy Counsellor basis, and put him in the picture rather in the same way as we put Lord Charteris in the picture, in the knowledge that he would pass on the relevant material to Pincher.

4. Perhaps I could have a word with the Prime Minister about this.

ROBERT ARMSTRONG

10th June, 1980

CONFIDENTIAL

From: The Rt. Hon. Lord Rawlinson, Q.C.

12 King's Bench Walk,
Temple,
London, EC4Y 7EL
Tel: 01- 353 5892/6

June 9th
—

Dear Prime Minister,

Harry (Chapman)

Pischer (late of the Express, &

for whom I appeared as counsel

in the D-Notice enquiry in the

60's) came to see me last

week. He spoke of the

preparation by the journalist

Campbell (of the "Colonel B. we."
wh. I argued is the head)
of an article arising out of
the Blunt case, & which wd.
lead to "exposure" that Roger
Hollis was under the direction
of the K.G.B. At the same time
Penrose (under supervision of
Bernard Donoughue) of the
Sunday Times was working
on a similar story for the
"Insight" column.

From: The Rt. Hon. Lord Rawlinson, Q.C.

12 King's Bench Walk,
Temple,
London, EC4Y 7EL
Tel: 01- 353 5892/6

Piicher ~~the~~ refused to accept
by Burke Tread, commissioned
by John Hunt.

All this was

confidential to me : I
expect Harry Piicher wanted
to know what I knew, since it
was clear that he wld. like to

pre-empt Campbell and/or Penrose
& wld. present the story more

"Symptomatically".

I write in absolute

confidence, since ~~the~~ ^{the} conversation

was personal & confidential

between Fincher & myself, but

I thought it important that (if

you did not know already) you

shld. be confidentially informed.

Yours ever,
Bill

SECRET AND PERSONAL

Security

21
65

Sir Robert Armstrong

I have shown the Prime Minister your minute A01804 of 26 March about the correspondence with Mr. Jonathan Aitken, M.P., about possible Soviet penetration of the Security Service.

2. The Prime Minister thinks it an excellent idea to write, as you propose, to Lord Charteris. She has, however, made a number of minor changes to the draft letter, with a view to softening it slightly, and I attach a copy of the revised version.

C. A. WHITMORE

31 March, 1980.

SECRET AND PERSONAL

TWR

PERSONAL AND IN CONFIDENCE

DRAFT LETTER FROM SIR ROBERT ARMSTRONG TO
The Rt. Hon. THE LORD CHARTERIS OF AMISFIELD, GCB, GCVO, OBE.
The Provost's Lodge, Eton College, Windsor.

When we met the other day, you told me about your conversation with Jonathan Aitken.

I understand your concern about what he had been told, and I am sure that the Prime Minister would not want you to think that either his letter or the matters referred to in it had not been taken seriously: they have been taken very seriously, and have been the subject of full reports to the Prime Minister. Her reply to the letter he sent her was brief, partly because of the obvious difficulties of discussing such subjects, and partly because the matters were not new to her.

It was pretty clear from Mr. Aitken's letter what the sources of his information were - and what you have told me he said to you confirms that. As I said, it was not new to us, and in one fundamental respect (I say nothing of other respects) it was wrong. It was not the case that the report to which he referred confirmed the suspicions about the two men concerned. Had Mr. Aitken's information on this point been right, his concern would indeed have been justified.

The position is, briefly, that these matters have been thoroughly investigated over a number of years; and the investigations have been reviewed in detail, with the result that they were confirmed as thorough and their conclusions were endorsed.

/ Of course

PERSONAL AND IN CONFIDENCE

- 2 -

Of course the investigation would immediately be resumed if any new information were to come to light; otherwise it is difficult to see anything more that could usefully and sensibly be done.

MR. WHITMORE

*could be quite understood
ve sentence with
question marks!
admirable to love do in the
letter a note. It is an
excellent idea to send
to Robert Charteris.
not.*

Prime Minister. 4

Your letter to Mr Aitken was
certainly short but it was friendly
and hardly a brush-off.
Agree that Sir Robert Armstrong
should proceed as he proposes, with
letter to Lord Charteris?
JH

You will remember the long letter which Mr. Jonathan Aitken MP

recently sent to the Prime Minister, about possible Soviet penetration in the
Security Service and the rumours said to be circulating in Fleet Street and
Westminster. As I told you in submitting a draft reply, it was evident that
the source of the contents of Mr. Aitken's letter must directly or indirectly
be Mr. Stephen de Mowbray, with whom this matter is a King Charles's Head.

King 'A'

2. It appears that Mr. Aitken felt that the Prime Minister's reply to him
was a brush-off. He recently approach Lord Charteris of Amisfield, as a
Member of the Privy Council, and asked him to draw the attention of the matter
to The Queen. Lord Charteris told Mr. Aitkin that he would certainly not
draw the matter to the attention of The Queen, but he said that he would mention
it to me. In telling me about this Lord Charteris said that he thought
Mr. Aitken was looking for ways of pursuing the matters in his letter; and he
said that he thought Mr. Aitken might respond favourably, if he was invited
by someone (e.g. the Secretary of the Cabinet) to come and say what his sources
were.

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OF THE PUBLIC RECORDS ACT

3. I am very reluctant either myself to see Mr. Aitken or to ask anybody
else to do so. On the other hand, I think that it might just be worthwhile my
writing a letter to Lord Charteris, which would in form be a letter responding
to his raising the matter with me, though it would be understood that he might
pass the gist of it - nothing in writing - on to Mr. Aitken. This would be a way
of getting it across to Mr. Aitken that the material in his letter had been taken
seriously; and that he was wrongly informed that the Trend Report tended to
inculcate the two men concerned.

SECRET AND PERSONAL

4. I have discussed this with Sir Howard Smith, who agrees that it would be useful for me to write accordingly to Lord Charteris. I attach a draft of the letter I propose to send.

5. I thought that I should give the Prime Minister a chance to comment, before I proceed. Hence this minute to you.

RA

(Robert Armstrong)

26th March 1980

PERSONAL AND IN CONFIDENCE

DRAFT LETTER FROM SIR ROBERT ARMSTRONG TO
The Rt. Hon THE LORD CHARTERIS OF AMISFIELD, GCB
GCVO, OBE. The Provost's Lodge, Eton College, Windsor.

When we met the other day, you told me about your conversation with Jonathan Aitken.

I understand your concern about what he had been told, and I am sure that the Prime Minister would not want you to think that either his letter or the matters referred to in it had not been taken seriously: they have been taken very seriously, and have been the subject of full reports to the Prime Minister. Her reply to the letter he sent her was brief, partly because the matters were not new to her and partly because of the obvious difficulties of discussing such subjects and ↑

It was pretty clear from Mr. Aitken's letter what the sources of his information were - and what you have told me he said to you confirms that. As I said, ~~none of it was~~ ^{not true} ~~new~~ and in one fundamental respect (I say nothing of other respects) it was wrong. It was not the case that the report to which he referred confirmed the suspicions about the two men concerned; ~~on the contrary; the report came to the conclusion that the strong balance of probability was that neither of the men concerned was what it was at one time thought possible that one or other of them might have been.~~ Had Mr. Aitken's information ^{on this point} ~~about the findings of the report~~ been right, his concern would ^{indeed} have been justified; ~~as his information was not right, his concern is ill-founded.~~ to us

The position is, briefly, that these matters have been thoroughly investigated over a number of years by competent investigators with the negative findings I have described; and the investigations have been reviewed in detail, with the result that they were confirmed as thorough and their conclusions were endorsed.

PERSONAL AND IN CONFIDENCE

Of course the investigation would immediately be resumed if any new information were to come to light; otherwise - ~~and, as I say, there was no new information in Mr. Aitken's letter -~~ it is difficult to see anything more that could usefully and sensibly be done.

PERSONAL AND IN CONFIDENCE



Security

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister has seen your minute A01421 of 18 February 1980 about Mr. Jonathan Aitken's letter of 31 January.

She agrees that a completely non-committal reply on the lines of your draft would be appropriate in this case, and I attach a copy of the letter she has now sent to Mr. Aitken.

CAW

21 February 1980

21 February, 1980.

Dear Jonathan,

Thank you for your strictly private and confidential letter of 31 January.

I was in fact aware of the allegations to which you refer, and I can assure you that I was already briefed on these matters. You will not expect me to comment on them, but I am nonetheless grateful to you for making sure that I knew about them.

Yours ever,

(SGD) MT

Jonathan Aitken, Esq., M.P.

Free with
draft

TOP SECRET AND PERSONAL

Prime Minister.

I am sure that it would not be prudent to give Mr Aitken anything other than a non-committal reply. Content with the draft letter?

Yes
18.ii.80.

Copy No. 1 of 6 Copies

Ref. A01421

MR. WHITMORE

3

attached

You handed me the letter which was sent to the Prime Minister on 31st January by Mr. Jonathan Aitken, MP.

2. The letter summarises rumours circulating among journalists about the penetration of MI5 by Soviet agents, and specifically about the possibility that Sir Roger Hollis, Director General of MI5 from 1955 to 1964, and his deputy Mr. Graham Mitchell, had been Soviet agents; and Mr. Aitken favours the Prime Minister with his advice, not only to brief herself fully, but also to prepare a House of Commons statement of great frankness, to set up a major independent inquiry into the allegations, and to make a major reform of the Security Services, amalgamating MI5 and MI6.

3. My predecessor gave the Prime Minister an account of the allegations and suspicions about Sir Roger Hollis and Mr. Mitchell and about the way in which they were investigated in the comprehensive briefing on Blunt and related matters which he submitted with his minute of 8th May, 1979. Briefly, following the defection of Philby, a number of leads suggested that there had been another Soviet agent at work in the Security Service. Sir Roger Hollis and Mr. Mitchell were two of the very few people whom these leads might have fitted. The case of Mitchell was thoroughly investigated from March 1963 to May 1964, and the conclusion was that the evidence was inadequate to support a finding of "guilty" and that he was more likely to be innocent than guilty. The case was reopened again in 1968 and Mitchell himself was interviewed in August 1970, after which Mitchell (who had retired in September 1963) was told that the Director General was satisfied that he had not been a spy. Mitchell is still alive.

4. The investigation of the suspicions of Sir Roger Hollis did not begin until 1968 and continued until 1971. No information was discovered to confirm the suspicion of espionage, and the then Director General of the Security Service was of the opinion that Hollis was not a spy. Hollis died in 1973; and no further evidence has come to light since then to suggest that he was a spy.

TOP SECRET AND PERSONAL

TOP SECRET AND PERSONAL

5. The leads which it was thought might have pointed to Hollis or Mitchell can all be accounted for no less plausibly in terms of known spies, including Blunt, Philby and Burgess. Philby's own symptoms of nervousness before his defection could be attributed to the knowledge (from his Soviet masters) that Golitsyn had defected and was talking, no less readily than to a tip off from a hypothetical spy still in the Security Service.

6.

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He came to the conclusion that Mitchell had probably been rightly cleared; that the case against Hollis was certainly "not proven", was not sufficient to support even a presumption that he was a spy - the assessment indeed is that it is 80 per cent probable that he was not a spy, and was not capable of being further pursued unless fresh evidence became available; and that, while it was regrettable that the inquiries into the Hollis case had not been started earlier and pressed forward more vigorously, there were no grounds for regarding the investigations as deficient either in thoroughness or impartiality.

7. The conclusions were explained to Mr. de Mowbray. He did not dissent from Lord Trend's views about the Mitchell and Hollis cases, he accepted that there had been no irregularities in the investigation of the two cases and that Lord Trend's inquiry had been objective and fair, and he accepted that no further post-mortem of the past could now be expected. But his misgivings about the conduct of the investigations were not fully allayed, and he sought

TOP SECRET AND PERSONAL

some assurances about the arrangements for the future. In particular, he asked for and was given an assurance that Lord Trend or some other such independent person would be brought in in the event of any future allegation of the kind in question against a member of the Security Service or MI6, and that Lord Trend would be kept in regular touch with the continuing investigation of the possibility of penetration of the Security Service. He asked for, but was not given, an assurance that those who (like himself) had been members of the original Working Party which investigated the two cases should also have independent access to Lord Trend. Mr. de Mowbray struck both Lord Trend and Sir John Hunt as having an "air of fanaticism" about him which failed to carry much conviction. They did not think that anything would fully satisfy him other than being put in charge of "penetration" investigations himself. In the hope of convincing him that his anxieties had been taken seriously and considered at the highest level, he was seen by the then Home Secretary (Mr. Jenkins) in November 1975.

8. At the time he appeared to be reasonably satisfied; but he reopened the matter in May 1976, and for the first time made it clear that he had been using the two particular cases as a tactical means of enabling him to raise at the highest possible level his anxieties not only about Soviet penetration of the British Security and intelligence Services but also about the vulnerability of Western intelligence services to Soviet "disinformation" techniques, and the complacency of those in charge of the Services in face of that threat. He was invited to supply a note on the basis of which his views on these matters could be put to Ministers. This note - a 60-page handwritten document - reached my predecessor in February 1978: Mr. de Mowbray had been preoccupied with domestic problems - the break-up of his marriage and subsequent divorce.

9. This note was much less concerned with penetration of the Security Service than with penetration of the Secret Intelligence Service, and set out in full his fears about disinformation. It was examined by the agencies and by Lord Trend. The note, with comments by the agencies on it, was submitted to the Prime Minister, Mr. Callaghan, who discussed it at length and very

TOP SECRET AND PERSONAL

thoroughly with Sir John Hunt and the heads of the two agencies. As a result Mr. Callaghan was reassured about the present state of the agencies and the measures which they took to protect themselves from penetration. He was not convinced that Mr. de Mowbray's allegations called for any further investigations into past events; and he was reassured by what he was told about current methods of recruitment, vetting and monitoring against penetration. Mr. Callaghan said that, if Mr. de Mowbray gave publicity to his allegations, he would be prepared to respond publicly on those lines.

10. Sir John Hunt then told Mr. de Mowbray that the Prime Minister had gone into the whole question very thoroughly and in considerable detail, as a result felt as reassured as he could be of the present situation, and did not intend to pursue the matter further. Mr. de Mowbray said that he was still not satisfied. He felt that there was a threat which was not being properly taken into account by the Anglo-American intelligence community.

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11.

12. Should the Prime Minister wish herself to read the Trend Report, there should be a copy available to you: one was sent to 10 Downing Street on 5th August 1975 under cover of a note from my predecessor to the then Prime Minister (the note itself ought not of course to be shown to the present Prime Minister, but there is no reason why the Trend Report should not be shown to her). I can of course provide you with a copy if you need one.

13. I attach a factual note of comments by the Security Service on Mr. Aitken's letter.

14. Mr. Aitken's account of the allegations against Sir Roger Hollis and Mr. Mitchell and of the Trend Report suggest that the source of the stories which he is reporting must be Mr. de Mowbray. I am afraid that it looks very much as if Mr. de Mowbray has been talking to Mr. Barry Penrose and

Do you
want to
see the
Trend
Report?

Vok at
p. 10
not

TOP SECRET AND PERSONAL

Mr. David Leach, who are conducting the Sunday Times investigation into all these matters following the Prime Minister's statement about Professor Blunt. In one important respect Mr. Aitken's account of the matter is of course incorrect: Lord Trend's Report did not conclude "that high level Soviet penetration had taken place and that Hollis was probably the Soviet agent responsible": indeed, its findings tended to the opposite conclusion, though the most cautious assessment was that the case against Hollis was "not proven".

15. It seems likely that Mr. Aitken is writing his letter at the prompting either of Mr. de Mowbray or of Mr. Penrose. In my judgment the Prime Minister would be well advised not to comment in any way on the substance of the letter. Whatever was said would presumably go back to Mr. Penrose and be the object of further investigative treatment. We had better wait until he has finished his investigations and published the result and then consider what (if anything) should be done about it. I accordingly suggest a brief reply to Mr. Aitken on the lines of the draft attached to this minute.

16. It is for consideration whether the Prime Minister should invite Mr. Gow to transmit her reply to Mr. Aitken, and should authorise Mr. Gow to say to Mr. Aitken, as he does so, that Mr. Aitken has got hold of the wrong end of the stick, and that the Trend Report, following a very full inquiry, concluded that, although it was as always virtually impossible to prove a negative, it certainly could not be proved that either Hollis or Mitchell had been a Soviet agent and that the clear balance of probability was that neither of them was. But I think that even this partial lifting of the veil would probably be ill-advised: it would be likely to whet the appetite of Mr. Aitken and those who would stand behind him for more, and to increase pressures for a full independent inquiry. I suggest therefore that the Prime Minister sticks to the completely non-committal reply proposed. *-1 agree*

RA

(Robert Armstrong)

18th February, 1980

TOP SECRET AND PERSONAL

DRAFT LETTER FROM THE PRIME MINISTER TO
JONATHAN AITKEN, Esq. MP

Thank you for your strictly private and confidential
letter of 31st January.

I was in fact aware of the allegations to which you
refer, and I can assure you that I was already briefed on
these matters. You will not expect me to comment on them,
but I am nonetheless grateful to you for making sure that I
knew about them.

Speed out

CONQUEROR
LONDON

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| DEPARTMENT/SERIES PREM 19 PIECE/ITEM 591 (one piece/item number) | Date and sign |
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From: Jonathan Aitken, MP



HOUSE OF COMMONS
LONDON SW1A 0AA

31/1/80.

Dear Prime Minister,

The attached letter deals at some length with an important security matter which I have already outlined to Ian Gow.

If you feel I can be of any further assistance in connection with it, or if there is any additional background information you would like to know, I am at your disposal.

With all good wishes

Yours sincerely
Jonathan Aitken

From: JONATHAN AITKEN, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

Ref : JWPA/ay

31st January 1980

STRICTLY PRIVATE AND CONFIDENTIAL

The Rt. Hon. Margaret Thatcher, MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister,

I am writing to you in your capacity as Head of the Security Services to alert you to certain developments and possible new disclosures arising out of the Blunt affair.

As you are aware, a great deal of information on this subject is still circulating among journalists on both sides of the Atlantic. Some of it has already been published, but the most dramatic disclosures of all may yet be forthcoming. My purpose in writing to you is first to forewarn you about some of the facts and allegations which could see the light of day. Secondly, to suggest that you should brief yourself fully on all aspects of this material in order to be able to make an immediate and appropriate response should the need for public comment arise. Thirdly, to suggest certain actions which you may like to consider taking either in advance of, or as a result of, the possible publication of the information concerned.

Perhaps I should first attempt to summarise from American and British sources the broad headings which the new material covers. This states or alleges :-

- a) That our Security Services were penetrated by Soviet agents at a far more senior level than that at which Philby, Burgess, Maclean, and Blunt were operating.

cont'd /2...



The Rt. Hon. Margaret Thatcher, MP
Prime Minister

- b) That the principal Soviet agents were Sir Roger Hollis, the Director General of MI5 from 1955 - 1964, and his immediate deputy, Mr. Graham Mitchell.
- c) That the damaging activities of Hollis that have so far been alleged included :
 - (i) warning Philby in 1963 of his imminent arrest.
 - (ii) thwarting the investigation of Graham Mitchell in 1963 (code named Peters) by refusing to approach Ministers in order to get authorisation for telephone tapping; refusing to let MI5 officers brief their opposite members in the CIA and FBI for cooperation on the case; and above all refusing to allow Mitchell to be interrogated despite overwhelming evidence that this was necessary and justified.
 - (iii) thwarting the interrogation of Blunt soon after his immunity had been granted in April 1964 by halting all interrogation of him for a vital two week period.
 - (iv) suspending and later effectively dismissing the head of MI5's Russian counter espionage section in order to obstruct his work on both the Blunt and Mitchell investigations.
 - (v) destroying some significant raw material of the Mitchell investigation in 1964.
- d) That as a result of great anxieties within the Security Services, and following a later review of the Hollis - Mitchell cases, Lord Hunt, the then Secretary of the Cabinet, in approximately 1975 asked his predecessor Lord Trend to write a report on the penetration of the Security Services. It is alleged that Lord Trend's

cont'd /3...



The Rt. Hon. Margaret Thatcher, MP
Prime Minister

report concluded that high level Soviet penetration had taken place and that Hollis was probably the Soviet agent responsible.

- e) That Hollis and Mitchell between them recruited other unidentified Soviet Agents into the Security Services. It follows from this that our Security Services may still be severely penetrated today.

I hope it is right to assume that both you and the Home Secretary have already been fully briefed on the history of most of the items outlined in paragraphs a) to e) above. If that is the case, and if you have read both the Trend report and the important accompanying memoranda on which the report is based, then my letter to you will be largely superfluous, although I hope you will at least find it helpful to receive prior warning of possible press disclosures, principally from American sources.

However, since it emerged from the Blunt affair that Prime Ministers have not always been given the fullest possible picture of the workings of the Security Services, I hope you will not think it presumptuous of me if I set out some further information which may be of assistance if you and the Home Secretary are not completely au fait with some of these matters. Perhaps the most coherent way of doing this is to trace certain threads of this story back from the situation that exists today.

Once you took the decision to confirm in your answer to Ted Leadbitter's Parliamentary Question of 15th November 1979 that Blunt had indeed been a Soviet agent, there was frantic activity by the media to follow up the story. During the week immediately after the publication in Hansard of your written answer, Blunt's close friend, the Kensington art dealer, Mr. Brian Sewell, gave extensive interviews to the press. In the course of these interviews Mr. Sewell gave away some vital clues which indicated that Blunt was only the tip of a far more sinister iceberg. Asked if there was a "Fifth Man" in the story, Mr. Sewell confirmed that there was and that he and Blunt had known him well. Mr. Sewell continued: "The man died full of honours. I don't want to ruin yet another reputation but if the Fifth Man is the

cont'd /4...



The Rt. Hon. Margaret Thatcher, MP
Prime Minister

Fifth Man then he is the First Man and you have to start renumbering everybody", (see Daily Telegraph 19th November and various U.S. newspapers passim).

This disclosure was enough to launch one or two expert journalists, who have been following the British Secret Service story for years, into a new series of investigations. It was obvious to them that Blunt could not conceivably have been allowed by his Soviet controllers to retire from espionage in 1945 unless there were other Soviet agents inside MI5. Moreover, information gleaned from certain Russian defectors, notably the CIA's Anatol Golystin in 1962, also confirmed the existence of a high Soviet source within MI5. Who was he? During the last three months, journalists have been chasing the trail of the late Guy Liddell, a former deputy director of MI5. However, it is now evident that Liddell was not a traitor, for the suggestion that he was has enraged former British and American intelligence experts into setting the record straight publicly, (see the interviews from Sir Dick White and William Skardon in The Sunday Times of 18th January), and has triggered off a new round of disclosures.

Now it has become clear that Liddell was not the Fifth or First Man, the thrust of press investigations may concentrate on other senior MI5 figures and reach the true story. You should, I suggest, ask to be fully briefed on the extraordinary saga of how Hollis and Mitchell came to be suspected, and of how Hollis first blocked the interrogation of Mitchell and then suspended and later dismissed from MI5 the head of the counter-penetration department, who had mounted the secret investigation of Hollis and Mitchell.

It is a story which has deeply concerned high ranking officers of the CIA, MI5 and MI6 for many years, and it is their concern which eventually led to the Trend report. I understand that Lord Trend's conclusions suggested that, although unprovable in a court of law in the absence of a confession, Hollis and Mitchell probably were Soviet agents. However, it also seemed likely that Soviet penetration of the Security Services had now ended, according to the report.

This sanguine view of the situation would be unlikely to satisfy American or British public opinion if the Hollis story were to become known. Already demands are building up for "an authoritative and comprehensive statement" on events within MI5 (see Robert Cecil's letter in The Times of 29th January) and these demands would surely explode into a major

cont'd /5...



The Rt. Hon. Margaret Thatcher, MP
Prime Minister

controversy if further disclosures occurred. My respectful suggestion is that you should at least prepare to forestall the expected explosion, and I would like to put forward the following ideas on how you might do this most effectively.

- 1) The paramount need is to set up a major independent inquiry into all these allegations, headed by a High Court Judge or Service Chief sitting in secret, supported by his own independent staff drawn from outside the ranks of the Security Services.
- 2) As a first step for this inquiry, Graham Mitchell, who unlike Hollis, is still alive and living in retirement, must be interrogated in depth and if necessary offered immunity in return for his cooperation.
- 3) With or without Mitchell's cooperation all members of the Security Services recruited in the time of Hollis and Mitchell should be re-vetted on a much stricter basis.
- 4) All files relating to the alleged treachery of Hollis and Mitchell should be reopened and comprehensively reviewed, and the officers and former officers engaged on that investigation should be asked to cooperate with that review as part of the independent inquiry.
- 5) As certain judgements and disclosures made in your own speech to the House of Commons on 21st November 1979 may well be seen in a more critical light in the event of the Hollis story becoming known, I think it might be wise to prepare a House of Commons statement of great frankness to defuse all such potential criticisms. If you did not know of the Hollis story when you took the decision to go public on Blunt, then I believe you should say so even though this would inevitably amount to a serious indictment of the Security Services.
- 6) Any such statement should include the announcement of a major reform of the Security Services. The objective of such a reform would be once and for all

cont'd /6...



The Rt. Hon. Margaret Thatcher, MP
Prime Minister

to close the chapter on past treacheries and penetrations and to restore confidence in the Security Services. One option to be considered would be the uniting of MI5 and MI6 into a single Security Service with a new outside Director General drawn from the Armed Forces.

In making these suggestions it may be that I am taking too dramatic and pessimistic a view of the impact that the revelation of the Hollis story could have on public opinion. But even if my pessimism is only half well founded, then I am sure that the drama would still be a big one. Nevertheless if any such drama does occur it is imperative that it does not adversely affect you or the Government. There is no reason why this need be so. Indeed, a major reform of the security services could be seen both as the right policy for Britain and as a firm and well handled decision by the Government. I hope you will feel that this letter is helpful to you in deciding what is the best course of action to take.

With all good wishes.

Yours sincerely

Jonathan Aitken

TOP SECRET

Secured
Prime Minister

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8/5

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Ref. A09495

PRIME MINISTER

Security of the Secret Services

I had been waiting until you had settled in to tell you the story about the Fourth Man and also about certain unsubstantiated allegations of penetration by Russian intelligence of the Security Service in the 1950s and 1960s: but since you will be seeing the Heads of MI5 and MI6 tomorrow you should perhaps be aware of the situation in advance, even if you do not have time to study these papers in detail.

2. The Fourth Man is in any case likely to become a matter of public interest during the summer with the publication of two books:

- (a) "The Russian Connection" by 'Richard Deacon' (G.D. McCormick).
- (b) An unnamed book by Andrew Boyle.

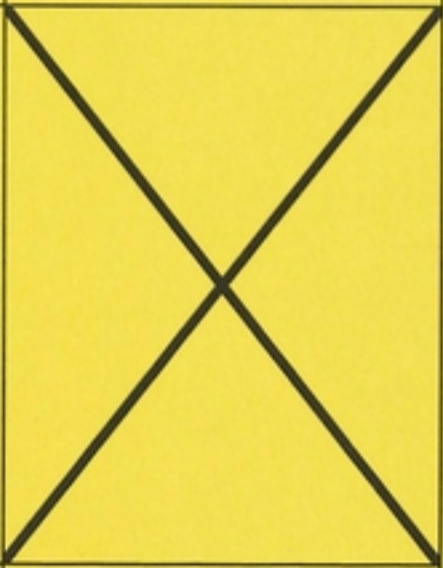
3. Both could cause embarrassment, since they will lead to the identity (but not actually name) a Russian spy known to Burgess, Maclean and Philby, who served in the Security Service 1940-45 and has had a distinguished artistic career since. He is Sir Anthony Blunt, who was Surveyor of The King's/Queen's Pictures from 1945 to 1972 and maintained a connection with the Royal Pictures and Drawings until 1978.

4. A paper about investigations into the security of the secret services is attached at Annex 1 and a more detailed paper about Blunt is at Annex 2. A possible statement, with notes for supplementaries, for use if and when the Blunt story becomes public knowledge is already in draft.

John Hunt
(John Hunt)

8th May, 1979

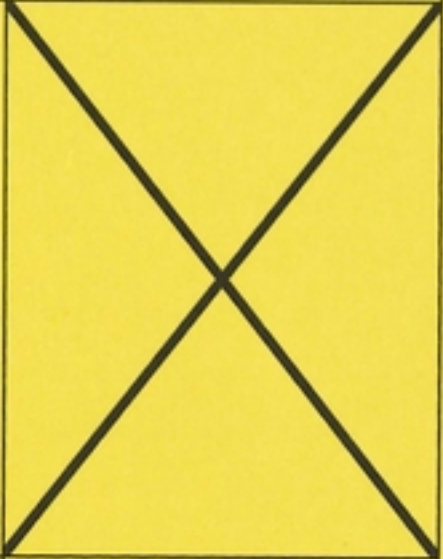
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