

Mr. Kirby
Pres Currier

Read with
8 Jan '68

Interest -

Bordella

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UNITED STATES GOVERNMENT

Memorandum

05 JAN REC'D

D33

TO : D33

DATE: 3 JAN 1968

FROM : S1

SUBJECT: State Department Messages

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8 Jan 68

1. Your Memo Routing Slip of 9 December 1967 is returned as Inclosure 1. The materials which were attached to it are also returned, i.e., an undated memorandum for SUKLO (Inclosure 2), and photographs of the Secretary of State's message to Chungking, No. 277, 28 November 1941 (Inclosure 3) and of his message to Tokyo, No. 796, same date (Inclosure 4).

2. Mr. Betts, S131, has obtained from the Department of State facsimiles of messages No. 277 and No. 796 in the forms in which they were released for encryption. They are attached as Inclosure 5 and 6, respectively. Mr. Betts learned from Miss M. Bierau (State) that:

a. The notation "SC" which appears on Inclosures 5 and 6, signifies that those messages were encrypted in a strip cipher system, using the M-138-A device.

b. No machine systems were operated by the Department in November 1941; the first use of a machine system was a month later on the link to London.

c. The Department has no reasonable interpretation of the words "In Machine Cipher" entered on Inclosures 3 and 4.

d. Mr. William Goodman of the Department was somewhat concerned about "digging up a dead body and beating it to death". In any publicity, he does not want statements made to reflect unfavorably on the Department. (Mr. Betts said that NSA sought no publicity at all and would respect his wishes.)

3. Inclosures 3 and 4 appear to be products of cryptanalysis by the Japanese. The strip cipher in question was vulnerable to cryptanalytic attack under a variety of conditions, including instances when messages or large portions of messages were in isolog or in depth. We probably would not be able now to assemble the small details of the cryptography used for those two messages, nor to



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measure with certainty the competence of the Japanese COMINT organization. It is apparent, however, that the large portion of identical text found in Inclosures 5 and 6 was sent in isolog, if not in depth. The Japanese COMINT organization is considered to have had the competence to decrypt those messages (and this evidently was done without the benefit of that particular isolog or depth). Miss Bierau provided some information about strips used, and method of extracting cipher from them. That information will be provided to you if it is needed.

4. In further comparison of Inclosures 3 and 4 with 5 and 6, it is evident that Japanese access to the texts was gained at some stage after they had been encrypted because of such features as sectioning. Inclosures 3 and 4 moreover contain a few gaps or discrepancies which might only be explained as bits of corrupt text encountered by a cryptanalyst, or by the addressee's cryptographer, but this latter thought may be ruled out because Inclosures 3 and 4 appear to have been done by the same typist on the same machine. While the pallet alignments of such words as "China" do not match in all cases, this may be the result of a loose "a" and this seems to be the case in the word "Japanese" in the first paragraph, Sect III, Incl 4. Examples of apparent garbles (with my italics) follow:

True Text
(Incl 5)

to furnish Japan a
required

from the Dutch East
Indies.

Apparent Garble
(Incl 3)

to...as and
required

from...but...

5. While we are unable to explain why the "machine cipher" legend appears on Inclosures 3 and 4, one fairly good possibility is that the Japanese COMINT organization succeeded in reading the traffic despite an inaccurate diagnosis of the system; they may have visualized mechanically operated wheels where there actually were strips. As another possibility, this legend might have been an instruction on how the text should be sent by the Japanese from one point to another. A third possibility is suggested in paragraph 6, below.

6. It is interesting to speculate about the use of the English language in Inclosures 3 and 4. The typist (who is also presumed to be the cryptanalyst) used English exclusively for headings, summary of text, and other notations beyond the English text itself. This might suggest that while the cryptanalyst was fluent in English, he did not know Japanese well enough to handle the translation. Other explanations are possible, but our reason for bringing up this point is that, if we can locate any work which was typed or hand-written by Yardley (Did he know Japanese?), it may be of some historical interest to compare the typing with the pronounced variations in key pressure shown in Inclosures 3 and 4, and with the few hand-written corrections in those Inclosures. If he had anything to do with Inclosures 3 and 4, we might suspect that he would call the system a machine cipher in an attempt to increase his stature as a cryptanalyst.

6 Incls:
a/s

J. R. Chiles

J. R. CHILES
Chief, S1

Memorandum for SUKLO

The enclosed copies were reproduced from material discovered in the course of a systematic search of the microfilmed Japanese documents deposited in the Library of Congress in 1953. The filming of these documents was undertaken with full cooperation of the Japanese Government by a team led by Dr. Glenn Shaw as part of a documentation program instituted somewhat earlier.

We were first led to this material as a result of a search for specific references quoted by Ladislav Farrago in his book The Broken Seal. According to Farrago, H. O. Yardley (of Black Chamber fame) sold out to the Japanese in ~~1930~~ 1930 for \$7000. He cited as documentary evidence of this "treachery" certain material appearing on reels UD-29 and UD-30 in the microfilmed Japanese archives in the Library of Congress. Suffice it to say, Farrago's allegations were fully supported by the evidence.

In view of this it seemed only prudent to make a thorough review of the entire microfilm collection on the off chance that there might be additional "interesting" items, hitherto unknown, on some of the other reels. As a consequence we are now engaged in, and have nearly completed, a reel-by-reel reading of the so-called "unindexed material". Disappointingly, little of real import has turned up, as perhaps might well have been expected. It might be worth pointing out that all this material, the entire Japanese Foreign Office file, is in the public domain and copies may be obtained from the Library of Congress upon request and receipt of a nominal fee.

The prints being furnished herewith include:

- a. The complete text in English of a message, Craigie to Eden, dated 30 Sep 1941.
- b. A scribbled note mentioning Yardley (in Japanese).
- c. Message Nr. 627, Foreign Minister to NOMURA, dated 3 Oct 1941 (translation of a portion of a. above).
- d. Message Nr. 628, ditto.

a. The Craigie to Eden message is quite obviously a decrypted copy made by an individual in possession of both the code book and the decipher keys. This is evidenced by its completeness and by the appearance throughout the message of an occasional underlined word (= garbled code group) followed by a questioned word in parentheses (= the most probable decipher). Our first thought was that this must be the very copy officially decoded and prepared by the Cipher Office at one of the points of receipt, i.e., London or Washington. Two factors, however, would seem to militate against the validity of this assumption; (1) Time - It would probably not have been possible to convey a piece of paper from either London or Washington to Tokyo in just over two days in September 1941. The text was received in the Japanese Foreign Ministry Communication Section on 2 Oct 1941 and a portion of it translated and sent to Nomura in Washington on the 3rd (v. Msg Nr. 627). (2) Format - While the text of the message itself might have been prepared in this form, the summary of its contents appearing just below the address seems out of place. Perhaps even more revealing is the spelling of the word 'cipher'

Incl 2

in the parenthetical notation (in figure cipher) with an "i" rather than a "y". It seems most unlikely that the F. O. would have adopted this Americanism.

The only logical explanation involves the use of a drop copy of the original cable as the source for this text. This is to a certain extent corroborated by the fact that the message bears in the right hand margin a caveat to return to the DENSHINKA (Communication Section) after reading. If we accept this we are forced to the conclusion that the Japanese, or someone working with or for them, had acquired the British cryptomaterials, and produced a decrypt on the spot in Tokyo.

The apparent involvement of Yardley in this affair is much more difficult of explanation. He had returned from two years in China early in the year, been hired by the Canadians and subsequently fired by them at the behest of the U. K. John Tiltman recollects that this took place in September 1941. Nothing has been found that would link him with the Japanese during this period and it is quite impossible for him to have been in Tokyo at this time.

b. The phrase "a message decrypted (KAIDOKU) by Yardley" appears in Japanese as "YA-DORE- niyori kaidoku seru.....(denpō)....While the note itself is a bit difficult to read there seems little doubt about the above. No explanation yet arrived at. Following is a translation of the complete text of the note:

A message decrypted (KAIDOKU) by Yardley, from the British Ambassador in Tokyo to the British Foreign Minister (Info to British Ambassador in U.S.) dated 30 September contained his opinions, the gist of which follows (Because of the source [of this information] it is for your information only) [one or two characters illegible -] "Ku" (Craigie) states that Grew is also of the same opinion. Minister met with Craigie, 28th, same night Craigie met with Grew.

c. The following is a translation of the introductory portion of message Nr. 627. The remainder of this message is the bracketed portion of the Craigie-Bien message of 30 September. It should be noted that the pencilled brackets appearing in the text would seem to indicate that this is the actual text from which the translation was made.

To: Ambassador Nomura, U.S.
From: Minister Toyota

Drafter: 3 October 1941
Nr: 38168
Sent: 6 p.m., 3 Oct 1941

Message No. 627 (Chief of Office Code; Private)

On 28 September I outlined my opinions regarding Japan-U.S. problems to Craigie, the British Ambassador who in shortly to go on a "leave" trip to the U.S. (He had planned to leave Nagasaki on the 30th and board the Coolidge at Shanghai on 4 October, but due to the illness of the Consul who was to be Charge d'affaires in his absence, he was apparently postponed his trip for about 3 weeks). I added that he could get further details from Ambassador Grew. I understand that he did meet with Ambassador Grew that night.

According to extremely reliable information, the Ambassador (Craigie), subsequently explained the need for speedy conversations and agreements between Japan and the U.S. to Foreign Minister Eden and Ambassador Halifax, expressing opinions in a message to them, the gist of which is contained in Separate Message No. 628.

Because of the source of this (information) this is strictly for your information only.

d. Full text of message Nr. 628.

To: Ambassador Nomura, U.S.
From: Minister Toyota

Drafter: 3 Oct 1941
NR: 281--
Sent: 6 p.m. 3 Oct 1941

Message No. 628 (Separate Message)
(Chief of Office Code)

1. With the resignation of Foreign Minister Matsuoka, there is an increased possibility of a shift from Axis policy to a more moderate policy.

2. The difficulties in the Japan-U.S. talks are, with the Japanese though time is of the essence, they cannot obtain anything more than a generalized understanding; the U.S., on the other hand is playing a delaying game, insisting on discussing each word and phrase of any proposed drafts. The latter shows a lack of understanding of the Japanese psychology or is ignorant of the fact that the normal situation of Japan does not permit any delays. It would be indeed regrettable, if such (lack of understanding or ignorance) should be the cause of missing the best chance for settling the Far Eastern problem since I assumed its post 4 years ago.

3. Prince Konoye sincerely desires the prevention of dangers which the Tripartite Pact and Axis relations, for which he has personal responsibilities have brought on Japan. In changing his policy from this stand, the Prince faces considerable opposition domestically, and unless the Japan-U.S. talks progress speedily, he will lose those who presently support a revision of national relations on, if by some chance, the talks end in a miscarriage or are unduly prolonged, the Konoye cabinet will face a crisis.

4. Though I realize that there are several difficult problems in the negotiations, both the U.S. Ambassador to Japan and I feel that to miss this excellent chance through undue amount of caution, would be exceedingly unwise.

Of course, it goes without saying that no lessening of its economic retaliatory measures should take place until Japanese foreign policy does an about-face, or, in other words, until the Konoye principles actually are manifested.

It is not expected that this will have any impact on current operations but it is hoped that GCHQ and/or the F.O. may be able to throw some light on this puzzle.

P.H. CURRIER

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Washington,

November 28, 1941

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\$ AMEMBASSY,

CHUNGKING (CHINA).

277

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It should be carefully paraphrased before being communicated to anyone. SC

STRICTLY CONFIDENTIAL FOR THE AMBASSADOR ONLY.

On November 20 the Japanese presented a five-point proposal for a temporary agreement in substance as follows:

One. The United States to refrain from actions prejudicial to Japan's efforts to restore peace with China.

Two. Both countries to remove freezing restrictions and to restore commercial relations. The United States to furnish Japan a required amount of petroleum.

Three. Both countries to cooperate in obtaining necessary commodities from the Dutch East Indies.

Four. Both countries not repeat not to make any armed advancement into areas of southeastern Asia and the southern Pacific except Japanese-occupied French Indochina.

Five. Japan to withdraw its troops from Indochina following either peaceful settlement between Japan and China or establishment of equitable peace in the Pacific area. In the interim Japan to remove its troops from southern Indochina to northern Indochina upon conclusion of this arrangement which would later be made part of a final agreement.

Enciphered by _____

Sent by operator _____ M., _____, 19____

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Washington,

The Department gave consideration to a number of alternate proposals and countersuggestions or combinations thereof which suggested themselves to the Department for possible presentation to the Japanese Government. At one time the Department considered the question of presenting to the Japanese Government, simultaneously with the proposal which was actually given them on November 26, an alternate plan for a temporary modus vivendi. The draft under consideration at that time called for a temporary modus vivendi to be in effect for a period of three months during which time conversations would continue toward the working out of a comprehensive peaceful settlement covering the entire Pacific area. At the end of the period of the term of the Modus vivendi both Governments would at the request of either confer to determine whether the extension of the modus vivendi was justified by the prospects of reaching a settlement of the sort sought.

The draft modus vivendi which we were considering contained mutual pledges of peaceful intent, a reciprocal undertaking not to make armed advancement in northeastern Asia and the northern Pacific area, southeast Asia and the

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Washington,

\$ southern Pacific area, an undertaking by Japan to withdraw its forces from southern French Indochina, to limit those in northern Indochina to the number there on July 26, 1941, which number should not be subject to replacement and Japan should not in any case send additional naval, military or air forces to Indochina. This Government would undertake to modify its freezing orders to the extent to permit exports from the United States to Japan of bunkers and ship supplies, food products and pharmaceuticals with certain qualifications, raw cotton up to \$600,000 monthly, a small amount of petroleum within categories now permitted general export on a monthly basis for civilian needs, the proportionate amount to be exported from this country to be determined after consultation with the British and Dutch Governments. The United States would permit imports in general provided that raw silk constitutes at least two thirds in value of such imports. The proceeds of such imports would be available for the purchase of the designated exports from the United States and for the payment of interest and principal of Japanese obligations within the United States. This Government would undertake to

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approach the British, Dutch and Australian Governments on the question of their taking similar economic measures.

At a certain point in our consideration of the draft modus vivendi the representatives in Washington of the British, Dutch, Australian and Chinese Governments were consulted.

On November 25 the Chinese Ambassador at his request called on the Secretary and sought to make profuse preliminary explanations of the attitude which Chiang Kai-shek had expressed in several telegrams through several channels to several addressees in regard to the draft modus vivendi which we were considering. The Ambassador handed the Secretary a copy of a telegram from the Chinese Foreign Minister stating that the Generalissimo felt the American Government had put aside the Chinese question and QUOTE is still inclined to appease Japan UNQUOTE at China's expense. In that telegram the Foreign Minister said he had told the Generalissimo that the Secretary of State had always evidenced the greatest respect for fundamental principles, that the Secretary's inquiry regarding the possibility of a modus vivendi indicated that nothing

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Washington,

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\$ had been as yet given to the Japanese; and the Chinese Foreign Minister went on to reassert China's firm opposition to any step increasing its difficulties or strengthening Japan's aggressive power.

The Secretary told the Chinese Ambassador that some progress was being made in conversations with the Japanese looking to broad-gauge peaceful settlement covering the entire Pacific; and that the Japanese were urging that such conversations for that purpose be continued.

The Secretary pointed out that Madam Chiang Kai-shek and the Generalissimo had only recently sent many vigorous long cables to Washington emphasizing the extreme danger to the Burma Road and appealing for aid. The Secretary said that one of the prime points of the draft modus vivendi which he and the President had under consideration was to protect the Burma Road from the imminent danger pointed out by Chiang Kai-shek. The Secretary said Chiang Kai-shek apparently failed to note that the draft modus vivendi would inter alia relieve the Japanese menace from Indochina to the whole south Pacific area including China and trade routes there. The Secretary pointed out that competent military opinion in this country was to the

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\$ effect that the limited amount of petroleum products Japan might obtain during the ninety-day period of the draft modus vivendi under consideration would not repeat not appreciably augment Japan's military preparations.

After careful consideration of all factors in the situation within the United States and in the general world situation, including the reaction and replies of the Governments mentioned above, it was decided that we should drop the draft modus vivendi which we had had under consideration.

The Department has informed you in separate telegrams of the documents handed the Japanese Ambassador on November 26 and of the conversation which took place on that date.

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Washington,

November 28, 1941

Charge to

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AMEMBASSY,

TOKYO (JAPAN).

796

This cable was sent in ~~CONFIDENTIAL~~ CodeIt should be carefully guarded and not
being communicated to anyone. SCSTRICTLY CONFIDENTIAL FOR THE AMBASSADOR AND THE
COUNSELOR ONLY.

Following the Japanese proposals of November 20, the Department gave consideration to a number of alternate proposals and countersuggestions or combinations thereof which suggested themselves to the Department for possible presentation to the Japanese Government. At one time the Department considered the question of presenting to the Japanese Government simultaneously with the proposal which was actually given them on November 26, an alternate plan for a temporary modus vivendi. The draft under consideration at that time called for a temporary modus vivendi to be in effect for a period of three months during which time conversations would continue toward the working out of a comprehensive peaceful settlement covering the entire Pacific area. At the end of the period of the term of the modus vivendi both Governments would confer at the request of either to determine whether the extension of the modus vivendi was justified by the prospects of reaching a

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Washington,

settlement of the sort sought.

The draft modus vivendi which we were considering contained mutual pledges of peaceful intent, a reciprocal undertaking not to make armed advancement in northeastern Asia and the northern Pacific area, southeast Asia and the southern Pacific area, an undertaking by Japan to withdraw its forces from southern French Indochina, to limit those in northern Indochina to the number there on July 26, 1941, which number should not be subject to replacement and Japan should not in any case send additional naval, military or air forces to Indochina. This Government would undertake to modify its freezing orders to the extent to permit exports from the United States to Japan of bunkers and ship supplies, food products and pharmaceuticals with certain qualifications, raw cotton up to \$600,000 monthly, a small amount of petroleum within categories now permitted general export on a monthly basis for civilian needs, the proportionate amount to be exported from this country to be determined after consultation with the British and Dutch Governments. The United States would permit imports in general provided that raw silk constitutes at least two thirds in value

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Sent by operator _____ M., _____ 19____, _____

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Washington,

of such imports. The proceeds of such imports would be available for the purchase of the designated exports from the United States and for the payment of interest and principal of Japanese obligations within the United States. This Government would undertake to approach the British, Dutch and Australian Governments on the question of their taking similar economic measures.

At a certain point in our consideration of the draft modus vivendi the representatives in Washington of the British, Dutch, Australian and Chinese Governments were consulted.

After careful consideration of all factors in the situation within the United States and in the general world situation, including the reaction and replies of the Governments mentioned above, it was decided that we should drop the draft modus vivendi which we had had under consideration. That draft modus vivendi was not repeat not handed to the Japanese, and the fact that this Government had considered a modus vivendi was not repeat not mentioned to them.

The Department has informed you in separate telegrams of the documents handed the Japanese Ambassador on November 26 and of the conversation which took place on that date.

Enciphered by _____

Sent by operator *WWS* M., _____

FE:MWS:HES/MJK/MHP

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