

The Swedish Legation in London and the Leak Problem.

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Abstract: During the Second World War, Sweden like other neutral states continued to have diplomatic staff in the principal belligerent states. This constituted an important source both for their own intelligence collection and for that of any belligerent able to tap into it. Simultaneously fears about leaks led naturally to the host security services maintaining a high level of surveillance of neutral activities. The case of the Swedish Legation in London is considered.

As Jan-Olof will show, SIGINT played a unique role in Swedish intelligence collection during the Second World War. However like every success, it had its limitations. For a start, the reading of British and American signal traffic was modest and even in the case of German traffic, where intelligence production reached impressive industrial proportions, there were still periods where regular coverage was non-existent or at best partial and selective. This was the case before the German Occupation of Norway in 1940 and after the middle of 1943, when German countermeasures had curtailed access to their most secret traffic. Fortunately Sweden, like other neutrals, was also able to rely on a steady flow of information from belligerent states and occupied territories where their diplomats were *en poste*, where their citizens lived and worked, where their journalists were stationed and where commercial business went on as normal. Sweden was on the whole well-served by its diplomats and service attaches. Yet it is perhaps worth remarking that some of the best Swedish Humint acquired abroad came not via diplomatic channels or through C-Bureau, the Swedish secret service, but from the banking brothers Jacob and Marcus Wallenberg who more or less divided the world between them and enjoyed privileged contacts with leadership circles in their respective domains. These contacts went beyond the realm of economics, finance and politics. While Jacob could and did, for example, chat to Schellenberg in Berlin, Marcus could and did chat to Desmond Morton in London. Other Swedes like Per Jacobsson at the Bank of International Settlements in Basle and Boris Hagelin whose company was

supplying cryptomachines to the US. Army may serve as two examples of Swedes well-placed to note various interesting developments. A striking and innovatory example of OSINT (open intelligence collection) was the mission of Evy Velandér. Trained as an electrical engineer, Velandér eventually headed the Royal Swedish Academy of Engineering Sciences. In the middle of the war, he was despatched to Washington where he served as Swedish Technical Attaché , with a remit to follow important technological developments in the USA. Through his contacts with people like Vannevar Bush, he too was well-placed to soak up useful information .

The function of all this Swedish intelligence gathering was **predictive** and **defensive**. Prediction went beyond the merely defensive in the sense that a rational and realistic conjecture about the progress and outcome of the conflict allowed Sweden room for manoeuvre so that it could tailor its own policies in response to an ever changing situation . The defensive need for advanced warning about any strategic moves by Germany and Russia seems clear enough from geography alone but even in the case of the Western states, there was a pressing need to monitor their strategic intentions. This had been clearly demonstrated during the Phoney War when Britain and France had considered various schemes for intervention in Scandinavia which would have put Sweden's own security seriously at risk. In short, Sweden had both the capability and the motive- indeed the need- to try to supplement its SIGINT with intelligence gathered in the time honoured manner via human agents of one kind or another.

While for the Swedes, such collection was quite uncontroversial and made perfect sense, their hosts were predictably much less enthusiastic. For belligerents and in particular for their security services, the presence of neutral observers and reporters on their territory posed a problem . The fear was naturally that these neutrals going about their business albeit in a permissible way would nonetheless scoop up sensitive information which would somehow leak to the enemy.

When one looks at the history of collisions between Swedish diplomats

and belligerent security services during the war, an imbalance can be immediately registered. Although Juhlin-Dannfelt, the Swedish military attache in Berlin, was at a very late stage in the war - in 1945 in fact threatened with recall at German request, because of his information-gathering activities, this belated threat came to nothing. Unluckier were certain Swedish businessmen (including one former Swedish military attache Carl Herslow) working in Poland, who were rounded up by the Gestapo in 1942 and threatened with the death sentence for their alleged activities on behalf of the Polish resistance. There were no cases of the recall of Swedish diplomatic personnel from Japan or Italy. That more or less sums up the Axis side of the equation. The Allied side presents a very different picture.

In Egypt, the Swedish Minister, Carl Ivan Danielsson, later wartime Head of Mission in Budapest, was pronounced in 1942 *persona non grata*, most probably at British request. In the same year, in the United States, the Swedish Assistant Military Attache, C.N. Wennberg found himself in hot water. It was alleged that he had acquired sensitive information by unauthorized methods although he himself claimed that he had simply made ingenious use of open sources. In Russia, both the Swedish Minister Assarsson and his Military Attache Major Nygren had to be withdrawn in December 1943. In all the foregoing cases, the charges were never fully explained and in Stockholm, UD- the Swedish Foreign Office- tended to the conclusion that the real root of Allied displeasure had less to do with information collection and more to do with the fact that the people who were thrown out had expressed political views which were strongly unsympathetic to their hosts.

In Britain too, the Swedish Legation, because of the confluence of various suspicions of leakage, became an object for particular study and surveillance by the Security Service and it is the British case that I want to deal with here.

In 1943, a gentleman later to be called "George Wood" who was employed in a confidential capacity in *Auswärtiges Amt*, got in touch with Allen Dulles in Switzerland and delivered as part of his bounty a number of secret telegrams belonging to his employers. It signalled the beginning to

one of the HUMINT success stories of the war. It was also the start of one of the most important British counterespionage investigations of that conflict. For among the telegrams to be supplied by George Wood, there was one indicating apparently the presence of hitherto unknown high level German sources in England. Since after routine testing, it could be shown that other Wood telegrams were undoubtedly authentic, it was therefore only common sense to investigate the matter further. So after the arm of Felix Cowgill at SIS had been twisted sufficiently to get him to turn over these American revelations to his colleagues at MI5, the British Security Service settled down to get to the bottom of the puzzle. The preliminary investigation, although sceptical of the quality of the material being reported, established that these putative German sources in England were somehow linked to a German intelligence officer in Stockholm called Krämer. The spotlight was now focussed on this Swedish connection and the mysterious Dr. Krämer.

As it happened, the British security organs had by this time quite independent reasons for being interested in Sweden which went far beyond a concern with one particular spy. Indeed it was not simply the leakage to *German* intelligence that was the problem.

Although Tiltman had early on done important early work on Japanese signal traffic, a concerted attack on Japanese Military Attache traffic had to wait until 1942 when a Japanese Military Section was established at Bletchley and British - American cooperation on JMA could eventually get under way. When the fruits of these labours began to be regularly delivered, the British were in for a nasty shock in the shape of an intercept which was judged so important that it was included in a batch of intercepts handed over by C to Churchill in July 1943. The intercepted telegram had been sent by the Japanese Military attache in Stockholm, Makoto Onodera, to Tokyo on June 25th and began as follows:

Swedish General Staff Intelligence (based on a report of their Military Attaché in England).

(1) The British supreme command has decided to make an all-out attack of SICILY. Only the date has not yet been arranged.

It then went on to supply information about the mobilisation of pertinent British forces in North Africa. It will be recollected that Operation Husky- the Allied invasion of Sicily - took place on the night of 9-10th July. While everyone has heard of Operation Mincemeat, the British deception operation to divert German attention from Sicily, you are probably the first audience to have heard of Onodera's telegram. Whatever it's final concrete significance- and in terms of German countermeasures, it was probably nil- his information was spot on target as Churchill himself realised for he scribbled at the bottom of the telegram:

"Why do we allow these military attachés to spy on us in this way? What do we get in return?"

The crisp and logical answer was: the reports of Captain Denham, the British naval attache in Stockholm! But this was hardly the reply expected of those British intelligence and security officers who were on the receiving end of the Prime Minister's indignation.

According to Onodera, his information had come from the Swedish Defence Staff which in turn had received it from their **military** attache in London. As it happens, British attention at the time was firmly focussed on the Swedish **naval** attache, the charming Count Oxenstierna who in the eyes of his secret watchers had blotted his copy book on more than one occasion. His list of sins included first a particularly devious attempt to acquire information about a new British anti-submarine device called HEDGEHOG, second a far too intimate relationship with certain young ladies employed by the Admiralty's Operational Intelligence Centre OIC, a highly sensitive British defence installation dedicated to the exploitation in anti- submarine warfare of Bletchley Park's interception and decryption of German signal traffic and third the fact that he had reported back to Stockholm informing them that there were no defences at the important Loch Long torpedo experimental station, a fact which in British eyes was surely of more interest to the Germans than the Swedes.

A diplomatic war of words began to be waged between Stockholm and London with the Security Service pressing for the Count's recall and in due

course the count was in fact recalled rather than being declared *persona non grata*. But no sooner had the Count vanished from the scene than another leak threat was identified. This was the Swedish Air Attache Cervell, an able and tireless collector of intelligence and a cheeky chappie who when refused information by the British trundled along to the Americans in London to see if they would be more forthcoming- which they often were. By the autumn of 1943, all Swedish institutions and their personnel in Britain were the object of intensive surveillance. The Security Service had its agents usefully cultivated within the Legation itself by Tony Blunt and his team, and within the important Swedish courier airline ABA which flew between Scotland and Stockholm. This coverage in Britain itself was eventually significantly broadened when in 1944 the SIS succeeded in gaining access to Krämer's flat in Stockholm and more importantly managed to recruit a young teleprinter operator in the German Air-Attache's office. It should be noted that British intelligence and security were handicapped with respect to Sweden in the domain of SIGINT. Bletchley did not break Swedish diplomatic traffic on a regular basis nor had it Y-service access to the signal traffic between the German Legation in Stockholm and Berlin since it went by landline. So a recourse to HUMINT in its various forms was vital.

As a result of all the surveillance, it was concluded that Cervell's reports were dangerously well-informed and probably being leaked to the enemy. This time a different diplomatic approach was employed in trying to deal with the problem. Cervell was known to be especially close to the Head of the Swedish Airforce, Bengt Nordenskiöld. An RAF officer was therefore specially despatched to Stockholm with the task of speaking personally to Nordenskiöld, and persuading him to cool Cervell's ardour in collecting information. This approach certainly cut out diplomatic friction between Sweden and Britain much to the British Minister Mallet's delight but it hardly satisfied the British Security Service who continued to watch Cervell from the shadows with mounting unease. Indeed Cervell's career was probably saved by the bell with the end of the war for there were moves afoot to have him declared *persona non grata*.

How did Stockholm react to these British concerns about leakage? Well

they were not slow to threaten countermeasures (a call for the withdrawal of Henry Denham) and certainly did not acknowledge to the British that there were grounds for disquiet about leakage. In this game, a poker face is *de rigueur*. However the plain truth is that they themselves were abundantly clear that there were grounds for suspecting that information was leaking to the Axis . They had been told so on more than one occasion by their own military attache in Berlin, Juhlin-Dannfelt who had been tipped off by a high level German staff contact. In addition, FRA the Swedish SIGINT establishment had intercepted and solved a German *Geheimschreiber* telegram at the beginning of 1943 explicitly naming Oxenstierna and providing more or less *verbatim* one of his reports about an impending British naval operation and the possibility of Norway as a target. Postwar internal Swedish investigations revealed other channels of leakage.

Wartime Swedish curiosity about likely British military operations had been a bugbear to the British. But there is a paradox here that often passes unnoticed. As we know, the British accorded great status to the fine web of deception spun by the London Controlling Section and the Twenty Committee. Some of these schemes- Operations Graffham and Fortitude North spring to mind- made use of putative operations directed at Norway and intended to distract German attention from other theatres of likely attack. The net result was that the more the British hinted at such operations, the more Sweden's own intelligence service had legitimate reason for investigating the reality. Thus while on the one hand, one part of British security was trying to ween the Swedes in England away from prying, another part of the security apparatus was indirectly whetting their natural curiosity.

Be that as it may. All's well that ends well. The British could console themselves that the leakage via Swedish channels had *not* been more serious. The Swedes, on the other hand, could reflect that apart from Oxenstierna's recall, things had not turned out too badly in John Bull's Island. The British, if they had hard feelings, politely kept them to themselves and appeared in fact anxious to obtain Swedish postwar

collaboration in the Baltic and North, where the shadow of the Soviet Union now loomed large. Even the old German and Japanese intelligence services could take a mite of consolation in the outcome. True, many of their sources and channels in Sweden were identified and exposed. But all of them? The Krämer case, for example, which generated vast quantities of paper in the files of both the British and Swedish security services ended curiously unresolved with more questions than answers. Krämer talked and talked and seemed to spill the beans. But as Friedrich Nietzsche once shrewdly remarked: talking a lot about oneself is a way of hiding oneself. With this psychological insight about verbosity fresh in our minds, it is also time for me to stop talking.