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During the First World War the machinery of domestic counter-espionage in Britain grew at an alarming rate. In July 1914 the military unit working to locate German agents numbered only four officers, three attached detectives, and seven clerks, with a budget of just £6,000–£7,000 per year, while the Special Branch of the Metropolitan Police, which carried out much of the routine investigation of suspected spies, was limited to 112 men of all ranks, and a budget of about £19,000. By the time of the November 1918 armistice, however, the military establishment had expanded to almost 850, while the civilian Special Branch had grown to command the services of 700 officers, and the two organisations combined were spending well over £200,000 each year.¹ On top of this the wartime Defence of the Realm Act had added greatly to their ability to investigate, seize, or detain, and as the head of the Special Branch later admitted, ‘the police had greater powers conferred upon them than they are ever likely to have again’.²

But in addition to this increase in resources for the central organisations came also a proliferation of lesser intelligence bureaux, which dabbled in domestic counter-espionage. As one military writer noted in 1921, during the war ‘the study and combating of alleged enemy activities . . . coupled with the general appetite for free spending and loose thinking’ had supported the formation of numerous semi-independent intelligence organisations – some of them of questionable value:

Few Government departments, especially the temporary ones, thought themselves complete without an Intelligence Service and some even embarked on a sort of Secret Service . . . Mysterious offices cropped up everywhere, mysterious individuals . . . jostled each other in the ante-rooms of the public offices. Some, more mysterious than the rest, appeared to secure direct access to the Cabinet and were no doubt responsible for some at least of the outrageous canards which followed each other in rapid succession during the last months of the war.³

This rapid growth of new intelligence units was also noted by Basil
Thomson, who from 1913 to 1919 had responsibility for the Special Branch as Assistant Commissioner of the Metropolitan Police. As he wrote in 1922:

Every new Ministry created during the War almost inevitably formed an ‘Intelligence Section’ . . . nearly all these co-operated closely with one another, but there was overlapping and waste of energy, to say nothing of the inevitable waste of money.  

Some of these new organisations put their main effort into frustrating enemy influence in neutral countries, and were therefore easily justified, but a substantial amount of energy was nevertheless expended on domestic problems which lay well outside the military sphere. Indeed, as the Daily Herald claimed in 1919, it seems that when faced with domestic unrest the wartime government ‘strengthened and enlarged its system of espionage’ far beyond the limits of the small defensive organisation which had existed in 1914:

The Ministry of Munitions . . . developed a spy department of its own, with the special function of carrying on espionage in the workshops. Police officials, usually in disguise, visited labour meetings, and repeated attempts were made – sometimes with success – to induce actual workers, including shop stewards, to act as spies on behalf of the Government . . . Nor were the employers idle. Certain of the big firms and associations had spy services of their own to spy upon their employees, and it was more than suspected that these agencies were closely in touch with the Government espionage system.  

In fact, it is evident that much of the rapid wartime expansion of domestic counter-espionage came not in response to a growing threat from enemy spies, but through the increasingly widespread use of numerous semi-independent counter-espionage units in investigating dissident groups. Much speculation remains, for the continuing ban on the release of the surviving official files makes it difficult to evaluate contemporary rumours – or even to understand those few papers which have up to now escaped the weeding. However, some light can be thrown on this growth of counter-intelligence, and on the role of espionage in the British government’s response to industrial unrest and political opposition, by examining one of those shadowy counter-espionage bureaux hinted at by contemporary observers – the labour intelligence department of the Ministry of Munitions, otherwise known as P.M.S.2.
The ‘Intelligence Section’ of the Ministry of Munitions was formed on 19 February 1916, some nine months after the creation of the Ministry itself, but its origins lay in the preoccupations of the military counter-espionage unit during the first year of the war. This unit – known first as MO5(g) – had from the start worked outside the War Office under the command of Lieutenant-Colonel Vernon Kell, and had been allowed substantial independence. On the outbreak of war in August 1914 its staff was enlarged to a total of 19, and, after a remarkably successful operation in which they apprehended all the principal German agents operating in England, Kell began to refine its operations. Before 1914 the unit had not only co-ordinated the investigation of suspected spies, but had also supervised the framing of legislation with respect to counter-espionage, and the compilation of a large central register of resident aliens and other potential agents. Kell now divided these functions between distinct ‘Detective’, ‘Preventive’, and ‘Administrative’ branches, and on 1 October 1914 established them as formal sub-divisions of MO5(g):

**MO5(g) A. Investigation of espionage and cases of suspected persons.**

**MO5(g) B. Co-ordination of general policy of Government departments in dealing with aliens. Questions arising out of the Defence of the Realm Regulations and the Aliens Restriction Act.**

**MO5(g) C. Records, personnel, administration and port control.**

Kell himself took command of MO5(g)A, while sub-division MO5(g)B came under his deputy, Eric Holt Wilson, who was officially instructed ‘to expose and frustrate the clandestine activities of enemy aliens under whatever form they may be encountered’.

If Vernon Kell’s idea of counter-espionage had been simply the arrest and punishment of those German agents known to be operating in Britain, then MO5(g) would not have developed further, and would have continued as a small central unit of a few dozen specialist officers, working in close association with the police. Kell, however, was firmly convinced that behind the small network of German agents which was known to be gathering naval information before the war, lay an even larger and far more secret military organisation dedicated to sabotage, and much effort thus went to discovering its operations. Before 1914 serious assessments of the hidden danger ranged from warnings of spies instructed ‘to prepare for the destruction of vital points, and to create panic’, to reports of agents sent to investigate the Admiralty’s coal supply ‘with the intention of wrecking mines on the outbreak of war’, and lurid
images of ‘Germans already in motor cars with explosives plus full information waiting for instructions to destroy our ammunition reserve’. In August 1914, on the strength of these dire warnings, the whole of the Special Branch was not unnaturally committed to the investigation of such ‘conspiracies to commit outrage’ among enemy aliens, and embarked on a thorough search for evidence ‘in the houses of Germans and Austrians, in their clubs, and in all places where they were likely to resort’. No firm evidence of hostile intent was ever discovered, but by the end of the month the Commissioner of Police had become sufficiently alarmed to advocate the arrest of all enemy aliens who might conceivably ‘cause fires in the central portions of London and indulge in other proceedings calculated to create alarm and panic’.

These frantic investigations continued over several months. By the end of November 1914 the Special Branch was forced to conclude from evidence gathered in 120,000 inquiries and 6,000 house searches that enemy aliens were not organised ‘for carrying out hostile acts’, but this could not calm the fears of sabotage. Military experts had from the start felt ‘that men who were to carry out demolitions . . . were not likely to be resident in the country’, and thus a simple lack of evidence could not prevent their introducing ‘rigorous measures’ designed:

to prevent the establishment of any fresh organization and to deal with individual spies who might previously have been working in this country outside the organization, or who might be sent here under the guise of neutrals after the declaration of war.

Fear of organised sabotage thus extended into 1915, and was carefully adapted to the changing circumstances. As the expected war of movement decayed into a war of attrition, so the agents who had once been presented as a threat to the rapid mobilisation of troops were gradually seen as a greater threat to the supply of munitions. There was no firm evidence to support this new evaluation of the danger but, as Holt Wilson later admitted, MO5(g) could never be entirely certain that German agents had not entered the country ‘in the early days of the war . . . during the big flight of refugees from Belgium’, although by April 1915 more than 4,000 such immigrants had obtained jobs in armaments factories. Thus in June 1915, in a new drive to frustrate organised sabotage, Chief Constables were asked to compile full reports ‘on any fires . . . in factories where Government contracts are being executed, or in docks, railways, or other public works, if there is any ground for suspecting incendiariism by enemy agents’.

It was later admitted that during the war ‘no act of destruction or incendiariism was committed in the United Kingdom by enemy agents’, but as 1915 progressed the weight of evidence seemed to pull in the
opposite direction. The growing need for munitions, particularly artillery shells, seemed to increase the danger from sabotage in armaments factories, while at the same time a number of unexplained fires and explosions supported fears that a co-ordinated campaign was about to begin. The major disruptions of munitions supply in this period were later traced to problems of 'hurried design, improvisation of plant and of workers on a huge scale, and unskilled inspection', but the Ministry of Munitions – formed in June 1915 to safeguard the supply of artillery ammunition – eagerly accepted more sinister explanations. When fire broke out in the Ardeer factory of Nobel's Explosive Company during July 1915, the police were content to blame inexperienced workmen, but the official inquiry in August reached a quite different conclusion. Guided by a belief that 'the enemy would be only too glad to bring about by any means whatsoever an explosion in a factory such as that of Messrs. Nobel', the panel of experts suggested that the real cause of the fire was 'an enemy agent who had gained access to the Factory as a respectable workman', possibly through the use of 'fraudulent or forged papers'. Such arguments apparently impressed the new Minister for Munitions, David Lloyd George, for after a second explosion at Woolwich Arsenal in early September 1915 it was made known that he wanted 'some kind of enquiry instituted at once about the antecedents of all workmen employed in danger departments ... as he fears foul play on the part of enemy aliens'.

II

The matter finally came to a head at the end of September 1915, when Lloyd George was approached by Colonel Sir Frederick Nathan, the former manager of Nobel's Ardeer factory who represented the Ministry of Munitions on the committee of inquiry into the July 1915 fire. Nathan was by this time firmly convinced of the threat from German saboteurs, and thus strongly advocated a special 'intelligence service', designed:

(a) To obtain information of any intended act of sabotage and so enable steps to be taken to frustrate it.

(b) To investigate all cases of suspected sabotage in order to ascertain the true cause and to apprehend the guilty persons.

Nathan had talked the matter over with Lieutenant-Colonel Ralph James, head of the War Office 'Home Defence Section', and together they proposed the formation of a secret military unit of picked men, fluent in German and with 'a knowledge of the properties of explosives, and of the methods by which enemy agents are likely to attempt to cause explosions'. They suggested that the unit be allowed a budget of
£1,500–£2,000 per year, and that it be established in the first instance for a trial period of 'some three or four months'. Lloyd George gave the scheme his immediate approval.  

The original plan was apparently for this secret unit to work under Lieut.-Col. James in War Office subsection MT1, but its functions were far more closely related to those of Vernon Kell's counter-espionage organisation—now known simply as MO5. Kell was not necessarily jealous of rival agencies, and by this time was indeed prepared to accept 'a system of secret police . . . subject to inspection from time to time by the Home Office and War Office' which would work independently to watch aliens in munitions factories, but Colonel Nathan's plans for infiltration and investigation seemed particularly ambitious. For this reason it would appear that the idea of a new anti-sabotage unit was finally shelved, and responsibility for monitoring aliens in sensitive employment was given instead to Holt Wilson's counter-espionage branch—now known as MO5(f). The idea of an independent organisation then lay dormant until the following year, by which time Kell's unit had grown to 58 officers, so that he could safely transfer a section of Holt Wilson's branch to the Ministry of Munitions on 19 February 1916, with full authority 'to deal with aliens and others employed on munitions and auxiliary war services'.  

The new aliens unit was attached to the office of Colonel Arthur Lee, Parliamentary Military Secretary to the Ministry of Munitions, and operated from a London office near the Strand, under the title 'Ministry of Munitions Labour Intelligence Division' (MMLI). Its chief officer was Lieutenant-Colonel Frank Labouchere, who was authorised to act 'for the purpose of protecting munitions factories from espionage and sabotage, and to make enquiries with respect to aliens coming into munitions work'. As a later account noted, the unit had indeed a benevolent aspect:

> It was quite obvious that among the mass of people employed in the manufacture of munitions all over the country, there had to be a great number of aliens, and very many suspicious circumstances which came to the Government rendered it necessary that some form of Secret Service should . . . watch over the interests of the bona-fide working men of this country, who were liable to run into considerable danger through the undoubted activity of German agents and spies.

At first a large part of the work of MMLI was indeed dedicated to a routine examination of the credentials of aliens who applied for work in munitions factories. On 30 March 1916 an Order in Council laid down that all aliens working on armaments had to register with the Ministry of
Munitions and carry an identity book. Even if an alien could produce satisfactory references he would still face investigation by the local police, but MMLI nevertheless carried out its own independent enquiries through employers. As one official noted in April 1916:

papers of every alien employed in a munitions factory have to be sent up to MMLI for examination, and emissaries from MMLI go to the factory to examine the alien personally, if necessary.\(^\text{27}\)

In keeping with its brief to prevent the infiltration of German agents from abroad, the unit thus aimed to establish with certainty the nationality of all aliens applying for registration, and their examination was said to be ‘particularly searching in the case of neutrals imported through labour recruiters or of Belgian refugees who claim to have escaped out of Germany or Belgium recently’.\(^\text{28}\) During these thousands of investigations Labouchere’s officers worked closely both with Scotland Yard and with Kell’s parent organisation, and thus came to have such influence in the employment of aliens that, as was noted in 1917, they effectively ‘granted permission to work on munitions’.\(^\text{29}\)

However, MMLI was also responsible for advising employers on security at their factories, and for the investigation of suspected sabotage—which could be anything from the destruction of plant to the production of faulty artillery shells which exploded on firing. As Lieut.-Col. Labouchere recalled of his unit after the war:

When that department of the Ministry of Munitions was formed, things were critical. It was found that many shells were being tampered with, and the enemy was very active in this country. There were also inexplicable fires, and the object of the department was to ascertain, if possible, what was going on behind the scenes.\(^\text{30}\)

Herbert Booth, an officer who joined the unit in September 1916, also reported on this aspect of the work, noting how:

There were suspicious fires, and when the police and the fire brigade could give no explanation he was sent down to see whether the fire was incendiary or accidental. There were also cases of ‘duffing’ fuses, and when there was a sudden high percentage of bad work turned out of a factory he and others were sent to investigate.\(^\text{31}\)

Similarly, Lieutenant Frederick de Valda recalled that on joining the section in November 1916 he was sent first to the shell-filling factory at Barnbow-Crossgates, ‘to report on the way in which the stores were safeguarded against outside interference’.\(^\text{32}\)

Such arduous duties of registration and inspection occupied MMLI for
the first few months of its existence, but in May 1916 there came a radical shift of emphasis. The immediate cause was a debilitating series of disputes on Clydeside during the winter of 1915–1916, which hardened resistance to the official scheme of labour dilution, and brought to prominence local shop stewards committed to opposing the Munitions of War Act. The Ministry of Munitions was at first uncertain how to proceed, but in January 1916 Lloyd George announced that he had 'made up his mind to enforce the dilution of labour in Glasgow', and a plan was put into operation which anticipated trouble and proposed the use of Special Branch officers in monitoring the activities of potential opponents. Determined that dilution would be pushed forward, the Ministry then despatched a special three-man commission to the Clyde, and allowed the chairman, Lynden Macassey, to establish his own secret organisation which would report on industrial unrest. As Macassey duly informed the Ministry in February 1916:

I have organised an intelligence system within particular works in the Clyde district where trouble is to be apprehended ... My arrangements will enable me to be kept fairly well informed as to the steps which the Clyde Workers' Committee are taking to organise the strike.

By the middle of March 1916 Macassey's secret service network was said to be making 'great progress', but this feverish activity concealed a rapid decline away from accurate reporting and towards ignorant alarmism. The spectre of enemy influence once more loomed large, and by the time a new strike broke out on 17 March 1916 Macassey had apparently been convinced by his agents that there was 'German money at the back of all this'. As a result he advocated swift action against the Clyde Workers' Committee, and at the end of the month ten of the strike leaders were forcibly deported from the area — although it was soon realised that this served only to transfer to other areas the Clydeside pattern of industrial action, with its heady mixture of syndicalism and industrial unionism.

Alarmed by sensational accounts of a 'considerable anti-British conspiracy' spreading though the munitions industry, and clearly worried by persistent rumours of German involvement, Christopher Addison, Parliamentary Secretary to the Ministry of Munitions, now asked Macassey to draw up plans for a national intelligence network. Macassey, who was already contemplating the extension of his private system to cover Tyneside as well as the Clyde, responded with a grandiose scheme for monitoring labour unrest 'in particular districts of the country':

to enable the Ministry to know and appreciate current industrial feeling and to apply appropriate remedies or adopt the right line
of action, and when strikes . . . occur, to be in a position to control
them by finding out the ring-leaders and dealing effectively with
them.36

The Ministry approved this scheme in outline, but to Macassey’s disgust
directed that the new intelligence department should be attached to
MMLI rather than to the Clydeside organisation. On 10 May 1916
Addison thus turned the matter over to Lieut.-Col. Labouchere, noting
afterwards that he was ‘to organise without delay a proper protection
service, for Filling, Explosives and other Factories’, and had been
empowered to reach an agreement with Macassey about work on the
Clyde.37

III

Labouchere now set about expanding his aliens unit into a national
intelligence organisation, and in June 1916 the section went under-
ground, the Ministry cautiously changing its title from MMLI to the
deliberately misleading ‘P.M.S.2.’ (signifying ‘Parliamentary Military
Secretary Department, No.2 Section’) on the grounds that ‘MMLI
conveyed too much information as to the functions of this Branch’.38
P.M.S.2 continued to be responsible for monitoring aliens in munitions
factories, but Labouchere added a second branch to handle intelligence
on labour unrest – apparently placing it first under the command of a
police officer named Douglas Straight, but later transferring it to Major
William Melville Lee, brother of the Parliamentary Military Secretary,
after protest from Macassey.39 Through a subtle transformation the unit
was now responsible for investigating not only sabotage, but also strikes,
impending strikes, and all ‘labour unrest . . . likely to interfere with the
output of munitions’. Indeed, by the time Lieutenant Frederick de Valda
joined Labouchere in November 1916 it was certain that:

The object of P.M.S.2 was political: to keep an eye on foreign
agitators, and to guard munition and other important establish-
ments against sabotage and other interference by agitators or
enemy agents.40

Labouchere adopted Macassey’s plan for the careful monitoring of
particular trouble spots, and P.M.S.2 now spent a substantial amount of
money in recruiting ‘a host of private agents’ to report on local unrest –
these informants being paid directly by the Ministry of Munitions but
operated by officers of P.M.S.2 under Major Melville Lee.41 The
methods employed are best seen in the careers of Herbert Booth of
P.M.S.2, and of his agent William Rickard, for it was the work of these
two men which finally led to the breaking up of the unit.
Herbert Booth was a London barrister's clerk on his call-up into P.M.S.2 on 15 September 1916. There he became responsible for local investigations of both sabotage and industrial unrest, and later recalled the methods he used when making enquiries:

By day I should be perfectly natural, decently dressed, and I should go into munition factories or anywhere . . . it was only at night that I dressed up to get in touch with the revolutionaries who were breeding discontent among the workers . . . I always tried to find out as to where persons belonging to organisations such as the Industrial Workers of the World met at night, and I would go in there, or if I did not go in there myself, I sent someone else in first, and then I was taken in and introduced to the people.  

In the early stages of most of his investigations Booth employed an agent he had first encountered in October 1916. It is not known precisely how this contact came about, but in that month Booth travelled to Leicester and personally recruited as his informant a man on the staff of the *Leicester Mail*, who was recommended to him by the editor as 'a writer and journalist who would be useful'. This was William Rickard, a rather unbalanced character with a criminal record, who had probably worked as a police informer, and who may even have been employed in Macassey's secret organisation on the Clyde. From November 1916 onwards Booth and Rickard worked together on a wide variety of investigations – Rickard using the aliases 'Alec Gordon' and 'Cyril Wake'. The usual strategy was for Rickard to pose as a conscientious objector on the run from the police, and in this guise make contact with the various left-wing groups in a particular area. He would then submit reports of his findings, and if further investigation seemed necessary would then take along Booth himself, introducing him as 'Comrade Bert' – 'a conscientious objector, a man who was shirking his work; a man who was pro-Bosch and anti-English'. These disguises proved remarkably effective, for with most of the individuals Booth approached his being on the run 'commanded their admiration':

They welcomed him and gave him all the local information, warned him where the police and the military were active and promised him asylum. He reported the information to his superiors in the ordinary course. All that he had to do was listen; the men were always anxious to impart information to one in the position which he assumed. Most of them drank, and it was his business to see that they had sufficient to drink. Then they talked.

The first such investigation involving Booth and Rickard concerned the London headquarters of the revolutionary Industrial Workers of the
World (IWW) in Whitechapel Road. At this time the IWW was reporting a growing membership in the East End, but Rickard’s visit in November 1916 seems to have been less to discover their intentions than to examine the layout of the building, and shortly after he had reported back to Booth the building was raided by the police. Rickard was then sent across London to the Communist Working Men’s Club and Institute in Charlotte Street, which had links with the IWW, and he again reported back on what he found. Rickard afterwards claimed that he assured Booth ‘that the Communist Club was harmless’, but Booth thought it suspicious enough for a personal visit, as a result of which more than 50 soldiers – along with officers, police, and a ‘plain clothes man’ – descended on the place on 26 November 1916, confiscating all records and papers, forcibly searching all those present, and taking 20 club members away for questioning.

After this introduction to the work Rickard was apparently despatched to Liverpool, where on 3 December 1916 a meeting of boilermakers had voted in favour of striking for an extra ten shillings a week. There he made contact with Arthur MacManus, a Clyde deportee settled in the area who was actively promoting the local Workers’ Committee, and, presumably using the story that he was a left-wing conscientious objector on the run, persuaded him to sign a note guaranteeing his bona fides. The boilermakers’ strike collapsed on 16 December 1916, but by then Booth had apparently sent Rickard to Manchester to investigate the central headquarters of the British Socialist Party. As Rickard later remembered:

I went to Manchester . . . but I could not find anything wrong at Hyndman Hall. However, I got into a bit of a stew because I said that there was nothing doing and nothing to report . . . [Booth] knocked off writing to me for days.

Rickard seems then to have been sent to Salford, where in company with Booth he mixed with local workmen, and apparently ‘suggested to members of the South Salford British Socialist Party that they should introduce bars of soap into engine boilers, salt into motor petrol tanks, and bars of iron into machinery’ In a blatant attempt to compromise local left-wing activists the pair also spoke boldly of blowing up the House of Commons, urged one man to ‘organise a revolutionary society with the object of shutting down industry’, and advised another ‘to find the money to find the bombs to play hell’.

These tactics produced little result, however, and in the third week of December 1916 Booth was ordered by P.M.S.2 to transfer Rickard to Derby, where he went ‘with specific instructions to get in touch with a prominent revolutionary’ – probably either John S. Clarke or William
Paul, who were both involved with Arthur MacManus in the Socialist Labour Party, and who had settled in Derby after the Clyde deportations.\footnote{52} In Derby Rickard managed to infiltrate local left-wing society using his introductory letter from MacManus, and proceeded to employ the same techniques he had used at Salford. At the local Clarion Club he approached one of the maintenance men from the Rolls Royce factory and, ‘saying he was a Clarionet and disliked war and would like to stop it’, urged him to put water in the petrol of the test-bed engines. With an eye to the importance of local munitions production he also ‘suggested that certain workmen should get in touch with the girls at the National Shell Factory to see whether they would place steel filings in the delicate parts of the machinery and dynamite cartridges in the factory’. Finding only a very disappointing response, Rickard then tried to get in touch with the local branch of the No-Conscription Fellowship, proposing that they should help some of his friends to escape from internment, and speaking vaguely of plans to assassinate prominent politicians.\footnote{53}

At this point, however, the Ministry of Munitions began to have doubts about the undercover work of P.M.S.2, which although costly was said to produce ‘little that cannot be found in the local press’.\footnote{54} Labouchere’s secret unit was at first immune to such hostile criticism, but in September 1916 Melville Lee’s brother had been replaced as Parliamentary Military Secretary by Neil Primrose, and on 1 December 1916 Primrose, as overall head of P.M.S.2, took the radical step of inviting the Special Branch ‘to undertake the whole of the intelligence service on labour matters for the whole country on behalf of the Ministry of Munitions’. At Scotland Yard Basil Thomson quickly devised a scheme whereby Chief Constables would monitor unrest, and the following day he was promised £8,000 a year by the Ministry to put it into operation. Thomson’s secret ambition was now to make the Special Branch the focus of a huge civil intelligence service, but P.M.S.2 resisted this sudden reduction of its responsibilities, and by the third week of December 1916 Melville Lee had started a whispering campaign ‘criticising the police information about labour unrest’, and clearly aimed at protecting his own system of informants.\footnote{55}

\textbf{IV}

It was at this crucial moment that P.M.S.2 made the most startling discovery of wartime counter-espionage. On 28 December 1916 Booth received a telegram from Rickard in Derby which read:

\begin{quote}
\textbf{PLOT TO MURDER LLOYD GEORGE AND ARTHUR HENDERSON. COME AT ONCE.}\footnote{56}
\end{quote}
What the message really indicated was that Rickard had finally managed to implicate a group of left-wing sympathisers in one of his fanciful schemes, but with the department’s desperate need for a striking success Melville Lee nevertheless seized upon it as a very real conspiracy. Booth was rushed to Derby, and the meagre evidence which P.M.S.2 managed to assemble was triumphantly placed before Basil Thomson. The Special Branch was at first reluctant to act on Melville Lee’s information, but as a later account noted, they only ‘ridiculed his discovery and his efforts until they realised that it was a good thing, and then they claimed the credit for themselves’.\(^57\) Once persuaded of the value of success, the Special Branch indeed set about gathering even more circumstantial evidence from intercepted correspondence, and on 30 January 1917 co-ordinated four arrests in Derby and Southampton.

While this investigation continued, Booth transferred Rickard from Derby to Coventry, on information from Labouchere that ‘a man named Neil Cassidy was making trouble’. Cassidy was an employee of the Coventry Ordnance Works, and his prominence in local unofficial industrial agitation and friendship with both Arthur MacManus and William Paul made him of particular interest to P.M.S.2.\(^58\) In January 1917 Booth himself travelled to Coventry ‘to find out the strength of Cassidy’, and his investigation followed the usual pattern, with Rickard and Booth attending the local Socialist Club in the guise of conscientious objectors on the run, making wild suggestions:

\begin{quote}
that the Government should be physically wiped out and blown up; 
that an illicit secret printing press should be set up for printing revolutionary literature; and that capitalists should be kept down by poison and bombs.\(^59\)
\end{quote}

Their audience seems to have been rather taken aback by all this, for as one club member recalled of Booth’s intention to ‘put a few of those bastards out’ by assassination:

I did not say anything. Booth went on to say that what we wanted was a few bombs. I said the only bomb I and my school believed in was the intellectual bomb.\(^60\)

P.M.S.2 can have gained little from such performances, but Melville Lee was apparently satisfied, and Rickard seems next to have been sent to Sheffield, where a ‘Sheffield Workers’ Committee’ had been formed in January 1917. In a repetition of the earlier investigations Walt Hill, the committee’s chairman, found himself approached by a man carrying a letter of introduction from Arthur MacManus. As one of Hill’s colleagues recalled:
He posed as a conscientious objector on the run and was received as such by the lads. He was working his way up to Glasgow and asked for help. There was a shop stewards' meeting at the time and Walt Hill asked him if he'd care to be present. The man heard the full story of what we were doing that evening. Walt Hill even took him home and later gave him money before he finally went to Glasgow.\textsuperscript{61}

Lieut.-Col. Labouchere afterwards insisted that he knew of and approved the methods which Booth and Rickard were using to obtain information, but however highly their work was valued it was soon cut short. On 6 March 1917 the trial began in London of the four people accused of conspiring to murder the Prime Minister and other members of the Cabinet. Rickard was carefully kept out of these proceedings, and was identified only by the name 'Alec Gordon', but the details given of his methods caused an outcry in left-wing circles. As the tide of protest mounted Ramsay MacDonald, MP for Leicester, spoke out against agents provocateurs in industry, and was quickly sent information by 'several correspondents' which enabled him correctly to identify 'Alec Gordon' as living in Leicester under the name 'Herbert Vivian'. Macdonald also discovered that this man was 'going round Munition Works both in Sheffield and in Coventry...stirring up strife and making suggestions for the hampering of production of munitions', and on 16 March 1917, after arranging for him to be watched unofficially, wrote to the Home Secretary presenting all the evidence.\textsuperscript{62}

MacDonald was unfortunately rather too trusting. The London conspiracy trial had ended successfully for P.M.S.2 with three convictions on 10 March 1917, but mounting left-wing agitation against 'Alec Gordon' made Rickard of little further use in investigations. Thus on 16 March, as MacDonald drew up his letter to the Home Secretary, Rickard was provided with a passport for South Africa, and on 5 April 1917 was shipped off from Plymouth on board the S.S.\textit{Athenic}, along with his wife. P.M.S.2 allowed them £5 expenses, arranged for them to be met in Cape Town, and provided a draft for £100 and letters of introduction which would help them start a new life. When MacDonald next heard from his informants in Leicester it was to learn that unfortunately 'Herbert Vivian' had 'changed his address and disappeared'.\textsuperscript{63}

This was only part of the disruption which the conspiracy trial brought to the operations of P.M.S.2. At the beginning of February 1917, as angry questions in the House of Commons had followed the start of legal proceedings at Derby, Addison, by then Minister of Munitions, had reviewed the whole sorry situation 'and decided that it was no longer necessary to continue the section'.\textsuperscript{64} Labouchere in reply began to mount
a campaign against certain officials in the Ministry, but on 19 March 1917, the day on which MacDonald's letter reached the Home Office, a meeting between Addison and Kell sealed the fate of the unit. As the Minister noted of their conversation;

I gave him my views on the subject of our organization under Labouchere. He entirely agreed and readily recognised, I think, that it was likely to be more of a danger than a help.\(^{65}\)

Then, on 5 April, as Rickard was being shipped off to South Africa, a secret conference at the Home Office discussed 'the growth of anarchist and socialist movements and their influence on strikes', and decided that in future all sensitive investigations would be the sole responsibility of the Special Branch. P.M.S.2 now became little more than an embarrassment to the Ministry, as the agitation against agents provocateurs drew in such left-wing MPs as William Anderson and Philip Snowden, and on 23 April 1917 the section was finally shut down – an official in the Home Office minuting shortly afterwards:

Col. Kell explained to me that P.M.S.2 is being abolished altogether, and their functions are to be taken over again by M.I.5, by whom they were originally discharged. Some of the P.M.S.2 staff will go to M.I.5 A.\(^{66}\)

Kell indeed arranged a complete redistribution of the duties of P.M.S.2. From Labouchere’s aliens branch he created a new section entitled MI5 (a), which became officially responsible for all those:

seeking employment in connection with any form of war service which might offer unusual facilities for hostile activities, more especially Red Cross, munitions work; and all occupations which tend to bring Aliens in close contact with His Majesty's naval and military forces.\(^{67}\)

This left P.M.S.2 with responsibility for providing intelligence assessments 'with regard to (1) strikes, (2) impending strikes and labour unrest generally and (3) sabotage', but on 25 April 1917 Kell decided that in future:

Reports regarding (1) and (2) should be sent to the Assistant Commissioner of Metropolitan Police, New Scotland Yard who collects information on these subjects – (3) will be dealt with by the Chief Constables in connection with the Ministry of Munitions.\(^{68}\)

The dismemberment of P.M.S.2 was then made complete by dropping all officers such as Labouchere, Melville Lee, de Valda, and Booth who had been involved in the undercover investigations, and by destroying all of
the unit’s domestic records. The case files on prominent activists were then passed to the Special Branch, and in June 1917, as the Parliamentary agitation reached its climax, P.M.S.2 was finally and irretrievably dissolved.\(^{69}\)

V

Between February 1916 and April 1917 the intelligence branch of the Ministry of Munitions thus progressed confidently from an investigation of suspected sabotage to the determined infiltration of domestic political and industrial movements, yet it remains to be considered what support such grim paranoia could find outside the close confines of P.M.S.2. The unit seems at the outset to have enjoyed official support, but nevertheless one could argue that immediately its true nature became known P.M.S.2 was roundly condemned and swiftly suppressed by a combination of the Ministry of Munitions, Special Branch, MI5, and the Home Office. The Ministry of Munitions, which had been prepared to finance Labouchere’s organisation to the extent of hundreds of pounds per month for twelve months – enough to pay for dozens of agents such as Rickard\(^{70}\) – was after all eager to disown him once the full extent of his investigations was revealed. It could even be argued that P.M.S.2’s fanaticism was the creation of just a few determined officers such as Melville Lee and Booth, whose operations came to an end in April 1917 when Rickard was shipped to South Africa for the duration of the war.

However, there seems little to recommend such speculation. There is nothing in the available evidence which suggests either that P.M.S.2 strayed beyond its official duties, or that the tactics of Booth and Rickard differed from those of the unit’s other officers, with their ‘host of private agents’. Lieut.-Col. Labouchere certainly admitted afterwards that he warned his investigating officers to be ‘most careful that nothing in the nature of provocative action or incitement to any crime should take place’, but he nevertheless fully approved of Booth’s work, and felt that he ‘gave every satisfaction’\(^{71}\). There is in fact no indication that any of the unit’s senior officers, or any of the officials of the Ministry, sought to dissociate themselves from P.M.S.2’s operations, and the transfer of this work to the Special Branch in December 1916 was not so much a condemnation of the unit’s methods, as an acknowledgement ‘that the work would be more efficiently and more cheaply done by professionals’, and that the use of soldiers in such investigations might ‘raise a cry of military dictatorship and provoke strikes’.\(^{72}\) Likewise the final separation of the unit from the Ministry of Munitions in April 1917 came not because the civilian officials of the Ministry held its techniques to be reprehensible, but because they sensed that its involvement in the Derby
prosecution would attract severe criticism. As Arthur Lee, the first overall head of P.M.S.2, wrote to Lloyd George of his brother in June 1917:

what does concern him and me very deeply is that because the Ministry of Munitions got frightened at Anderson’s & Snowden’s agitation about Secret Service, my brother and his organisation have been thrown out into the street, and not only have his services never been recognised but he is deprived of his job.73

In fact the available evidence demonstrates strongly that the techniques used by P.M.S.2 had full official approval, and supports the contemporary view that ‘its unpopularity with the working classes was the only cause of its going out of existence’.74

The history of the intelligence branch of the Ministry of Munitions reveals in microcosm the development of British counter-espionage during the First World War. Although it was begun with the simple intention of frustrating enemy influence, MI5 and the Special Branch soon brought to the work a grim determination to infiltrate and neutralise any organisation which seemed to oppose official policy. Between 1916 and 1918 the Ministry of Munitions willingly assisted them by spending thousands of pounds each year on a secret information service which, working first under Labouchere and then under Thomson, endeavoured to penetrate left-wing groups where there was not even a suspicion of enemy involvement.75 At present it is difficult to compare the unit with the other shadowy intelligence units known to have been at work during the war, and unfortunately this uncertainty seems likely to endure, for as one American officer reported ominously of British intelligence in 1917:

it is almost impossible to get anything in writing as to the detailed working of any one of the various departments, for the reason that each department has grown up very slowly around the personality of one man, and he has made his own rules.76

NOTES

of this development is given in my article ‘Counter-Espionage and Security in Great Britain during the First World War’, English Historical Review, Vol. ci, No. 400, (July 1986).

2. The Times, 16 November 1921, p.11, col.6: ‘Scotland Yard and the War’ by B. Thomson.


7. PRO, WO 32/10776, ‘Historical Sketch’ [1920], p.12: Kell papers (Frost), lecture on ‘Security Intelligence work’ probably by E. Holt Wilson, June 1939, p.10. I am grateful to Mr Robin S. Frost for allowing me to consult this group of Kell’s papers.


9. PRO, CAB 17/90, ‘Notes of the Work of Counter-Espionage’, October 1912: Churchill College Cambridge, Archives Centre; Grant Duff papers, AGDF 2/1, diary entry for 30 Jan. 1912; McKenna papers, MCKN 4/4, C.E. Madden to R. McKenna, 28 July 1911.


12. Hansard, House of Commons debates, 5s Vol.66, 9 Sept. 1914, cols. 564-5 (McKenna); House of Lords debates, 5s Vol.18, 25 Nov. 1914, Col.145 (Haldane).


16. PRO, HO 45/10779/277334/file 17, Home Office circular to Chief Constables, 24 June 1915.


22. Ibid., and D/16/3/5, Lloyd George to Nathan, 27 Sept. 1915.


25. Hansard, House of Commons debates, 5s Vol.94, 12 June 1917, cols.752/3 (F. Kellaway). Labouchere was apparently a Major with the brevet rank of Lieutenant-Colonel, although most sources refer to him as ‘Colonel Labouchere’.

26. Daily Herald, 8 Feb. 1921, p.1, col.1, ‘Daily Herald’ sued for libel. This is taken from the opening speech by Sir Ellis Hume-Williams in a prosecution brought against the Daily Herald for describing a member of the unit as an agent provocateur. Labouchere himself appeared in court as a witness for the plaintiff.

27. PRO, HO 45/10809/311425/file 1, Order in Council of 30 March 1916; file 3, Home
Office circular to Chief Constables, 25 April 1916; file 4, memorandum by J.F. Moylan, 29 April 1916.

28. Ibid., file 36 (cover), W.M. Rolph to Moylan, 15 March 1917.

29. Ibid., file 39 (cover), minute (probably by Moylan, 27 April 1917).


31. Ibid., col.2 (reporting Booth's evidence).


35. Ibid., Box 97, typescript diary entries for 15 and 23 March 1916.

36. Ibid., Box 56, file 'CLYDE/1915-1916', Macasse to Llewellyn Smith, 4 June 1916, and enclosed copy of Macasse to Addison 'Re Proposed Intelligence Department' of same date, p.1.

37. Ibid., Box 97, composite diary entry headed 'Monday, May the 8th, 1916', p.9 (referring to 10 May 1916), with later pencilled amendments to typescript.

38. PRO, HO 45/10809/311425/file 18, Rolph (on behalf of Labouchere) to Moylan, 15 June and 20 June 1916: Daily Herald, 8 Feb. 1921, p.2 col.3 (explaining acronym 'P.M.S.2').


40. Thomson, Queer People, p.269: de Valda, op.cit., p.216 (where the unit is disguised as 'X.Y.Z.2').


42. The first and last of these extracts are from Booth's evidence quoted in the Daily Herald, 8 Feb. 1921, p.2, col.2, and the second from the version in The Times, 8 Feb. 1921, p.5, col.2.


44. The Times, 8 Feb. 1921, p.5, col.2.


46. Daily Herald, 27 Dec. 1919, p.8, cols.2-5, 'Alec Gordon's Own Story': Industrial Worker, Vol.II, No.1 (1 July 1916), p.4; Vol.II, No.3 (1 Sept. 1916), p.1. One of the principal objects of the raid seems to have been the closing down of the IWW journal Industrial Worker, which according to Melville Lee 'was suppressed by the authorities after the appearance of an article advocating sabotage . . . in the issue of November, 1916': Industrial Peace, Oct. 1917, p.14, 'The Industrial Workers of the World'.


49. PRO, MUN 2/27, report no.72 for week ending 16 Dec. 1916, p.12: Daily Herald,

50. The Times, 8 Feb. 1921, p.5, col.3 (speech for the defence by Mr Hastings).

51. Daily Herald, 8 Feb. 1921, p.2, col.2 (J.D. Cassels questioning Booth on allegations by the defence).


53. Reminiscences of Dorothy Groves, née Robinson, noted by her daughter Fay Kidger in 1977 (concerning a meeting with Rickard in Derby in 1916) – I am very grateful to Mrs Kidger and especially to Mrs G.E. Keeling for their generous help with my research in Derby: Times, 8 Feb. 1921, p.5, col.3: Official transcript of 'Rex v Wheeldon & Others' [1917], p.457 (Qs.4601-8).

54. Thomson, Scene Changes p.312 (diary entry for 1 Dec. 1916).


56. The Times, 8 Feb. 1921, p.5, col.3: Official transcript of 'Rex v Wheeldon & Others' [1917], p.231 (Qs.23-25).

57. Official transcript of 'Rex v Wheeldon & Others' [1917], p.231 (Qs.28-34): de Valda, op.cit., p.221: Thomson, Story of Scotland Yard, pp.237-40: HLRO, Lloyd George papers, F312/26, A. Lee to J.T. Davies, 22 June [1917]. The best available short account of the case is probably that written by the Attorney-General – although it has to be remembered that he led the prosecution: F.E. Smith Famous Trials of History (London, 1926), pp.219-26, 'The Plot to Murder Mr Lloyd George'.


64. Hansard, House of Commons debates, 5s Vol.90, 7 Feb. 1917, cols.55–6 (J.King); Vol.94, 12 June 1917, cols.752–3 (F. Kellaway).

65. Bodleian Library; Addison papers, Box 99, typescript diary entry for 2 Mar. 1917 and composite entry headed 'Thursday, 22nd March. 1917', pp.2/3 (dealing with the afternoon of 19 March 1917): PRO, HO 46/205, p.269, recording arrival at Home Office on 19 March 1917 of letter from MacDonald reporting 'Suspicious actions of person named Vivian'.


68. PRO, HO 45/10809/311425/file 39, draft circular from Kell, 25 April 1917, and final circular sent to Chief Constables by E. Troup, 18 May 1917.
69. Labouchere was moved to Paris to be an assistant in the 'Bureau Central Interallié', Melville Lee was dropped altogether, de Valda was transferred to a department working on petrol rationing, and Booth was sent back to the army: Viscount Mersey, A Picture of Life, 1872–1940 (London, 1941), p.278; HLRO, Lloyd George papers, F/31/2/6, A. Lee to Davies, 22 June [1917]; de Valda, op.cit., pp.222–3; Timer, 8 Feb. 1921, p.5, col.2.

70. Although the Ministry of Munitions was paying over £650 a month to the unit by late 1916, Rickard was at that time being given little more than £10 a month: Thomson, Scene Changes, p.312 (diary entries for 1 Dec. and 2 Dec. 1916); Thomson, Queer People, p.269; Daily Herald, 27 Dec. 1919, p.8, col.2.

71. The Times, 8 Feb. 1921, p.5, col.3; Daily Herald, 8 Feb. 1921, p.2, col.3.


73. HLRO, Lloyd George papers, F/31/2/6, A. Lee to Davies, 22 June [1917].

74. The Times, 8 Feb. 1921, p.5, col.2 (Hume-Williams speaking on behalf of Booth).

75. The Ministry of Munitions continued to fund the Special Branch in this work until the end of the war – Thomson noting in Oct. 1918 that they paid for 'the whole of my Organisation outside London': Wiltshire Record Office, Trowbridge; Long papers, WRO 947/672, B. Thomson to W. Long, 15 Oct. 1918.

76. Report no.4,649 by Colonel Lassiter, American military attaché in London, headed 'Intelligence Service', 1 June 1917, p.1 para.2. I am grateful to Anthony Read for allowing me to see a copy of this document from the government archives in Washington.