

SEEN
P. M.
VU

PM's copy (Filed Separately) S. 1-22

SECRET

CANADIAN EYES ONLY

Copy No. 01

*See letter Oct. 30/68
from Maj. Lemieux
to D.F. Wall*

*Red markings indicate
deletions and modifications
made to prepare "Second
Draft Revised Publishable
Version" (April 1969)*

PROPERTY OF
PRIVY COUNCIL OFFICE
REGISTRY
Cet ouvrage appartient
à la section de classement du
BUREAU DU CONSEIL PRIVÉ



REPORT of the ROYAL COMMISSION ON SECURITY

September 1968

PROPERTY OF
PRIVY COUNCIL OFFICE
REGISTRY
Cet ouvrage appartient
à la section de classement du
BUREAU DU CONSEIL PRIVÉ

Release of this publication or any information contained
in it to any person not authorized to receive it is
prohibited by The Official Secrets Act

SECRET

A0050266_1-001881

SECRET - CANADIAN EYES ONLY

PROPERTY OF
PRIVY COUNCIL OFFICE
REGISTRY
Cet ouvrage appartient
à la section de classement du
BUREAU DU CONSEIL PRIVÉ

ROYAL COMMISSION
ON SECURITY

REPORT

PROPERTY OF
PRIVY COUNCIL OFFICE
REGISTRY
Cet ouvrage appartient
à la section de classement du
BUREAU DU CONSEIL PRIVÉ

SECRET

SECRET - CANADIAN EYES ONLY

PROPERTY OF
PRIVY COUNCIL OFFICE
REGISTRY

Cet ouvrage appartient
à la section de classement du
BUREAU DU CONSEIL PRIVÉ

REPORT OF THE
ROYAL COMMISSION
ON SECURITY

September 1968

PROPERTY OF
PRIVY COUNCIL OFFICE
REGISTRY

Cet ouvrage appartient
à la section de classement du
BUREAU DU CONSEIL PRIVÉ

SECRET

A0050266_4-001884

SECRET

A0050266_5-001885

ROYAL COMMISSION ON SECURITY



COMMISSION ROYALE SUR LA SECURITE

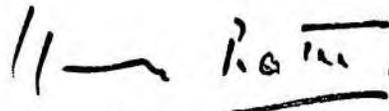
Ottawa, September 23rd, 1968.

TO HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL

MAY IT PLEASE YOUR EXCELLENCY

We, the Commissioners appointed as a Royal Commission in accordance with the terms of Order in Council P.C. 1966-2148 of 16th November 1966 to inquire into and report upon the operation of Canadian security methods and procedures, BEG TO SUBMIT TO YOUR EXCELLENCY THE ACCOMPANYING REPORT.


Chairman


Member


Member

(v)

SECRET

A0050266_6-001886

CONTENTS

<u>CHAPTER</u>		<u>Page</u>
	Letter of Transmittal	v
I	INTRODUCTION	
	Terms of Reference	1
	Nature of Inquiry	5
II	SECURITY REQUIREMENTS AND RESPONSES	
	General Considerations	9
	Communism and Security	10
	Quebec Separatism and Security	15
	Canada and Her Allies	16
	Security Responses	19
III	ORGANIZATION FOR SECURITY	
	Present Canadian Structure	
	General Considerations	25
	Policy-Making and Coordination	26
	The Royal Canadian Mounted Police	28
	Departments of Government	32
	Shortcomings and Alternatives	
	Policy-Making and Coordination	33
	Operations and Investigation	37
	Departmental Security	50
IV	SECURITY, PRIVACY AND THE INDIVIDUAL	
	General Considerations	57
	Acquisition of Data	61
	Reporting of Data	70
	The Decision Process	74
	Review Procedures	82
V	IMMIGRATION AND SECURITY	
	Present Procedures	
	General Considerations	95
	Classes of Immigrants	96
	Security Screening of Immigrants	98
	Deportation and Appeal Procedures	106

<u>CHAPTER</u>		<u>Page</u>
	Comments and Alternatives	
	Acquisition of Data	108
	The Decision Process	109
	Rejection Criteria	112
	Applicants in Canada	116
	Deportation and Appeal	118
	Aliens Registration	120
VI	CITIZENSHIP, PASSPORTS AND VISITS	
	Present Citizenship Procedures	123
	Citizenship and Security	126
	Existing Passport Procedures	129
	Passports and Security	130
	Certificates of Identity	134
	Exchanges of Visits with Communist Countries	135
VII	SECURITY OF INFORMATION AND PHYSICAL SECURITY	
	Security of Information	
	General Considerations	143
	Documentary Security and Classification Systems	149
	Declassification Programmes	157
	Handling of Classified Documents	159
	The Official Secrets Act	161
	Administrative Secrecy	168
	Physical Security	
	Buildings and Offices	174
	Technical Security	175
	Communications Security	177
VIII	EXTERNAL AFFAIRS AND NATIONAL DEFENCE	
	External Affairs and the Foreign Service	179
	National Defence and the Armed Forces	188
	National Disclosure Policy	191
IX	INDUSTRIAL SECURITY	
	General Considerations	195
	Present Organization	196
	Shortcomings and Options	199
	Personnel Security in Industry	207
	Training of Company Security Officers	211
	Documents, Visits and Classification	212
X	SOURCES AND TECHNIQUES	
	General Considerations	217
	Human Sources	218
	Technical Sources	221
XI	RECOMMENDATIONS	227

APPENDICES

Page

"A"	COMMISSION AND ORDER IN COUNCIL	243
"B"	ORGANIZATIONS MAKING WRITTEN SUBMISSIONS	251
"C"	SELECTED BIBLIOGRAPHIES	
	Published Books	253
	Articles	257
	Official Publications	261
"D"	RESEARCH PROGRAMME	265
"E"	SECURITY STATISTICS	267
	TABLE I Requests for security clearances by government departments and agencies, adverse briefs and action thereon, 1958-67	268
	TABLE II Adverse briefs forwarded to selected departments, 1966-67	269
	TABLE III Requests for clearance of industrial employees, adverse briefs and action thereon, 1963-67	270
	TABLE IV Immigrant visa applications and refusals on security and non-security grounds, 1967	271
	TABLE V Citizenship applications and refusals on security grounds, 1963-67	272
	TABLE VI Passports and Certificates of Identity issued and lost, etc., 1963-67	273
"F"	STAFF LIST OF ROYAL COMMISSION ON SECURITY	275
"G"	APPLICATION OF THE CANADIAN OFFICIAL SECRETS ACT (R.S.C. 1952, c. 198) AND RELATED ACTS, 1946-67	277
"H"	ENGLISH AND FRENCH TEXTS OF CANADIAN OFFICIAL SECRETS ACT (R.S.C. 1952, c. 198); EXTRACTS FROM ENGLISH AND FRENCH TEXTS OF CANADIAN FORCES REORGANIZATION ACT (S.C. 1966-67, c. 96); TEXT OF PART VII OF AUSTRALIAN CRIMES ACT, 1914-60	283

I. INTRODUCTIONTerms of Reference

1. The Royal Commission's terms of reference required us "to make a full and confidential inquiry into the operation of Canadian security methods and procedures and, having regard to the necessity of maintaining (a) the security of Canada as a nation; and (b) the rights and responsibilities of individual persons, to advise what security methods and procedures are most effective and how they can best be implemented". Copies of the Commission and the Order in Council (P.C. 1966-2148 of 16th November 1966) are attached as Appendix "A" to this Report.

2. Interpreted broadly, these terms of reference would have required us to examine the whole range of problems and procedures concerned with the security of the state, from defence against armed attack to protection against crime. However, on the basis of our understanding of the circumstances in which the Commission was established we have interpreted the phrase "security methods and procedures" more narrowly, and have limited our inquiry to those

procedures concerned with the protection of information the unauthorized disclosure of which would cause injury to the interests of Canada or her allies, and the protection of Canada against the activities of subversive organizations and individuals.

3. On the other hand, a too narrow interpretation of our terms of reference would have caused us to confine our attention only to methods and procedures and to remain unconcerned with more general questions of concept, policy and organization. Defence against threats to security is a duty and responsibility of a state comparable in meaning and relevance with defence against armed attack and insurrection. Security procedures however may touch closely upon the fundamental freedoms of individuals; in a democratic society they must be shown to be necessary and must operate within the framework of a scrupulously formulated and consistently enforced policy. With these considerations in mind we have also examined the general nature of the threats Canada faces, and the basic concepts and policies which should guide Canadian security posture, as well as the type of organization most appropriate for the implementation and monitoring of these policies.

4. The more precise definition of our areas of concern is a matter of considerable linguistic and legalistic complexity. However, security procedures are not necessarily related to the detection and prosecution of illegalities, where precise legal definitions would be of central importance, but are mainly concerned with the collection of information and intelligence, with the prevention and detection of leakages of information and with protection against attempts at subversion. For this reason we have been able to avoid too deep an involvement in definitional discussion; the following paragraphs

are merely intended to delimit our areas of interest by means of example and exclusion.

5. The state has a clear right and a duty to protect certain information—some defence information, for example—which must remain secret if danger to the state is to be avoided. What is perhaps not so evident is that the state must also in certain circumstances be concerned, in the context of security, with information in the public domain. This is a contentious area. Consider on the one hand the case of a Canadian resident who passes to an official of a foreign embassy, not knowing that this official is a member of the intelligence service of the country concerned, a photograph of a Canadian city. This photograph is unclassified information which could conceivably be used for purposes prejudicial to the safety of Canada, but it would be difficult to suggest seriously that a single such act of transmittal should be a matter of concern to the security authorities. On the other hand, the collection, collation and communication to a similar official because of ideological sympathy or for monetary reward of unclassified information about births or burials that could be used to establish false identities, are clearly activities with security implications, whether or not they are judged to be illegal. We have taken the view that our terms of reference require us to give consideration to the whole range of such activities where the interests of the state are involved. We have however excluded from consideration the safeguarding of information which is not of direct concern to the government, and thus, for example, the general problems posed by industrial espionage in the private sector.

6. The area of subversion involves some even more subtle issues, and the range of activities that may in some circumstances constitute subversion seems to us to be very wide indeed: overt pressures, clandestine influence, the calculated creation of fear, doubt and despondency, physical sabotage or even assassination—all such activities can be considered subversive in certain circumstances. Subversive activities need not be instigated by foreign governments or ideological organizations; they need not necessarily be conspiratorial or violent; they are not always illegal. Again fine lines must be drawn. Overt lobbying or propaganda campaigns aimed at effecting constitutional or other changes are part of the democratic process; they can however be subversive if their avowed objectives and apparent methods are cloaks for undemocratic intentions and activities. Political or economic pressures from domestic or foreign sources may be subversive, particularly when they have secret or concealed facets, or when they include attempts to influence government policies by the recruitment or alienation of those within the government service or by the infiltration of supporters into the service.

7. We have been unable to trace in any legal or other references or to devise ourselves any satisfactory simple definition of "subversion". Perhaps the most that can usefully be said is that subversive organizations or individuals usually constitute a threat to the fundamental nature of the state or the stability of society in its broadest sense, and make use of means which the majority would regard as undemocratic. At this stage we can do no more than state that we have in our inquiry borne in mind the whole range of such activities and the application of security procedures to them. We have however excluded from consideration the threat to stability posed

by so-called "organized" crime, although there are clear analogies between the methods used for defence against large-scale and international criminal organizations and those used for protection against espionage and subversion.

Nature of Inquiry

8. Our terms of reference required that our proceedings should be held in camera, and that we should take "all steps necessary to preserve (a) the secrecy of sources of security information within Canada; (b) the privacy of the individuals involved in specific cases which may be examined; and (c) the security of information provided to Canada in confidence by other nations". We were also required to "follow established security procedures with regard to...the handling of classified information at all stages of the inquiry". We decided that formal or quasi-judicial hearings would be inappropriate for the sensitive topics and subjective views we should find it necessary to consider. Accordingly we based our inquiry upon a series of informal meetings, without benefit of counsel, with Canadian ministers and ex-ministers of the Crown, and officials and ex-officials of the Canadian Government. In response to advertisements in the national press we received a number of briefs and submissions from interested organizations and private individuals, and we held similar informal meetings with representatives of some of these organizations and with some individuals. In all the Commission held 175 meetings, and heard some 250 persons. No verbatim records of our meetings were retained, but memoranda of significant points were prepared. A list of the organizations from whom we received written submissions is attached as Appendix "B". In addition, of course, the Commission received briefs, submissions and documentary material from government departments and agencies in

Canada and abroad, and had access to relevant Canadian governmental files. Some such material was received on condition that it be returned to the originators, but the remainder has been passed to the Privy Council Office with the Commission's files. A selected bibliography of the published material we found relevant is attached as Appendix "B".

9. ~~[We placed two general limitations upon the content of our Report.~~
First] Where the files we saw concerned personnel security, we took the view that we were investigating an organizational structure and a procedural system rather than inquiring into the disposition of given cases, and we referred to individual cases only as examples of methods and procedures. We have retained no records of the names of persons who were the subjects of these cases, or of identifiable details of the cases themselves. ~~[Secondly and~~ Similarly, we have in our Report avoided providing detailed and specific examples of tactics, methods, successes or failures in the area of espionage and subversion. ~~[De-~~
tailed information of this kind is available to those concerned from the appropriate authorities.]

10. ~~[In the course of our inquiry we visited Britain, Australia, Hong Kong, the United States, France, The Netherlands, the Federal Republic of Germany, and Sweden, and were briefed in more or less detail upon the security policies of the governments of these countries and upon the procedures and activities of many of the relevant authorities and agencies. In most of these countries we took the opportunity offered by our visit to inquire into the security arrangements at Canadian missions and offices and into the security aspects of Canadian immigration operations.]~~

11. Members of our staff prepared reports upon the security policies, operations and activities of a number of Canadian Government departments, and upon certain aspects of Canadian and British law relating to security. We also commissioned the preparation of two legal studies under contract, one concerned with the United States Federal Loyalty-Security Program, and the other with the legal status of security procedures in France. ~~[A summary of the research programme will be found in Appendix "D". The tables in Appendix "E" summarize statistical material relating to various aspects of security activities.]~~

12. We wish to thank all those who have contributed to this inquiry, and thus to this Report. Security is a contentious and ambiguous subject, and in some areas a distasteful one. Our task has been made easier by the ready co-operation of government officials and others. In particular we are grateful to the officials of the Royal Canadian Mounted Police (RCMP), the Privy Council Office and the Department of External Affairs. To our staff, a list of whom is attached as Appendix "F", we extend special thanks. Their unfailing courtesy and cheerfulness made our task more pleasant. In particular we would pay tribute to our Secretary, Mr. Kevin O'Neill, and our Research Director, Mr. Jack Trotman, ~~[whose past experience in the fields of intelligence and security proved invaluable.]~~ Their wise and practical handling of the many sensitive matters that arose during our inquiry and their devoted interest made a tremendous contribution to our work. Major André Lemieux's administrative and security arrangements were most helpful, ~~[as were certain special investigations he conducted on our behalf.]~~

13. Finally, we have become convinced that effective security arrangements must have a firm basis in public awareness and understanding, that the

level of parliamentary and public debate on these subjects would be considerably improved if more information were made available, and that a good deal of information could in fact be made available without detriment to the public interest. For these reasons, we feel that the government should make public as many of the arguments and recommendations contained in this Report as may be revealed without in its opinion damaging the public interest.

II. SECURITY REQUIREMENTS AND RESPONSES

General Considerations

14. The requirement for security procedures is based primarily upon the state's responsibility to protect its secrets from espionage, its information from unauthorized disclosure, its institutions from subversion and its policies from clandestine influence. There has been no period in history when attempts at activities of these kinds have not been undertaken; such attempts—successful or unsuccessful—are taking place now, and will undoubtedly continue to take place in one form or another as long as international relationships are based upon the existence of nation states. In order to carry out its responsibilities the state must make arrangements to determine the nature and extent of activities of this kind which exist at any given time, and to take such preventive or defensive measures as may be possible and appropriate.

15. From detailed estimates that have been made available to us by the RCMP and other concerned departments of government, it seems clear that the main current security threats to Canada are posed by international communism

and the communist powers, and by some elements of the Quebec separatist movement. The most important communist activities in Canada are largely directed from abroad, although domestic adherents of and sympathizers with communism pose considerable problems in themselves; the separatist movement is primarily of domestic origin, although there has been some indication of foreign involvement. Threats (particularly of espionage) from non-communist countries may exist from time to time, but seem at present to be of minor importance. Fascist organizations do not now pose a significant threat, as their power base is non-existent and their activities limited.

Communism and Security

16. Although it is true that we face a more complicated and fragmented communist world than we did at the time of Gouzenko's defection nearly twenty-five years ago, none of the evidence we have heard suggests to us that recent developments have led to any significant changes in the adversary relationship that continues to exist between the communist powers and the west in terms of intelligence and subversive operations and security defences. Canada remains the target of subversive or potentially subversive activities, attempts at infiltration and penetration, and espionage operations conducted directly or indirectly by the Soviet Union, Poland, Czechoslovakia, Hungary and Communist China, and to a lesser extent by such countries as Albania, Bulgaria, the German Democratic Republic, Romania and Cuba. In addition, Canada can be used as a base for operations against other countries, and especially against the United States. We realize of course that the present fragmentation of the communist world is such that there is no certainty that the intelligence policies of all these countries constitute a monolithic whole. We are not

concerned however with detailed political analysis, and from the point of view from which we are considering the problem we think their methods and objectives are sufficiently similar to justify our using the admittedly simplistic terms "communism" and "communist".

17. The communist powers conduct espionage and subversive operations through officials of communist missions, through so-called "illegal residents" (persons unassociated with official representation and living here illegally, probably under false identities), through members of the communist parties in Canada, both overt and underground, through communist sympathizers of various kinds, and through those who can be compromised, blackmailed or subverted. The communist intelligence services are supported by large resources, and their techniques are modern, sophisticated and effective. ~~[About half the officials from communist countries at present in Canada are known to be intelligence officers; the number of "illegal residents" is naturally unknown, but there has been a heavy emphasis on the acquisition of Canadian documentation and there is every reason to suppose that attempts to establish and operate agents of this kind continue.]~~

18. Apart from their use of communist adherents and sympathizers in Canada, it is particularly important to an understanding of security procedures to realize that there is abundant evidence that the communist powers, in their search for agents, are prepared to make use of compromise, character weakness and duress. By these means they exploit contacts amongst members of the Canadian public service at home and abroad, industrial workers and executives, members of emigré and ethnic groups, university faculty members and students, and those who travel between Canada and communist countries.

The communists have repeatedly demonstrated their ability to recruit support by playing on all types of human weakness or difficulty. ~~[In fact, as far as can be determined, the current trend appears to be away from the use of ideological supporters and toward the use of those who can be compromised in one way or another and coerced by fear of exposure, or recruited for simple mercenary motives.]~~

19. The forms of communist subversive activity in Canada are varied, ranging from efforts to develop front organizations to attempts to subvert individuals in government, the mass media, the universities, the trade unions, emigré and ethnic groups and political parties. Such activities are assisted by the fact that the communists are able to exploit and exaggerate existing elements of social unrest and dissent concerned with a variety of appealing causes. Some facets of these operations are worthy of special mention. First, activities in universities and trade unions appear at present to be of special significance. Half the population is under twenty-five and activities in the universities will have a considerable effect on the national climate of opinion in future years. As far as the trade union movement is concerned, there is a long history of attempts by the Communist Party to assume control at local levels and to take all possible measures to influence national policies; these attempts are often, but not always, frustrated. Secondly, efforts to influence immigrants from ^{some European} countries ~~[such as France and Italy]~~ with large communist parties have recently increased; ~~[the Italian communist trade union has, for example, established in Canada the Istituto Nazionale Confederale di Assistenza to maintain contact with and to influence Italian immigrants.]~~ Thirdly, certain communist countries which have emigré groups in Canada have embarked on an

extensive programme to establish liaison with these communities, a programme in which the intelligence services of the countries concerned appear to be playing an important role. Fourthly, there has been some resurgence of activity by certain communist front groups; communist influence also remains significant in a number of non-communist peace groups, and in "friendship" societies linking Canadians with the communist countries. Fifthly, on the West Coast, ^{associations} ~~(the~~ Progressive Workers Movement and the Canada-China Friendship Association, both of which have clear^{ed} links with the Chinese Communist Party, are making serious efforts to penetrate and control the Chinese community in Canada, ~~[the signifi-~~ cance of this situation must be viewed in the light of the presence in Canada of an unknown number of illegal Chinese immigrants and of increasing Canadian ~~contacts with Communist China]~~ Sixthly, although the Trotskyist movement in Canada is very small in size, its militancy and skill give it greater potential influence than its strength would indicate.

20. As far as espionage is concerned, we have received enough information and examined enough case histories to make it clear that, in addition to those activities which have been uncovered, other active operations almost certainly remain undetected, many of them probably conducted by "illegal residents". Military information appears to remain of considerable importance as a target for espionage operations, but there is some evidence that the communist intelligence services may be placing a somewhat higher priority upon the acquisition of scientific, technical, economic and political information, including unclassified information of seeming technical or strategic value. The importance of Canada as a target for espionage operations should not be underrated. We are in possession of a great deal of United States and British classified

information, we participate in NORAD and NATO, and our attitudes, policies, capabilities and intentions are in themselves of some significance.

21. There is no evidence to indicate that the general nature and extent of communist activities in the intelligence field have been significantly affected by changes in international relationships, by the atmosphere of the détente or by the communist doctrine of peaceful coexistence. However valuable this atmosphere may be from many points of view, it is undoubtedly true that from the specific and limited viewpoint of security defence the détente has its dangers. It would appear that periods of détente with the communist powers tend to be accompanied by increased attempts at subversion and penetration. In present circumstances, the détente has led to a considerable and rapid expansion in relations between the communist countries and the west, and in our open societies the communists take advantage of such contacts to improve their capabilities for espionage and to increase their influence both overtly and covertly. At the same time as these opportunities are increasing there has grown a readiness to believe that the threat to security posed by communism, if it has not actually disappeared, is at least diminished. This has resulted in a situation in which defensive measures are constrained and inhibited, and accorded lowered priorities in terms of national attitudes, effort and resources. It seems to us important to appreciate that in present circumstances security procedures will remain necessary whatever the changing state of overt relationships between the communist powers and the west; these precautions are in the nature of insurance, and one does not cease to pay premiums because of good health which may be temporary.

Quebec Separatism and Security

22. In addition to the requirement for security procedures imposed by the communist threat, Canada is at present faced with a second and perhaps even more difficult internal security problem arising from the activities of some elements of the Quebec separatist movement. Separatism in Quebec, if it commits no illegalities and appears to seek its ends by legal and democratic means, must be regarded as a political movement, to be dealt with in a political rather than a security context. However, if there is any evidence of an intention to engage in subversive or seditious activities, or if there is any suggestion of foreign influence, it seems to us inescapable that the federal government has a clear duty to take such security measures as are necessary to protect the integrity of the federation. At the very least it must take adequate steps to inform itself of any such threats, and to collect full information about the intentions and capabilities of individuals or movements whose object is to destroy the federation by subversive or seditious methods.

23. Although the more moderate elements of the Quebec separatist movement have up till now been conducting a largely political campaign, it appears to us that there is in certain quarters a tendency to resort to activities that could well be regarded as seditious. What is more, there is no doubt about communist and Trotskyist interest and involvement in the movement. Both groups have established "autonomous" Quebec organizations as somewhat transparent attempts to exploit separatist sentiment; members of both have achieved positions of influence in at least some of the separatist groups and agencies, helped by the often bitter factionalism within the movement itself. For these reasons alone it seems to us essential that the Canadian security authorities

should pay close attention to the development of these particular elements of the separatist movement.

24. Foreign involvement is more difficult to establish with any certainty. What can be said is that the Soviet Union has shown a marked interest in the formation of the Communist Party of Quebec, ~~and that there have been a number of contacts between certain separatists and known or suspected Russian intelligence officers. In the early 1960's there were indications of active Cuban interest.~~ More recently French activities appear to have assumed greater importance. There is no doubt about overt French Government interest in Quebec and the separatist movement. There has also been some indication of clandestine or improper French involvement with some elements of the movement. ~~While the available evidence is not completely conclusive, analogies with known French operations in other francophone areas would suggest that it is inconceivable that some such activity is not taking place.~~

Canada and Her Allies

25. In addition to the normal responsibilities for defence against threats to internal security which she has in common with all nation states, and more specifically in present circumstances with all members of the western alliance, Canada's special relationships with the United States and Britain impose additional requirements and make Canadian security procedures of particular importance.

26. The United States is the leader of the western alliance in terms of military, economic and political power. As a member of this alliance with special relationships in many fields and an open frontier with the

United States, Canada has a serious responsibility to ensure that its territory is not used as a base for the mounting and direction of foreign espionage and subversive operations against the United States, and that Canada is not a safe haven for foreign agents, or a route for infiltration into the United States. Quite apart from membership in the alliance, it is in the Canadian national interest to assist with the defence of North America against threats to internal security, ~~and there is also the possibility that undesirable consequences could follow a Canadian demonstration of unwillingness or incapacity to perform this role. The United States might, for example, impose more rigorous controls on the Canada-United States border, or undertake secret counter-intelligence operations in Canada.~~

27. There is another area in which Canadian security policies are responsive to the requirements of allies, and to the individual or collective security regulations of allied countries. Canada receives large amounts of classified information (and even larger amounts of unclassified but official data) from abroad, the bulk of it from the United States and Britain. This classified information is made available on the understanding that it will receive security protection similar to that which it would receive in its country of origin; and the Canadian Government is committed by a number of agreements to providing such protection, which normally involves specified minimum standards both of physical protection and of screening for the individuals who will have access to the material. Undoubtedly, some of this classified information is supplied because it is in (for example) United States and British interests to ensure that Canada is informed on certain issues, but in general the continued flow is dependent upon the apparent adequacy of Canadian security.

28. ~~There are in fact some indications that this flow of information has~~ recently diminished in certain areas, mostly at the initiative of the United States. We have found it impossible to be certain of the reason for this diminution, and we would not like to attribute the whole of it to United States worries about Canadian security--clearly current Canadian foreign policies and the divergences of views between Canada and the United States on certain crucial issues must affect relationships. We feel reasonably certain however that some part of the lessening is due to the United States view that Canadian security measures are not always adequate.]

29. The point has also been made that it might be of advantage to reduce the extent of Canadian security precautions by ensuring that the amount of classified material from allied sources reaching Canada was reduced to a minimum, and we have given some consideration to the apparent importance to Canada of this largely United States and British classified information. It is difficult to establish the position with any precision, but the representations we have received from interested departments convince us that the flow is of considerable importance, first, to Canadian perception of the international scene and of the detailed significance of many issues, and secondly to Canadian policy and decision-making in a number of specific areas. These areas are mainly concerned with intelligence and security, research and development, foreign and defence and (perhaps to a slightly lesser extent) economic policy; in addition the continuance of defence production sharing arrangements between Canada and the United States is partly dependent on the adequacy of Canadian security procedures. Further, with regard to the possibility of reducing the flow, it has been pointed out that in many areas it is

very difficult to be selective: either Canada receives a mass of material or it receives none. The receipt of even a minimal flow from other areas would require security procedures and precautions; in any case, many of these precautions would be necessary for Canadian national purposes. In general, our position on this issue is that we do not think that a decision to reduce the flow of allied classified information should be taken merely on the grounds that its receipt demands the maintenance of more extensive security precautions. ~~The real issue is not one of security, but is rather concerned with the extent to which other considerations might make it appropriate for Canada to opt out of exchanges of classified information with our allies.~~

Security Responses

30. In order to meet the requirements we have outlined, a number of security methods and procedures have been devised or suggested. The following paragraphs represent an attempt to create a framework within which to view the details of these methods and procedures. Before outlining such a framework, however, we would first reiterate our view that the duty of the state to protect its secrets from espionage, its information from unauthorized disclosure, its institutions from subversion and its policies from clandestine influence is indisputable; what are matters for dispute are the organizations and procedures established by the state to meet this responsibility in an area which can touch closely upon the fundamental freedoms of the individual. Secondly, we would repeat our opinion that security procedures must not be viewed primarily in the context of the detection and prosecution of illegalities. They are mainly concerned with the collection of information, with the prevention of leakage and loss and with ensuring that compromise is discovered.

31. In all countries security procedures consist of a range of measures. First, there are those basic measures which provide for the acquisition of information by means of active intelligence operations, investigation or liaison with allies. This information provides the basis for the general assessment of the varying threats, and for the formulation of appropriate policies. In addition, these measures provide the data against which risks are assessed and judgments made in individual cases. No security arrangements can be better than the data on which they are based, and the more complete the information that is available the more sensible and equitable are policies and decisions likely to be.

32. Next, an array of measures is concerned with the control and regulation of certain actions of individuals. These measures all involve the investigation and "screening" of personnel with a view to preventing where possible those who in the judgment of the government may constitute a risk to the security of the state from entering the state, becoming citizens of the state, entering public employment or having access to classified information. Procedures concerned with security screening of personnel may themselves include a range of activities: the establishment of criteria; examination of available records including, for example, criminal records; interviews with the concerned individual; inquiries concerning an individual; arrangements for the evaluation of reports; arrangements to ensure the consistency of decision-making; procedures for review of these decisions; and procedures for taking action where individuals are judged to be risks in terms of their probable behaviour. In more detail, these procedures include the following activities:

- (a) Control of entry to the national territory, by means of visa control and arrangements for the security screening of intending immigrants or visitors or both. Such measures are employed in one form or another by all nations.
- (b) Control of the granting of citizenship to other than native-born persons, by means of similar security screening of applicants. Again it is normal for nations to employ some such procedures.
- (c) Control of passport issuance. Almost all nations take steps to ensure that passports are "documents of integrity" in the sense that they are issued only to those who are citizens. Some nations issue passports to all citizens as a right, although exceptions are naturally made in the cases of such persons as fugitives from justice, those who have contravened certain laws and those who owe debts to the government. Other nations subject applicants for passports to security screening on the basis of the opinion that possession of a passport is a privilege which the state is entitled to grant or deny.
- (d) Control of access to public employment. Here again, some nations insist on a form of security screening for all public employees; the results of such a screening are sometimes used in the personnel selection context to judge suitability as well as to ensure absence of any significant security risk.

(e) Control of access to classified information and material.

All nations conduct security screening in one form or another before permitting individuals to have access to classified information.

33. In addition, a series of measures relates to the classification, safekeeping, handling and transmission of material which requires security protection, to the provision of appropriate technical and other facilities, and to procedures to ensure compliance with security regulations. Finally, a legal and law enforcement structure is concerned with the adequacy and enforcement of such laws as relate to various aspects of security defence.

34. Different elements of this range of measures may receive differing emphases or priorities in different countries and in different circumstances, and there is naturally a continuing debate concerning the relative importance of measures in different parts of the spectrum. Some, for example, consider immigration security controls of vital importance; others feel that the number of persons eventually excluded as a result of these controls is so small as to call into question their usefulness. Some believe that citizenship should be an accolade only awarded to those (other than the native born) who can satisfy rigid security criteria; others feel that a resident is very little more of a security threat if he becomes a citizen, or less of a threat if he does not. Some take the view that nothing is more important than the basic measures of physical security; others argue that it is of first importance to be assured of the loyalty and reliability of those with access to classified information.

35. Clearly a proper balance is necessary between these inter-related measures. If immigration controls are reduced in effectiveness, possibly access to the public service should be more strictly controlled by ensuring (for example) that only citizens are so employed. If immigration controls are strengthened, possibly control of citizenship can be relaxed. The main strategic decisions in the area of security are concerned with the allocation of available defensive resources to the elements of the spectrum, and decisions of this kind must be taken by the government on the basis of estimates of the threat and judgments of the relative effectiveness and acceptability of different measures in changing circumstances; ultimately, we suppose, the totality of these judgments must in some sense reflect the government's view of national character, attitudes and aspirations.

36. The remaining chapters of our Report are concerned with the individual procedures which together make up this spectrum of security defence, with the organizational problems that arise from them, with their impact on individuals, with their effectiveness in specific areas and with means by which they may be improved and rationalized.

Privacy

IV. SECURITY AND THE INDIVIDUAL

n

General Considerations

89. The problem posed by the impact of security procedures on individual members of society is of course one of the central issues of our inquiry. In the general area of individual freedoms, concern has been expressed in recent years over invasions by the state, as well as by private individuals and organizations, of what has come to be called the "right of privacy". The range of apparent problems is broad, and includes such matters as the use of telephone interception, electronic intrusion devices, long range cameras and other sophisticated equipment by police and governmental agencies in the course of detection and investigation of criminal offences and security matters; the collection and recording of information about individuals and organizations for the purpose of security "screening"; the use of such devices as the polygraph and the breathalyzer by the police; the use of closed circuit television and eavesdropping devices to supervise employees or to assist with the entrapment of consumers; the use of psychological tests and questionnaires by prospective employers, and in schools without parental knowledge or consent; the

accumulation and storage of personal data in computers by the state.

90. Two aspects of this general area of concern seem to us to fall within our terms of reference. The first of these is the use of certain investigative techniques for the purposes of counter-espionage or counter-subversion operations and for the acquisition of intelligence; this we consider in some detail in Chapter X. The second is the investigation of personnel for security screening and clearance purposes; *this we deal with below.*

91. We must first state that we consider personnel security and personnel screening of central importance to an effective security system. Some dependence may be placed upon physical security measures and upon the enforcement of regulations, but ultimately the reliability and discretion of individuals is the base upon which all true security must rest. This is especially true now that advances in technology—the advent of rapid copying equipment and sophisticated electronic devices, for example—have made it almost impossible to devise effective physical protection against a determined individual with modern equipment. We think that all persons, without exception, should be subjected to the security screening process before being allowed access to classified material. Those to be screened should include, as required, employees of Canadian Government departments or agencies, members of the armed forces and the RCMP, ministerial appointees, members and staffs of task forces, consultants, university faculty members working on classified research contracts or handling classified material, persons employed in industry concerned with classified contracts, and so on. The necessary procedures consist essentially of two parts: first, the acquisition of data about the past history of an individual; and secondly, an attempt to forecast the individual's future performance or reliability on the basis of this data.

92. We have little sympathy with the more extreme suggestions that inquiries about persons should not be undertaken because of the individual's "right of privacy", nor with the view that the process of personal investigation by the state is alien to normal and democratic practice, nor with the general premises that any individual has a right to employment within the public service or a right of access to classified information. We think that all employers—even governments—have a right to be selective in hiring employees as long as selections are made upon a sound and equitable basis. What is more, investigation of applicants for employment is a normal practice, as is investigation for credit or insurance purposes. References are required or referees are consulted. Many firms make credit bureaux checks of prospective employees, and we understand that some have relationships with local police departments which enable them to acquire at least negative data. Many firms "bond" employees, and this involves investigation. Some make use of psychological tests and interviews in an attempt to assess aptitude. The general process of data acquisition as a basis for forecasting the future performance or reliability of a prospective employee is widespread, well-understood and generally accepted. The state's procedures only differ in comprehensiveness and formality from those generally employed in one form or another by responsible employers in the private sector.

93. Neither does an individual have a right to confidence; on the contrary, access to classified information is a privilege which the state has a right and a duty to restrict. We believe that the real rights of individuals are of a rather different order. We feel, for example, that persons should be told that they are to be subjected to inquiries for security clearance, and have a right to expect that any inquiries made about them should be made by competent and trained investigators, and that any decisions made about them should be made

carefully, in a consistent and equitable framework, and on the basis of procedures that are not incompatible with the concepts of natural justice and with national style and tradition.

94. On the other hand, in order not to imperil sources of information adverse decisions must sometimes be taken about individuals without revealing to the person concerned full details of the reasons or the supporting evidence. It is sometimes necessary to refuse to employ an individual, or to transfer him or even to discharge him, because after the fullest investigation doubts about his reliability remain even though nothing may have been proved by legally acceptable standards. Such doubts must be resolved in favour of the state rather than in favour of the individual, or at least some greater weight must be attached to the interests of the state than would be appropriate in legal proceedings. People employed in sensitive environments may in certain circumstances be subject to unusual regulations concerned perhaps with search of their persons or restrictions on travel.

95. In our view, there are no simple or legalistic solutions to problems of these kinds, but only ad hoc checks and balances. Experience in the United States (where almost complete reliance is placed upon due legal process and the full force of the law can be invoked to rule upon almost any administrative decision) would suggest that there are no sensible or practical organizational or other arrangements which can provide absolute protection to all individuals against apparent occasional restriction of their rights.

96. Further, just as normal legal processes occasionally lead to injustices, so will security procedures. Usually persons do not suffer in legal proceedings because of arbitrary judgment; if they suffer, they do so only

because of the nature of the system and the content of the law itself. Similarly in security procedures extreme care must be taken to ensure that if the interests of an individual are prejudiced they are prejudiced only because of an overriding requirement and not because of lack of care. Whatever arrangements may be made in an attempt to protect the rights of the individual, ultimately his most important right—to fair, equitable and careful treatment—will depend upon the existence of policies and procedures scrupulously formulated in accordance with national style and traditions, and consistently executed and enforced by competent and trained personnel of great integrity.

97. Before proceeding to a detailed examination of screening procedures, we should note that the remainder of this chapter is largely concerned with civilian government employees. In many instances, however, the comments and suggestions we make are also applicable to members of the armed forces and to persons employed in classified work in industry; we do however devote later chapters to special problems in these areas. Somewhat similar procedures are applied to most applicants for immigration or citizenship, and many of the general remarks in this chapter apply here also, although again we devote a later chapter to a detailed consideration of these matters.

Acquisition of Data

98. There are five methods by which data that is relevant to an individual's reliability can be acquired: checking of available records; written inquiries; personal inquiries; physiological or psychological tests; and personal interviews.

99. Records Checks. [~~Checking of available records is a~~ Minimal investigative procedure] ~~which may be conducted with or without the knowledge of the~~

~~subject. Many countries check the records of all applicants for government employment and most countries conduct records checks of all persons who may have access to classified information. In Canada,~~ ^{include the checking of readily} available government records ^{such as} ~~include~~ RCMP subversive files, RCMP criminal records, ^{government personnel} ~~departmental or armed~~ forces files (where previous service is claimed) and immigration and citizenship files (where appropriate). ~~In addition, the Canadian authorities have access to information from commonwealth and foreign countries with whom liaison is maintained, and (on a normal commercial basis) to credit bureau files.~~

100. Written Inquiries. Written inquiries seek information about an individual's reliability, character, associations, experience and education from former employers and supervisors, from schools and universities, and from referees.

101. Personal Inquiries. Personal inquiries (so-called "field investigations") fall into two parts. First, an effort is made by means of personal interviews with former employers, associates, school or college teachers or supervisors, neighbours or appropriate local agencies to check and confirm the details of his past life that an individual has listed on a comprehensive personal history form. Secondly, use is made of these interviews to elicit information concerning character, habits, morals, reputation or associations, as well as "leads" for further interviews. If adverse information is elicited, further investigation is concentrated on this particular area in an effort to confirm, deny or expand it. Clearly this is a highly subjective and in some ways objectionable process, but in spite of considerable effort no substitute for it has yet been devised. It seems to us however of special importance that the inquiries should be made and any resulting reports prepared by mature,

experienced, sophisticated and trained officers, working under strict supervision, and that only significant information should be recorded. We were impressed [in Britain, Australia and especially the United States] by the care with which personnel investigators are selected, trained and supervised and their reports considered, checked, balanced and revised. ^{in some countries.} We cannot emphasize too strongly that, if an individual's rights are to be protected, and cooperation obtained from such important sources of information as universities, personnel investigations of this kind must be regarded as duties requiring persons of high calibre and considerable skill and experience.

102. Tests. It would be an ideal situation if it were possible to process an individual through a series of more or less mechanistic tests, and arrive at an objective judgment of the subject's future loyalty, reliability and character.

Unfortunately, we are informed that this is not possible, nor likely to be possible in the foreseeable future. ^{Some relevance can, however, be placed on} ~~Polygraph examinations are given by certain~~ ^{certain} agencies in the United States, and with skilled operation it seems that this ^{types of} equipment can assist with equitable judgment by bringing to light so-called ^{psychological} "areas of concern" and resolving doubts; certainly the usefulness of polygraph ^{testing in} tests in special circumstances on a voluntary basis should receive further ^{special} examination. In addition, we are informed that there is at least a possibility that tendencies towards homosexuality can be determined by physiological tests, and a research project on this subject is being conducted in Canada; we feel that support for this project should continue, both for its own sake and as a Canadian contribution to the development and improvement of the investigative ^{circumstances} process.

103. Personal Interview. Opinion is divided on the relevance and propriety of personal contact between an investigator and an individual under investigation.

~~In Britain, for example, records checks are regarded as a covert process, but~~
field investigation ("positive vetting") is considered as a cooperative process in which interviews are used to discuss and resolve points which may arise in the course of investigation. Some United States agencies regard interviews with security officers as mandatory, but others (including the Civil Service Commission and the Federal Bureau of Investigation) regard them as quite inappropriate. Our own view is that each case must be considered on its merits.

If areas of concern appear in the course of investigation, there seems no reason why attempts should not be made to resolve them by interview, unless they appear to be of such significance as to make it apparent that clearance is almost certainly impossible or the situation is such that a confrontation appears unlikely to be rewarding.

104. Clearly, many combinations of these five techniques are possible, and in fact actual procedures vary quite widely. In Canada, present arrangements appear to be somewhat inconsistent. In the first place, it is clear that many persons are recruited for classified employment before checks are completed, and may even be given access to classified material before the results of any checks are available. This procedure is said to be due to the exigencies of recruiting, but is nevertheless inexcusable. Secondly, records checks are conducted with some informality and inconsistency. Fingerprints are not required from all applicants for classified employment, nor from any industrial workers on classified contracts, and in the absence of fingerprints fully adequate criminal records checks are impossible. Inquiries of referees are very limited, even in the context of personnel selection. It is unusual for previous employers to be consulted in the absence of a field investigation. Further the requirement for a field investigation differs in different parts of

the government. Some departments require such an investigation for a so-called "Secret" clearance, and some require it only for "Top Secret" clearance. Subjects are interviewed by the security officers in some departments and not in others. Finally, there is a considerable ^{inconsistency} [inflexibility] in procedures; this results in the situation that a department which does not state a requirement for a field investigation for a "Secret" clearance may be presented with adverse information from the records, ~~[which there has been no attempt to resolve by even the most limited inquiries.]~~

105. There is a further area in which Canadian procedures seem to us somewhat inflexible, and this is in the relationship between security investigation and screening procedures on the one hand, and the personnel selection process on the other. The ~~[official]~~ policy on this subject, ~~[as stated in Cabinet Directive No. 35]~~ ^{that} is ~~as follows:~~

① A person to be appointed to a permanent position in the public service will not normally be made the subject of security screening for this reason alone. But whenever a person to be appointed to such a position is, in the opinion of the deputy minister or head of agency concerned, likely to be required eventually to have access to classified information, that person shall before being given a permanent appointment, be made the subject of ~~[a fingerprint and file check if this has not already been done.]~~ ^{at least a rudimentary security check}

In fact, as far as we can determine, only the most limited investigation of prospective members of the public service is conducted by the Public Service Commission in the absence of a requirement for security screening. Sometimes qualifications are confirmed; occasionally referees are consulted. Personnel selection decisions are made largely on the basis of a personal interview. What is more, and in spite of the ^{State policy} ~~[Directive]~~ it appears unusual for any security screening to take place in anticipation of a possible future requirement for

access to classified information, except in the armed forces *and a few other departments and agencies.*

106. In the United States Government a very different practice is followed.

Investigations are conducted by the Civil Service Commission as part of the normal procedures for obtaining sufficient data to assess the suitability of candidates. The Bureau of Personnel Investigations of the Commission is responsible for the whole process of obtaining or confirming all the facts, both favourable and unfavourable, that bear on an individual's suitability for employment. It carries out this responsibility by means of records checks or field inquiries, and it evaluates the significance of the information it develops in consultation with employing departments. All applicants for the United States public service, whether or not they are to be employed in sensitive positions, are subjected at least to records checks. The object of this programme is to give effect to the government's responsibility for maintaining the quality of the public service at a high level and for implementing a meaningful merit system in which all factors bearing on suitability are considered. ~~[There are only two limitations on these procedures. First, certain departments and agencies are responsible for their own security screening processes either unilaterally or by arrangement with the Federal Bureau of Investigation. Secondly, alleged subversive associations and activities are followed up by the Federal Bureau of Investigation and not by the Civil Service Commission investigators.]~~

~~107. The situation in Britain is not entirely dissimilar, although public servants are normally subjected to checks only when a security clearance is required. So-called "Normal Vetting" in Britain is a covert operation conducted by the Security Service on the basis of records, as a result of which~~

~~recommendations are made to departments about individual cases. "Positive~~
Vetting", which is mainly concerned with character, is conducted by special teams unrelated to the Security Service (in fact, as a matter of convenience, administered by the Ministry of Technology). The employing department makes a judgment on the basis of character information supplied by these teams and any information and recommendations related to subversive activities and associations provided by the Security Service. The rationale is that the department (at least theoretically) knows the individual and can evaluate the character information, while the Security Service knows the security situation and can evaluate the significance of allegedly subversive associations or activities. Again, if the character inquiries produce information relating to subversive activities, this is passed to the Security Service for further inquiry.]

108. [For our part, we can see many advantages in the institution of a formalized effort to acquire, in the context of personnel selection, elementary data about every applicant for employment in the public service, whether or not he or she is to be employed on classified duties. Adverse reports would of course not necessarily be reasons for rejection, but the process of inquiry should help to avoid the unfairness inherent in a situation in which a candidate is able to conceal relevant but adverse information merely because the government makes little effort to check details of background and record. In addition, even if an individual were being initially considered for a non-sensitive appointment, some data would be available to indicate whether or not problems relating to clearance were likely to arise at a later stage when access to classified material might be vital for promotion or transfer. In the absence of such procedures, increasing mobility within the public service

seems likely to lead to growing numbers of problem cases. Further, inquiries concerning individuals may become somewhat more acceptable if conducted in the context of personnel selection rather than security investigation. ~~Finally, a general requirement for basic records checks will ensure that the names and fingerprints of all public servants are readily available to the Security Service.~~

109. We have examined the present procedures ^{for investigation + clearance,} outlined in Cabinet Directive No. 35, and have reached the conclusion that they could with advantage be amended on the following lines. These suggestions extend records checks to all members of the public service, and add certain elements of formality to the procedures for granting access to classified material.

- (a) Persons to be employed in the public service. Before a person is employed in the public service his name should be checked against the subversive records and he should be the subject of a fingerprint check against criminal records. Adverse information need not result in rejection, but the information should at least be made available to the employing department, which can request further inquiries if these appear to be necessary.
- (b) Persons to have access to Secret (and Confidential) information. Before a person is given access to Secret or Confidential information he should be the subject of comprehensive records checks (including subversive records, criminal records, all relevant federal departmental records, credit bureaux records and foreign records where necessary and possible). Where

written inquiries to referees or previous employers have not been made as part of a personnel selection process, this should be done. If these steps produce no adverse information, access may be granted to Secret or Confidential information after a formal and recorded departmental judgment that this access is necessary and desirable. If however any significant adverse information is developed, further investigation (including field inquiries) should be undertaken by the Security Service to confirm or resolve doubts. After inquiry, the case should be referred by the Security Service (with a recommendation—a point to which we shall return) to the department for decision.

- (c) Persons to have access to Top Secret information. Before a person is given access to Top Secret information he must be the subject of a similar comprehensive records check and a full field investigation covering a period of at least the previous ten years of his life or the period from age eighteen, whichever is shorter, and a formal and recorded departmental judgment must be made that this access is necessary and desirable. ~~[In addition, provision must of course be made for the requirements of special clearances to levels higher than Top Secret.]~~
- (d) Clearances to Secret and Top Secret levels should be formally up-dated at regular intervals, Secret clearances by means of records checks and consultation with departmental supervisors,

and Top Secret clearances by means of further field investigations. Security clearances should not be thought of as in any sense permanent, and in between these up-datings supervisors of personnel handling classified matters and departmental security officers should concern themselves, if necessary in consultation with the Security Secretariat and the Security Service, with cases in which possible doubts have come to notice.

110. We have already referred to one specific inconsistency in present regulations—that fingerprints are not required from industrial workers for whom clearance is needed. In our opinion there is no reason for any distinction between industrial workers and public servants in this respect. We regard fingerprints simply as a means of identification, comparable perhaps to photographs. We can see no validity in objections to the taking of fingerprints and the retention of fingerprints on file. In addition, we understand that plans are being made to "vacate" and seal original criminal records after relatively short periods and that these sealed records will only be available for specific reasons. We consider it of great importance that the full records should be available for security screening purposes, although we would agree that only the recent "unvacated" records should be used in the case of applicants for employment in which access to classified information is neither necessary nor likely to be necessary in the future.

Reporting of Data

111. Once data about an individual has been acquired, it must be reported to the decision-making authority, which is the employing department. The

present practice is for the RCMP to summarize the results of its record checks and investigations in the form of somewhat stereotyped letters or "briefs" with little or no explanation of the significance to be attached to any given item of information, and very often with data summarized to such an extent as to be difficult to assess. ~~[The ostensible reason for this process of "briefing" is that the RCMP is unwilling to reveal the full details of information at its disposal, and in particular the sources of items of information, to departmental officers. There is in fact some justification for this unwillingness on the part of the RCMP, for there have been occasions in the past when information so revealed has been most unwisely used by departments. In addition, the process of précis and briefing represents a form of quality control, whereby the results of the inquiries and reports of relatively junior officers can be brought to a uniform standard.]~~

~~ix.~~ ~~[Whatever the reasons for this process,]~~ *this process of summarization* ~~we feel that it is wrong in principle, though probably convenient in practice.]~~ There will clearly be occasions (although we suggest these are likely to be few in the area of personnel screening) when protection of sources must be considered of paramount importance, but the general principle should be that decisions are made on the basis of all relevant information, although the means by which and the conditions under which the information is made available to the departmental decision-makers may vary. ~~[Departmental officers must be trained to give the information which comes to them the same protection as would the Security Service itself. On some occasions, it may be necessary to have discussions with departmental decision-makers on the contents of the files, even though the files themselves do not leave the custody of the Security Service. This procedure is already followed in interdepartmental committees concerned with the screening of~~

~~prospective immigrants and applicants for citizenship.~~ In general one of the most important functions of the protective security branch of the Security Service should be to ensure that all relevant information is made available to departments in as complete a form as possible.

113. In ^{addition,} one respect at least present Canadian personnel security procedures are almost unique. ^{to the Government} The ~~RCMP~~ takes the firm view that ^{the RCMP} ~~it~~ must do no more than provide basic information to departments concerning the clearance of individuals, and that it must play no formal part in the decision process itself. In a sense, the concept of departmental responsibility has been extended to support the position that the RCMP should not be asked to advise formally on the significance of the information it provides. The ostensible rationale for this attitude is somewhat mystical; it is alleged that provision of this advice would tend to edge the nation closer to a "police state". We feel the real rationale is much more practical: the ability to dissociate activities concerned with personnel investigation from the results of personnel judgment has obvious advantages as a public posture.

114. In Britain, the Security Service comments on information (or the absence of information) concerning subversive activities and associations with one of the following series of remarks:

"(a) The Security Service advises that the candidate should not have access to information classified CONFIDENTIAL or above. (Most persons assessed as a "risk" to security will come into this category.)

(b) The Security Service advises that the candidate should not have access...etc.,...unless (the Department concerned) decides that there are overriding departmental considerations. (This formula will be used whenever the Security Service record of the candidate or of his close relatives or associates does not establish the candidate's unreliability to the extent required for Reply (a), but where

substantial suspicion nevertheless remains that the candidate may come within the terms of Reply (a). Many persons assessed as a "slight risk" to security will be covered by this formula.)

(c) The Security Service advises that the above information should not necessarily debar the candidate from access... etc.,...but (the Department) may prefer to make other arrangements especially if access to particularly delicate information is involved. (This formula will be used whenever the Security Service record of the candidate or of his close relatives or associates leaves room for slight doubt as to the candidate's reliability. Many persons assessed as a "slight risk" to security will, as in the case of Reply (b) be covered by this formula.)

(d) The above information does not in the view of the Security Service provide grounds for denying the candidate access.... (This formula will be used when the Security Service has a record of the candidate, or of a close relative or associate, of which the Department should be made aware but which, in the view of the Security Service, is insufficient to cast doubts on his reliability. The Security Service will normally expect such persons to be acceptable to Departments.)

(e) ~~Nothing Recorded Against.~~"

115. In Australia, the Director General of the Australian Security Intelligence Organization may state that there is no security objection to a given individual having access to material classified up to but not above Secret; or having regular access to Secret material and occasional access to Top Secret material; or having regular access to Top Secret material. If, however, the Director General considers the individual to be a security risk, and the individual is already a public servant, the Director General informs the Public Service Board, the Permanent Head of the department concerned, and, if necessary the Minister, that he cannot give a security clearance, placing before them as much of the information at his disposal as the circumstances permit—frequently all the information—though not normally the sources from which it has been learned. The department and the Board are then in a position

to make an independent judgment of the reasons for withholding clearance, and to take such action concerning the individual—transfer or dismissal, for example—as may be appropriate. If the individual concerned is an applicant for employment in the public service, the Director General informs the Public Service Board that he cannot grant a security clearance, again giving such of the facts as circumstances permit, and the applicant in most cases is not appointed.

116. [As far as Canada is concerned] *we think* [present arrangements are] *wrong* on two counts. First, an organization which provides data should bear some responsibility for the implications and significance of that data; such a responsibility adds to the compulsion to be accurate and objective. Secondly, the present procedure deprives the decision-maker of the sole source of professional advice on the significance of subversive associations and the main source of professional experience on the meaning and relevance of character defects and other factors. It seems to us that this deprivation is as likely to be detrimental to the individual as it is to be disadvantageous to the state. We agree that the final responsibility for decision-making must rest with the departmental authorities; we nevertheless believe that the Security Service *should have* ~~has~~ a duty to provide meaningful advice to help with the decision, and that it should do this not only by providing as full information as possible but also by commenting on the importance and significance of the information it provides and by making formal recommendations concerning clearance.

The Decision Process

117. Whatever arrangements are made to provide data and advice, at some point a decision to grant or withhold clearance must be made on each individual case. This decision involves estimating the possible future behaviour of an

individual on the basis of his past history. The process is difficult enough in the case of an applicant for employment, when the sole administrative effect of an adverse decision will be the refusal of employment, or the selection of another individual from an eligible list. It is even more difficult if it relates to a person already employed, when an adverse judgment may lead to transfer, non-promotion, inhibition of career, suspension or even dismissal, and, what is more, may involve the department in a lengthy train of administrative negotiations and difficulties concerned with hearings and reviews.

118. A great deal of conceptual consideration has been devoted to definitions of loyalty and reliability, to the relationship of loyalty to security and to the relevance of certain so-called character defects to either loyalty or reliability. In practice, we feel that the initial basis for decision must be a set of criteria against which the history of the individual is measured. It is a truism that no set of criteria can meet all cases, and that a large element of subjective judgment must eventually be applied in very many cases, but nevertheless the relevance and adequacy of the criteria seem to us to be of the first importance.

119. We have been generally impressed by the criteria which are set out in Cabinet Directive No. 35, and which are applicable at present. We quote the relevant passages below:

"1. ...The security of classified information in the possession of a department or agency may be placed in jeopardy either by persons who may be disloyal to Canada and her system of government or by persons who are unreliable because of defects in their character.

"2. Employees in the public service of Canada, including members of the Armed Services and the Royal Canadian Mounted Police, who are required to have access to

*Paragraph
in para 97*

classified information in the performance of their duties, must be persons in whose reliability and loyalty to his (sic) country the Government of Canada can repose full confidence. It has been clearly demonstrated that such confidence cannot be placed in persons whose loyalty to Canada and our system of government is diluted by loyalty to any Communist, Fascist, or other legal or illegal political organization whose purposes are inimical to the processes of parliamentary democracy. It is therefore an essential of Canadian security policy that persons described in paragraph 3 below must not, when known, be permitted to enter the public service, and must not if discovered within the public service be permitted to have access to classified information. If such a person is in a position where he has access to classified information, he must at least be transferred to a less sensitive position in the public service. It may also be necessary, where it appears to the Minister concerned to be in the public interest, to dismiss him from the public service....

"3. The persons referred to in paragraph 2 above are:

- (a) a person who is a member of a communist or fascist party or an organization affiliated with a communist or fascist party and having a similar nature and purpose;
- (b) a person who by his words or his actions shows himself to support a communist or fascist party or an organization affiliated with a communist or fascist party and having a similar nature and purpose;
- (c) a person who, having reasonable grounds to understand its true nature and purpose, is a member of or supports by his words or his actions an organization which has as its real objective the furtherance of communist or fascist aims and policies (commonly known as a front group);
- (d) a person who is a secret agent of or an informer for a foreign power, or who deliberately assists any such agent or informer;
- " (e) a person who by his words or his actions shows himself to support any organization which publicly or privately advocates or practices the use of force to alter the form of government.

"4. It must be borne in mind that there may be reason to doubt the loyalty of a person who at some previous time was a person as described in paragraph 3 above, even though this

*Used w/o
attribution*

doubt may not be confirmed by recent information about him.

"5. In addition to loyalty, reliability is essential in any person who is to be given access to classified information. A person may be unreliable for a number of reasons that do not relate to loyalty. To provide as much assurance of reliability as possible persons described in paragraph 6 below may not be permitted to have access to classified information, unless after careful consideration of the circumstances, including the value of their services, it is judged that the risk involved appears to be justified.

"6. The persons referred to in paragraph 5 above are:

- (a) a person who is unreliable, not because he is disloyal, but because of features of his character which may lead to indiscretion or dishonesty, or make him vulnerable to blackmail or coercion. Such features may be greed, debt, illicit sexual behaviour, drunkenness, drug addiction, mental imbalance or such other aspect of character as might seriously affect his reliability;
- (b) a person who, through family or other close continuing relationship with persons who are persons as described in paragraphs 3(a) to (e) above, is likely to be induced, either knowingly or unknowingly, to act in a manner prejudicial to the safety and interest of Canada. It is not the kind of relationship, whether by blood, marriage or friendship, which is of primary concern. It is the degree of and circumstances surrounding such relationship, and most particularly the degree of influence that might be exerted, which should dictate a judgement as to reliability, a judgement which must be taken with the utmost care; and
- (c) a person who, though in no sense disloyal or unreliable, is bound by close ties of blood or affection to persons living within the borders of such foreign nations as may cause him to be subjected to intolerable pressures.

Used w/o attribution

~~"7. In addition it must be recognized that there may be a serious risk to security in employing or permitting to be employed persons such as those described in paragraphs 3 or 6 above:~~

- (a) ~~in certain positions in industrial firms and related establishments involved in or engaged~~

- upon the production or study of classified defence equipment which requires security protection; or
- (b) in positions in government organizations engaged in work of a nature vital to the national security which, although they do not normally involve access to classified information, may afford their incumbents opportunities to gain unauthorized access to such information."

120. This document appears to us to be a clear and explicit statement of the criteria which should be used to guide decisions concerning personnel clearance, although we wonder whether the distinction between loyalty and reliability is not somewhat overemphasized. The decision is ultimately based on a forecast of the future reliability of an individual, in the light of various factors—including loyalty—which may affect this reliability. In any case, a judgment concerning an individual's reliability may seem less invidious than a judgment of loyalty. We also regard as somewhat impractical the requirement (paragraph 2 of the quotation) that certain persons "must not, when known, be permitted to enter the public service", when at present no attempt is made to seek data on those who enter non-sensitive positions. Under our suggested procedures, the fact that records checks would be made of all candidates would presumably bring to light more such cases. In order to avoid excessive restriction, the Directive should probably be amended to state that the firm prohibition on entry to the public service should apply only to those who may have access to classified information, or are likely to have opportunities to gain access. Cases where candidates will have no such opportunity should be treated on their merits, as we suggest in paragraph 109(a).

121. There are four ~~further~~ points we would raise concerning these criteria. The first concerns homosexuality, the second Quebec separatism, the

third the relevance of student activities at college or university, and the fourth the security clearance of aliens or former aliens.

122. The question of homosexuality is a contentious area, especially as social mores change. It is a fact, demonstrated by a large number of case histories, that homosexuals are special targets for attention from foreign intelligence services. What is more, there seems to us clear evidence that certain types of homosexuals are more readily compromised than non-deviate persons. However, we feel that each case must be judged in the light of all its circumstances, including such factors as the stability of the relationships, the recency of the incidents, the public or private character of the acts, the incidence of arrests or convictions, and the effect of any rehabilitative efforts. In general, we do not think that past homosexual acts or even current stable homosexual relationships should always be a bar to employment with the public service or even to low levels of clearance. We do feel however that, in the interests of the individuals themselves as well as in the interests of the state, homosexuals should not normally be granted clearance to higher levels, should not be recruited if there is a possibility that they may require such clearance in the course of their careers and should certainly not be posted to sensitive positions overseas.

123. The problem of separatists is equally contentious. ~~At present, in view of the sensitivity of this subject, special arrangements exist whereby information concerning the membership in or association of individuals with certain separatist organizations and groups is made available by the RCMP, not to departments, but to the Privy Council Office. The Secretaries of the Security Panel and Sub-Panel then take such steps as appear appropriate to arrange that such persons are not employed in sensitive positions.~~

 124. *and* We suggest that security policy concerning separatism should be made clear. We can see no objection to the federal government taking (and being seen to take) steps to prevent its infiltration by persons who are clearly committed to the dissolution of Canada, or who are involved with elements of the separatist movement in which seditious activity or foreign involvement are factors. We feel that information concerning membership in or association with extreme separatist groups should be reported on the same basis as information concerning other allegedly subversive movements, and that the departmental decision process should be similar. We are of course aware that there is a wide spectrum of activity relating to separatism, ranging from overt political activity to clandestine terrorist planning and action, and we do not for a moment suggest that all persons who have been associated with overt and non-violent groups should be excluded from federal employment. We see no reason however why the federal government should employ (especially in sensitive areas) persons who appear to be actively committed to an extreme separatist position. At the very least we feel that a decision to employ such persons should be taken only on the basis of a knowledge of their records.

125. A third issue concerns the importance which should be attached by the Security Service or the decision-makers to the activities of young persons at universities. The point is made that universities are traditional homes of free thought and protest, and that the positions taken by young and inquiring minds should not be held "against" them in later years. We agree with this point of view. Questionable university associations or activities should not necessarily bar an individual from government or sensitive employment, although such activities may well be relevant in any later investigation.

126. We are however somewhat disturbed by the tendency in certain university circles to use the plea of academic freedom to substantiate claims to inviolability and to privileged immunity from normal security procedures. In the first place, we can see no objection to inquiries at universities concerning persons who are seeking government employment or security clearance. In fact, we regard such inquiries as of special importance because the products of universities are more likely than other persons to reach sensitive and influential positions. In any case, university authorities can be said to have the same status as "previous employers" and should accept inquiries about students on this basis.

~~More generally, however, it is clear that as a result of government instructions originating in 1961 the security authorities do not operate as effectively in universities as they do in other areas.~~ We see no reason why any immunity should be accorded to members of faculties or student bodies who engage in subversive activities. We do believe however that all inquiries at universities should be conducted by mature, experienced and sophisticated investigators and be the subject of sensible and balanced reporting. The Security Service should take special care not to interfere with freedom of thought and discussion, to avoid random inquiries concerning student activities, and to avoid overemphasizing the importance of such activities.

127. Fourthly, we note that the clearance of aliens or former aliens presents problems, which have become of significance now that aliens are entering the public service in growing numbers. We feel that definite rules must be established to deal with this question, and we think that a decision to grant a security clearance to an alien or former alien should be taken on the basis of positive information comparable in quality and adequacy to that which would be obtained in Canada. Unfortunately, there will be many cases in which it will

be impossible to obtain adequate data concerning an individual from his ^{who has recently arrived from} country ^{abroad} of origin] and we think that, in such cases, no clearance should be considered until the individual has been resident in Canada for a meaningful period and has undergone a full field investigation. Former citizens or residents of communist countries are a special category; in these cases clearances should only be granted where the obvious advantages of doing so outweigh the special risks involved.

128. Finally, we feel that positive arrangements must be made to ensure as far as possible that departmental judgments are consistent and balanced. Two procedures—one general and one specific—should be adopted to this end. In the first place, all adverse decisions and a sampling of non-adverse decisions should be reviewed by the Security Secretariat in consultation with the Security Service. Continuing inconsistencies or anomalies in departmental judgments and action should soon become apparent, and the Security Secretariat can use the channels open to it to rectify the situation. Secondly, we suggest that when a department decides to grant access to classified information in spite of the Security Service's advice or recommendation, the Security Service must be informed of the disposition of the case, so that it can take such action as it considers appropriate to review the department's security posture, or to bring the department's decision to the attention of the Security Secretariat. It seems to us that procedures of this kind will combine the requirement for departmental responsibility for judgment with an assurance that a department's judgment will be responsible.

Review Procedures

129. Decisions to withhold or (especially) to withdraw clearances must

often lead to administrative decisions that may affect the careers or the livelihood of individuals. In some cases the individuals concerned find it in their own interests to resign or agree to a transfer. There remains however a residue of cases in which the demands of natural justice may well require that decisions affecting individuals should be subject to some form of appeal or review at the instance of the individual concerned. A great deal of attention has been devoted in many countries to the problem of devising a form of review which will meet the proper requirements of national security, and the fact that there is no simple solution to the problem is demonstrated by the wide variety of approaches that have resulted in different countries—approaches which vary from an absence of any appeal system to an ostensible complete dependence on formal judicial proceedings.

130. Our inquiries suggest that both extreme positions are untenable. Some form of review system is clearly desirable in itself, as well as to meet reasonable public and parliamentary expectation. On the other hand, we are certain that fully judicial procedures are ill-suited to the review of decisions based on security grounds. There are a number of reasons for this. One reason has in our view been overemphasized in Canada, although it still has great importance in certain circumstances; this is the need to protect information and sources from disclosure in any form of hearing. A second reason has not been emphasized sufficiently; this is the fact that decisions in this area ultimately relate to the defence of the state, for which the government and only the government is responsible. Such decisions should not be surrendered to any group outside the executive, although there is no reason why the executive cannot seek advice in its decision-making. A third reason relates to responsibility. Ministers and deputy ministers are responsible for the security of their departments; they

cannot reasonably be required to be bound by an outside decision (other of course than that of the Prime Minister) on questions of individual access to the classified material for which they are responsible. A fourth reason is pragmatic; if all judgments in the area of security become subject to independent appeal and decision, the executive may tend to take such steps as are possible to ensure that cases which merit this form of review do not arise; in other words, the harder it becomes to deal with security cases without recourse to legal and public review, the greater will be the pressures for very rigorous—even unfairly rigorous—judgments by departments before employment, and for resort to administrative (rather than security) measures against employees who become the subject of adverse security reports.

131. There are three areas in which review may be required—employment, immigration and citizenship. Until recently the situation was that decisions concerning dismissals of public servants (but not industrial workers) on security grounds might be reviewed as a last resort by three members of the Security Panel who act in a collective advisory capacity. The situation has however been changed by recent amendments to sections 7(7) and 7(8) of the Financial Administration Act (S.C. 1966-67, c. 74) which read as follows:

"(7) Nothing in this or any other Act shall be construed to limit or affect the right or power of the Governor in Council, in the interest of the safety or security of Canada or any state allied or associated with Canada, to suspend any person employed in the public service or, after an inquiry conducted in accordance with regulations of the Governor in Council by a person appointed by the Governor in Council at which the person concerned has been given an opportunity of being heard, to dismiss any such person.

"(8) For the purposes of subsection (7), any order made by the Governor in Council is conclusive proof of the matters stated therein in relation to the suspension or dismissal of any person in the interest of the safety or security of Canada or any state allied or associated with Canada."

Later in this chapter we suggest a means whereby this requirement for a hearing may be met. Immigration decisions in which security is a factor may be appealed to the Immigration Appeal Board, which may take into account compassionate and humanitarian considerations, unless the two ministers concerned sign certificates denying discretion on other than strictly legal points to the Board; citizenship decisions involving security cases are decided by the responsible minister and no appeal procedures exist at present. These differing systems seem to us to be inconsistent, wasteful of expertise and in the long term probably marginally dangerous to the security of the state as well as to the rights of individuals. We have in fact encountered no very widespread concern about these present arrangements but we feel that a new and more formalized approach to the problem would serve to improve the public image of security measures and still what criticism does now exist about their fairness.

132. We have reviewed the arguments and discussions that have taken place over the years—particularly in 1957 and 1963—concerning the propriety of establishing some form of security review panel to which public servants would have access. ~~Most recently,~~ In 1963, when the issue was considered in great detail, and terms of reference for an independent and extra-departmental security review board were drafted, the Security Panel recommended against its establishment and suggested instead the adoption of a revised Cabinet Directive on security within the public service. This Directive (No. 35) included provisions for a system ^{who instituted} by which three members of the Security Panel would review any proposed recommendation to a minister for dismissal on security grounds.

133. *At this time,* The main arguments advanced against the establishment of the independent panel were: first, that the government would be subject to pressures for

the extension of the proposal to include fully judicial safeguards for the employee, and that these would inevitably compromise vital sources of security information; secondly, that the government would be subject to pressures for the extension of the plan to members of the armed forces who have their own grievance procedures and to employees of private firms, thus creating difficulties in the field of labour-management relations; thirdly, that the proposed procedure would undermine established managerial responsibilities and practices throughout the public service; and fourthly, that departments would tend to seek other methods of dealing with security cases in order to avoid mandatory review of decisions by a body outside the public service.

134. We do not find these arguments completely persuasive. Briefly, we feel that pressures for a fully judicial review system can be resisted, that extension of a sensible system to the armed forces and to private industry is not necessarily undesirable, that "established managerial responsibilities and practices" in the public service in the area of security are not so effective and satisfactory as to be entirely unworthy of interference, and that the avoidance of decisions leading to mandatory review may not always be undesirable from the point of view of national security. Further, although we are convinced that great care is exercised in the handling of individual cases, we are unimpressed by the operation of the system for final review that was adopted in 1963 ~~and is outlined in Cabinet Directive No. 35. As far as we can tell, on the only occasion on which the system was used, the "appeal" became a mere item on the agenda of a Security Panel meeting (with those who made the decision assisting with the review), rather than a special and specific re-hearing of the arguments by three uninvolved members of the Panel.~~ We do not think it impossible to devise a system which will provide for meaningful review of the decisions

of departments, preserve the requirement for governmental responsibility and decision, give adequate protection to sensitive information and sources yet provide a reasonably effective safeguard against arbitrary, hasty or ill-considered judgments, and perhaps also avoid the necessity for ad hoc inquiries into individual cases.

135. In our attempt to devise such a system we have kept in mind three principles. First, it seems to us vital that individuals (except applicants for employment and independent applicants for immigration) who are the subjects of decisions on security grounds should be given as many details as possible of the factors which have entered into the decisions. Quite clearly there will be some cases in which little information can be made available to the individual, but normally, in the general run of cases relating to membership of associations, residence of relations and character defects, it should be relatively simple to indicate the relevant factors without disclosing sensitive sources. At the very least it is certain that in areas, such as employment, immigration and citizenship, in which decisions may be made either on security or on non-security grounds, it is essential to inform the subject of the category into which his case falls, so that he is able to take the appropriate steps if he wishes his case to be reviewed.

136. Secondly, as we have already implied, we maintain that the decisions of a board concerned with the review of security matters can only be advisory. Security is a function in which the safety of the state is involved, and in such an area the government must exercise its right to govern; no independent or extra-governmental body can assume this role. In practical terms the board must review the final decisions of departments and advise the Prime Minister and the minister concerned of the results of this review.

SECRET

A0050266_65-001945

137. Thirdly, we consider that security is an area in which expertise and understanding are important. We consider it wasteful that expertise in this area should be acquired and then only used in a few individual cases or specialized areas; all security decisions have much in common, and the same board should review contentious decisions in all appropriate areas.

138. In fact, we suggest that a new Board should be established to deal with a variety of appeals against security decisions. The general responsibility of this Board would be to review decisions made in the area of security in order to ensure that the rights of individuals had not been unnecessarily abrogated or restricted in the interests of the security of the state and its allies, and that no unnecessary distress had been caused to individuals. The Board would deal with the following types of cases:

- (a) Protests by public servants (including members of the armed forces) who wish to appeal against a departmental decision to dismiss or transfer them on security grounds. In cases of dismissal, the Board would provide the form of hearing required by section 7(7) of the 1967 amendments to the Financial Administration Act. (S.C. 1966-67, c. 74)
- (b) Protests by public servants against denial of promotion or against an apparent inhibition of career prospects on security grounds. Cases of this kind will normally only come to light after appeal through normal channels to a Promotion Appeal Board if this Board feels it necessary to advise the applicant of the true reason for failure to take some such administrative action as posting or transfer.

- (c) Protests by industrial workers against dismissal or transfer or against denial of promotion or apparent inhibition of career prospects on security grounds.
- (d) Protests by such persons as consultants or university faculty members where withdrawal of clearance affects professional careers.
- (e) Protests by sponsors or nominators against refusal on security grounds to admit to Canada potential immigrants they have sponsored or nominated, and protests by sponsors or nominators against refusal to grant landed immigrant status to a person already in Canada whom they could have sponsored or nominated if he were abroad.
- (f) Protests by applicants for citizenship who have been refused on security grounds.

139. It will be noted that there are three categories of persons who we think should not have access to the Review Board. Nor should these classes of persons be given any indication that the reasons for adverse decisions are based on security grounds. These categories are as follows:

- (a) Failed candidates for employment as public servants. An applicant for employment knowingly places himself in a competitive situation, and presumably appreciates that any decision concerning him will be made on the basis of a complex of factors; there is absolutely no requirement for the employer—in this case, the government—to enter into

controversy with an applicant by informing him of the reasons for his failure. Similar considerations apply to failed applicants for employment in industry, and to consultants and faculty members who are denied clearance as opposed to having an existing clearance withdrawn.

- (b) Independent applicants for immigration resident abroad. Although the Canadian Government is committed by common justice and humanity to give fair consideration to all cases, it would be inappropriate for it to be placed in the position of having to enter into a controversy concerning security with a citizen of another country without sponsors.
- (c) Persons without sponsors or nominators who enter Canada ostensibly as visitors and then request a change of status to that of landed immigrant. We see no reason why such persons should be treated differently from independent applicants for immigration resident abroad; as such they should have no access to the Review Board.

140. In addition, it should be noted that persons who have already passed through the immigration screening process (on their own behalf or through sponsors or nominators) and have been formally admitted to Canada as landed immigrants should have no need to appeal to this Board. We think that deportation of such persons should be regarded as a most serious punitive act, and that decisions to deport, even if taken on security grounds, should be subject to formal judicial due process and appeal rather than to a review by the kind

of board we envisage. If the situation is such that the government is unwilling to disclose acceptable and satisfactory evidence, we feel that deportation should not be ordered. As long as immigration controls are reasonably rigorous and effective, such situations should not often arise.

141. The Security Review Board we envisage should consist of a chairman and (say) two other members, all nominated by the Governor in Council, and should meet as the need arises. The Board should be independent of any government department or agency although its secretarial support would be provided by the Security Secretariat. Its members should not be active government officials, although they would of course be subject to governmental security screening procedures. The Board's procedures should be on the following lines:

- (a) An employee, sponsor or nominator of an immigrant, or applicant for citizenship about whom an adverse decision has been made on security grounds and who decides to apply for an inquiry is provided with a document indicating to the extent possible without compromising sensitive information or sources the reasons for the adverse decision.
- (b) The Board interviews separately and privately representatives of the department concerned, representatives of the security authorities, the person concerned (who may be accompanied by any friend, lawyer or trade union official he wishes to nominate) and any other individuals whom the person wishes to be heard. The Board may interview these persons as many times as it considers necessary to gain a full understanding of the case. The Board is not bound to make its decision and render its advice solely on the basis of the evidence

brought before it, but may order such further inquiries as it considers appropriate. As all those who appear before the Board are interviewed separately, there is no direct confrontation or cross-examination, but the Board will satisfy itself as to the decision taken by asking questions arising from previous testimony.

- (c) The advice of the Board on a given case, the reasons for this advice and any recommendations or comments which the Board considers appropriate are communicated by the Board to the Governor in Council and the minister concerned. A brief record of the Board's decision is also communicated to the individual concerned. When the advice of the Board has been received, any further action on the case is considered by the Prime Minister in the light of this advice.

142. The suggestion has been made that recent legislation affecting the public service, especially the Public Service Employment Act, the Public Service Staff Relations Act and Amendments to the Financial Administration Act (S.C. 1966-67, c. 71, c. 72 and c. 74) together with the grievance procedures which stem from them, may make it difficult in future to deal with individual security cases in the manner we outline above. We have considered the existing legislation, however, and believe that the government's position is secured by section 112 of the Public Service Staff Relations Act, which reads as follows:

"(1) Nothing in this or any other Act shall be construed to require the employer to do or refrain from doing anything contrary to any instruction, direction

or regulation given or made by or on behalf of the Government of Canada in the interest of the safety or security of Canada or any state allied or associated with Canada.

"(2) For the purposes of subsection (1), any order made by the Governor in Council is conclusive proof of the matters stated therein in relation to the giving or making of any instruction, direction or regulation by or on behalf of the Government of Canada in the interest of the safety or security of Canada or any state allied or associated with Canada."

SECRET — CANADIAN EYES ONLY

SECRET

A0050266_72-001952

AGC-3506

VIII. EXTERNAL AFFAIRS AND NATIONAL DEFENCEExternal Affairs and the Foreign Service

275. It is quite evident that security in the foreign service is a matter of special importance. Staff are dispersed, and in many countries, especially the communist countries, they are clear and obvious targets for hostile intelligence attack. This is true not only of officers of the Department of External Affairs, but of officers and employees of the many other departments with staff abroad. In fact, officials and employees of the Department of External Affairs represent less than one-third of the nearly 7000 Canadian employees stationed abroad and the list of departments with such personnel is surprisingly lengthy, including for example National Defence, Trade and Commerce, Defence Production, Manpower and Immigration, Finance, Atomic Energy of Canada Ltd., and the Emergency Measures Organization. It must be understood that the attention of hostile intelligence services is not directed only towards those who have access to classified information. Officials or employees without access may become useful sources of information, not about classified matters, but about other individuals employed in the post or the service. This information may later be used to compromise

or entrap the officials who do have access.

276. There is no dearth of examples and case histories to demonstrate the truth of the statement that Canadian officials serving abroad are targets of hostile intelligence attack, especially in communist countries; ~~As far as the Department of External Affairs is itself concerned~~ ^{The Department of External Affairs} some years ago ~~it~~ suffered from serious security problems, particularly at certain missions within the communist countries. ~~At some locations it seems that many members of the staffs of missions, from security guards to officers, were involved in black market dealings, homosexual and heterosexual adventures with members of the local populace and members of other missions, drunkenness or similar incidents. Some such incidents were only brought to light by the British, United States or other friendly security services. In at least one instance an actual recruitment took place, and in other instances there is evidence of serious attempts at recruitment.~~ Many reasons have been advanced for the existence of these ~~situations~~ ^{problems} - hasty recruiting during a period of rapid expansion, for example, and the attraction of the foreign service for individuals with certain character defects. Although there is no doubt that many of the factors giving rise to these situations have been minimized, the existence of such problems reflects on the past effectiveness of the departmental security system.

277. The present security organization of the Department of External Affairs is established within ^a ~~the Defence Liaison (2)~~ Division which is ^{also} responsible for a variety of ^{other} ~~defence and intelligence-related~~ functions. ~~The head of the Security Section of Defence Liaison (2) Division is the Departmental Security Officer. In addition to this officer and to other members of Defence Liaison (2) Division;~~ ^{overseas} The security organization includes Regional Security Officers, ~~who are stationed~~

~~in London, Lagos, Mexico City and Kuala Lumpur~~ post security officers appointed by heads of missions, ~~who undertake certain security duties at Canadian posts abroad~~ and security guards recruited especially for service at posts abroad.

278. In theory, heads of posts abroad are responsible for the security not only of the External Affairs missions but also of the offices of other government departments; they are instructed to ensure that all classified information is given adequate protection by representatives of Canadian Government departments and agencies to whom it may be entrusted, and that classified information is handled and stored in accordance with the regulations. Canadian posts abroad have been divided into three categories:

- (a) Posts where all Canadian departments and agencies share the same premises. At these, the head of mission undertakes responsibility for all security measures affecting the security of the post;
- (b) Posts where Canadian departments and agencies are located in the capital city with some offices outside the main chancery premises; at such posts, a local security co-ordinating committee can be formed by the head of mission, consisting of representatives of all departments and agencies concerned, to advise on local security problems and report to the head of mission;
- (c) Posts outside and at some distance from the capital city, where the head of mission cannot assume any direct responsibility for security. At these, the

head of the local post is responsible for security, in consultation with the head of mission in the capital city or the Department of External Affairs.

279. The post security officers ~~under the general guidance of the head of mission, is~~ ^{are} responsible for the day to day application of security regulations and for the formulation of such local security orders, ~~as may be warranted. This~~ post security officer is often the head of Chancery (an officer of middle grade on other than a first tour of duty abroad), but he may be a junior foreign service or administrative officer, who would normally be responsible to the ~~head of mission through the head of Chancery].~~ The Regional Security Officers provide guidance and assistance in security matters to posts within their region. ^{and} [They periodically] inspect, report upon and supervise arrangements at these posts. Upon receipt of a report from a Regional Security Officer, a head of post takes such steps as are within his authority to correct any fault, and if the recommended action exceeds his own authority he seeks approval from the Department. ~~It should be noted that Regional Security Officers are not responsible for personnel security matters, except in special circumstances.]~~

280. Our general comment on this organization is that we are not sure that the structure is properly adapted to the size of the present operation, and to the sophistication of the attack; we feel it may retain vestiges of the time when the Department of External Affairs was small and could be managed on an informal basis, and when few Canadians were stationed abroad. ~~We note that~~

~~in Britain the Foreign Office has a separate Security Department ("Division")~~

We think that the establishment of a separate Security Division within the Department is probably justified

~~in External Affairs terms), while in the State Department the Director of Security reports directly to the Deputy Under-Secretary for Administration. We think that these and similar options should be considered as alternatives to the present situation in which most security matters are handled by a section within a Division, although we recognize that certain advantages result from the close association between the security and intelligence functions within the Department. In our view the most sensible solution would be to upgrade the status of the security (and incidentally the intelligence) functions by creating a Security Division separate from the present Defence Liaison (2) Division, but to arrange for both these Divisions to report to an Assistant Under Secretary.]~~

281. A number of other points also need consideration. In the first place, it is quite clear that in spite of the theoretical tidiness of the instructions, there exists a great deal of confusion in posts abroad concerning responsibility for the security of Canadian offices and personnel. The responsibility of the head of post is not always understood by the other departments; and in fact, when the head of a post attempts to exercise his responsibility towards other departments, he frequently finds it difficult to do so. Some post security officers, acting as agents for heads of posts, assume responsibility for the inspection and supervision of the security of all government departments located in the same country, but most do not. Whether they do or do not appears to depend largely upon the seriousness with which they and their local superiors regard the security function.

282. We think that this matter is too important to be left to the whims of those on the spot. It must be made quite clear to all concerned (if necessary by some form of general security instruction applicable to all departments with

representatives abroad) that the head of post is responsible for all Canadian security measures in the country to which he is accredited, and that the post security officer acts on his behalf. The post security officer must have full authority to supervise the security of the offices of other departments; he should, for example, maintain a list of the security clearance status of all Canadians officially in the country (surprisingly this is by no means always the case at present); he must have access to relevant information concerning the personnel in the post, and when necessary to the security staffs at the headquarters of the other departments in Ottawa. In practice, of course, any departments and agencies dealing with classified information must have security officers of their own on the spot, and a good deal of delegation of responsibility by the post security officer will be necessary, especially in posts such as London and Washington where there are large staffs in buildings quite separate from the Chancery, or where offices are located in cities other than the capital. Nevertheless, the principle of audit, inspection, recommendation and ultimate enforcement by the head of mission and his security officer should be preserved.

283. Such a plan is only practicable if the post security officer is reasonably trained. At present, heads of posts have probably become at least slightly acquainted with some security problems in the course of their progress through the service, but there is no guarantee that a post security officer has received any more than the short security indoctrination offered to all personnel before posting outside Canada. Whether he is trained or not depends on the exigencies of the service and the initiative of his head of post or head of Chancery.

284. We think that the function of post security officer should be the primary responsibility of an adequately trained officer of sufficient status to advise and influence heads of missions and officers from other departments at all posts abroad; this is especially necessary in large posts or in posts with special security problems, such as all those within the communist countries and some outside. In a few cases, the appointment of a full-time security officer would appear to be justified, but training and status seem to us to be the factors of primary importance. We realize the difficulty of providing personnel for a system of this kind, but we can see no reason why other departments and the Security Service itself cannot be used as sources of experienced and suitable security officers for special posts on a secondment basis.

~~285. The added element of professionalism that is implicit in these~~
suggestions will perhaps add another important dimension to Canadian security precautions abroad and especially within the communist countries. At present, post security officers have no formal liaison or accreditation arrangements with the local British or United States security authorities, and in the past have often been unaware of the development of untoward or dangerous situations until these have been drawn to their attention by these allied agencies acting through their own headquarters and Ottawa. At posts such as Moscow, the British and United States security authorities are in close contact in the field about the activities of hostile agents and their relationships with members of missions. Except in emergencies, Canada is at present excluded from these consultations at the local level. We doubt for example whether the present Canadian security officers at posts within the communist countries are fully aware of the covert activities of some of the local persons with whom members of the mission have contact; we doubt whether they operate a meaningful programme of review of the

~~social contacts of mission members. Unless security officers in these vulnerable locations have a systematic understanding of hostile personalities and operations, and make serious attempts to review departures from normal routines and patterns on the part of mission members, many security precautions and procedures will be vitiated. We do not of course suggest extreme measures such as actual surveillance, but we do feel that the security officers' role should be thought of as one of active prevention rather than passive detection.~~]

286. Standards of physical security at missions abroad are very varied. We are disturbed by the number of Canadian Government offices abroad located in commercial buildings to which the public has access throughout the day and night, and in which classified material is left unprotected except by a safe during silent hours. In some locations there are inadequate arrangements for the separation of areas in which classified information is handled and areas in which locally engaged staff work. However, we understand that steps are being taken to rectify these situations. In addition, all the information we have received leads us to believe that the present calibre of ^{some of the} security guards in Canadian missions abroad is unsatisfactory. We realize the difficulties of recruiting suitable personnel for such duties and providing them with a useful career, but we think this problem must be solved if adequate security is to be maintained.

287. Generally, we consider that more attention must be paid to the problem of providing reasonable standards of physical security. Trivial financial considerations should not be allowed to enter into matters with possible security implications; we were told for example of instructions to change a cleaning contract from a known and trusted firm to an unknown company because of a marginally lower bid. The fact that such instructions are issued suggests to us that

there is a need for a greater awareness of the realities of the security problem amongst those responsible for financial administration in Ottawa.

288. The operations of the Canadian Government abroad are very dependent upon the assistance of locally-engaged staff (usually nationals of the country in which they are located) as interpreters, messengers, cleaners, drivers, and so on. This gives rise to a number of issues which vary with the location of the mission. In communist countries there is no doubt that all staff should ideally be Canadians (just as the whole staffs of Soviet missions in the west are Soviet nationals) because local employees are usually members of the intelligence service of the country concerned, and can report on Canadian staff and readily install intrusion devices. However, in spite of the dangers, we agree that a programme to change the present situation would not be feasible, even if the local authorities in communist countries would permit it. The employment of foreign nationals means however that a very high standard of security discipline must be maintained in such missions.

289. The dangers at posts outside the communist countries are perhaps slightly less acute, but they exist nevertheless. In many countries [~~West Germany, France or Italy, for example~~] there are great difficulties in identifying communist agents and sympathisers. [~~even with the assistance of the local authorities~~]. Further, in such countries there is perhaps a greater tendency to recruit local staff for more responsible posts, which may require some access to classified material. Except in the most exceptional circumstances, we think that such tendencies, which are largely apparent in departments other than External Affairs, should be resisted.

[290. ~~At some posts (particularly London) acceptable clearances can be~~

~~obtained for locally-engaged staff, and some such staff do have access to~~
classified material, although again this is less true of the Department of
External Affairs than of other departments. What is more, some of these offices
hold or generate material which is justifiably for Canadian eyes only, or hold
information which may not be released to nationals of the country in which they
are located. We think it wrong that regulations should not be observed, and
(for example) that United States classified material which may not be seen by
a Canadian Government servant in Ottawa because he is not a Canadian national
should be seen by a British national in London. Steps should be taken to ensure
~~that non-Canadians do not have access to such material.~~

National Defence and the Armed Forces

291. The Department of National Defence is also a department with important security problems, partly because of the very large volume of classified material which it holds or generates, and partly because of the large numbers of its personnel who require security clearance. The Deputy Minister is responsible to the Minister of National Defence for the security of the whole Department in accordance with the security policies and directives laid down by the government. Within this framework the Chief of the Defence Staff is responsible for the security of the Canadian armed forces, and the Chairman of the Defence Research Board is responsible for the security of the Defence Research Board and its establishments. ~~At the interdepartmental level, the Deputy Minister represents the Department on the Security and Visits Panels. Departmental policy is coordinated within the Department through the Security and Information Release Committee, which is responsible to the Deputy Minister for formulating security policy and for guidance on matters of common concern within the~~
~~Department.~~

292. Within the Canadian armed forces security is a responsibility of command at all levels. Security staffs provide advice to commanders, administer and direct the security forces and other security resources, and maintain liaison with civilian law enforcement agencies. The organization of security within each command varies to meet the different requirements of the commanders. In general, police matters and security measures are coordinated by a command staff officer.

293. At Canadian Forces Headquarters, a Director of Security is responsible to the Director General of Intelligence and Security for advice on the state of security within the Canadian armed forces. This responsibility includes the development of policy, procedures and regulations as well as advice to commanders arising from inspections and surveys, and the enforcement of relevant regulations. The functions of the Directorate of Security are grouped in three areas: security standards and procedures for the protection of information and the physical security of materiel and units; security clearance of personnel; and technical supervision of military police and security staffs employed at commands and bases. A special investigation unit ~~is under the functional command of the~~ Director of Security, and has six subordinate detachments and 22 sections stationed at various ~~locations~~ across the country and in Europe. This organization carries out field investigations of personnel in the Canadian forces and the Administrative Branch of the Department, and also conducts criminal investigations at the request of any Commanding Officer. The investigators employed for personnel clearances are of sergeant rank or above and are selected for this work only after having obtained some investigative experience in the military police and security fields. Training in field investigation is mainly done "on the job".

294. We have a number of comments on these procedures. First, the security organization in the Canadian armed forces constitutes a second security investigation agency. Ideally we believe there should be but one such agency. We understand however that in general investigations by the armed forces are concerned primarily with character weaknesses, and that cases in which subversive aspects come to notice are immediately turned over to the RCMP. We also appreciate the requirements for the armed forces to provide a career in security investigation for uniformed personnel and to maintain its competence in this field, so that trained personnel may be available for use in theatres of operations. On balance we think there is a case for the armed forces to continue to conduct field investigations, with certain limitations.

295. The first limitation should be that the armed forces agency should be responsible for the investigation only of uniformed personnel and potential recruits to the forces. At present, Defence Research Board civilian personnel are investigated by the RCMP, while civilian members of the Administrative Branch of the Department and civilians employed by the Canadian forces are investigated by the armed forces. We have already suggested that the field investigation of civilian public servants should be removed from the police context and the functions reallocated to a branch of a civilian security service. If this is done, we think that the investigation of all civilians (including those employed by the Department of National Defence and the armed forces) should be conducted by the civilian security service.

296. The second limitation relates to standards. There have in the past been significant differences in the standards of investigations performed by the RCMP and the armed forces. As we have said many times, we think it important

in the interests of individuals that the type of investigation, the calibre of the investigator, the nature of the reports and the criteria for judgment should be consistent. We have outlined our general views on standards of clearance in Chapter IV, and we think these standards should apply to all personnel—uniformed or civilian—of the Department of National Defence.

297. The Department of National Defence has expressed particular concern about the question of separatism as it affects members of the armed forces. We tend to share this concern. Quite apart from such practical considerations as immediate access to weapons, the concept of allegiance is important to the armed forces, and it would clearly be unwise to recruit personnel whose loyalty is at present confused or divided or who may in the future come to owe allegiance to a separate state. We realize that this argument cannot be carried too far; many individuals—including many with clearances—change their allegiances and citizenships in the course of their lifetimes. Nevertheless it is clear that the Department and especially the armed forces can justify a special interest in the separatist activities of members or potential recruits. We think that the same standards should be applied to civilian members of the Department as we suggest in Chapter IV should be applied to other government employees. As far as the uniformed personnel are concerned, we think there should be a clear statement of government policy that persons currently engaged in separatist activities will not be permitted to join the armed forces, and will be released if they are found to be members of the armed forces.

Release of Information
National Disclosure Policy

298. *A further problem is concerned with the exchange of information with other countries. At present questions concerned with the release of and Information Release Committee. This committee is largely concerned with classified military information are dealt with by an official committee*

SECRET

A0050266_85-001965

of the Department of National Defence, the meetings of which
~~Departmental security policy and its membership is from within the Department.~~
~~are attended by officials of other departments as may be necessary.~~
 However, its terms of reference include the review of policy for the release of
 classified information to other nations. When such matters are under consider-
 ation, ad hoc representatives from the Departments of External Affairs, Defence
 Production and others are invited to attend meetings.]

[299. Generally, the question of the release of classified information is a contentious and complex subject. We shall refer in Chapter IX to certain security problems that arise in connection with the sale of arms. In addition, there are some problems related to the release of defence information to other government departments, to civilian contractors and even to the press. Although we realize that many of these are primarily the concern of the Department of National Defence, we have some doubts as to the propriety of decisions on these essentially interdepartmental policies being taken by a departmental committee. In addition, we wonder whether the level of representation on this committee is adequate for the consideration of these important matters, about which ~~interdepartmental conflict may arise~~] We suggest that the formulation and coordination of national disclosure policy should become a function of the Security Secretariat, advised as necessary by departments. The major part played by the Department of National Defence in many of these matters would of course continue, but the central role would be performed on an extra-departmental basis.

300. In addition, there exists a number of problems concerned with the flow of unclassified information (particularly scientific or technological publications and information) between Canadian Government departments and officials and [the] communist countries. (It should be noted that the transmission or sale

abroad of even unclassified publications is strictly controlled by communist governments; similarly, there is no doubt that the presentations and comments of communist individuals or delegations at scientific or other conferences or meetings are also examined and controlled.)

301. *↘* [~~Originally the Visits Panel was responsible for controlling and coordinating these exchanges, but in practice found some difficulty in carrying out this function~~] At present individual departments, many of which are not aware of or primarily interested in security considerations are responsible for exchange programmes subject to ^{*cc: some general*} [~~the following~~] instructions:

- ~~"(i) that in future unclassified information should be given to persons or organizations in Soviet or satellite countries or in the People's Republic of China only when some useful return can be anticipated, or when it is felt some other advantage might be gained by providing the information;~~
- (ii) that this should in future be a departmental responsibility and should not be channelled through the Department of External Affairs; and
- (iii) that before any unclassified information is sent to Soviet or satellite countries or the People's Republic of China the departmental security officer should be consulted and may in turn consult the Secretary of the Security Panel in cases of doubt."

302. *↘* [~~Departments do sometimes seek the advice of the RCMP, the Security Panel, or the Department of External Affairs, but~~ ^{*We believe that in practice*} the present system is inconsistent and possibly dangerous. We think that ^{*an effective*} ~~A~~ form of centralized coordination must be ~~re~~ established, and consider that this should also be a function of the Security Secretariat, advised as necessary by departments. Departments should be instructed to consult with the Security Secretariat before entering into specific or general arrangements for the exchange of unclassified information

with communist countries, and the Secretariat should approve or disapprove proposals, subject of course to appeal by departments to higher levels.

XI. RECOMMENDATIONS

357. We have not attempted to summarize our Report. Instead we state briefly below our more important recommendations. The full supporting arguments for these recommendations will be found in the body of our Report, as will a number of our relatively less important suggestions. Numbers in parenthesis refer to paragraphs in the text.

Organization for Security

358. WE RECOMMEND that there should be established in the Privy Council Office a formalized Security Secretariat with adequate status, resources and staff to formulate security policy and procedures in the context of general governmental policies, and more importantly, with effective authority to supervise the implementation of government security policies and regulations and to ensure their consistent application. This Secretariat should be analogous as an organizational entity to the present Secretariats on Science and on Bilingualism. It should be headed by a Director responsible to the Secretary to the Cabinet, and

should maintain close links with and be advised by the Security Service. (57)

359. WE RECOMMEND the establishment of a new civilian non-police agency to perform the functions of a Security Service in Canada. This agency should eventually be quite separate from the RCMP; it should be generally without law enforcement powers, although it should, when necessary, operate in close liaison and cooperation with the RCMP and other police forces. The organizational and operational detachment of the Directorate of Security and Intelligence from the RCMP may be a necessary first stage in the process of development of the new agency. (69,73)

- (a) The duties of the Security Service should include the following tasks, and its terms of reference should be made public:
 - (i) to collect, collate and evaluate information or intelligence concerning espionage and subversion, and to communicate such information in such manner and to such persons as the Head of the Service considers to be in the public interest;
 - (ii) to be responsible for the direction, coordination and implementation of counter-espionage and counter-subversive operations in Canada;
 - (iii) to be responsible for security investigations concerning civilian personnel employed by the Government of Canada, and other persons as required;
 - (iv) to be responsible for the inspection of security precautions in departments throughout the Government of Canada and elsewhere as required, and for the provision of training and advice for departments of government and other agencies on matters concerned with security;
 - (v) to be responsible for the operation and coordination of all technical security measures;
 - (vi) to cooperate and liaise as may be necessary with domestic, Commonwealth and foreign police forces and security services. (73)

- (b) The Service should be responsible to a designated minister, but the Head should have the right of direct access to the Prime Minister. The Head should also have a certain degree of independence of the government of the day. (73,74)
- (c) The Head of the Security Service should present periodic reports for the consideration of the Security Review Board (see paragraph 361 below) and the Board should have authority to draw to the attention of the Prime Minister any matters it considers appropriate. (76)

Personnel Security

360. WE RECOMMEND that the following steps be taken with regard to the Canadian security screening programme:

- (a) Before a person is employed in the public service, whether or not he is likely to have access to classified material, his name should be checked against the subversive records and he should be the subject of a fingerprint check against criminal records. Adverse information need not result in rejection, but the information should be made available to the employing department, which can request further inquiries if they appear to be necessary. (108,109)
- (b) All persons without exception should undergo appropriate security screening procedures before they have access to classified information or material. (91)
- (c) Standards of clearance for access to classified material should be as follows:
- (i) Before a person is given access to Secret or Confidential information he should be the subject of comprehensive records checks (including subversive records, criminal records, all relevant federal departmental records, credit bureaux records and foreign records where necessary and possible). Where written inquiries to referees or previous employers have not been made as part of a personnel selection process, this should be done. If these steps produce no adverse information, access may be granted to Secret or Confidential information after a formal and recorded departmental judgment that this access is necessary and desirable. If however any significant adverse information is developed, further investigation (including field inquiries) should be undertaken by the Security Service to confirm or resolve doubts.

After inquiry, the case should be referred by the Security Service with a recommendation to the employing department for decision.

(ii) Before a person is given access to Top Secret information he must be the subject of a similar comprehensive records check and a full field investigation covering a period of at least the previous ten years of his life or the period from age eighteen, whichever is shorter, and a formal and recorded departmental judgment must be made that this access is necessary and desirable. In addition, provision must of course be made for the requirements of special clearances to levels higher than Top Secret.

(iii) Clearances to Secret and Top Secret levels should be formally up-dated at regular intervals, Secret clearances by means of records checks and consultation with departmental supervisors, and Top Secret clearances by means of further field investigations. Security clearances should not be thought of as permanent and in between these up-datings supervisors of personnel handling classified matters and departmental security officers should concern themselves, if necessary in consultation with the Security Secretariat and the Security Service, with cases in which possible doubts have come to notice. (109)

(d) Departments and agencies should remain responsible for granting clearance, but the Security Service should assist by providing information on individual cases as fully as possible, rather than in the form of abbreviated reports. In addition, the Security Service should comment on the validity, relevance and importance of the information it provides and make a formal recommendation on whether or not clearance should be granted. (111-116)

(e) When a department decides to grant a security clearance contrary to the recommendation of the Security Service, the latter should be informed, and should be able to bring the department's decision to the attention of the Security Secretariat. In addition, the Security Secretariat should itself review departmental security decisions in order to ensure consistency. (128)

(f) ~~The criteria for clearance expressed in Cabinet Directive No. 35 appear adequate, subject to the following comments:~~ (120)

Include here the criteria in paras. 3 and 6 of Cabinet Directive #35 of Dec 18/63, without attribution, and add as in (i), (ii), (iii)

(i) homosexuality should not always be a bar to employment in the public service, but should normally preclude clearance to the higher levels of classification and certainly preclude posting to sensitive positions overseas; (122)

- (ii) security policy concerning separatism should be made clear; the federal government should take (and be seen to take) steps to prevent its infiltration by persons who are clearly committed to the dissolution of Canada, or who are involved with elements of the separatist movement in which seditious activity or foreign involvement are factors; information concerning membership in or association with extreme separatist groups should be reported on the same basis as information concerning other allegedly subversive movements, and the departmental decision process should be similar; (124)
- (iii) definite rules should be established concerning the clearance of aliens or former aliens. In general, clearances should only be granted to such individuals when it is possible to obtain adequate data on which to base a judgment; (127)
- (iv) fingerprints should be taken from all persons requiring clearance, including industrial workers. (110)
- (g) Universities should not be immune from the same kind of inquiries as any other institutions or previous employers. However, these inquiries in particular should be conducted by mature, experienced and sophisticated investigators who should take great care not to conduct random inquiries concerning student activities, or to interfere with freedom of thought and discussion. (125-126)
- (h) Full criminal records should remain available for purposes of security clearance, whatever the decision about "vacating" such records in other contexts. (110)

Review Procedures

361. WE RECOMMEND that a Security Review Board be established, consisting of a Chairman and (say) two other members, all nominated by the Governor in Council, but independent of any government department or agency. The members of the Board should not be active government officials, although they would undergo normal security clearance procedures, and their secretarial support would be provided by the Security Secretariat. (138,141)

- (a) The Board should consider protests by public servants, members of the armed forces or industrial workers against dismissal or transfer or against any denial of promotion or apparent inhibition of career prospects on security

- grounds; protests by such persons as consultants or university faculty members where withdrawal of clearance affects professional careers; protests by sponsors or nominators against refusal on security grounds to admit or grant landed immigrant status to those they have sponsored or nominated; and protests by applicants for citizenship who have been refused on security grounds. (138)
- (b) The Board should proceed on the following lines: an individual entitled to appeal to the Board should be provided with a document indicating as far as possible the reasons for the adverse decision; the Board should interview separately and privately representatives of the Security Service and of the department concerned, the person concerned (accompanied by a friend, lawyer or trade union official if he wishes) and any other individuals whom the person wishes to be heard; the Board may interview these persons as many times as it wishes, and may also order further inquiries; the Board's advice, recommendations, or comments should be communicated to the Governor in Council and the minister concerned, for consideration by the Prime Minister of any further action in the light of this advice; a brief record of the Board's decision should also be communicated to the individual concerned. (141)
- (c) In connection with dismissals, the Board should provide the form of hearing required by section 7(7) of the 1967 amendments to the Financial Administration Act. (S.C. 1966-67, c.74) (138)
- (d) In addition, the Board should receive periodic reports from the Head of the Security Service (see above) and should have authority to draw to the attention of the Prime Minister any matters it considers appropriate. (76)

Immigration

362. WE RECOMMEND that the following changes be made in the procedures for the security screening of immigrants:

- (a) Wherever possible, data should be acquired about the criminal and security records of all prospective immigrants to Canada irrespective of relationship, sponsorship, or country of origin. (158)
- (b) Significantly adverse security reports on an adult immigrant should lead to rejection, as should significantly adverse reports on a sponsor or nominator in those cases where data on the immigrant himself is not available. (159)

- (c) Normally, judgments on individual cases should be made in the field ~~jointly by the Visa Officer and the Visa Control Officer~~. The quality, maturity and training of Visa Control Officers and Visa Officers, and the relationship between these officers must be improved to the point where they are able to base a joint judgment on the information available to them and on their experience and ~~knowledge of local conditions~~ *by the concerned officials.* (162)
- (d) All cases of refusals of sponsored dependants or nominated relatives, and all cases where the ~~Visa Control Officer and the Visa Officer~~ *officials in the field* fail to agree, should be reviewed jointly in Ottawa by the Department of Manpower and Immigration and the Security Service, and at the option of either, the Security Secretariat. Elements of leniency arising from relationships or humanitarian considerations will thus be introduced into the decision process in Ottawa during interdepartmental consultation. (163)
- (e) Guidelines should be introduced to take the place of the present rejection criteria and to assist officials in the field in making their judgments. The following is a draft set of guidelines which relate only to security, but are intended to have universal application. These guidelines should be interpreted with mature judgment by the officials on the spot according to their understanding of local conditions, and without regard to elements of leniency arising from relationships or other considerations. Similar guidelines should be used in Ottawa in making judgments about sponsors or nominators on those occasions when no direct check of the applicant has been possible, and about applicants already in Canada:
- (i) Persons who are believed on reasonable grounds to have held at any time an official position in a communist, neo-Nazi, neo-Fascist or other subversive or revolutionary organization, or to have held a government, party, public or other senior position or appointment known to be given only to reliable members of such an organization.
 - (ii) Persons who are believed on reasonable grounds to have held membership within the past ten years in a communist, neo-Nazi, neo-Fascist or other subversive or revolutionary organization, unless the applicant can demonstrate that membership was for trivial, practical, non-ideological or other acceptable reasons.

- (iii) Persons who are suspected on reasonable grounds to be or to have been at any time agents on behalf of a communist, neo-Nazi, neo-Fascist or other subversive or revolutionary organization, or to have taken part in sabotage or other clandestine activities or agitation on behalf of such an organization.
- (iv) Persons who for unexplained reasons engage in significant misrepresentation or untruthfulness in completing documents for immigration purposes or during interviews. (165)
- (f) Independent applicants for immigration should normally not be accepted from communist-bloc countries, unless they have first established sufficient residence in a country where a meaningful security check can be made; where the prospective immigrant has a sponsor or nominator, a security screening of the latter should be carried out, and the potential immigrant rejected if the reports are significantly adverse. (166)
- (g) Procedures for admitting Chinese immigrants from Hong Kong should be extensively revised as a matter of urgency. Some years residence in Hong Kong itself or in an area where some meaningful security check is possible should be mandatory. (168)
- (h) The requirement to provide fingerprints should be levied on all prospective immigrants, both to confirm identity as well as to facilitate criminal records checks. (170)
- (i) Persons who have already been formally admitted as landed immigrants should not be subject to deportation on security grounds without full judicial appeal before a body such as the Immigration Appeal Board. (140,175)
- (j) Sponsors or nominators whose dependants or relatives have been refused admission or refused landed immigrant status should have access to the Security Review Board (see above). (177)
- (k) Applicants for landed immigrant status who are already in Canada should be treated in the same way as if they had applied abroad, and should have no entitlement to an appeal against rejection on security grounds; their sponsors or nominators (if any) should however have the right to appeal rejections on security grounds to the proposed Security Review Board (but not to the Immigration Appeal Board). (173,177)
- (1) ~~An effective "watch list" system should be instituted at ports of entry.~~ (174)

Citizenship

363. WE RECOMMEND that the grant of citizenship should normally be refused on security grounds only if actual illegalities or criminal acts have been committed and proved in court, and not merely for membership in subversive associations or even the Communist Party. However, WE RECOMMEND that ministerial discretion should be retained to deal with certain cases in which it may remain appropriate to withhold citizenship for particularly significant security reasons. All persons whose applications are rejected on security grounds should have access to the Security Review Board. (190-192)

Passports

364. WE RECOMMEND that:

- (a) All applicants for a passport who claim to have been born in Canada should be required to produce a birth certificate or some other acceptable proof of birth; all applicants claiming to be naturalized citizens should continue to be required to produce their citizenship certificates. (199)
- (b) All applicants should normally be required to appear personally before an appropriate official. This will require a further decentralization of facilities for the issuance of passports. (199-200)
- (c) In the cases of persons who lose more than one passport or where there is reason to suspect that the "loss" may have been intentional, the issuance of a further passport should be delayed until the validity of the original has expired, subject to arrangements for truly urgent cases. (202)
- ~~(d) Passports should not be denied on security grounds, but an effective "watch list" should be developed, so that the security authorities may be made aware of applications for passports by individuals who have come under adverse notice. (203)~~

Departmental Security

365. WE RECOMMEND that:

All Departments and Agencies

- (a) The general policy of departmental responsibility should continue, but:
- (i) each department should create an effective security organization headed by a trained security officer at a sufficiently senior level in its own structure;
 - (ii) each department should prepare departmental security regulations, based on the regulations issued by the Security Secretariat, but responsive to departmental requirements;
 - (iii) training for departmental security staff and for other selected senior officers should be provided by the Security Service; in addition, security education should be provided within departments on a continuing basis;
 - (iv) arrangements should be made for expert security advice to be given to departments, including if necessary the secondment of officers from the Security Service to departments for periods of time.
- (b) Inspection and audit of departmental security measures should be carried out by a protective security branch of the Security Service, and arrangements should be made for appropriate action to be taken where departmental procedures are inadequate.
- (c) As a matter of urgency, the RCMP and the Privy Council Office (or the new Security Secretariat we have proposed) should, after re-examination of present security regulations and consultation with departments, prepare new security regulations for promulgation by the government. When this is done, departments should be allowed a specified period in which to create adequate and effective security staffs and structures and to make preliminary efforts at compliance. On completion of this period their efforts should be audited, and cases in which the security posture of departments is unsatisfactory should be brought to the attention of their deputy ministers or ministers.
- (d) After this preliminary period, a continuing effort should be made to ensure that compliance with security regulations continues to reach reasonable standards. Cases in which the security posture of a department is unsatisfactory should be brought to the attention of deputy ministers and ministers by the RCMP or the Security Secretariat.

(81-88,223-224)

Department of External Affairs

- (e) Consideration should be given to the establishment of a separate Security Division in the Department reporting directly to an Assistant Under Secretary. (280)
- (f) It should be made clear that the head of each Canadian mission abroad is responsible for the security of all Canadian Government personnel and offices located in the country to which he is accredited, and that the post security officer acts on his behalf. (281-282)
- (g) The function of post security officer should generally be the primary responsibility of a trained officer of adequate seniority. (283-284)
- (h) Greater attention should be paid to the problem of providing reasonable standards of physical security at missions abroad. (286-287)

Department of National Defence

- (i) The armed forces security investigation service should be responsible for the investigation only of uniformed personnel or potential recruits to the forces, and its standards of investigation should be consistent with those which the Security Service applies to civilians. (295-296)
- (j) Persons currently engaged in separatist activities should not be permitted to join the armed forces, and should be released if they are found to be members of the armed forces. (297)

Industrial Security

366. WE RECOMMEND that the industrial security function be removed from the Department of Defence Production, and reallocated to the Department of National Defence. Whether or not this recommendation is accepted, we feel that the following steps should be taken: (320)

- (a) The industrial security function should be recognized as important, and sufficient numbers of staff of adequate calibre should be allocated to it. In particular, the

in order
 industrial security field offices should have increased personnel ~~of adequate calibre~~ to provide reasonable standards of facility inspection, advice and audit. (320, 312-313)

- (b) the general standard of cooperation between the government industrial security authorities and individual companies should be improved. (310-311)
- (c) Clearance procedures for industrial workers should be the same as those applied to government employees, including the taking of fingerprints, ~~except that slightly lower standards of investigation could be accepted for industrial workers requiring clearance only to the Confidential level.~~ Review procedures for industrial workers should also be identical with those available to government employees. (324-326)
- (d) Steps should be taken to reduce the delays that now occur in obtaining clearances for industrial workers. (327)
- (e) The government should concern itself with the calibre, efficiency and training of company security officers, and should not "recognize" such officers until they meet standards acceptable to the government. Employment of a "recognized" company security officer should usually be a condition for the grant of a classified contract. The government should sponsor security education programmes in firms with classified contracts. (329-331)
- (f) Certain detailed arrangements should be made between Canada and the United States to expedite industrial security procedures. (333, 334)
- (g) The regulations concerning the handling and control of classified documents by industry should be improved and rationalized by the government in consultation with industry. (335-338)
- (h) ~~Industrial security procedures and decisions should be subject to the same audit and enforcement by the Security Secretariat, advised where necessary by the Security Service, as procedures in other areas.~~ (321)

Security of Information

367. WE RECOMMEND that the following steps be taken:

- (a) The use of the classification Restricted (or such equivalents as "For Official Use Only") should be abandoned, and any documents containing information

- below the level of Confidential should be unclassified and should be protected only by the normal disciplinary rule against the unauthorized disclosure of any official information. (235)
- (b) The responsibility for declassifying documents should remain with individual departments, who should perform this task as the occasion arises, and in consultation with other authorities where necessary. (237, 238)
- (c) Certain detailed measures should be taken by all departments and agencies charged with the custody of classified documents, including the centralization of arrangements for document copying, the physical separation of highly classified information in special areas to which access is only permitted to cleared personnel, and the paying of strict attention to the "need-to-know" principle in the dissemination of classified documents. (239-241)
- (d) Government policy on the release of official documents for historical and other research should be clarified and made known by means of published regulations (264-265)
- (e) National policy and procedures concerning the release of classified information to other nations should be formulated and coordinated in the Security Secretariat, rather than reviewed by the Department of National Defence Security and Information Release Committee. The Security Secretariat should also coordinate exchanges of unclassified information between government departments and the communist countries. (299-302)
- (f) Consideration should be given to a complete revision of the Official Secrets Act along the broad lines spelled out in the text. (250-254)

Physical, Technical and Communications Security,
Sources and Techniques

368. WE RECOMMEND that:

- (a) Any building which contains classified material should be effectively protected at all times. Steps should be taken as a matter of urgency to provide security guards where necessary and consideration should be given to the establishment of an escort system in more sensitive buildings during working hours. (268, 269)
- (b) All technical security agencies should be combined and form a section of the protective security branch of the Security Service. (271)

- (c) Telephones of those ministers and officials in the most sensitive positions should be made secure as soon as possible, and government telegraphic circuits should be provided with facilities for total encryption. (273)
- (d) *In any further legislation concerning the*
~~It should be publicly acknowledged that certain techniques, such as the~~ interception of telephone conversations and electronic eavesdropping ~~are necessary to protect the security of the nation. In any future legislation concerning these activities,~~ exemptions should be made for their use for security purposes under proper safeguards. Interception of telephone conversations should only be conducted by the Security Service on the authority of its designated minister; electronic eavesdropping should be permitted on the authority of the Head of the Service. (351-355)
- (e) Arrangements should be made to permit the examination of the mail of persons suspected on reasonable grounds of being engaged in activities dangerous to the security of the state; such examination should be conducted only on the authority of the designated minister. (356)