

May 14, 1963

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MEMORANDUM FOR THE PRIME MINISTER

Canadian Security Policy and Procedures -
1957 - 1963

You may be interested to have a brief summary of developments relating to the national security, and particularly to the security of personnel, over the past six years.

During these years, the public service has continued to be guided by the policies and procedures set out in Cabinet Directive No. 29 of December 21st, 1955. A single amendment to this directive was made in 1960, as a result of agreement among the members of the North Atlantic Treaty Organization, making a full background or field investigation mandatory for security clearance to the level of top secret. As there has been some improvement in the field investigative facilities of the R.C.M. Police over the past few years, they have managed reasonably well in coping with this additional requirement, although the length of time required for these investigations is still a matter of concern to departments in making appointments to positions requiring access to highly classified information.

Through the experience we have gained over these years, the members of the Security Panel now feel it would be appropriate to make a number of necessary modifications in security policy, and to embody them in a revised cabinet directive which might be made public, supported by a fairly full and detailed statement in the House of Commons. I will deal with this question in more detail below.

You may recall that, during 1956-57, the Security Panel was studying the feasibility of introducing some form of appeal against decisions to dismiss or transfer public servants on security grounds. After considerable study and a number of discussions with members of the government, it was concluded that the advantages of introducing any public, semi-public or private system of appeal within the obvious limitations would be substantially outweighed by the disadvantages,

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chiefly that any workable system would provide only the form of a proper appeal, and not the substance. As a result, the Security Panel and its secretariat have continued to scrutinize difficult cases and to advise departments with a view to providing in effect the benefits of an appeal system by ensuring that cases are dealt with fairly and sensibly. On the whole, this appears to have worked well, and I doubt that any serious injustice has been done to any person for reasons of security. There is still, however, a continuing need for better public understanding and acceptance of security measures.

Concerning the threat of Soviet espionage in general, western security services have for some years been aware of a shift in Soviet and satellite techniques of recruiting their agents. While it was relatively easy for them during the 1940s and early 1950s to recruit agents on an ideological basis, this has not been nearly so easy in more recent years. As a result, more emphasis has been placed on suborning people through greed or illicit sexual behaviour, and in effect forcing them to cooperate. Their techniques of blackmail are highly developed, imaginative and quite ruthless.

As a result one of the areas which has caused us a good deal of trouble, and in which we have made and are continuing to make fairly intensive studies, is that of human frailties and their bearing on the security of information, the careers of public servants, and the prestige of the service as a whole. In 1959 the Security Panel, at the direction of the then Prime Minister, made a lengthy study of cases involving human frailties, particularly homosexuality, to determine whether it was possible to modify existing policy in order to draw a clearer distinction between these cases and those involving ideological beliefs. On the basis of information and advice available at that time, the Panel concluded that it could not recommend any useful change in the policy as set out in Cabinet Directive No. 29.

During 1959, however, the R.C.M. Police accelerated their programme of investigating public servants on whom allegations about

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homosexuality had been made, and obtained ministerial authority to proceed with investigation in both sensitive and non-sensitive departments and agencies of the government. As part of these investigations, known and suspected homosexuals were interviewed by the R.C.M. Police, and in the process the names of other known or suspected homosexuals were obtained. As it became evident that a homosexual, irrespective of employment, was the most productive source of information in identifying other homosexuals, the R.C.M. Police investigations were further broadened in an effort to gain as much information as possible on the whole homosexual community in and around Ottawa. At the present, I believe that something like 800 past or present employees of the public service have been identified as confirmed, alleged or suspected homosexuals. Roughly one-third of these have since left the public service through resignation or dismissal, and a small number of others have been transferred to non-sensitive positions. In only one of the cases investigated has there been evidence that an attempt was made to blackmail a Canadian official for intelligence purposes and this attempt was unsuccessful as the employee, a Canadian official at a diplomatic post in an iron curtain country, refused to cooperate with the Russian intelligence service and reported the blackmail attempt to his superiors. The employee consequently resigned his position with the department. There have in fact been more cases, some of them successful, in which Canadian officials have been blackmailed for illicit heterosexual behaviour than for that of a homosexual nature. I believe you have already been informed of the major cases which have arisen over the past few years in the Department of External Affairs.

As a result of these difficulties, a small special committee of the Security Panel consisting of the Under-Secretary of State for External Affairs, the Commissioner of the R.C.M. Police, the Chairman of the Civil Service Commission and myself, together with the Secretary of the Security Panel, has met a number of times in an effort to draw up effective guide lines to reduce the risks involved in cases of this

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kind, and a number of proposals were discussed with the then Minister of Justice in March of this year. I think it might be useful in the near future to have these proposals considered by the Cabinet Committee on Security and Intelligence.

In addition, the Secretary of the Security Panel has over the past two years made fairly detailed studies of how these and other security problems are handled in the United States, and with the assistance of a consultant psychologist from Carleton University and officials of the Department of National Health and Welfare and the Defence Research Board has initiated a modest programme of practical research which will, we hope, result in the development of some appropriate means of detecting actual or potential homosexuality or other possibly dangerous instabilities in those employees before they are appointed to positions in which they would be vulnerable to blackmail for intelligence purposes or to serious scandal. A summary report has been prepared on research which has been done in this area, primarily in the United States, setting out the kind of research programme we have in mind, and I should be happy to let you have it if you are interested. A further report, of which I am attaching a copy, has recently been prepared by the Secretary of the Security Panel on his more general studies on security policies and procedures in the United States, in which he has set out a number of proposals for the modification of present arrangements in Canada. I think this report might also be usefully considered by the Cabinet Committee when it first meets.

In practical terms, we have found that the real danger of blackmail for intelligence purposes, whether based on homosexual or other socially unacceptable behaviour, lies primarily at our posts in Soviet Bloc countries rather than here in Canada. It is obviously easier for Russian and satellite intelligence services to create a blackmail situation in their own countries where they have almost complete control of the circumstances and the necessary facilities, than it would be in Canada or in friendly countries. This view is

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shared by the security authorities in both the United States and the United Kingdom. In our advice to departments and agencies, therefore, we are emphasizing the importance of ensuring that persons with homosexual tendencies or other vulnerable sources of unstable behaviour are not appointed to positions at our various posts abroad, particularly in Iron Curtain countries, where they might be subjected to blackmail or other pressures for intelligence purposes, or might cause serious embarrassment to the government as well as to themselves.

There are, of course, other areas of the public service, such as the R.C.M. Police, the Armed Services and the Communications Branch, where the employment of persons with such problems as homosexuality is considered unacceptable for administrative as well as for security reasons. Outside these areas, however it has been found feasible, after careful study and frank discussion, to make a number of useful appointments or transfers of homosexuals to positions in which the risks involved are deemed to be minimal. As you will be aware from some of the cases of which you have been told, the fact of homosexuality is not necessarily a bar to having a real talent for public service, and while we have lost a number of very able people for this reason, we have found that there is often merit, both for the service and for the individual, in finding suitable alternative employment where the situation permits.

In summary, I would see the following as the major points which the government might consider in the field of personnel security:

- (a) the development of a considerably more open and frank approach to these problems, in public terms as well as in the relationship between employer and employee in the public service. Through a publicly-announced policy, supported by a detailed explanatory statement in the House of Commons, it should be possible substantially to increase understanding within the public service and in the public mind generally of the need for security precautions;

(b) the development of more informed and informative techniques of recruiting, selecting and training employees to be appointed to vulnerable positions within the public service;

(c) the closer integration of problems of personnel security with those of personnel administration generally;

(d) the judicious use of specialized research and advice in difficult areas of personnel administration; and

(e) means by which our present methods of personnel investigation might be improved with a view to establishing more clearly the vulnerabilities of employees in relation to their abilities.

R.B.B.

Privy Council Office,
May 14th, 1963.