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(meetings)

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May 5th, 1964.

R.C.M. Police Establishment Increase considered at a meeting of the Cabinet Committee on Security and Intelligence on Tuesday, April 28th, 1964, at 4:00 p.m. in Room 340-S.

PRESENT:

The Prime Minister  
(Rt. Hon. L. B. Pearson), (Chairman)  
The Secretary of State for External Affairs  
(Mr. Martin),  
The Minister of National Defence,  
(Mr. Hellyer),  
The President of the Queen's Privy  
Council for Canada  
(Mr. McIlraith),  
The Minister of Public Works  
(Mr. Gardin),  
The Minister of Industry  
(Mr. Drury),  
The Minister of Justice  
(Mr. Favreau).

ALSO PRESENT:

Mr. Marcel Cadieux  
Mr. A. J. McCardle  
Department of External Affairs,  
Commissioner G. B. McClellan  
Chief Superintendent W. H. Kelly  
Royal Canadian Mounted Police,  
Mr. G.G.E. Steele  
Secretary of State Department,  
Mr. R. G. Robertson  
Mr. D. F. Wall (Secretary)  
Mr. D. Beavis (Asst. Secretary)  
Privy Council Office.

1. The Committee had for consideration a memorandum (S&I-4, April 28/64), proposing an increase of 73 positions to be allocated in the 1964-65 establishment of the Directorate of Security and Intelligence, a determination which the Treasury Board had felt unable to assess and on which the advice of the Cabinet Committee had been sought by the Board. The proposed increase in the establishment was as follows:

- a) Counter-espionage - 48 positions
- b) Counter-subversion - 10 positions
- c) Security Screening - 13 positions
- d) General Administration - 2 positions

2. At the request of the Prime Minister, Commissioner McClellan gave a detailed report on the background of the operations of the Directorate, elaborating on the information contained in the document. He pointed out that, in addition to that of the Izvestia representative arrested the previous evening after some months of physical surveillance, which was consumptive both of time and personnel, there were 40 other known active cases of espionage in the country; of these 6 were very active. While

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Ottawa was a particular problem, there also was considerable activity in other large cities such as Montreal, Toronto and Vancouver. He stressed the reference in the paper to the increase in espionage activity during periods of detente and characterized the rate of increase as 'tremendous', noting that the 48 additional counter-espionage positions could be materially reduced if travel regulations for Russian diplomats in Canada were to be reduced to a 25 mile "free travel" radius from the 75 mile zone now in effect.

3. The Commissioner said that, while 'illegal residents' operating under cover of false documents had been the biggest problem in the last five of six years, the Committee should be aware of the high proportion of embassy staff known to be, or suspected of being, career intelligence officers. Thirty-three out of fifty had been suspected of being members of the Russian Intelligence Service; of these, 13 had been identified by allied security services but had not so far been caught in action in Canada. Eighteen of twenty-eight had been identified as intelligence officers in the Polish Intelligence Service; ten of twenty-nine in the Czechoslovakian Intelligence Service; five of nineteen in the Yugoslavian Service (the most poorly organized); and five of twenty-three in the Cuban Intelligence Service. While such proportions seemed high, they were borne out by information from a defector responsible for the solution of several important cases abroad who also estimated that about 100 'illegals' were active either in Canada or close to the border. Of these some ten or twelve were known as were some tasks: collecting data from cemeteries for use in illegal documentation, surveying for high land on the coast for a transmitter of some sort, surveying targets such as pipelines for future sabotage, and one agent known to be working, without success, to subvert female employees of the Department of External Affairs.

4. In response to questions from Ministers, the Commissioner also noted:

- a) Most agents operative were of European background, although nearly 50% were of Canadian origin.
- b) Not only were the top flight agents better trained, such as the nine Canadians recently returned from Moscow, but the mechanics of covering an agent "meet" were increasingly difficult and more absorptive of man-power for surveillance. Additionally, the Russian Intelligence Service showed increased capacity to watch for possible weaknesses in Canadian staff abroad; the ratio being one to one in Moscow, covering every level of the Canadian staff. Great patience on the part of the Russian Intelligence Service was common knowledge. For example, a Canadian compromised abroad might not be 'activated' for more than ten years, by which time the Canadian undoubtedly would have been transferred and likely would occupy a more senior position. All weaknesses were used for exploitation, professional prostitutes and homosexuals not excepted. An estimated 5,000 Russian Intelligence Service staff were considered to be employed solely on such penetration of Western Embassies in the U.S.S.R.
- c) All missions from the U.S.S.R. carried at least one intelligence officer. All allied security services were agreed on this and it had recently been confirmed in Canada by the defector, Professor Klotchko. Two known officers were in Canada at present with the wheat mission; during a recent visit of the Red Army chorus an agent in Canada was known to have been 're-activated', and the same sort of activity could be expected of the Red China News Agency as from any Soviet-bloc embassy.

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- d) A public statement concerning the reasons for the expulsion of the Soviet press correspondent, Tarasov, would be helpful, as the Russian Intelligence Service were known to shake up their organization each time they were publicly embarrassed.

5. During the Ministerial discussion which followed, the following points arose -

- a) If a public statement were made concerning Tarasov, questions would be raised as to the lack of criminal charges. Such questions could, however, be answered on the grounds that
  - (i) charges would result in the production of classified documents, which would not be in the public interest;
  - (ii) reciprocal Soviet action, probably on false bases, could be anticipated;
  - (iii) an agreement had been reached with the Canadian informant that he would not become involved in any publicity and the laying of charges would result in a breach of this agreement; and
  - (iv) such action could well tend to discourage other informants from cooperating with the R.C.M. Police in future;
  - (v) reticence in matters such as this was the only course consistent with the public interest.

6. After further brief discussion, the Committee agreed

- a) that an increase of 73 positions in the establishment of the Directorate of Security and Intelligence in the R.C.M. Police was necessary and should be recommended to the Cabinet; and
- b) that a public statement concerning the expulsion of Tarasov, along the lines of that read by the Secretary of State for External Affairs, should be made in the House of Commons at 6:00 p.m. and subsequently be released to the Press.

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D. F. Wall,  
Secretary.

Privy Council Office,  
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