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Special Report on Security Clearances
for the years 1972 - 1973

1. This report is in response to a requirement set out in paragraph 19 of Cabinet Directive No. 35 which states:

"19. The numbers of all persons who for security reasons are removed from eligible lists by the Civil Service Commission, or are in one way or another refused access to classified information by departments or agencies for security reasons, will be sent quarterly to the Security Panel in order that the Panel may from time to time review the number of persons or the type of cases involved, and assess the extent of the security problem in the public service."

A secondary purpose of this paper is to review security clearance practices and procedures to ensure that they are still meeting the intent and spirit of the directive. There are indications that they may not.

2. While the R.C.M.P. (Security Service) continued through the years to forward consolidated quarterly reports to the Secretariat on the number of adverse briefs submitted to departments and agencies, the reports required of the Public Service Commission, departments and agencies, were not received with sufficient regularity or in sufficient numbers to make possible with any degree of confidence an assessment of "the extent of the security problem in the public service".

3. On August 29, 1972, a memorandum was sent by the Secretariat to departmental security officers in which emphasis was placed not only on this requirement but also on the desirability of looking inwardly and critically at the security clearance program and its operation. Since then departments and agencies have reported regularly and the results are tabulated in Annex A.

4. The report was designed to:

(1) group under the "loyalty" heading those cases where the adverse information related to the criteria listed in paragraph 3 of C.D. 35:

"(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;

/ 2

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- (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."
- (2) group under "reliability" those cases identified under paragraph 6 of the directive dealing with defects and weaknesses of character and related factors:
- "(a) A person may be considered 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 may also be judged of doubtful reliability who, through family or other close continuing relationship with persons who are persons as described in paragraphs (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 doubtful reliability factor may also be related to 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."

/ 3

005871

- 3 -

5. The C.D. 35 report requirement is proper and sensible but the report can only be used "to assess the extent of the security problem in the public service" in a very limited way. It accounts only for those for whom clearances have been sought. Only a universal screening program regularly updated would make an overall assessment possible. In addition the reporting system used does not identify within the total the non-public service industrial security cases. Furthermore, the DND reporting system does not account for a large number of cases resulting in clearances granted.

6. The number of employees allowed to remain in their positions despite adverse reports may suggest a security problem. Of a total of 1,443 reported in 1972 and 1973, only 6% (85) are said to have resulted in transfer to less sensitive employment, while 10% (151) resulted in denial of access without transfer and 52% (746) were not considered sufficiently serious to deny clearance or limit access, and 13% (188) are still awaiting decision. Most of these 188 appear to be industrial security cases. The remaining 19% (273) is covered by lines, 2, 5, 6, 7 and 8 of Annex A.

7. The report suggests interesting trends and attitudes. For example, on the basis of security clearance operations over the past two years no one in the public service has been dismissed for "disloyalty" or "unreliability"; one employee only was permitted to resign on grounds of doubtful loyalty; and five for doubtful reliability. One hundred and three were denied employment for various reasons related to but not necessarily confirmed as security factors. Of three contracts which might have been renewed, two were allowed to lapse; one on grounds of doubtful loyalty and the other for doubtful reliability.

8. It is difficult to assess the significance of the security problem in the public service not only because most employees are not cleared, but also because security "risks" may be appointed or transferred to non-classified duties and therefore still remain a threat. Grounds for denial or alternate appointments, if any, have not been recorded for the 103 applicants who were denied appointment to positions for which security clearances were required.

9. A qualified assessment of the state of security in the public service might be attempted, however, based on a close and methodical study of personnel in sensitive areas of government operations and planning. A first step in this direction would be a revision of the reporting procedure to require more precise information as suggested at Annex B.

10. Turning now to the administrative and operational requirements of C.D. 35, there are some indications of misuse. Complaints by or on behalf of public servants have been made which question the need for security checks for positions or purposes which had not required clearances in the past. Departments and agencies have sometimes adjusted the levels of clearance, eliminated security clearance requirements, and even left the cases unresolved when faced with adverse reports.

/ 4

005872

CONFIDENTIAL

- 4 -

11. Many of the complaints received have been well-founded. Some departments and agencies persist in clearing as many employees as possible on the tenuous rationale that it is new departmental policy; that the employee(s) may be required to have access on short notice; that they are in a position where they could seriously disrupt a program; or where careful checks of reliability are essential to the protection of private information such as income tax, business statistics, personal data, etc. None of these are consistent with the intent of the Cabinet Directive.

12. Since the recommendation of the Royal Commission on Security that all applicants be screened (which would lead in due course to the total screening of all public servants) was not accepted, the security clearance policy can only continue to apply legitimately in those cases where access to classified information is required.

13. Easy access to security clearance services, however, has and continues to support the inclination to classify and over-classify papers generally, to overrate the clearance level required for many positions, and to leave it to the Security Service to do character clearances. The security clearance program and facilities were never meant to reduce the need for sound management, administrative and control procedures or to make up for weaknesses in or to be alternatives to parts of the staffing process.

14. Because the field inquiry as opposed to the indices check is positive rather than negative, there is a tendency for departments and agencies to seek such an inquiry for key or senior positions as a reliability check or character clearance whether or not there is a need for access to TOP SECRET material. In effect, very few departments are involved to any significant extent in the development, receipt and custody of TOP SECRET material. Therefore, field inquiries in excess of 8,000 each year are probably well beyond actual needs, even allowing for industrial security inquiries and DND investigations done for certain SECRET level positions.

15. Unlike the indices check process, the field inquiry involves heavy financial expenditures and ties up a large number of highly trained and skilled personnel, some of whom might be used to greater advantage in counter-intelligence security operations and in the development of the data base.

16. The Security Service does not concern itself with the personal suitability of an applicant for a particular job. In all requests for clearance up to and including SECRET, it conducts only an indices check which indicates whether the subject might be a known subversive or criminal or that there are indications that the person may be unsuitable for political, ideological or character reasons related to the rejection criteria in C.D. 35.

17. The security clearance investigation process is intended as an extension, not an alternative, to certain parts of the personnel selection and staffing procedures. It should not be used as a substitute for appropriate staffing action such as intensive reference, prior employment and credit rating checks or, more simply, for character clearance purposes.

/ 5

005873

CONFIDENTIAL

- 5 -

18. With changing times there have been changing attitudes toward "adverse" security factors. What ten years ago was a "reasonable" doubt might be "unreasonable" now and not so easily resolved under the mandatory review procedure of C.D. 35. Only in the case of applicants can any doubt be dealt with summarily.

19. Few "isms" generate the fears and apprehensions so common ten and twenty years ago. For example, of 350 cases involving personal participation or marginal support by government employees for Quebec separatism over the past ten years none have caused a "reasonable doubt". The definition of subversive activity now contained in the Official Secrets Act as amended by the Protection of Privacy Act, 1974, seems to reflect current thinking more adequately than the existing paragraph 3 of C.D. 35.

20. Considering the mobility of the Canadian citizen, geographic separation from the family milieu might significantly reduce familial influence on his behaviour. With respect to character defects and weaknesses (paragraph 6 of C.D. 35) we are still generally exercising much more caution with respect to association and kinship factors than with most others.

21. Homosexuality, somewhat more acceptable socially than in the past, does not bring as strong a reaction when "open" as it does when "closed" within the security community. Only in a few areas of government employment is homosexuality, open or hidden, considered incompatible with job requirements.

22. Heavy indebtedness resulting from higher mortgages and interest rates, credit purchases, court judgments for small debts, etc. are becoming more common. Extra-marital affairs or "illicit" sexual relationships are often reported but many are never detected even by field inquiries. Mental instability, the use of drugs, legally (by prescription) or illegally, are not always known or reported uniformly or in consistent terms unless a criminal charge and conviction has occurred. The term "drunkenness" in the C.D. criteria is given many interpretations. Alcohol and drug abuse and mental illness, while serious security factors, are generally detected and dealt with by the administration as health problems.

23. When a judgment is to be made in connection with an "adverse" case, a reasonably firm stand is generally taken if the employee's job relates to national security, and a more lenient one if it relates to administrative secrecy even though the same level of clearance might have been established for both.

24. The dangers involved in such a double standard are obvious. For example, it could happen that an employee granted a clearance in spite of adverse factors for a job classified for administrative secrecy, after a relatively short period might "drift" into a job of national security significance with the same level of clearance without a further assessment being made or consultation taking place between the staffing officer and the departmental security

/ 6

005874

officer. Decisions are often different depending on the place of the employee in the hierarchy. The tendency, generally, is to deal with the lower ranking employees more harshly than with senior, well-established, efficient leaders who may well indulge in "doubtful" social or behavioural activities, if any action is considered at all.

25. C.D. 35 was designed to permit authorities to better observe and respect the delicate balance between the interests of the state and those of the individual. Thinking that this was an ideal which could only be realized by a deliberate and serious effort under central, strong and competent leadership, the Royal Commission on Security recommended the formation of a security review board. It would, among other things, try to develop guidelines for the application of C.D. 35 criteria.

26. That we have not and may not have a security review board for some time is no reason to discard or fail to act on the principle. But whatever the machinery, guidelines are needed to deal more consistently with adverse factors.

27. The fact that about half of the adverse reports do not result in denial of access suggests that even though they contain information of security interest they do not necessarily raise a "reasonable doubt", identify a security risk or require corrective action by the employer. There may be, therefore, a need for guidelines to clearly distinguish those "adverse" reports requiring corrective steps from the rest which ought to be watched and reviewed periodically.

28. It is recommended that:

- (i) those sections of C.D. 35 relating to adverse security factors be reviewed and revised to be consistent with the Official Secrets Act as amended;
- (ii) guidelines be developed so that adverse factors may be dealt with more consistently;
- (iii) for the time being, until guidelines are available and until a measure of consistency in assessment and decisions appears to prevail, adverse reports be considered collectively by the department or agency concerned, the Security Service and the Privy Council Office Security Secretariat;
- (iv) all requests for field inquiries should include a brief definition of the subject's position and duties as they relate to access and/or custodial responsibilities for TOP SECRET material, preferably in an approved format; and
- (v) the Security Service initiate working arrangements with the Public Service Commission and departmental staffing officers to avoid duplication of effort, identify gaps between the information recorded and the clearance investigation requirements, develop better understanding of their respective roles and capabilities, and generally expedite inquiries.