

July 8th, 1957.

MEMORANDUM TO THE PRIME MINISTERRe: Canadian Security Policy

Present Canadian security policy is designed to prevent Canada's secrets, and those secrets of her allies which are entrusted to Canada, falling into the hands of agents of a foreign power. It is most particularly directed against agents of the Soviet secret intelligence services.

2. To achieve this purpose security policy and procedures fall into two main divisions. First, there is a policy implemented by procedures to keep any person whose loyalty or reliability raises serious doubts in the mind of a reasonable man from gaining access to classified information through employment in the public service. Similar procedures apply to publicly-owned facilities of mass communication and to defence industry. Second, there are procedures designed to provide physical security for documents containing classified information, and to minimize the opportunities for collecting intelligence available to agents of a foreign power who may have passed through the security screen.

3. Present policy and procedures therefore rest upon two main documents. The first is Cabinet Directive No. 29 of December 21, 1955, entitled "Security Screening of Government Employees"; the second is a booklet approved by the Security Panel entitled "Security of Information in the Public Service of Canada". Both these documents are attached.

4. The second document - the brown booklet - does not present any serious problems. It begins by explaining how documents should be classified and relates the various classifications

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to the degree of protection the documents require. It then sets forth all the minutiae of physical security methods - the use of safes and cabinets, the methods of safe packaging and transmission of documents, the guarding of buildings, and so on. It is based upon long experience of the operational methods of spies, and some of it is the result of consultation with the U.K. and the U.S. It might be described as containing the "paraphernalia of deterrence", because the procedures it recommends would deter a foreign intelligence service from attempting to use force to obtain Canadian secrets and limit its opportunities to get at classified information.

5. Since the booklet is long and very detailed, I have attached inside its front cover a document entitled "Memorandum on Security for Clerical Staff". This is a kind of ABC of security and provides a quick glance at some of the more important principles to be followed in the day-to-day work of members of the public service who have access to classified information.

6. The second document - Cabinet Directive No. 29 - deals with one of the more difficult and unpleasant problems of our times because it is concerned with the loyalty and reliability of people. Briefly, it states that "a person who is a member of a communist party, which is substantially subservient to the dictates of a foreign power, or a person who by his words or actions consistently shows himself to believe in Soviet communism, or in any other ideology which advocates the overthrow of government by force, should not when known be permitted to enter the public service. Such persons discovered within the public service must not be allowed access to classified information." It goes on to say that "persons who are unreliable from a security standpoint, not because they are disloyal, but because of defects in their character which may lead to indiscretion or dishonesty, or may make them likely subjects of blackmail, must not be employed in any position where they may have access to classified information."

7. The directive then sets out the procedures by which information about people is to be obtained in order that a determination of loyalty and reliability can be made in any given case. There are three methods by which this information can be obtained: by a check of the name against the R.C.M.P.'s subversive records, by a field check (investigation in the areas where a person has lived), and by a fingerprint check. Combinations of these three methods are used according to the classification of information to which the person is to have access. [Adel MSS]

8. One of the important features of present Canadian security policy is that security is made a departmental or agency responsibility on the principle that good security should be a part of good administration. In addition, it is important that in any given case information about a person should be assessed in relation to the need to employ the person and all the circumstances surrounding his employment. This can best be done by the employing department or agency.

9. However, in order that there should be consistent standards and procedures for security throughout the public service the Security Panel was formed in 1946 to advise the Cabinet on security policy and to coordinate procedures. It also gives guidance to departments and advice when it is sought. Under the chairmanship of the Secretary to the Cabinet, its members are the Under-Secretary of State for External Affairs, the Deputy Ministers of National Defence, of defence Production, and of Citizenship and Immigration, and the Commissioner of the R.C.M. Police. The secretary is a member of the Privy Council Office and is chairman of the Security Sub-Panel.

10. The Security Sub-Panel was formed in 1953 and consists of senior officials of the departments represented on the full panel to which it reports. It was formed because it was

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found that security problems generally are often concerned with matters of detail which could be more effectively dealt with in this manner. Also as security policy became more clearly defined in the light of experience, it was not necessary for the Panel to meet frequently and routine problems could be dealt with by the Sub-Panel.

11. The Security Panel and Sub-Panel guide the security officer of each department and agency which is required to appoint an official for this work. In a large department with considerable security problems this may be a full-time job, but usually it is combined with other work. From time to time courses of instruction and guidance for security officers have been held lasting a week.

12. The security officer must apply the instructions in the security booklet in a manner best suited to his department or agency, and must obtain from the R.C.M. Police the necessary information on persons who need to have access to classified information. In order that information about persons may be given a minimum distribution, the R.C.M. Police will send reports only to a security officer. Cabinet Directive No. 29 requires that these shall be evaluated, factual reports, and the R.C.M. Police does not give any opinion on how adverse information it supplies should be assessed. This is a matter on which the security officer must make a recommendation to his deputy minister or head of agency who in turn may refer the matter to a minister. In some large departments adverse information may be reviewed by a small group of officials, and on occasion the Security Panel may be consulted.

13. The second, and perhaps most distinctive feature of security policy in Canada, is that a person who is transferred from a post requiring access to classified information, or denied access to classified information, or if necessary released from the public service, is not normally told that action has been based on

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security grounds; and as a result there is no appeal or official review system of the kind used in the U.K. and the U.S. Officials concerned with this aspect of the security problem have given serious consideration to the desirability of a review or appeal system. Such a system has been worked out on paper, and there is a good deal of documentation available which examines the matter in great detail. At a recent meeting the Security Panel, while recognizing in principle the advantages of an appeal system, was of the opinion that on balance the practical disadvantages were such that the system should not be put into effect immediately. It was agreed that the proposal should be reconsidered at a time when the Civil Service Act might be revised.

14. The advantages of an appeal system are quite obvious, based as they are on the principles of natural justice. These, as we understand them, would certainly include the right of a person to know the reason for a security decision and the right to be heard in this respect. The disadvantages are less apparent until an attempt is made to set out a workable system. Present security policy is designed in part to prevent the loyalty or reliability of a person being publicly questioned, in order that he may continue to earn a livelihood in a position where he cannot damage the security of the state. In practice it is extremely difficult to devise an appeal system in such a way that a person's recourse to it would not eventually become a matter of some public knowledge. Since a fair percentage of security risks are caused by unfortunate circumstances or human weaknesses, and since the public generally does not distinguish these cases from those where disloyalty is an issue, any system which tends to permit public knowledge is dangerous to the individual.

15. Ideally an appeal system should permit a person appealing a security decision to know the information on which the decision is based and to be given an opportunity to answer it as to its accuracy. In many cases this would be impossible without

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also revealing the sources of the information which need protection if a security system is to continue to operate effectively. In certain cases information on which a decision is based may come from the U.K. or the U.S. or the counter-intelligence services of other allied countries; in these cases Canada is bound by an understanding not to reveal either the sources of the information. This in many cases, although information could be revealed to the appeal board itself, it could not prudently be given to the person appealing a decision. In these cases only the shadow and not the substance of appeal would be provided.

16. In the discussions which officials have had on this matter a third consideration which is concerned with the assessment of information has had to be taken into account. Essentially it is that a person's loyalty or reliability are not matters which can be subject to proof; they usually cannot be put beyond doubt by rebutting formal charges. Indeed, any attempt to draw up a list of criteria by which loyalty and reliability could be judged would tend to lead to hard and fast standards which would not permit the exercise of judgement which takes in all the circumstances surrounding any individual case. The best criterion so far devised is that a person is to be considered a security risk when on the basis of pertinent information there is a serious doubt in the mind of a reasonable man as to his loyalty or reliability. It is difficult to see how an appeal system would remove such doubt, except where it can demonstrate that the information which gives rise to the doubt is inaccurate. As the preceding paragraph has indicated it is often very difficult to examine information as would be done in a court of law.

17. Essentially, the effectiveness of a security system will depend upon the quality and pertinence of the information with

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which it functions, and the maturity and prudence by which that information is judged. While it is very difficult to instruct anyone in the exercise of judgement, we have tried under present security policy to maintain ~~some~~ standards by courses of ^{given with the help of the R.C.M. Police} lectures, by guidance from this office and advice from the Security Panel. As to the information itself, it is usually provided by the Directorate of security and Intelligence, R.C.M. Police, and no doubt the Minister of Justice will be ^{acquainting} ~~familiarising~~ himself with their methods and procedures.

*Directorate of Operations & ~~Intelligence~~ ^{or where criminal matters are concerned by the}
Criminal Investigations,*

~~(To be signed by)~~

R.B. Boyle
Secretary to the Cabinet