

November 26th, 1957.

MEMORANDUM TO MR. BRYCE

Re: Security Panel Meeting

Attached are copies of documents SP-191 and SP-192 which will be for discussion at the next meeting of the Security Panel on Thursday, November 28th, at 3 p.m. in the Privy Council Committee Room.

I. Security Policy: Security Review Committee

1. I suggest it would be most helpful if, as Chairman, you could make it clear that the discussion should be kept in two distinct parts, one devoted to the draft Order and its attached Schedule, and the second devoted to the Annexe which is a draft revision of security policy. I think it would be a pity if the discussion on the draft Order were clouded by a simultaneous argument about the Annexe which is an entirely separate document.

Assuming the desirability of the measures provided in the draft Order, its chief weakness at present lies in paragraph 2 which applies the Order only to departments named in Schedule A to the Financial Administration Act. This limitation bears no relationship whatever to the extent of the security problem in the public service. For convenience, I have attached at flag A, and shall circulate to members of the Panel, a list of all departments and agencies which have a security officer, and hence should be brought under the provisions of this Order or of a second Order to be made simultaneously.

Stemming from this is the problem of applying similar procedures to defence industry. When the Order becomes public it will surely only be a question of time before the unions demand similar treatment throughout defence industry. The mechanics of providing a security review where appropriate to industry will be very considerable, and no doubt Mr. Golden will have something to say about this.

2. The Order applies only to persons who are to be dismissed. There are a good number of cases where dismissal is not considered necessary and which are at present handled administratively by the

..2

device of transfer within a department or agency or to another department or agency. I assume that this is to continue where appropriate and perhaps this matter should be brought up for discussion. It may be that departments and agencies will resist accepting such persons on transfer because they fear at a later date they will be faced with an eventual problem of dismissal and consequently of the machinery of the Review Committee.

3. Since drafting the Annexe in a great hurry, with Nicholson's help, I have discussed it with one or two security officers, and think it can be improved. At flag B is a proposed revision which I suggest we table at the meeting. The revision essentially divides the persons with whom security policy is concerned into two distinct groups: first, those who have dangerous political affiliations and may be subject to dismissal and, second, those who have certain human weaknesses or relations or associations which call not for dismissal but for preventing their access to classified information.

II. Security Policy: Establishment of the Directorate of Security and Intelligence, R.C.M. Police

The Panel's guidance on the Commissioner's proposal to Treasury Board for an increase of 85 positions in the establishment of the Directorate of Security and Intelligence was first sought by Mr. MacNeill in a letter to you some time ago. We suggested to Treasury Board that this was a matter in which their own officers should be more fully briefed.

Subsequently Clary Reid told me that they were very disappointed with our reply, that they needed help, and asked if you would reconsider the matter. I said that I would ask you to do so provided it was agreeable to Commissioner Nicholson. As a result, the Police wrote the letter dated November 20th which is attached to the cover note. I think the letter is self-explanatory.

The R.C.M. Police argument for the increased establishment is briefly this:

- (i) that in 1954 their limited manpower forced them to close temporarily over 17,000 files which they consider should be reopened. This is of direct and legitimate interest to the Security Panel since

..3

s.19(1)

the value of the file check must depend upon the records being as full and as up to date as possible;

- (ii) the demands for counter-espionage operations are increasing, and the policy of permitting increased visits by persons from behind the Iron Curtain adds a great deal to the Directorate's field work;
- (iii) internecine strife within the Party following the revelations at the 20th Congress of the Communist Party of the Soviet Union have made the Directorate's work more difficult in that the lines are no longer as clearly drawn as they were in the past.

Paragraphs 10 to 12 gives some concrete and interesting figures as to the number of persons required to deal with subversive files. I do not think the Commissioner is seeking support for the actual size of the increase in establishment that he is requesting as this would seem to be a matter for his decision alone. What he is hoping for is that the Panel will support the main principles on which his request is based.



P.M.D.