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12-5-59

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Security Panel Document
SP-199

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MEMORANDUM TO THE SECURITY PANEL

Security Cases Involving Character Weaknesses, with
Special Reference to the Problem of Homosexuality

I. Introduction

This document has been prepared for the consideration of the Security Panel in response to a direction from the Prime Minister that a study be made of the problem which exists where public servants who have access to classified material are found to possess character weaknesses. It attempts to give general treatment to problems of character weaknesses, but deals in more detail with one of the most difficult of human frailties, that of homosexuality. It is the Prime Minister's wish that the matter be examined to determine whether it might be possible to treat cases of character weaknesses differently from those involving ideological beliefs, without of course weakening present security safeguards.

2. Existing security policy concerning employment in government departments and agencies is based on Cabinet Directive No. 29 entitled "Security Screening of Government Employees", dated December 21st, 1955. This directive states that persons who are unreliable from a security standpoint because of character defects which may lead to indiscretion or dishonesty, or which may make them likely subjects for blackmail, must not be employed in any position where they may have access to classified information. It also states that persons with such defects of character may be unsuitable for employment on grounds other than security. The directive makes no distinction, insofar as access to classified information is concerned, between persons with character weaknesses and persons whose loyalty is suspect on ideological grounds.

3. It is therefore the purpose of this paper to consider our present policy in the light of available information on the problem of human weaknesses as they affect the safekeeping of classified information, and to explore the possibility of modifying that policy and its related procedures to afford greater protection to the employees concerned.

4. A comprehensive study of character weaknesses as they relate to security policy is difficult to make for a number of reasons. First, there are many kinds of character weaknesses, varying so greatly in seriousness that it is difficult to determine precisely which is a security threat and which is not. Second, the degree of propensity for any one character weakness varies from individual to individual, and indeed is not likely to remain constant even in each particular case. Third, character weaknesses cannot usually be dealt with in terms of guilt or innocence in the legal sense of offences punishable under the law. In some instances, notably those involving sexual abnormalities, even where an offence under the law is indicated, the evidence is usually not concrete enough to justify prosecution. More often

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there is only the propensity, the degree of which cannot be firmly established, and the supporting evidence for which is of unassessable reliability. Added to this there is the instinctive reluctance of human beings to deal openly with such matters within the framework of accepted procedures. All these nebulous considerations make it very difficult indeed to strike a fair and constant balance between the protection of the individual and the protection of classified information in personnel security matters of this kind.

5. Detailed research is further hampered by the difficulty in obtaining well-documented current information on this problem generally. Canadian government departments and agencies are naturally reluctant to divulge detailed information about their experiences, and this reluctance is even more pronounced on the part of friendly governments of other countries, on whose experience it is so useful to draw. Nevertheless, some specific information has been given, and it has been possible to learn something in general terms from the Canadian, American and United Kingdom authorities. Reference has also been made to a number of published works insofar as they specifically relate to this subject.

II. The Most Common Character Weaknesses

6. The most common character weaknesses seem to be those listed below, and their various combinations.

- (a) Desire for money. This is most likely to stem from extravagance, or from other characteristics which cause the desirous individual to feel that the acquisition of cash is imperative. The desire for money thus makes him amenable to accepting financial help from those who may later exploit his indebtedness. It may also lead him to steal or to become involved in illegal dealings which in turn may make him subject to blackmail.
- (b) Drinking. This applies to individuals who drink heavily and regularly in such a way that they talk or behave indiscreetly. It is dangerous both from the point of view of the information that the individual might disclose, and from the point of view of the blackmail that might result from indiscreet speech or action caused by the misuse of, or inordinate desire for, alcohol.
- (c) Sex. Adultery and homosexuality appear to be the most common forms of character weakness based on sex, but the variations of excess and abnormality seem infinite and, since they are all contrary to current accepted standards of behaviour in English-speaking countries, they provide a fruitful field for the blackmailer, particularly if he can equip himself with compromising evidence such as photographs.

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III. Evidence that Character Weaknesses are Exploited by Hostile Intelligence Services

7. To those who are not familiar with the workings of communist, and particularly Russian, intelligence agencies, statements about their efforts to take advantage of character weaknesses must seem exaggerated. It is true that few cases have been brought to public notice indicating that classified information has actually been given to hostile nations by individuals because of their character weaknesses. The most celebrated example is the case of Colonel Redl, head of Austrian Counter-Intelligence before World War I, who was recruited by the Russian Intelligence Service in 1908 when they discovered that he was a homosexual and caught him in an act of perversion as a result of a trap they had set for the purpose. During the next five years he betrayed to the Imperial Russian Government a large part of the Austro-Hungarian defence arrangements and falsified or destroyed reports from his own agents in Russia, until he was found out and committed suicide in 1913. There is, however, no parallel to this case in more recent times.

8. James Stanley Staples in Canada, and Guy Burgess and Donald MacLean in the United Kingdom are the most publicized cases in recent years, but neither case is a good example of character weaknesses posing a serious security threat. Staples, though the Soviets exploited his weaknesses of character, was in fact able to disclose only relatively unimportant information. Burgess and MacLean, though both had character weaknesses, were apparently motivated by ideological factors rather than by fear of blackmail.

9. Notwithstanding the absence of concrete public information to this effect, there is reliable evidence to indicate that secrets are disclosed to foreign agents by persons under the threat of blackmail. Further, there is an abundance of very good evidence to indicate that hostile intelligence services are always searching for character weaknesses to exploit. On the first point, security services indicate that there have been cases in which classified information has been disclosed as a result of character weaknesses, but which, because of the nature of security and intelligence work, cannot be made known to persons not directly concerned until such time as the case is resolved. Espionage operations develop very slowly, and intelligence services are willing to study and develop potential agents over long periods of time before they actually make demands on them. When an operation is discovered, counter-intelligence agencies usually attempt to "turn" the potential agent (that is, to get him to report to them while seemingly serving their adversaries), or try to arrange that he is removed from any sensitive area. In either case a dramatic expose is avoided if at all possible, in order that as little suspicion as possible may be aroused in the enemy intelligence service, and in order that the ramifications of the case might be thoroughly studied with a view to breaking further into enemy operations.

10. There is ample evidence to show that the Russian and satellite intelligence services hold in high favour, as a means of obtaining intelligence, the search for and recruiting of persons with character weaknesses who have access to their country's secrets. As the United States Federal Bureau of Investigation puts it, [REDACTED]

[REDACTED] Similarly, the United Kingdom Security Service

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states that [REDACTED]

11. There is documentary evidence to the same effect from the communists themselves. The Department of External Affairs recently received, [REDACTED]

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IV. The Canadian Royal Commission Report

15. The two most sensational exposures of Soviet espionage, by Gouzenko in Canada and by the Petrovs in Australia, were investigated by Royal Commissions. The reports of these Commissions throw considerable light on the exploitation of character weaknesses by the Soviet intelligence services.

16. The report published in 1946 by the Royal Commission which investigated the Gouzenko revelations of Soviet espionage activities in Canada contains studies of the recruiting methods used by the Russians, and the motivation of the Canadian agents who worked for them. These studies indicate that "a belief in, or a sympathy with, or a susceptibility to the Communist ideology was a primary requirement in the persons to be recruited." However, if ideological motivation did not exist, the report points out, other types could be found.

"The ingenuity that is shown in the method employed to get prospective agents into the 'net' indicates that the system has been thoroughly worked out to cover all eventualities. The way in which persons who were in a position to furnish secret information, or who might be used as contacts, and who had some inherent weakness which might be exploited, were selected and studied, clearly establishes this. The methods of approach varied with the person and with the position."

17. A dossier was kept on each Canadian agent by the head of the espionage network in the Russian Embassy in Ottawa. On the front page of each was a mimeographed form headed "Registration Card", with spaces for data such as "Place of Work and Position", "Financial Conditions", and "Biographical Data". The Royal Commission pointed out, "It was.....of paramount importance that the ideology of the prospective agents be clearly established and that their natural inclinations be thoroughly investigated, so that the mode of approach and the method of persuasion might be varied accordingly."

18. The Canadian agents exposed in 1946 seem to have been uniformly motivated by ideology. However, under the heading "Financial Conditions", the Russians made such notations as "Needs periodic assistance", "Financially secure, but takes money", and "Needs material help occasionally".

19. Another of the exhibits which Gouzenko brought from the Soviet Embassy, a document containing a series of questions concerning several of the Canadian agents which had been posed by the Moscow centre of the espionage apparatus, similarly illustrates the kind of information that was to be obtained concerning these individuals:

"Financial conditions, inclinations toward establishing material security for his family (intentions to engage in business, to own a car, a home of his own and what hinders the fulfilment of this plan).....

Personal positive and negative sides.

- (a) Inclination to drink, good family man;
- (b) Lover of good times, inclination for solitude and quietness;
- (c) Influence of his wife on his actions, independence in making decisions;
- (d) Circle of acquaintances and brief character sketches of them."

20. Further, the report quotes Gouzenko's testimony to the effect that the Russians always required receipts for sums, however small, which agents accepted.

21. All this would bear out the fact that the Russians, even in the period of the wartime alliance, when the recruitment of agents on ideological grounds was relatively easy, liked to have a second string to their bow if their agents' ideological attachment began to waver. While there are no examples to be drawn from the Canadian spy case which indicate that other characteristics, such as sexual unorthodoxy, were exploited, this is undoubtedly due to the fact that the circumstances of the times made ideological sympathies, shored up with financial obligations, sufficient for the purposes in view.

V. The Australian Royal Commission Report

22. In 1955 the Royal Commission on Espionage, set up by the Government of Australia to investigate the information given by Petrov concerning Soviet espionage activities in that country, published its report. This document, like its Canadian counterpart, points up the slow and guarded process of careful and long-term study and development of agents and potential agents by the Soviet intelligence service, a process which the report aptly calls "a species of slow seduction".

23. There seem to be, however, in comparison with the Canadian document, significant differences which indicate a deliberate shift in emphasis in the methods employed by the Russians. Communist conviction and sympathies appear still to be regarded as the best basis for the development of agents, but the study and exploitation of character weaknesses seems in the ensuing years to have become more highly developed than it was in Canada in the mid-1940's. The Australian Report emphasizes this, and states that "In the late nineteen-forties the growing international tension gradually produced in Australia a changed attitude towards the Soviet and an awareness, particularly in Australian departmental circles, of the necessity for security and safekeeping of confidential information." This decline in public sympathy for communism and the increased preoccupation of the government with physical and personnel security measures was reflected in other western nations as well, and no doubt had the effect of forcing Soviet intelligence agencies to rely to a much greater extent on the exploitation of human weaknesses in order to recruit agents.

24. The documents brought from the Soviet Embassy in Canberra by Petrov give an insight into Soviet recruiting techniques in the early 1950's. One document contains short reports on 45 Australian journalists, and gives details about their drinking habits, marital status, and, in one case, his tendency to be "promiscuous". Another document describes one potential agent whom the Russians hoped to attract as follows: "Reactionary, insolent and debauched. He has intimate relations with --" (a certain woman)... "He sometimes experiences financial difficulties. He willingly goes to contact with Soviet representatives. He is of interest for study with a view to attracting him to our work on a material basis." Another document, described by the Australians as "a farrago of fact, falsity and filth", contains personality reports on a great number of persons - "politicians of every colour, newspaper proprietors and journalists, businessmen,

etc." - all potentially of interest as agents. The Commission Report states that some of these reports are scurrilous and grossly defamatory, and all the witnesses who examined the document agreed that it ought not to be published. There is no denying, however, this indication of the importance which the Russian and satellite intelligence services attach to the uses which can be made of information of this kind in achieving their purposes.

VI. United States and United Kingdom Views on the Security Problem Constituted by Homosexuality

25. Because this study was prompted by a desire to re-examine our attitude towards homosexuality as it relates to security, an attempt has been made in collecting relevant information to concentrate attention on the exploitation of this weakness.

26. In 1950 two legislative committees of the United States Congress reported the results of their investigations into the dangers inherent in allowing homosexuals and perverts to hold positions of trust in the government service. One committee concluded that:

"...it is accepted and agreed that persons who are homosexuals are bad security risks and should not be in sensitive positions or in any positions....in the Government where they might in any way aid or abet or be a party to subversive activity."

The conclusion of the other was as follows:

"Those charged with the responsibility of operating the agencies of government must insist that government employees meet acceptable standards of personal conduct. In the opinion of this subcommittee, homosexuals and other sex perverts are not proper persons to be employed in the government for two reasons: first, they are generally unsuitable; and second, they constitute security risks."

27. Spokesmen for the U.S. Department of State, testifying before congressional committees, indicated that homosexuality was a continuing problem in their department and that Soviet agents had made a practice of exploiting such abnormalities, by means of blackmail, to obtain secret government information. One spokesman said, "If the Department knew of any such person in its employ, that person would summarily be dismissed." Another said that in 1951 and 1952 his department had separated one State Department employee on the average of every three days as a social defect (homosexual case). If these figures seem remarkably high, it may be recalled that, during these years, great emphasis was being placed on the removal of "security risks" from government posts in the United States.

28. In 1950 Admiral Roscoe H. Hillenkoetter, then Director of the United States Central Intelligence Agency, testified as follows:

"...The consistent symptoms of weakness and instability which accompany homosexuality almost always represent danger points of susceptibility from the standpoint of security."

"...I would like to say that, in our opinion, the moral pervert is a security risk of so serious a nature that he must be weeded out of government employment wherever he is found. Failure to do this can only result in placing a weapon in the hands of our enemies and their intelligence service..."

29. Admiral Hillenkoetter presented several cases to illustrate the vulnerability of homosexual government employees to blackmail by hostile intelligence services, and enumerated the characteristics of the homosexual which he considered important from a security point of view.

"...experience indicates that perverts are vulnerable to interrogation by a skilled questioner. They seldom refuse to talk about themselves, although some will not incriminate anyone else. In addition, homosexuality frequently is accompanied by other exploitable weaknesses, such as psychopathic tendencies which affect the soundness of their judgment, physical cowardice, susceptibility to pressure, and general instability. So, in addition to his homosexuality, a pervert is vulnerable in many other ways.

"...in virtually every case, despite protestations by the perverts that they would never succumb to blackmail, they invariably express considerable concern about covering or concealing the circumstances of their condition. They also exhibit concern as to how much circulation the information may receive.

"The comparative ease with which bars, restaurants, or night clubs where perverts congregate can be identified in any community makes it possible for a recruiting agent to use homosexuality as an excuse for the development of a clandestine relationship which can later be directed to espionage purposes, either with or without the knowledge of the subject, either wittingly or unwittingly. In this regard homosexuals have a definite similarity to other illegal groups such as criminals, smugglers, black marketeers, dope addicts, and so forth. They do congregate and they are well known in their circles.

"...certain perverts are extremely defiant in their attitude toward society. They do not want to change their habits. They feel they are different and on a higher plane than the heterosexual. This mental attitude can be a very dangerous one, as it can be projected to a defiance of society in other respects, including disloyalty. A man figures he is better than the rest of the world and that, therefore, the laws of the rest of the world do not apply to him, including disloyalty.

"Lastly,...perverts in key positions lead to the concept of a government within a government. That is so noteworthy. One pervert brings other perverts. They belong to the lodge, the fraternity. One pervert brings other perverts into an agency, they move from position to position and advance them usually in the interest of furthering the romance of the moment.

"From these elements that I have discussed I think it is evident that a real security hazard lies in the susceptibility of homosexuals to inducement to cooperation in

espionage. The use of homosexuals as a control mechanism over individuals recruited for espionage is a generally accepted technique which has been used at least on a limited basis for many years."

30. On April 27, 1953, the President of the United States promulgated Executive Order 10450, which established a security program for employees throughout the government service. The head of each department and agency was made responsible for establishing and maintaining "an effective program to insure that the employment and retention in employment of any civilian officer or employee within the department or agency is clearly consistent with the interests of national security." Among the factors set forth for investigation in determining whether a person should be employed or retained in the Federal service in relation to national security are the following:

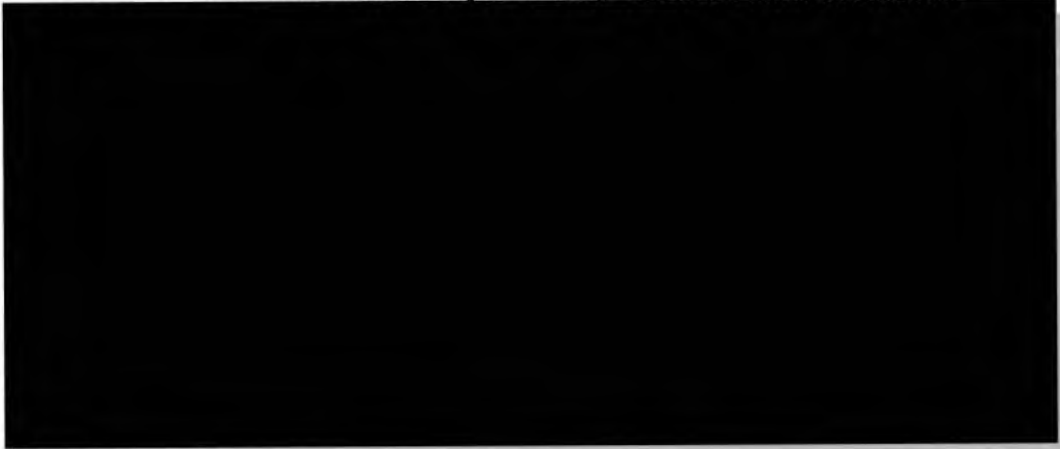
- "8.(a) 1 (i) Any behaviour, activities, or associations which tend to show that the individual is not reliable or trustworthy;

...

- (iii) Any criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, habitual use of intoxicants to excess, drug addiction, or sexual perversion;

- (iv) Any facts which furnish reason to believe that the individual may be subjected to coercion, influence, or pressure which may cause him to act contrary to the best interests of the national security."

31. In March of 1956, the Prime Minister of the United Kingdom presented to Parliament the Statement on the Findings of the Conference of Privy Councillors on Security. It was pointed out in the Statement that the government had accepted the recommendation of the Conference that heads of departments should consider as a security problem not only communist associations and sympathies, but also serious defects or failings such as drunkenness, addiction to drugs, homosexuality or any loose living that may seriously affect a man's reliability. The Conference recognized that "today great importance must be paid to character defects as factors tending to make a man unreliable or expose him to blackmail, or influence by foreign agents." It was added that the government recognized that the measures necessary to give effect to this recommendation would require very careful consideration.





This latter view would appear to be debatable, particularly in the light of certain statements made by the Director of the Central Intelligence Agency as quoted in paragraph 29 above.

VII. The Wolfenden Report

33. In Great Britain the problem of homosexuality was recently the subject of an investigation by a committee headed by Sir John Wolfenden which reported to the United Kingdom Parliament in September 1957.

34. The committee dealt with the view that homosexuality is a disease, and therefore the concern of medical science rather than the law. They found that there was not enough conclusive evidence to prove that homosexuality is a disease, though they did recommend an extended use of certain types of medical treatment under certain circumstances. Their conclusion was that homosexuality must remain the concern of the law and must continue to be related to crime, though they recommended that the area in which the law operates in this context should be narrowed.

35. Although the committee's primary concern was with the law and legislative action to reform it, they did express the view that those responsible for the appointment of teachers, youth leaders and others in similar positions of trust might take more care to ensure that men known to be, or suspected of being, of homosexual tendencies, should be debarred from employment.

36. The committee examined the connection between homosexuality and blackmail, and found as follows:

"We know that blackmail takes place in connection with homosexual acts. There is no doubt also that a good many instances occur where from fear of exposure men lay themselves open to repeated small demands for money or other benefit, which their previous conduct makes it difficult for them to resist; these often do not amount to blackmail in the strictest sense, but they arise out of the same situation as gives rise to blackmail itself. Most victims of the blackmailer are naturally hesitant about reporting their misfortunes to the police, so that figures relating to prosecutions do not afford a reliable measure of the amount of blackmail that actually goes on.

"...We have found it hard to decide whether the blackmailer's primary weapon is the threat of disclosure to the police, with the attendant legal consequences, or the threat of disclosure to the victim's relatives, employer or friends, with the attendant social consequences. It may well be that the latter is the more effective weapon..."

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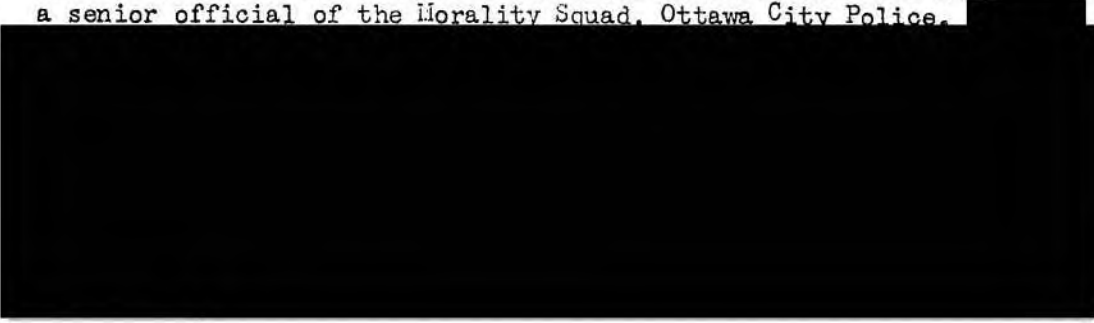
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37. The Report refers only once, and only indirectly, to the connection between homosexuality and security. The committee seemed to accept the fact that homosexuality constitutes a security risk, though they point out that it is not a greater danger than other character weaknesses:

"It is held....that if such men /homosexuals/ are employed in certain professions or certain branches of the public service their private habits may render them liable to threats of blackmail or to other pressures which may make them "bad security risks". If this is true, it is also true of some other categories of person: for example, drunkards, gamblers, and those who become involved in compromising situations of a heterosexual kind; and while it may be a valid ground for excluding from certain forms of employment men who indulge in homosexual behaviour, it does not, in our view, constitute a sufficient reason for making their private sexual behaviour an offense in itself."

VIII. Local Police Views

38. In an attempt to determine the extent to which human weaknesses, particularly homosexuality, might be the subject of blackmail within our immediate area, discussions were held with a senior official of the Morality Squad, Ottawa City Police.



39.



This matter was discussed with the R.C.M. Police, who stated that, while they were aware of these cases, no evidence had come to hand indicating their exploitation by Soviet intelligence agents in Canada. They were of the opinion, however, that such exploitation was entirely possible, and that, because of their limited investigative facilities, it would be extremely difficult for them to detect.

IX. Summary

40. Certain generalizations seem possible on the basis of the views and information set out above, together with the sample cases outlined in the annex to this paper.

- (a) There is no doubt that the communist intelligence agencies' practice of seeking out and exploiting human frailties in order to blackmail the victims,

either male or female, is well-tried and widespread and has steadily increased over the past few years;

- (b) This policy is developed to the extent that compromising situations are carefully arranged, possibly over a long period of time, and the victim is usually confronted with concrete evidence of his weakness;
- (c) Although it is obvious that persons without detectable weaknesses of character or habit should be safe from this kind of attack, there is evidence to indicate that hostile agencies are prepared to frame innocent persons in the hope that fear or bad judgement might induce them to cooperate;
- (d) One of the most consistent and best-documented characteristics of Soviet intelligence services is their willingness to observe, study, and collect data over long periods of time before making demands on intended blackmail victims, and even to withhold exposure indefinitely when a victim refuses to cooperate, probably for the cumulative psychological effect;
- (e) While it is obviously easier for hostile intelligence agencies to use this method of obtaining secret information from western officials in iron curtain countries, there is evidence of its being successfully attempted in Canada, as well as in allied countries;
- (f) Although weaknesses such as greed and desire for drink are often exploited for blackmail purposes, sexual abnormalities appear to be the favourite target of hostile intelligence agencies, and of these homosexuality is most often used;
- (g) The nature of homosexuality appears to adapt itself to this kind of exploitation. By exercising fairly simple precautions, homosexuals are usually able to keep their habits hidden from those who are not specifically seeking them out. Further, homosexuals often appear to believe that the accepted ethical code which governs normal human relationships does not apply to them. Their propensity is often accompanied by other specific weaknesses such as excessive drinking with its resultant instabilities, a defiant attitude towards the rest of society, and a concurrent urge to seek out the company of persons with similar characteristics, often in disreputable bars, night clubs or restaurants. Finally, although homosexuals are often prepared to admit their propensity to their employers when faced with evidence of it, they almost invariably remain in terror of its being found out by their families or friends.

X. Conclusion

41. On the basis of the views and information set out above, and in the annex attached to this paper, it does not appear feasible to make any basic change in existing policy concerning the employment of persons with character weaknesses in positions requiring access to classified information.

42. It is recognized that the drunk, the addict and the sexual pervert cannot in most respects be considered in the same light as the communist or communist sympathizer, of whom it may be presumed that his loyalties are at least divided, if not entirely opposed to those which the government must require of its employees. It must also be recognized, however, that the Soviet intelligence services, whose function it is to gain access to our secrets by whatever means are available to them, have no compunction in ruthlessly exploiting those characteristics of any potentially useful person which set certain of his actions apart from the accepted norms of social behaviour. However loyal he may be to his employer and to his country, a man faced with public exposure of faults or actions which could ruin his career, dismay his friends and cause grief to his relatives can hardly be expected consistently to hold national loyalties above these other more personal considerations.

43. The case of the homosexual is particularly difficult for a number of reasons. From the small amount of information we have been able to obtain about homosexual behaviour generally, certain characteristics appear to stand out - instability, willing self-deceit, defiance towards society, a tendency to surround oneself with persons of similar propensities, regardless of other considerations - none of which inspire the confidence one would hope to have in persons required to fill positions of trust and responsibility.

44. Further, there is the very real difficulty in obtaining accurate and reliable information concerning homosexual activity, information upon which a reasonable judgment might be made as to a man's reliability. Because of the way in which western security services organize their records of subversive activity, for example, it has become possible to base a judgement as to a man's loyalty on fairly detailed information concerning his relationship with one or more communist organizations, about many of which a good deal is known publicly. This is not the case, however, where human weaknesses are concerned, and most particularly a social defect such as homosexuality which, because of the opprobrium attached to it, is seldom considered in a reasonable, objective and unemotional manner. If it were, it would not be nearly so exploitable by our enemies, and would not therefore constitute the serious security risk which it is now considered to do. Even in the few cases where information about a government employee's homosexual tendencies is detailed and reliable, it is extremely difficult to document unless prosecution under the law is being seriously considered, which is rarely the case. Persons providing such information almost invariably wish to restrict knowledge of their identity to police investigators, thus in turn restricting the handling and use of their information.

45. One of the results of this combination of circumstances is that deputy ministers and their security officers are forced to arrive at a decision as to an employee's reliability on the basis of very limited information indeed. Much as they may wish to give the employee the benefit of any existing doubt, our

security policy, as well as that of our allies, has always been that any such doubt must be resolved in favour of the security of the information for which the department is responsible. As there is no method of ascertaining whether the facts of a homosexual's private life will be exploited by hostile intelligence agencies, employing departments are left with no choice but to ensure that no such person is permitted access to classified information. In several government organizations, this inevitably results in denial of employment, a request to resign, or outright dismissal, whenever there is a serious indication that an applicant or employee is a homosexual.

46. The Department of National Defence, in their contribution to this study, have requested that emphasis should be placed on the fact that character weaknesses often make a person unsuitable for employment by the government even where he has no access to classified information. It is the view of that department that human weaknesses such as those discussed in this paper render persons unreliable, and therefore unsuitable for employment from the point of view of good personnel management, quite apart from the security considerations which may be involved. While reference is made to this view in the present Cabinet Directive on Security, as pointed out in paragraph 2 above, the question goes beyond security policy into the broader field of general administration, and is not therefore treated in this paper. The Security Panel, however, in conjunction with the Civil Service Commission, may wish to consider this question in making recommendations to the government concerning modifications to existing security policy which are at present under review.

47. The Security Panel is therefore asked to consider in the light of this study, what modifications, if any, might be made in present security policy concerning the employment of persons subject to serious weaknesses of character in positions requiring access to classified information, and to make appropriate recommendations to the Cabinet.

D.F. Wall,
Secretary of the Security Panel.

*We would be obliged to tell other
Security committees in fairness to them. We
feel sure for example that if 5 or 6 thought
there was a possibility of our accepting
Lorus's under any circumstances - they would*

Privy Council Office, *agreed to supply information*
Ottawa, May 12th, 1959.