

SECRET - CANADIAN EYES ONLY

CANADIAN JIC 411(61)

21 June 1961

COPY NO. 4

THE THREAT TO CANADA
FROM
COMMUNIST SUBVERSION, ESPIONAGE AND SABOTAGE
- APRIL 1961 -

SECRET - CANADIAN EYES ONLY

~~SECRET - CANADIAN EYES ONLY~~

A0051399_1-004268

THE THREAT TO CANADA FROM COMMUNIST
SUBVERSION, ESPIONAGE AND SABOTAGE

APRIL, 1961

TABLE OF CONTENTS

	<u>PARA.</u>
OBJECT OF PAPER	1
INTRODUCTION	2 - 4
SUMMARY OF CONCLUSIONS	5 - 7
PART ONE - <u>COMMUNIST SUBVERSION</u>	
- Communist Objectives	8 - 22
- Communist Party of the Soviet Union	23 - 29
- Communist Party of Canada	30 - 71
- The World Socialist System, its Missions and Agencies	72 - 85
- National Groups and Links Abroad	86 - 100
- International Fronts and Links in Canada	101 - 116
- Exploitation of the Trade Union Movement	117 - 199
- The Communist Underground	200 - 226
- Conclusions	227 - 237
PART TWO - <u>COMMUNIST ESPIONAGE</u>	
- Communist Espionage Objectives	238 - 249
- The Espionage Apparatus	250 - 269
- The Espionage Apparatus in Operation	270 - 301
- Estimate of Effectiveness of SBIS Espionage Activity	302 - 309
- Conclusions	310 - 313
PART THREE - <u>COMMUNIST SABOTAGE</u>	
- Objectives	314 - 317
- Organization	318 - 319
- Estimate of Capabilities	320 - 321
- Estimate of Threat	322
APPENDIXES - 1 - CHINESE COMMUNISTS IN CANADA	
2 - COMMUNISTS IN CANADIAN INDUSTRY	
3 - TYPICAL EXAMPLES OF SBIS AGENT RECRUITMENT	

SECRET

CANADIAN EYES ONLY.

A0051399_2-004269

THE THREAT TO CANADA FROM COMMUNIST SUBVERSION,
ESPIONAGE AND SABOTAGE - APRIL 1961.

OBJECT

The purpose of this paper is to assess the current threat from Communist subversion, espionage and sabotage in Canada.

INTRODUCTION

2. The main body of the paper consists of three parts, each of which considers one aspect of the Communist threat. The threat posed by Chinese Communists in Canada is dealt with at some length in Appendix I.

3. This paper does not deal with the threat presented by the Trotskyist movement (Fourth International) which is not considered sufficiently great to warrant presentation at this time nor does it deal with the possibility of subversion or sabotage which is not directed against Canada's national security but which may arise for quite different reasons; for example, sabotage committed by the Doukhobors or by participants in an industrial dispute.

4. It is, of course, understood that the threat estimate presented in this paper does not reveal the entire threat, merely its general outlines. In common with intelligence work in other fields, full insight into the problem is not possible. Moreover, for operational reasons, certain aspects of Communist activity known to Security have either not been divulged at all or are only briefly referred to.

SUMMARY OF CONCLUSIONS

5. The Communist Party of Canada, a small yet durable and aggressive apparatus allied with, and fully in accord with the policies of, the World Socialist System and its international network of Communist Parties, poses a greater threat to the internal security of Canada than its "open" strength (3,000) or the strength of the Canadian Communist movement as a whole (26,000) would indicate. For, although there is virtually no prospect that the Party will realize its ultimate objective of establishing a Canadian Soviet Socialist Republic or the "people's democracy" which would lead up to it or, even, in the foreseeable future, succeed in forming part of a coalition government, it has made considerable inroads into the trade union movement and industry generally with all the possibilities this presents of conducting economic and political warfare on the Canadian free enterprise system.

SECRET

CANADIAN EYES ONLY.

A0051399_3-004270

6. Espionage is being vigorously and successfully organized and carried out by the Russian, Polish and Czech Missions in Canada. There is no indication that Communist China is carrying out espionage in Canada.

7. The current threat from Communist sabotage in Canada is negligible.

SECRET

CANADIAN EYES ONLY.

A0051399_4-004271

THE THREAT TO CANADA FROM COMMUNIST
SUBVERSION, ESPIONAGE AND SABORAGE

PART TWO

COMMUNIST ESPIONAGE

SECTION ONE - COMMUNIST ESPIONAGE OBJECTIVES

- International Aspects
- Objectives in Canada - General Considerations
- Specific Targets

SECTION TWO - THE ESPIONAGE APPARATUS

- International Activity - General Considerations
- Legal Residencies
- Illegal Residencies
- Activity in Canada - Legal Residencies
- Illegal Residencies

SECTION THREE - THE ESPIONAGE APPARATUS IN OPERATION

- Agent Recruitment
- Emigre Work
- SBIS Exploitation of Delegations and Other Visitors to Non-Communist Countries
- Collection of Unclassified Information
- SBIS Modus Operandi vis-a-vis the Counter-Intelligence Forces
- Technical Methods of Espionage
 - SBIS Eavesdropping Capabilities
 - Intercept of Communications and Electronic Transmissions.

SECTION FOUR - ESTIMATE OF EFFECTIVENESS OF SBIS
ESPIONAGE ACTIVITY

SECTION FIVE - CONCLUSIONS

SECTION ONE

COMMUNIST ESPIONAGE OBJECTIVES

International Aspects

238. The chief objective of the espionage carried out by the Sino-Soviet-bloc intelligence services is to gain insight into the strength, capabilities and intentions of all non-Communist countries with a view to providing Sino-Soviet-bloc planners with the information necessary for the realization of immediate and ultimate Communist aims. The information sought by the planners would be political, economic, scientific, technological and military, any information, in fact, which would increase the power and prestige of the Sino-Soviet bloc and which would enable it to so broaden the base of the World Socialist System that the ultimate aim of a World Federation of Soviet Socialist Republics would eventually be realized.

239. Inasmuch as current Sino-Soviet strategy is based on peaceful coexistence, that is, on political, economic and ideological but not military struggle with the developed capitalist countries, it is apparent that considerable emphasis would be placed on the acquisition of information of political and economic value. This would be particularly true not only with respect to the highly-developed capitalist countries having strong economic links with under-developed, uncommitted countries but also with respect to the uncommitted countries, themselves, which would have little of scientific, technological and military value to interest the Sino-Soviet bloc but which would be regarded as potential "independent national democracies" to be drawn into the Communist sphere of influence by adroit use of patience and patronage, by political and economic means.

240. Considerable stress would still be placed on the acquisition of scientific, technological and military information in the more highly developed capitalist countries. To the Sino-Soviet bloc, which is making such an effort to convince the world of the superiority of the "socialist" system and which is relentlessly seeking to close the gap between propaganda and actual achievement, it is presumably tremendously important that all possible data be garnered which would enable it to surpass the West in science and technology.

241. Information of military interest would also be a prime target since the Sino-Soviet bloc cannot be certain (1) that the West will ever accept peaceful coexistence and (2) that peaceful coexistence will suffice to carry Communist plans to fruition. In addition, data acquired on Western science and technology might lead to a Sino-Soviet break-through in the military field which would considerably enhance Communist "bargaining" power. Insight into a Western military breakthrough would also be of great value to Sino-Soviet bloc planners.

SECRET

CANADIAN EYES ONLY.

A0051399_6-004273

Objectives in Canada

(a) General Considerations

242. Although, as Soviet defector Gouzenko stated with regard to the Russian Intelligence Service (RIS) in 1945, the Soviet-Bloc Intelligence Services (SBIS) want "to know everything possible about everything concerned in Canada," the general objectives may be said to be centered on acquisition of all available data pertaining to the strength, capabilities and intentions of Canada and of its allies, particularly the United States, which is the main target of the Communist offensive against the West.

243. Inasmuch as this offensive is currently based on the political, economic and ideological struggle implicit in peaceful coexistence, considerable stress is undoubtedly being placed on the acquisition of political and economic information, and on scientific, technological and military information which can be exploited for political and economic purposes. Insight into Canada's economic strength and into the use to be made of it would, for example, be required by Sino-Soviet bloc planners in their efforts (1) to lessen the effectiveness of Canadian economic contributions to Western strength, including trade with, and aid to, under-developed countries and (2) to overtake and surpass Western productivity per capita by 1965.

244. Communist leaders, bent on "blazing a trail to Communism for all mankind" comparable to their initiation of the exploration of outer space, recognize the practical, as well as the propaganda, value of being to the fore in science and technology. Canada which produces important classified information and materials from its own science and technology and which has access to similar classified information and materials produced in the United States and the United Kingdom, is a key Communist target in this respect.

245. Moreover, since (1) Canada is geographically situated between the Soviet Union and the United States and not only forms an integral part of NORAD but could provide some support for United States offensive forces, and since (2) it is one of the more important members of NATO, it is obvious that Canada militarily, too, would be of great interest to Communist leaders and the SBIS.

(b) Specific Targets

246. Scientific and technological information, including that vital to the military postures of Canada, the United Kingdom and the United States is a prime espionage target today just as it was in the immediate post-war years when the atomic bomb, radar, asdic, VT fuses and explosives and propellants were revealed to be specific RIS targets. Although new targets are constantly being revealed through sources who have been approached by the SBIS but who have subsequently reported to Security, it is to be noted that a research establishment like the Defence Research Board remains a prime target for penetration purposes and that a good deal of information vital to Canada's defences is sought.

SECRET

CANADIAN EYES ONLY

A0051399_7-004274

247. Soviet-bloc intelligence officers in Canada are engaged in the collection of overt intelligence information by de visu means and by the purchase of unclassified maps, charts and publications. Concurrent with this activity, they have continued to run agents who have been given briefs on specific targets. These include:

- (a) aerial photographs and maps of key Canadian and American cities;
- (b) harbor installations;
- (c) sources of electric power;
- (d) atomic energy;
- (e) Canadian Armed Forces;
- (f) missiles and missile bases;
- (g) air defense systems, including radar installations;
- (h) techniques in maintaining the life of military equipment;
- (i) Defense Research Board;
- (j) procedures for obtaining Canadian passports, naturalization papers, etc. (for illegal residencies);
- (k) Department of External Affairs;
- (l) Department of Defence Production;
- (m) Emergency Headquarters for use in wartime.

248. Certain scientific and technological data would, along with information on production, location of industries, transport and "a wide variety of financial matters and matters pertaining to international trade and commercial policy," be of prime interest to the Sino-Soviet bloc in their economic and political offensive against the West.

249. In this connection it is interesting to note that an RIS agent in Canada who was under Security control was briefed by his RIS spymaster in 1958 to obtain data on the Canadian uranium industry. The information in question was not furnished to the RIS. A few months later, a Soviet geological delegation visited Canada, and it became obvious during the course of this visit that the delegation members were very interested in obtaining information on Canadian techniques for discovering and exploiting uranium deposits. Acquisition of this data would have permitted the Soviet Union to produce and, perhaps, to process uranium more economically than it was then believed to be capable of doing. The visit of this Soviet delegation was in return for a visit made by a Canadian to a uranium mine in the U.S.S.R. It is significant that the Canadian citizen in question was only allowed to spend one day at one uranium mine and that his questions regarding production, etc., were rebuffed.

SECRET

CANADIAN INTS A0051399_8-004275

SECTION TWO

THE ESPIONAGE APPARATUS

International Activity

(a) General Considerations

250. The Sino-Soviet-bloc intelligence services are operative world-wide, conducting "legal" espionage¹ in non-Communist countries having diplomatic relations with any of the Bloc countries and possessing a capability for conducting "illegal" espionage² in all non-Communist countries. The reliance placed by them on legal as opposed to illegal espionage will depend in large measure on Sino-Soviet success in establishing diplomatic missions in non-Communist countries and on the efficacy of the internal security forces in countries with whom such diplomatic relations have been established.

251. All the Bloc intelligence services are patterned along Russian lines, that is, having a military component (Soviet nomenclature - GRU) which specializes in collecting intelligence of military interest and a civil component (Soviet nomenclature - KGB) which specializes in collecting political, economic and scientific intelligence as well as in conducting EM³ & SK⁴ work. The KGB is also responsible for counter-intelligence within the Soviet Union. The most important of these intelligence services are the Russian Intelligence Service (RIS), the Polish Intelligence Service (PIS), the Czech Intelligence Service (CIS), and with regard to espionage carried out in West Germany and the Far East respectively, the East German Intelligence Service (EGIS) and the Chinese Communist Intelligence Service (CCIS).

252. Not too much is known at present about the methods and operations of the CCIS. However, there is no reason to doubt that this organization is conducting offensive intelligence operations in non-Communist countries. In those countries where there is a Chinese Communist Embassy, Trade Office or New China News Agency Office, operations will undoubtedly be facilitated by the presence of such official organizations.

-
1. Legal espionage is espionage carried out under official cover such as an Embassy, Legation, Consulate or trade office which are referred to as legal residencies.
 2. Illegal espionage is espionage carried out under unofficial cover such as a business enterprise which is referred to as an illegal residency.
 3. EM work is the intelligence activity carried out by SBIS officers among emigre groups.
 4. SK work is the protective security work carried out by SBIS officers among Soviet-bloc officials and their families (Soviet Colony) abroad.

SECRET

CANADIAN EYES CA0051399_9-004276

(b) Legal Residencies

253. The Soviet Union has established diplomatic relations with approximately forty-seven non-Communist countries, Poland with thirty-five, Czechoslovakia with thirty-five, and Communist China with twenty-seven. It can be assumed that the Sino-Soviet bloc, in pursuance of its policy of peaceful coexistence, will attempt to increase the number of such relations, paying particular attention (1) to the newly-emergent countries of Africa which Sino-Soviet leaders know from recent experience to be highly susceptible to Bloc political and economic overtures and (2) to Latin American countries which up until now have largely rebuffed Bloc advances but whose resistance may be weakened by an increase in popular support for Castro and his anti-United States policies. It is known that the Bloc Missions already established abroad conceal legal residencies containing a high proportion of intelligence officers.

254. In this connection it should be noted that Soviet Missions in foreign countries are nearly always considerably larger than the corresponding Missions of these countries in the Soviet Union. In some cases, the difference in numbers is quite anomalous. Mexico, for instance, at last report had three official representatives in the Soviet Union whereas the USSR had at least forty-seven members in its Mission in Mexico City, including three Naval Captains (Mexico has virtually no navy). Again, there are 111 representatives of the USSR in the small country of Indonesia, 139 in the UAR (Egypt) and 114 in Finland.

255. It is known that the SBIS exchange information with each other and that the Soviet Union is the chief benefactor from this exchange by reason of its position as the leader of the Soviet bloc. It is not unknown for the RIS to take over an agent or agents who have been initially talent-spotted, developed and recruited by another Soviet-bloc nation. Many Soviet-bloc intelligence officers have been trained under RIS auspices and RIS advisers are attached to the staffs of the intelligence services of all Soviet-bloc countries. On the international scale, there is no doubt that the RIS is the most active of the Soviet-bloc intelligence services in the espionage and subversion fields. By and large, the foreign intelligence services of the other Soviet-bloc countries tend to confine their operations abroad to nationals, former nationals, expatriates and emigres of their respective countries.

256. The percentage of intelligence officers on the staff of a Soviet-bloc Mission varies according to the country in which the Mission is located. In the more advanced Western countries such as the United Kingdom, Canada and the United States, intelligence officers comprise roughly 40% of the staff.

(c) Illegal Residencies

257. It is apparent from the disclosures made by the Soviet defector Petrov in Australia in 1952 and from the testimony given in the Abel case by Soviet defector Hayhanen in the United States in May, 1957 that the SBIS, particularly the RIS, have since 1947 initiated a program for the establishment of illegal residencies on a world-wide scale. The following advantages of the illegal residencies over the legal make its attractions to an intelligence service understandable:

A0051399_10-004277

SECRET

CANADIAN EYES ONLY

(i) The illegal, once established in his cover, can operate under virtually all circumstances, including severance of diplomatic relations as in the case of war.

(ii) The members of an illegal residency normally do not associate with Bloc officials, as the latter are subject to attention from security services. The possibility of the illegal net being discovered by security forces is thereby considerably reduced.

(iii) Modern radio communication techniques such as virtually instantaneous transmission and prearranged reception of messages, render detection of secret signals traffic extremely difficult in the light of present knowledge.

258. The Abel case in the United States and, more recently, the Lonsdale/Kroeger case in Great Britain indicate the reliance placed on illegal espionage by Bloc intelligence services in countries whose sophisticated security systems have reduced to some extent the effectiveness of legal espionage. They also indicate the stress placed by the intelligence services on (1) the accumulation of data and documents required for the infiltration and establishment of illegal residents and (2) the provision of means of communication between the illegal resident and his Bloc headquarters.

259. With regard to documentation, the Bloc services place great stress on the acquisition of passports. These may be acquired in three ways:

(i) by having application made through normal channels in the name of dead or missing persons or on the basis of forged identification papers,

(ii) by adapting genuine passports as was done in 1945 for a Canadian passport to be used by an illegal resident in the United States and

(iii) producing passports which are completely false as was the case with the two "Canadians" implicated in the recent espionage activity in Great Britain.

260. Documentation is an awkward, but by no means insurmountable, problem for an illegal. He can assume the identity of an actual person (as was done in the recent Lonsdale case) or he can obtain documentation in the name of a completely fictitious person. This latter procedure usually requires the faking of a birth certificate or preferably, a change in the Registry of Births in some locality. This falsification of records can be carried out by an "illegal support agent" employed in a Registry of Births and acting under the instructions of the RIS. As a rule, it is only after security forces get on the track of an illegal through the receipt of other information that the illegal's documentation is subjected to testing scrutiny.

SECRET

CANADIAN EYES A0051399_11-004278

261. Communications from the Centre in Moscow to the illegal are usually sent by means of shortwave radio messages at pre-determined times and dates; these messages are received by the illegal on a good-quality shortwave radio receiver. Although illegals have been known to transmit radio messages to the Centre (vide the Lonsdale case), the more common procedure is for the illegal to send the communications by mail or courier to an accommodation address ("live-letter box") such as a business establishment, private home or post office box, from which address they can be collected at leisure by the illegal support officer from the Soviet Embassy in the country concerned. The messages are then forwarded to the Centre in the Diplomatic Bag. The person receiving the mail at the accommodation address is seldom told the true nature of the type of mail they are receiving, and more than one has been informed that the mail was from an extra-marital contact.

262. During the period of establishment, illegals are, generally speaking, to a great extent reliant upon the legal residency (located in the Soviet Embassy) for support and assistance. It is during this period that surveillance by security forces of known SBIS legal residency officers, especially illegal support officers, is most likely to lead to the discovery of the illegal resident.

263. A "cover" occupation is also a necessity for an illegal and, provided he has the necessary money, documentation and occupational skill, it is not too difficult for him, under present conditions in the more advanced Western nations, to establish himself in a business. Not infrequently he will enlist the aid of an unsuspecting resident of the country to assist in the running of such a business.

264. Illegal support agents are persons who have been recruited by the RIS for the purpose of providing RIS illegal residencies with back-stopping¹ of false documentation, authentic documentation, information to be used in illegals' cover and legend, accommodation addresses, personal cover for illegals, courier service and funding mechanisms. Where possible, the RIS relies upon ideologically-motivated persons to perform the functions of illegal support agents.

265. The illegal, as a rule, has to go through a period of "legalization." This period of time can take up to one or two years, or even longer, depending upon the particular circumstances. The establishment of an illegal is essentially a long-term project, and the cases on record concerning the discovery of illegal residents prove conclusively that the SBIS are quite prepared to exercise the necessary patience in this regard.

Activity in Canada

266. The USSR, Poland and Czechoslovakia have intelligence services operative in Canada, each of which has civil and military components and each of which not only carries out legal espionage but also is undoubtedly capable of assisting the operations of illegal espionage networks.

-
1. "Backstopping" is information supporting that given in the documentation.

SECRET

CANADIAN EYES ONLY A0051399_12-004279

(a) Legal Residencies

267. As can be seen from the following table, the intelligence components of the Russian, Polish and Czechoslovak diplomatic and trade establishments in Canada comprise 57%, 45% and 27% of their official representation respectively. Although none of the wives are definitely known to be intelligence officers, several of them are suspected of having performed intelligence support tasks. It has been definitely established that wives occasionally assist in counter-surveillance measures carried out by Soviet officials. Several of the military intelligence service officers occupy positions within the non-military sections of the establishments.

	RUSSIAN	POLISH	CZECH	TOTALS
Present Official Establishment	51	27	29	107
Known intelligence officers ¹	16	9	4	29
Suspected intelligence officers	<u>13</u>	<u>4</u>	<u>4</u>	<u>21</u>
TOTAL	(RIS)29	(PIS)13	(CIS)8	50

The above figures include cypher clerks and SK personnel.

(b) Illegal Residencies

268. The RIS and the PIS are known to have conducted espionage in Canada based on the use of illegal residencies and, in common with the CIS, are believed to be placing increased emphasis on this type of activity. The RIS has been active in collecting data on naturalization procedures, registration of births and marriages, and passport regulations, all of which is traditional information required to establish illegal residencies. The Canadian documentation provided Mr. and Mrs. KROEGER, recently found guilty of espionage in Great Britain, indicates that such traditional information is still in demand.

269. There is no indication that Communist China, which has neither diplomatic representatives nor press correspondents in Canada, has carried out illegal espionage activity in this country. The current investigation into the illegal entry of Chinese into Canada has not produced any evidence of involvement by the Chinese Communist Intelligence Service.

1. "Known intelligence officers" are so designated if they are definitely known to have carried out intelligence activities in Canada.

"Suspected intelligence officers" are so designated not only on the basis of their conduct and activities in Canada but also on the basis of their reported activity elsewhere.

SECRET

CANADIAN EYES A0051399_13-004280

SECTION THREE

THE ESPIONAGE APPARATUS IN OPERATION

Agent Recruitment

270. SBIS officers are always on the look-out for potential agents. The SBIS has utilized and continues to utilize local Communists in a talent-spotting role but their efforts have been greatly facilitated over the past few years by the increase in social contacts made by Soviet-bloc officials in Canada and by the growth in the number of Canadians visiting Soviet-bloc countries and of Soviet-bloc nationals visiting Canada. Every Soviet-bloc delegate to Canada, for example, is a potential espionage instrument, not only for making live contacts with agents already recruited, but also for talent-spotting or for recruiting persons already talent-spotted and developed.

271. Social cultivation of potential sources by SBIS officers continues to be relatively extensive and forms their main recruitment effort at the present time.¹ The most interesting developments in this field of recruitment pursuit have been as follows:

- (a) sustained program to cultivate university students;
- (b) social cultivation of single girls employed by the Federal Government;
- (c) a tendency to hold intimate film showings and social parties;
- (d) increased efforts to socially develop casual acquaintances met in stores, gas stations, etc.
- (e) increasing endeavours to develop social relations with executives and employees of electronic companies.

272. It may be said that, in contrast to the 1940's when agent recruitment methods were based mainly on ideological conviction or sympathy, increased emphasis is now being placed on discovering and fostering character weaknesses (alcoholism, homosexuality, etc.) which could lead to a compromise situation and blackmail. Because of the effectiveness of security screening in preventing access to classified information on the part of known Communists or Communist sympathizers, agents of a type exposed by Gouzenko who were Communist but otherwise of temperate habits would not be exploitable today for direct espionage purposes. It is understandable, therefore, that the SBIS should, in the search for agents, be placing more emphasis on persons of intemperate habits.

1. For typical examples of SBIS agent recruitment in Canada, please see Appendix 3.

SECRET

CANADIAN EYES ONLY.

A0051399_14-004281

273. The thoroughness of the search for sexual deviates is illustrated by reliable reports from a Western intelligence officer working in a satellite country. The security service of that country has recruited experienced homosexuals who are instructed to meet socially all incoming diplomatic persons from Western countries as soon as possible after their arrival. A second confirming illustration of this trend is contained in a recent report from a NATO security service which stated that some SBIS agents had been asked, in addition to reporting on intelligence tasks, to be on the watch for persons with weaknesses such as homosexuality and drunkenness since these persons would be of interest to the SBIS.

274. Insofar as Canada is concerned, this increased SBIS interest in character weakness has been made clear by the number of attempts made, some successful, to compromise and blackmail Canadians serving abroad, particularly in Soviet-bloc countries. Operating in their own countries, the SBIS are in a very favorable position to effect not only sexual compromise but also compromises involving infractions of local laws, particularly those pertaining to currency and exchange regulations and to black market activities and smuggling.

275. Despite this stress on character weakness, recent espionage activities uncovered by friendly intelligence agencies make it clear that ideology and venality, as agent motivation forces, are still being capitalized on by the SBIS.

Emigre Work

276. Penetration of emigre groups is a high-priority task of every Bloc intelligence service. Emigres, most of whom are not likely to have access to classified information, are sought chiefly for legal/illegal espionage support purposes but they may, as Canadian experience indicates, be used for low-grade espionage proper. Additionally, the SBIS seek to penetrate emigre groups in Canada because they believe that Western intelligence services will use certain of the emigres to penetrate Bloc countries or to perform other intelligence tasks, and because they are most apprehensive that emigre groups in this country, as well as in other countries, may attempt a coup d'etat against the Communist regime in the Homeland. It should also be remembered that the SBIS are often in a position to use blackmail to force emigres into performing intelligence tasks.

SBIS Exploitation of Delegations and Other Visitors to Non-Communist Countries

277. At the Twentieth CPSU Congress in 1956, Khrushchev advocated a "greater exchange of parliamentary, social and other delegations ... and the expansion of tourist travel and increased student exchange" as a means of easing international tension. Since that time, the numbers of Sino-Soviet-bloc personnel visiting non-Communist countries have increased enormously not only to the highly-developed, strongly anti-Communist countries but also to the underdeveloped, uncommitted countries.

SECRET

CANADIAN EYES ONLY

A0051399_15-004282

278. The main interest of the Bloc intelligence services, particularly the RIS, has been in the highly-developed Western countries. The RIS, since as early as 1947 (several years before the detente between East and West took shape and before Communist leaders showed any great interest in the uncommitted countries), had a Delegations' Department with the dual role of planting intelligence officers in Soviet delegations going abroad and of searching for agent recruits in foreign delegations to the Soviet Union. This kind of work is a specialty of the KGB rather than the GRU, although the latter undoubtedly makes use of delegations as cover for its own work, say, in circumventing movement restrictions on Embassy personnel.

279. Western intelligence services are agreed that every Soviet delegation or group travelling abroad contains at least one KGB cadre worker for SK work, that is, the security of the delegation. If the party is large, he will be assisted by informants among its members and in exceptional cases, such as large tourist parties numbering 100 or more, several cadre workers will be employed. The defector Petrov said that when a member of the Delegations' Department was included in a party going abroad, he might, in addition to his own SK work, undertake intelligence tasks on behalf of the operational directorate in the KGB which was interested in the country visited by the delegation. Petrov also pointed out that other departments of the State Security apparatus might plant officers unknown to the SK man in delegations to carry out specific intelligence tasks. The main normal task of the Delegations' Department, however, seems to have been talent-spotting.

280. Unless engaged in a specific task requiring expert knowledge, intelligence officers are unlikely to pose as specialist members of delegations. They are to be sought rather among the managers, interpreters, trainers, journalists and other auxiliaries frequently attached to the Party. They are likely to be conspicuous by their forwardness in relations with foreigners and, according to one source, their comparative youthfulness. They may also display greater freedom of action in accepting invitations to private entertainment or in moving about unaccompanied. If posing as specialist members of a delegation, they may display conspicuous ignorance of the delegation's field of interest.

281. Although the SBIS utilizes Soviet-bloc delegations and other visitors to Canada chiefly for agent recruitment purposes, the SBIS also uses them as cover for their own intelligence activity. Doubtless some of the reported instances of Soviet-bloc visitors carrying out de visu intelligence work reflect SBIS activity.

282. A Soviet delegation may also be exploited by the legal residency to circumvent movement restrictions placed upon the Soviet Mission in Canada. On a number of occasions, members of the Soviet legal residency in Canada have been attached to delegations, thus acquiring wider fields of movement and contacts than might be justified by their usual duties and perhaps gaining access to a new target.

SECRET

CANADIAN EYES ONLY.

A0051399_16-004283

Collection of Unclassified Information

283. Since the death of Stalin, there has been an enormous increase in Bloc acquisition of unclassified information, particularly in NATO countries. Although the collection of unclassified information is a legitimate function of a foreign mission, Bloc activity in this regard differs from that of other foreign missions in that the collection is primarily for intelligence purposes. These purposes are everpresent regardless of whether a particular piece of information is in itself of intelligence interest or whether it has to be combined with other information to make it so. It should also be borne in mind that much of the unclassified information readily available in highly-developed Western countries is of strategic importance to the Soviet-bloc.

284. Although every member of Bloc Missions in Canada may be considered in this sense an espionage agent, there is no doubt that the bona fide intelligence officers among them are extremely active in both collecting and utilizing the information. SBIS officers have been particularly active where it was considered necessary to use clandestine means to obtain the information or where the collection of the information afforded opportunities for the development or training of agents. Moreover, additions to agents' target lists have been made, often with startling rapidity, on the basis of some Canadian newspaper release which came to the attention of an interested intelligence officer.

SBIS Modus Operandi vis-a-vis the Counter-Intelligence Forces

285. Soviet-bloc intelligence officers operating from legal residencies in a non-Communist, highly-developed country like Canada expect to receive attention from internal security forces and conduct their operations accordingly. With few exceptions, the SBIS officers concerned are highly-trained individuals, thoroughly schooled in all facets of intelligence work, who evince great patience and tenacity in carrying out their prime task - the procurement of positive intelligence information.

286. Concurrent with their intelligence activity, SBIS officers have time-consuming duties as staff members of their respective diplomatic Missions to fulfil. It is to keep SBIS officers at least partially occupied with these duties and thus prevent them from spending the time on intelligence activity that it is so desirable, from an internal security point of view, to have a ceiling imposed on the strengths of Bloc Missions.

287. As a general rule, only Soviet Mission personnel are subjected to surveillance in Canada. Known and suspected RIS members of the Soviet Mission are extremely surveillance-conscious and, on occasion, go to great lengths to determine if they are actually under surveillance. The wives of RIS personnel often assist in this regard. Other tactics include the carrying-out of "dummy runs" to identify surveillance teams, note their vehicles and study their techniques.

SECRET

CANADIAN EYES ONLY.

A0051399_17-004284

288. In order to evade surveillance personnel, SBIS officers often resort to extreme measures, including erratic and unlawful driving practices. In addition they often use the saturation technique - the dispatch of two or more intelligence officers into the same area at the same time with a view to forcing internal security personnel to make a choice with respect to surveillance and thus run the risk that those not under surveillance may carry out an intelligence assignment.

289. RIS officers occasionally use rented and, until recently, borrowed automobiles for intelligence purposes, thereby augmenting the supply of vehicles at their disposal. The Soviet Embassy in Ottawa had twenty-four official cars in 1960.

290. The use of double-agents continues to be the best means of determining the activities, methods and targets of RIS personnel in this country. RIS officers appear recently to have tightened up security vis-a-vis double-agents. They have, for instance, shown themselves to be more security-conscious regarding possible "bugging" of vehicles, one RIS officer, for example, even going to the extent of conducting a body-search of the double-agent concerned.

291. Also of use by the SBIS in Canada are "dead letter boxes" and "live letter boxes." The former are secret hiding places used for the transfer of messages, money, etc. between persons engaged in espionage, the latter are mail addresses of intermediaries used for the reception and transmission of intelligence communications.

Technical Methods of Espionage

292. The SBIS are known to make extensive use of technical espionage devices. They have developed a formidable capability for eavesdropping on Canadian premises abroad, particularly in Moscow, and they undoubtedly have a capability for intercepting communications and electronic transmissions in Canada.

(a) SBIS Eavesdropping Capabilities

293. Since the second World War reliable sources have reported that the SBIS have conducted an intensive research and development program in technical eavesdropping. At Kuchino near Moscow there is a large technical establishment under KGB control which is believed to be mainly devoted to this purpose. The scientific and engineering staff is estimated to be between 300 and 600 persons.

294. As to the capabilities now reached in this field, a friendly security service in May 1957 stated that, given suitable operational conditions and in the absence of any technical protective devices, it is to be assumed that the SBIS is technically capable of getting information from any room to which its agents can have access, even for brief periods of time, within 200 yards of SBIS controlled premises.

SECRET

CANADIAN EYES ONLY

A0051399_18-004285

295. The SBIS have a wide variety of listening devices to pick up, transmit, and record conversations conducted in areas usually regarded as secure. These devices may be very small and can be located not only in guarded offices but in automobiles, residential quarters, and even outdoors.

296. The fact of technical penetration by the SBIS of diplomatic and private residences is well established for Bloc capitals like Moscow, Warsaw and Prague and has also been reported with regard to premises in Tel Aviv, Nicosia and Mexico City. A friendly technical service which made extensive investigations of certain Western missions in Moscow during the period October 1945 to January 1958 found 210 technical installations, 125 in official and 85 in residential premises, excluding United States properties. In 1957, twelve microphones and evidence of previous installations were found in Canadian quarters while in the Canadian Embassy there was evidence of both previous and planned installations.

(b) Intercept of Communications and Electronic Transmissions

297. The monitoring organizations of Soviet-bloc countries, particularly the RIS, are utilizing on an increasing scale the facilities afforded by Bloc embassies, merchant vessels and aircraft for monitoring foreign transmissions. Two kinds of intelligence are involved in such operations, communications intelligence (COMINT) and electronic intelligence (ELINT).

298. The SBIS has a capability to collect such intelligence from certain communications and electronic transmissions hitherto considered relatively safe from interception because they were believed to be inaudible in Bloc countries. Although the first area of concern is Ottawa, any other area from which such transmissions emanate is of concern if within reach of Sino-Soviet intercept equipment, whether this equipment be installed aboard ship or be carried on the person of an SBIS officer.

299. In the past two or three years there has been a noticeable increase in antennae structures on the premises of Soviet-bloc Missions in Ottawa, particularly the Soviet Embassy. This has been accompanied by an increase in the purchase of radio receivers, tape recorders and tapes. It is quite clear that these antennae have not been erected for the legitimate reception of press broadcasts or other radio transmissions from the Soviet Union. A technical evaluation of all these factors indicates that the Soviet Embassy possesses the capability to monitor, and are probably engaged in monitoring, the following Canadian transmissions on a priority basis:

SECRET

CANADIAN EYES ONLY.

A0051399_19-004286

(i) all very high frequency (VHF) transmissions within a thirty-mile radius of Ottawa, which includes the plain language transmissions by radio networks of the RCMP, Provincial and Municipal Police. This is of serious concern to the security authorities, particularly as it can provide the Soviet authorities with information concerning surveillance against Soviet-bloc espionage.

(ii) all electromagnetic radiations from aircraft including radar, VHF air-to-ground communications within a range of several hundred miles of Ottawa, dependent upon aircraft height;

(iii) many microwave communication links within a radius of thirty miles of Ottawa including the Bell Telephone system, which in addition to general public communications also carries governmental telephonic traffic, and the Air Defence Command network;

(iv) electromagnetic radiations in the microwave region, such as ground base jammers and radars, within a thirty-mile radius of Ottawa.

300. Similar COMINT and ELINT operations are probably being carried out by certain of the Soviet-bloc vessels visiting Canadian ports. Moreover, as the Cipher Security Group pointed out in late 1959:

It must be assumed that the threat to communications electronic security has increased with the opening of the St. Lawrence Seaway and the consequent passage of ships of all nationalities through a vast area of Canada and the United States without search for intercept capability. In the area affected, communications transmissions over LF, VHF, UHF, and microwave (SHF) radio circuits and, to a lesser extent, open wire carrier systems (landlines) as well as all types of non-communications (electronic) transmissions such as radars, ... may now be exploited on a continuing basis for at least eight months of the year.

301. A third factor to be considered in Soviet-bloc COMINT, ELINT operations in Canada is the use of portable equipment by SBIS officers. In the summer of 1957, during an extensive car tour of the East-coast provinces by members of the Soviet Military Attache's staff, it was noted that they maintained extraordinary security precautions over a suitcase which resembled a portable sewing machine. It was always kept in the personal custody of a member of the Party. During the course of the journey the suitcase was observed on one occasion being attended to by one member, seated in the back of the car, as the car passed a military establishment. In June 1959, it was

SECRET

CANADIAN EYES ONLY.

A0051399_20-004287

noted again during a similar motor tour of south-western Ontario, and again kept under personal control at all times. In view of the nature of these tours, which encompassed many military installations and research and industrial establishments, it is suspected that the suitcase contains technical equipment for monitoring and recording new telecommunications or electronic emissions. The United Kingdom and United States security authorities have also noticed similar suitcases being used by Soviet Military staff. This comparatively new activity will no doubt increase with time.

SECRET

CANADIAN EYES ONLY.

A0051399_21-004288

SECTION FOUR

ESTIMATE OF EFFECTIVENESS OF SBIS ESPIONAGE ACTIVITY

302. It is not possible to establish the degree of effectiveness of Soviet-bloc espionage carried out against Canada other than to state that counter-measures such as security screening or surveillance of legal residency intelligence officers have undoubtedly rendered Soviet-bloc espionage less effective than it would otherwise be. At the same time it must be admitted not only that such counter-measures themselves are not completely effective but also that the SBIS have taken active steps to circumvent them.

303. Security screening, for example, although the back-bone of Canadian internal security policy, cannot filter out the "deep-cover" Communist seeking access to classified information nor can it expose the person who becomes a crypto-Communist after obtaining such access. Moreover, as one comparatively recent Canadian espionage case indicates, security screening is not foolproof even with regard to persons having Communist "traces" for it does happen on occasion that the trace is too tenuous to permit positive security action. Again, even though increased attention is now being paid to persons with exploitable character weaknesses, it is not likely that security screening could uncover all such weaknesses and that, were it to do so, positive action would be taken in all cases.

304. With regard to the effectiveness of counter-measures taken against legal residency SBIS officers, it is not likely, even with the assistance rendered by friendly intelligence services, that all legal residency intelligence officers would be positively identified as such, at least without considerable time-consuming, manpower-consuming study. Moreover, no matter how skilled be those of the internal security service engaged in surveillance work, it is impossible, without far greater manpower resources than are now, or could ever be, made available, to cover adequately more than two or three experienced SBIS officers bent on carrying out an espionage task, let alone the fifty known or suspected SBIS officers active in Canada. Factors such as the many counter-surveillance tactics used by the SBIS or the absence of travel restrictions on members of the Polish and Czech establishments in Canada serve to make Security's job more difficult.

305. Despite measures (e.g. security screening) taken to thwart SBIS acquisition of classified information and although it is difficult to assess SBIS successes in this regard, it is considered that SBIS acquisition of classified information in Canada is today as great, if not greater, than during the Gouzenko era.

306. The relative ease with which an illegal SBIS officer can enter Canada (e.g. as an immigrant, as a fully-documented "Canadian citizen"), establish an illegal residency and maintain virtually safe radio contact with the homeland provides the SBIS with an espionage system whose effectiveness, though still largely dependent on access to classified information, is increased by the high degree of security with which illegal nets operate.

SECRET

CANADIAN EYES ONLY

A0051399_22-004289

The security of illegal nets, though subject to the ever-present threat of defection, would be increased still further were the SBIS, profiting from the lessons learned in Canada and the United States, to establish illegal nets from the beginning without traceable links to legal residencies.

307. The SBIS is not known to have had an appreciable degree of success in obtaining classified Canadian information through its illegal networks. It is possible, however, that not all Canadians compromised, in Canada or abroad, as a result of character weakness have reported, or will report, to Security (as several have done) an approach by the SBIS before an unauthorized release of classified information occurs. Such a person under the control of an illegal intelligence officer would present an extremely dangerous security threat.

308. It has been estimated that 95% of the information sought by the SBIS can be obtained through overt sources. While security measures can to a very great extent check the flow of classified information into SBIS hands, there is no doubt that the SBIS have been extremely successful in acquiring a vast amount of unclassified information of intelligence and strategic interest, so much so that, given the present degree of freedom of speech and information in Canada, only a considerable increase in the return flow of public information on comparable subjects from Bloc countries could begin to redress the balance. The problem presented by overt SBIS collection of unclassified information, even that officially produced, appears to be insoluble.

309. Finally, and with regard to technical espionage methods, there can be little doubt that the SBIS have had considerable success both in eavesdropping on personnel of Canadian Missions in Soviet-bloc countries and in intercepting communications and electronic transmissions emanating in Canada. Although there are apparently no counter-measures available for some aspects of this threat, e.g. the monitoring of certain radio and electronic transmissions, growing awareness of the threat posed by technical espionage and the institution of whatever counter-measures are feasible will help to reduce it.

SECRET

CANADIAN EYES ONLY.

A0051399_23-004290

SECTION FIVE

CONCLUSIONS

310. The USSR, Poland and Czechoslovakia have intelligence services operative in Canada, each of which has civil and military components and each of which not only carries out legal espionage but also is capable of assisting the operations of illegal espionage networks. Although it is not possible to make, with any great degree of accuracy, an assessment of the effectiveness of this SBIS espionage activity, there is no doubt that the SBIS are extremely competent and that they have gained, and continue to gain, considerable insight into Canadian strength, capabilities and intentions.

311. Some of the legal espionage carried out by the SBIS in Canada has involved classified information but most of it is believed to be represented by the vast amount of unclassified information of strategic value acquired by the Bloc and, to a presumed lesser degree, by the communications and electronic data open to technical collection.

312. As indicated by the Abel case in the United States and by the more recent Lonsdale/Kroeger case in Great Britain, considerable reliance is being placed on illegal espionage by the SBIS. Illegal espionage has been, and undoubtedly continues to be, carried out in Canada.

313. Although ideology and venality, as agent motivation forces, continue to be capitalized on by the SBIS, considerable emphasis is being placed by the SBIS on exploitation of character weaknesses. In this regard, several attempts, some of them successful, have been made to compromise and blackmail Canadians serving abroad, particularly in Soviet-bloc countries.

SECRET

CANADIAN EYES ONLY.

A0051399_24-004291