

The Way Forward: Reforming Canada's Foreign
Intelligence Community

by

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A Thesis submitted to the Faculty of Graduate Studies of
the University of Manitoba
in partial fulfilment of the requirements of the degree of

MASTER OF ARTS

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Winnipeg

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Abstract

Canada's foreign intelligence community as a whole has not received significant attention by the government and the public, and as a result it is still largely arranged to deal with the Cold War-era rather than the challenges of the 21st century. This thesis examines the issue by assessing Canada's current foreign intelligence community regarding intelligence collection, analysis, and accountability. It argues that the structure of Canada's foreign intelligence analysis is relatively disorganized and that a new foreign intelligence analysis organization would improve overall effectiveness, as well as potentially solve many issues the community faces. Canada's lack of a dedicated foreign human intelligence agency is also addressed, but this thesis argues that before such an initiative could be feasible, let alone needed, it must first be supported by greater oversight and accountability measures alongside a better-organized intelligence analysis and assessment capability.

Acknowledgements

I first wish to acknowledge my advisor, Dr. James Fergusson, for his astute guidance, patience, and support in exploring this issue. Dr. Fergusson has served as an inspirational figure for me throughout my university education, and I am grateful for having the opportunity to work closely with him.

I must also thank Dr. Peter St. John for first pointing me in the direction of this issue years ago. I value the many discussions Dr. St. John and I have had over the years, and for piquing my interest in matters of intelligence.

Finally, I am grateful to the Duff Roblin Fellowship for funding my research, and would like to thank all my thesis examining committee members: Dr. James Fergusson, Dr. Francis Carrol, Dr. Peter St. John, and Dr. Andrea Charron for their insightful comments, thought-provoking questions, and invaluable advice.

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Canada's foreign intelligence community consists of several different agencies tasked with specific responsibilities. Together, it is their aim to meet Canada's foreign intelligence needs. The structure of the community was fundamentally established during the Cold War, and moving into the post-Cold War era there has been little attempt made to adapt the community to the new challenges it faces, as well as ensure that it is running as effectively as it can. The purpose of this analysis is to examine the issue of reforming Canada's foreign intelligence community as a whole in terms of collection, analysis, and accountability. This will be accomplished by first understanding the role of intelligence and how Canada defines foreign intelligence. Next, the community itself and the various organizations delegated the function of foreign intelligence are assessed to illustrate and evaluate their role in the community. The potential shortcomings and underlying issues within the community are also addressed. Finally, potential reforms to the community are discussed by outlining Canada's foreign intelligence needs, and where particular reforms should focus their efforts to ensure these needs will be met now and in the future. This discussion does not delve heavily into the operationalization of intelligence after it is collected. The plethora of issues relevant to operationalizing intelligence and discussing its parameters goes beyond the intended focus of this analysis, and is arguably worthy of a thesis of its own.

The issue of reforming Canadian foreign intelligence is not new. Since the creation of the Canadian Security Intelligence Service (CSIS) in 1984, there has been much debate surrounding the matter. However, discussants regularly centralize their arguments around the potential creation of a Canadian Foreign Intelligence Service (CFIS); a dedicated foreign intelligence organization akin to the American Central Intelligence Agency (CIA) or British Military Intelligence 6 (MI6), tasked with gathering information abroad through human sources.

Their arguments commonly surround the issue that since Canada decided against the creation of such an agency after World War II, unlike its allies, Canada has thus been at a loss. Relying heavily on Canada's allies and a patch-work system of organizations to fill gaps in intelligence collection, it is generally claimed that the establishment of such a service could substantially solve many problems Canada's foreign intelligence community faces.

In part, this discussion argues that such an organization could be a useful addition to the community, but creating such an agency, especially as the focal point for reform, is not the solution it is made out to be. Although there is some merit to these arguments, this discussion aims to go beyond this particular issue and argue that reforms to the community are necessary, but that intelligence collection is not the primary problem to focus upon. There needs to be a greater effort made to coordinate intelligence analysis within the community as the current structure of the community is unfocused and divided. Of the various departments tasked with foreign intelligence, each also provides analysis and attaches a different perspective to the same information. The existent overlap in foreign intelligence analysis made by the community is inefficient and disoriented. Additionally, Canada also lacks a central figure in coordinating foreign intelligence priorities, akin to the American Director of Central Intelligence or British Chairman of the Joint Intelligence Committee. Crafting an effective focal point of foreign intelligence analysis coordination and prioritization for the whole community is a fundamental area in need of reform. Doing so will result in a more efficient and effective foreign intelligence capability, and may make the need for a new foreign intelligence collection service potentially unnecessary, at least for the present. Finally, there also needs to be reforms made to the review and oversight mechanisms within the community to improve the performance and accountability

of current agencies. If a new foreign intelligence service is to be remotely feasible, this is a fundamental necessity.

Any sort of reforms made to Canada's intelligence community need to be distinctly Canadian and formulated with Canada's interests in mind. However inspiration from Canada's allies, such as Britain and Australia, and their established intelligence communities is useful and is discussed in order to demonstrate potential value in certain reforms. In particular, Australia serves as a good example in several situations to examine over other allies such as the US. The US is a massive, global superpower; emulating its organizations and intelligence community is less valuable given Canada's differences in terms of finances, available resources, politics, and international interests among other things. Australia is an ally that shares several similarities with Canada such as being an emerging power that is also closely allied with, yet dwarfed by, the US and Britain, a military focus on particular geographical regions of interest instead of the entire globe, a parliamentary system adapted from the British, and a modest budget for security and intelligence. It is not as though the Australians have the answer to Canada's potential problems in intelligence, or that their system is inherently the best. However their experiences in making modest intelligence reforms to adapt to their international role, as well as their value given some of the similarities shared between it and Canada, are those that Canada can take inspiration from and perhaps yield positive results.

The multi-faceted issue of Canadian foreign intelligence reform has not been prominent in public debate, and literature, although it has received some attention. Nonetheless, contributors to this debate include insiders who serve, or formally served, within government as senior officials and intelligence officers, and those who work outside the government such as academics, intelligence consultants, journalists, and researchers. Although many of these

individuals get caught up solely in the CFIS debate, they also partially contribute to examining concerns within the community as a whole. Sources from within and outside of the government are used to provide a greater understanding and balance to many of the issues in this discussion. However in some cases, such as with economic intelligence, a greater focus is placed on government sources, like DFAIT, over external sources, such as journalists and private organizations. This decision was made to ensure greater legitimacy and accuracy, and to keep a priority on the interests of Canada as a whole over those of private organizations and their self-interests.

It is understood that no institutional structure is perfect. The aim of seeking reforms to Canada's foreign intelligence community, as outlined in this discussion, is not to strive for unrealistic perfection, but greater effectiveness and efficiency over the current status quo. The Canadian public sphere may not be very vocal about foreign intelligence reform, however those who have been watching the community implicitly recognize the key issue at hand; if Canada wants to meet its foreign intelligence needs and solidify its emerging global presence with informed policies, then it needs to reassess the structure of its foreign intelligence community and take bold steps where necessary.

Chapter 1: Understanding (Foreign) Intelligence

Intelligence is an essential component of statecraft. Although it is neither infallible nor omniscient, it can serve as an invaluable tool to enhance the policy-making process when used properly. Understanding intelligence and providing a conventional definition of its governmental usage is complex, since there lacks substantial consensus on what it constitutes and what it is specifically used for. As one prominent intelligence academic, James Der Derian, argues, intelligence is the “least understood and most ‘under-theorized’ area of international relations.”¹ Despite this, the nature and role of intelligence can be better understood by appreciating three components adequately addressed in a report by Sherman Kent—an American academic and wartime intelligence specialist with the Central Intelligence Agency (CIA). According to Kent, intelligence is described as a particular kind of knowledge, the activity of obtaining such knowledge and the organization whose function is to acquire and utilize it.² Understanding intelligence as a combination of all three components is necessary in order to encapsulate the scope and complexity involved in intelligence activity.

With respect to the first conception, intelligence can be understood as information that helps to inform, instruct and educate the policy world as an input in the policy process.³ As information provided to decision-makers, intelligence aims to reduce the amount of uncertainty and allow said decision-makers to make well-informed choices. The second conception is to understand that the essence of intelligence lies in the process of its collection, collation, analysis and distribution. This “intelligence cycle” gives the information processed meaning and makes it

¹ Der Derian, James (1993), “Anti-Diplomacy, Intelligence Theory and Surveillance Practice,” *Intelligence and National Security* 8, no. 3, pp. 32-37.

² Kent, Sherman (1949), *Strategic Intelligence for the American World Policy*, Archon Books: Hamden, CT, p. 9.

³ Turner, Michael (2005), *Why Secret Intelligence Fails*, Potomac Books Inc: Virginia, p. 2.

useful to decision-makers.⁴ As argued by Alan Dupont, intelligence is “not merely information or data”, but “information or data which has been processed, evaluated and distilled into a form which fulfils some useful purpose.”⁵ Mark Lowenthal, former assistant director of Central Intelligence for Analysis and Production in the United States, also contributes to this position by stating that intelligence “refers to information that meets the stated or understood needs of policy makers and has been collected, refined and narrowed to meet those needs.” He concludes that this is why “all intelligence is information; not all information is intelligence.”⁶ Thus it is information that, after being acquired, processed and utilized, allows a more knowledgeable interaction with the world.

The third conception relates intelligence to the specific organizations that are involved with this function. Michael Herman, a former British intelligence analyst, stresses the importance of this aspect in understanding intelligence. He notes that “intelligence in government is based on the particular set of organizations with that name: the ‘intelligence services’ or (sometimes) the ‘intelligence communities’.” He summarizes this point by illustrating that “intelligence activity is what they do, and intelligence knowledge what they produce.”⁷ Appreciating this component is vital in understanding intelligence activity, as the different practices and principles of the many intelligence organizations reflect the divergent views of intelligence and its usage by the governments that manage these organizations.

Defining intelligence thus requires an appreciation of all three conceptual approaches to formulate a robust understanding of its role and use in government. The mechanisms and

⁴ Jackson, Peter & Siegel, Jennifer (2005), *Intelligence and Statecraft: The Use and Limits of Intelligence in International Society*, Praeger: Westport, CT, p.3.

⁵ Dupont, Alan (2003), “Intelligence for the Twenty-First Century,” *Intelligence and National Security* 18, no. 4, p. 4.

⁶ Lowenthal, Mark (2003), *Intelligence: From Secrets to Policy*, 2nd ed., CQ Press: New York, pp. 1-2.

⁷ Herman, Michael (1996), *Intelligence Power in Peace and War*, Cambridge University Press: Great Britain, p. 2.

organizations that collect and analyze raw information inherently decide what is useful. If reliable information is not available, or does not reach decision-makers in time to be used effectively, the intelligence process, along with the subsequent intelligence organizations, can be understood to have failed.⁸ Paying careful attention to the relationship between information, the activity of obtaining and processing the knowledge and the specific organizations involved are necessary to grasp the robust nature of intelligence.

Elements of Intelligence Activity

The role of intelligence in government is essentially to better inform the decision-making process through the act of acquiring, analyzing and assessing information into a useful intelligence product for a particular client. Thus this intelligence product must aim to enhance the awareness and knowledge of the client's situation, and must be timely produced, accurate and reflect the needs of the client. It is not collecting and analyzing information for the sake of it, as doing so would serve no valuable purpose. To better understand the scope of intelligence activity, it can be conventionally divided into four components: *collection*; *analysis*; *dissemination*; and *counter-intelligence*. These elements make up the foundation of intelligence work and are fundamental in understanding what intelligence actually involves.

Collection refers to the general gathering of data through virtually any possible means. Of the many collection methods, most can be categorized into three main disciplines: human intelligence (HUMINT), collected by human beings through methods such as surveillance or the recruiting of agents; signals intelligence (SIGINT), to monitor and intercept various electromagnetic signals; and lastly geospatial intelligence (GEOINT) gathered from satellites, aerial photography, and terrain data. Generally, these methods collect their information through

⁸ Jackson & Siegel, p. 4.

“open” and “closed” sources. Open-source intelligence (OSINT) derives from publicly available and unclassified information.⁹ It is relatively easy to access and can be acquired without resorting to illegal methods.¹⁰ Examples of open-sources include the media, published official statistics, public data and academic work. In contrast, closed-source (or secret) intelligence refers to information, like military plans and other highly valuable information, which is not publicly available and cannot be accessed freely. Given the insistence of targets on keeping this sort of information secret and restricted from the public, it often requires both legal and potentially illegal methods to obtain it.

Although collection is fundamental to intelligence work, opinions differ regarding the relative importance of the various collection methods.¹¹ These opinions are prevalent in discussions on intelligence and can fundamentally shape a government’s intelligence community. For instance, if a government feels that closed-source intelligence can be sufficiently acquired through technical collection methods over the use of HUMINT methods, a government may neglect its HUMINT capabilities and focus more on developing its SIGINT and/or GEOINT capabilities.

The *analysis* process is arguably the most important element of intelligence activity. The quality of the information collected by intelligence agencies relies on analysis to provide it with value. It takes a serious and educated mind to screen the valuable information from the trivial. Information can be ambiguous, incomplete, contradicting, and subject to various levels of interpretation. It thus requires a substantial amount of analysis to produce desirable intelligence

⁹ Cooper, Barry (2007), *CFIS: A Foreign Intelligence Service for Canada*, Canadian Defense and Foreign Affairs Institute: Calgary, AB, p. iv.

¹⁰ However keep in mind that what may be deemed illegal in Canada may be legal in another country, and vice versa.

¹¹ Shulsky, Abram (1993), *Silent Warfare: Understanding the World of Intelligence*, Brassey’s: New York, p. 8.

from all the accrued information. Conventionally, the analysis process can be broken down into the following steps. First, incoming information is *collated* and recorded. Second, the reliability of the source, and the credibility of the information itself, is *evaluated*. Then, should the information prove reliable, significant facts are identified and analyzed in comparison to existing knowledge. Afterward, the analyzed information undergoes *interpretation* to decide what use it has, or rather what it means, for the specific policy of the organization or government in question.¹²

Although intelligence is analyzed and produced in a process involving steps like these, there is no static model for analysis and intelligence production where each organization will produce the same results from the same information. Intelligence organizations around the world, even those that operate under the same government, can often analyze similar information while arriving at different conclusions because of their divergent interests, perspectives and practices. Thus it is fundamentally important for a government not only to have the ability to analyze raw information and produce its own intelligence, but also coordinate intelligence analysis within its own intelligence community to prevent inefficiency and ineffectiveness. With several organizations analyzing information into useful intelligence, it can be relatively easy to have an overlap in analysis and thus a mismanagement of resources.

Regarding all the variables that may be at play, the focus and perspectives of a particular intelligence organization heavily affects how information is analyzed and processed into intelligence. All the various organizations that make up an intelligence community must ensure that there is sufficient coordination so that analysts do not diverge too far from one another in their assessments. Consequently, the consumer of these divergent intelligence assessments, for

¹² Herman, *Intelligence Power in Peace and War*, p. 100.

instance a nation's government, may be misled, improperly informed or even confused from what its intelligence organizations are trying to tell it. The analysis process is a vital component in any intelligence community. Having a robust, coordinated, and capable analytic capability is integral; without it, intelligence collection is arguably a waste of resources.

Whereas analysis is focused on turning a piece of information into something useful—an intelligence product—the process of *dissemination* is the timely distribution of accurate and pertinent intelligence to the appropriate decision maker. Finished intelligence products being disseminated are time critical, as old intelligence is rarely of any use, driven by current events, prioritized by an established level of urgency (in context to the relative situation), determined by the needs of the consumer, and are given only to those who need it and can make the most use of it. It is important when coordinating the dissemination of intelligence that these fundamental concepts are upheld and maintained.

The main obstacle for dissemination, in a country like Canada, is the bureaucratic and political nature of government. The process of receiving pertinent intelligence can be impeded by the inherently slow speed of bureaucratic decision-making, and potential difficulties resulting from political differences. Resolving these concerns is not easy, but measures can be developed to at least mitigate this issue. For instance, ensuring that there are clear lines of communication where intelligence analysts can get their assessments to the important government actors who need it, and an overall understanding and appreciation for intelligence in the upper levels of government, are two factors that can help prevent the government from being poor intelligence consumers.

The scope and nature of *counter-intelligence* can also be difficult to define, relative to the other intelligence elements, because of its relatively complex nature and broad parameters. In a general sense, counter-intelligence refers to preventing an adversary or competitor from gaining knowledge intended to be kept secret. More specifically, it relates to information collected and analyzed, and activities undertaken to protect a nation (including its own intelligence-related activities) against the actions of any intelligence service that may present a threat.¹³ Essentially, counter-intelligence aims to disrupt intrusive intelligence collection efforts of any external intelligence agencies. It is rather similar to intelligence collection in general. However, rather than the governmental leadership, armed forces or other institutions, the adversary's intelligence service is the target.¹⁴ The foundation of counter-intelligence generally consists of two focuses: security and counter-espionage. Security measures are passive and do not go after hostile intelligence threats directly. Instead they seek to deny access to certain information deemed valuable; they constitute a metaphorical wall surrounding classified information. These measures are designed to obstruct an adversary's ability to collect intelligence and may include such acts as encoding communications, securing classified documents and preventing certain personnel from being exploited for their knowledge.

Counter-espionage involves more active measures that aim to understand and undermine hostile intelligence threats or agencies by frustrating or disrupting their activities. These efforts are usually undertaken domestically so that should a hostile intelligence party violate any domestic laws, they can be brought to trial. However in some cases, these efforts may extend outside a country's borders, if it is necessary and legal to effectively repel any hostile intelligence threat. Additionally, counter-intelligence must also safeguard the integrity of

¹³ Shulsky, p. 111.

¹⁴ Shulsky, p. 123.

intelligence collection and analysis by taking steps to ensure that misleading information deliberately intended to deceive is identified and dealt with. The scope of a government's counter-intelligence capability depends on and is defined by the targets it needs to protect. Former US intelligence advisor Abram Shulsky adds; "the breadth of counter-intelligence activities are determined by the threat an adversary's or competitor's intelligence activities pose."¹⁵ Thus the reactive nature of counter-intelligence needs to evolve and change over time to meet the particular demands required to fulfill the function properly. This also means that one country's counter-intelligence community will behave and appear differently from another's, given the unique interests and perceived threats each may possess.

Defining Foreign Intelligence

Adapting Kent's conceptual definition of intelligence, foreign intelligence can be understood through the type of information it is associated with, and how it is legally defined in Canada, and by looking at both the intelligence process, in particular collection efforts, and how the organizations responsible for these functions operate. Foreign intelligence relates to matters outside of Canada, and stands in contrast to domestic intelligence, or simply intelligence concerning matters within Canada. Its broad focus can be difficult to comprehend as any form of intelligence that pertains to something outside of Canada can be understood to fall under this rather expansive classification. Stuart Farson, a prominent Canadian intelligence academic, adds that it is "an informational catchall for all other matters relating directly or indirectly to the activities of foreign states or groups that might be of interest to Canadians generally or to Canadian foreign and domestic policymaking."¹⁶ For the purposes of this discussion, foreign

¹⁵ Shulsky, p. 9.

¹⁶ Farson, Stuart (1999), "Is Canadian Intelligence Being Reinvented?" *Canadian Foreign Policy*, vol. 6, no. 2, p. 24.

intelligence is best understood through the legal description provided in the 2001 *Anti-Terrorism Act* of Bill C-36. Here, foreign intelligence is defined explicitly as “information or intelligence about the capabilities, intentions, or activities of a foreign individual, state, organization or terrorist group, as they relate to international affairs, defence or security.”¹⁷

Intelligence in Canada is often divided between foreign intelligence and security intelligence defined as information that directly pertains to external or internal threats against national security or Canadian interests. Alistair Hensler, former Assistant Director of the Canadian Security Intelligence Service (CSIS), further clarifies foreign intelligence, in relation to security intelligence, where he describes the former as:

...information about the plans, intentions and activities of foreign individuals, governments and entities. This may also apply to security intelligence, but in that respect the plans, intentions and activities must have a connection to “threats to the security of Canada.” Foreign intelligence is not so restricted and need not have a threat component. It can apply broadly to political, military, economic and commercial issues.¹⁸

Although both security and foreign intelligence aim to protect and preserve the national interest, foreign intelligence concerns itself to a greater extent in promoting national interests through its less-restricted focus on matters that can go beyond security.¹⁹ It not only includes threats to Canadian interests outside of security intelligence legislation, but also opportunities that Canada may exploit to its advantage.²⁰ Foreign intelligence is, therefore, prone to be a relatively less-defensive form of intelligence, since it aims to directly influence policies

¹⁷ Government of Canada (2002), “Bill C-36,” *Canadian Anti-Terrorism Act*, 1st Sess., 37th Parliament, R.S., c.

¹⁸ Hensler, Alistair (1995), “Creating a Canadian Foreign Intelligence Service,” *Canadian Foreign Policy*, vol. 3, no.3, winter, p. 16.

¹⁹ Special Committee on the Review of the Canadian Security Intelligence Service Act and the Security Offenses Act (1990), “In Flux But Not in Crisis”, The Committee: Ottawa, p. 37.

²⁰ Farson (1999), p. 24.

throughout the international system, whereas security intelligence generally operates with a more defensive approach that aims to preserve and maintain current national interests at home.

Foreign intelligence can also be understood, in part, through its use of the aforementioned intelligence cycle and in particular its collection efforts. Though it can be collected domestically, it is arguably more effective primarily when it is collected from the external realm given its inherent focus on foreign entities and the notion that the sources of this type of information usually exist abroad. In Canada, a significant portion of foreign intelligence is collected through communications intercepts by Canada's primary SIGINT agency, the Communications Security Establishment Canada (CSEC). CSEC's mandate is directed against foreign persons, foreign governments and foreign entities, although it is not prohibited from collecting this information abroad or from within Canada.²¹ CSEC is strictly forbidden, by law, to intercept domestic communications and if intercepting communications between a domestic and foreign party, said foreign party must be outside Canadian borders and have specific ministerial authorization.²²

Outside of CSEC and its SIGINT focus, Canada does not have an agency dedicated to collecting foreign HUMINT from both open and closed sources. CSIS may step outside its strict security intelligence parameters to collect sparingly non-security oriented foreign HUMINT (in Canada and abroad), although doing so requires a rare and specific request from the Minister of

²¹ Frost, Mike (1994), *Spyworld: How CSE Spies on Canadians and the World*, McClelland-Bantam Inc: Toronto, p. 34.

²² Communications Security Establishment Canada, *Privacy and Accountability: Excerpt from the National Defence Act*, <http://www.cse-cst.gc.ca/home-accueil/privacy-privee/privacy-protection-vie-privee-eng.html>, May 3 2011.

Foreign Affairs or the Minister of National Defence and can only be directed against foreign targets.²³

With this understanding of intelligence, and how foreign intelligence can be treated, the next step in this discussion is to examine Canada's current foreign intelligence community, as well as the role of intelligence sharing. Going through the various organizations that undertake this function, it will be demonstrated that this patch-work community is currently able to do its job, but that there exists substantial room for improvement, particularly in areas of analysis coordination and foreign HUMINT collection.

²³ CSIS also receives foreign intelligence from friendly intelligence agencies, although it cannot make formal requests to these agencies for foreign intelligence; it can only accept what the agencies wish to disseminate.

Chapter 2: Canada's Foreign Intelligence Community

Canada's departmentally-driven foreign intelligence community is rather robust and adept. It consists of several different agencies and organizations possessing different capabilities and responsibilities for collecting, analyzing and utilizing foreign intelligence. This chapter focuses on Canada's foreign intelligence community to better understand the design, effectiveness, and efficiency of the structure. The key agencies associated with foreign intelligence are examined to show how this function is currently delegated. Additionally the potential shortcomings associated with the agencies are discussed to provide more perspective on the issue.

Of the many organizations that partake in intelligence activity, those relevant to this discussion are those that dedicate a significant capacity to collect and/or analyze foreign intelligence. These organizations include Canada's principal intelligence collectors: the Communications Security Establishment Canada (CSEC); the Canadian Security Intelligence Service (CSIS); the Department of Foreign Affairs and International Trade (DFAIT), which contains liaison and some collection responsibilities; the Department of National Defence (DND), and the Privy Council Office (PCO), where intelligence analysis and collation occur.²⁴ Other agencies like the Canada Border Services Agency, Transport Canada, and the Royal Canadian Mounted Police (RCMP) have intelligence interests, although they primarily act as intelligence consumers and do not dedicate themselves as significantly to daily intelligence activity as the others do, and so for the purposes of this discussion, are peripheral.

²⁴ Hensler, Alistair (1999), "Canadian Intelligence: An Insider's Perspective," *Canadian Foreign Policy*, vol. 6, no. 3, p. 127.

One of the key notions in this section, however, is that among all of the organizations sharing the various intelligence responsibilities, none of them are fully-committed to collecting foreign HUMINT. That is to say that foreign intelligence is not governed by a dedicated agency to collect formally or provide intelligence through human sources, regardless of whether they are open or closed. This notion is often the central talking point of discussants on Canadian foreign intelligence, as Canada attempts to make do without this capability, by delegating the function of foreign HUMINT to several organizations in an attempt to close the gap over having no single organization fulfilling this task. Despite this, Canada still has considerable access to foreign intelligence through its own resources and agencies that utilize other means of intelligence collection. Additional foreign intelligence needs are further supplemented by means of liaison relationships and intelligence sharing agreements with Canada's allies.

There is also no dedicated organization tasked with analyzing all the foreign intelligence coming in through the various streams of collection, and to ensure that the massive amount of information being collected is properly and effectively processed. The Privy Council Office (PCO) is responsible in part for this function, but it does not operate as a dedicated national foreign intelligence analysis cell, and only fulfills this responsibility in part along with the various other functions it is intended to manage. As argued by several discussants, this makes it an ineffective focal point for foreign intelligence analysis.²⁵ As Hensler suggests, "the current configuration of the foreign intelligence community is not conducive to accepting the pre-eminence of analysis."²⁶

²⁵ See for instance: Hensler (1999), Kott, Mellon, Cooper, and Farson (1999).

²⁶ Hensler, (1999), p. 130.

A Brief History of the Community

With the outbreak of World War II, Canada had not been significantly involved in collecting foreign intelligence. Yet with the necessities of war, Canada soon found itself engaged in such activities, and while Canada's allies established agencies dedicated to HUMINT and espionage activities, Canada preferred to limit its role to focus primarily on signals intelligence (SIGINT) activities, or the interception of communications (encrypted and open) to collect intelligence.²⁷ Due to the virtue of its geographical location during World War II, Canada also became quite useful to its allies for its contributions to SIGINT operations and consequently pursued SIGINT rather than HUMINT as its main foreign intelligence product. Canadian HUMINT activities during the war were primarily limited to providing administrative, operational and individual support to their British allies in their HUMINT activities.²⁸ However there was one major exception to this role in HUMINT, and that was Camp X.

Officially known as Special Training School #103, Camp X was established in 1941 and built near Whitby, Ontario where it was operational for two years during World War II. It served as part of a complex intelligence-sharing and counter-intelligence training program involving the British Special Operations Executive (SOE), the Canadian military, the RCMP, and the newly crafted American Office of Strategic Services (OSS); the predecessor to the Central Intelligence Agency (CIA). The facility, brokered and headed up by the chief of British Security Coordination (BSC), Sir William Stephenson, was jointly run by the BSC and the Government of Canada.²⁹ Camp X was originally designed to provide training to the Americans at a time when the United States was forbidden by the Neutrality Act to be directly involved in World War II. It

²⁷ Hensler, (1995), p. 15.

²⁸ Cooper, p. 13.

²⁹ Walters, Eric (2002), *Camp X*, Puffin Canada, p. 229.

offered training by the British to the Canadians and the Americans in all facets of intelligence work including sabotage, espionage, counter-espionage, and counter-intelligence among other things.³⁰ Additionally, Camp X also featured “Hydra”; a highly sophisticated communications center that was used for coding and decoding British intelligence communications. By the time Camp X terminated training operations in 1944, up to two thousand students had graduated from the camp. Post-war, the camp was renamed the Oshawa Wireless Station and was handed over to the Royal Canadian Corps of Signals and operated as a radio intercept station. The Oshawa Wireless Station continued operations until it was closed in 1969, with all remaining buildings relocated or demolished.³¹ Despite its relatively short existence, Camp X was a significant milestone for Canada’s intelligence community and future intelligence cooperation efforts between Britain, the United States, and Canada.

In the immediate post-war period and subsequent era of the Cold War, Canada’s situation with its allies continued with the emergence of Communism as a new perceived threat. Canada was able to assure its continued participation with its allies through its contributions in the field of SIGINT and, by maintaining this credible position with its allies, was able to meet its foreign intelligence needs while continuing to rely on its allies for their HUMINT. Canada had gone on to invest substantial resources into foreign SIGINT during this time, and before its counterpart in HUMINT could be realized, the Gouzenko Affair in 1945 saw HUMINT instead focus on domestic security intelligence. This event served as a catalyst for intelligence reform in Canada.

The revelation provided by the defected Soviet cipher clerk that there was an extensive Soviet espionage ring active in Canada, despite the Soviet Union being an ally during the war,

³⁰ Cooper, p. 13.

³¹ Forsyth, Bruce (2007), “Camp X: Canada’s Secret Spy School,” *The Maple Leaf*, vol. 10, no. 19, p. 14.

made the Canadian government swiftly appreciate the gravity and danger of foreign espionage.³²

The threat of the Soviet Union spying on Canada was too great to ignore, and with its limited resources and SIGINT capabilities fulfilling its responsibilities with its allies, Canada had little motivation to invest in foreign HUMINT. As Cooper summarizes the situation, “the long-term consequence of the Gouzenko case was to fragment the Canadian security system, to skew its focus towards internal security intelligence, to isolate foreign signals intelligence, and to prevent almost to this day any serious and sustained debate over Canada’s intelligence requirements.”³³

The Cold War-era established the foundation for Canada’s intelligence community and the pivotal role of allied intelligence sharing and cooperation. SIGINT was the primary focus for foreign intelligence, while HUMINT efforts were used for (domestic) security intelligence.

After the Cold War, and moving into the 21st century, Canada has continued this trend of receiving and relying upon long established intelligence agreements with its allies, namely those in the Five Eyes community—the United States, the United Kingdom, New Zealand and Australia, to supplement its foreign intelligence needs. The most significant and fundamental intelligence sharing agreement is the UKUSA Communications Intelligence Agreement (also known as the UKUSA Agreement). The UKUSA Agreement was the foundation for the Five Eyes community and its signing in March 1948, established an alliance between the five nations for the purpose of sharing intelligence, particularly SIGINT, and codified the division of SIGINT collection responsibilities among the parties. The UKUSA Agreement is particularly important for Canada because it helps determine the allocation of resources for Canada’s intelligence activities and gives Canada access to information it otherwise would not acquire.³⁴ Canada

³² Cooper, pp. 19-20.

³³ Cooper, p. 20.

³⁴ Kott, p.17.

cooperates with more countries via NATO than ever before, and it is estimated that Canada takes part in excess of two hundred active national security and intelligence agreements.³⁵ Given the classified and sensitive nature of these arrangements, it is difficult to determine accurately how many agreements are in place, the significance of each, and how many are dormant, which would mean there have been no information exchanges for a period of one year or longer. However, as of 2011, CSIS alone had two hundred eighty nine arrangements with foreign agencies or international organizations in 151 countries (although 41 of those were identified as being dormant at the time the report was released).³⁶ In 1992, it was estimated that Canada derives “almost all of its imagery intelligence, over 90% of its signals intelligence, and much of its human intelligence from the allied intelligence community.”³⁷ Although this percentage may have marginally changed over the last two decades, this trend has remained unchanged and Canada embraces a strong intelligence-sharing relationship with its allies.

Canada has also invested substantially into its overall intelligence capabilities over the last decades through additional funding and resources. From 1999 to 2011, the budget of CSIS has increased from \$179 million to \$515 million, which included a \$30 million expenditure from 2007-2011 to build a new national headquarters for CSIS (which officially opened in October 2011).³⁸ CSEC has also grown, and has doubled in size over the last decade.³⁹ CSEC has also

³⁵ Cooper, p. 52.

³⁶ Canadian Security Intelligence Service, “2010-2011 Public Report”, http://www.csis-scrs.gc.ca/pblctns/nmlrprt/2010-2011/rprt2010-2011-eng_final.asp, Oct. 10, 2012.

³⁷ Farson, (1999), p. 25.

³⁸ Canadian Security Intelligence Service, “2010-2011 Public Report.”

³⁹ Adams, John, “Letter to the Ottawa Citizen, December 21, 2010”, <http://www.cse-cst.gc.ca/home-accueil/accommodation-installation/editor-redaction-eng.html>, Oct. 5, 2012.

begun work on building its new headquarters in Ottawa with an estimated \$880 million investment.⁴⁰

However, since the end of the Cold War-era, there are several key observations to be made on how Canada's situation has notably changed, and how it will likely affect Canada in the near future, if it has not already. With the fall of the Soviet Union, a common enemy has disappeared for Canada and its allies, and the priorities of these allies have substantially shifted away from a possible thermonuclear-World War III to other diverse and more specific priorities involving each nation. For instance, economic issues may involve using intelligence resources against one another, while economic-related information may not be as readily shared as it used to be. With regard to the geo-strategic position of Canada during the Cold War, this advantage now carries less merit with Canada's allies. Being situated near the former Soviet Union and having the capability of intercepting their communications is less valuable, as Russia is currently not as high a priority today as it once was during the Cold War era. Though Canada has worked to adapt and serve a role within the Five Eyes community to monitor its share of SIGINT, it arguably does not hold the same value, nor grant Canada the bargaining chip in intelligence sharing, that it once had. Finally, it can be argued that the emphasis on collection in the past has now shifted to that of analysis. In the past, it was largely about acquiring secrets and prying them open by any means available. Nowadays in the information age, Canada faces an abundance of data to process to find out what it needs to; not a shortage. Farson elaborates on this shift from collection to analysis:

⁴⁰ Communications Security Establishment Canada, "Long-term Accommodation Project", <http://www.cse-cst.gc.ca/home-accueil/accommodation-installation/ita-ilt-eng.html>, Oct. 19, 2012. The first phase of the new building was finished in 2011 for an estimated \$65 million, with phase two, and the rest of the building, to be completed in 2014.

...the principal job of intelligence has changed from acquiring secrets to determining what is not immediately visible. This is not to say that there will not be things that countries will not try to keep secret. Rather it implies that there are now many more subtle ways of finding the answer that is needed.⁴¹

In this era, the growth of communication technology and the internet allows virtually anyone to share instantaneously and acquire information around the world with ease. It is now even more important to know what to look for and where to search, and whether information is relevant or should be discarded.

Communications Security Establishment Canada (CSEC)

Unique within Canada's security and intelligence community, CSEC operates as Canada's national cryptologic agency and employs code-makers, code-breakers, and analysts to provide the Government of Canada with information technology security and foreign SIGINT services.⁴² It operates under the Department of National Defense (DND) and collects, through the various Supplementary Radio Stations run by DND, analyzes, and reports on signals intelligence derived from the interception of foreign electronic and electromagnetic emissions: inter alia radio, telemetry, and radar. CSEC is also responsible for providing advice on protecting domestic government communications, electronic data and information security.⁴³ During the Cold War, CSEC focused its efforts on the military operations of the former Soviet Union, and its primary client was generally DND. However since then, Canadian SIGINT interests have evolved to "include a wide variety of political, defence, and security issues of

⁴¹ Farson (1999), p. 21.

⁴² Communications Security Establishment Canada, "What We Do," <http://www.cse-cst.gc.ca/home-accueil/what-que/index-eng.html>, Aug. 5 2011.

⁴³ Federation of American Scientists, "Canadian Intelligence Agencies," <http://fas.org/irp/world/canada/cse/index.html>, Dec. 10 2011.

interest to a much broader range of client departments.”⁴⁴ Despite its prominent role, little is known about its current mandate, the targets it is presently focusing on, and the exact nature of the sharing agreements it has with foreign allies. Nonetheless it is Canada’s largest and most expensive intelligence organization and arguably the primary Canadian source of foreign intelligence for the Government of Canada.⁴⁵

Like other allied SIGINT organizations, CSEC belongs to the Five Eyes community. Working with these allies, CSEC shares the collective burden and the resultant intelligence yield, which allows Canada to benefit substantially from the collaborative effort within the partnership to collect and report on foreign communications.⁴⁶ Canada relies heavily on CSEC for foreign intelligence to meet its own requirements and its obligations to its allies. Up to the present, most foreign intelligence provided to the Canadian government, by virtue of Canada’s own intelligence collection capabilities, is said to derive from CSEC.⁴⁷ Overall, CSEC is an effective, if limited, source of accurate and timely foreign intelligence for Canada via its dedicated focus on virtually all forms of SIGINT.

Although CSEC stands as an extremely effective and capable agency, let alone Canada’s chief provider of foreign intelligence, the most notable criticism of it is that it suffers from a serious lack of independence from the United States. The National Security Agency (NSA), the United States’ primary SIGINT agency, provides CSEC with training, advice, and equipment, but also imposes targets and priorities on the organization.⁴⁸ Furthermore, the CSEC does not have the resources to process the vast amount of information it intercepts for Canada and its

⁴⁴ Communications Security Establishment Canada, “What We Do: Signals Intelligence,” <http://www.cse-cst.gc.ca/home-accueil/what-que/sigint-eng.html>, Aug. 5 2011.

⁴⁵ Cooper, pp. 25-26. *See also*: Farson (1999), p.26.

⁴⁶ Communications Security Establishment Canada, “What We Do: Signals Intelligence.”

⁴⁷ Rudner, Martin (2000), “Canada’s Communications Security Establishment: From Cold War to Globalization,” NPSIA: Ottawa, p. 10.

⁴⁸ Mellon, Jerome (2003), *The Missing Agency: The Case for a Canadian Foreign Intelligence Agency*, MA Thesis, University of Salford: Manchester, U.K., p. 9.

allies. A significant portion of this raw data makes its way to the NSA to be processed. Thus, not only do the Americans benefit from these Canadian intercepts, but they can freely alter or censor the processed intelligence they send back to Canada in order to keep certain information to themselves.⁴⁹

Canadian Security Intelligence Service (CSIS)

Established in July 1984 through the CSIS Act, CSIS replaced the RCMP Security Service and took over its security intelligence responsibilities as a new civilian security intelligence agency.⁵⁰ Although it is mainly a security intelligence agency, it also fulfills a role in collecting non-security oriented foreign intelligence for Canada, albeit under unique circumstances and limitations. The primary commitment of CSIS is to “provide advance warning to government departments and agencies about activities which may reasonably be suspected of constituting threats to the country's security.”⁵¹ Section 12 of the CSIS Act outlines this responsibility and furthermore notes that CSIS is not geographically restricted to Canadian territory in collecting security intelligence. CSIS is allowed to operate abroad if the information it collects explicitly relates to “threats to the security of Canada,” as defined by the Act.⁵² The intent of giving CSIS the ability to operate at home and abroad was to ensure that CSIS could follow the threats wherever they might materialize or lead. Other departments and agencies, not CSIS, are then responsible for taking direct action to counter security threats CSIS identifies. CSIS officially has no police powers, although it works with various police forces on investigations that have both national security and criminal implications.

⁴⁹ Mellon, p. 9.

⁵⁰ Mellon, p. 10.

⁵¹ Canadian Security Intelligence Service, “Backgrounder No. 1: The CSIS Mandate,” <http://www.csis-scrs.gc.ca/nwsrm/bckgrndrs/bckgrndr01-eng.asp>, June 2 2011.

⁵² Hensler, (1995), p. 16.

Beyond its own collection efforts, CSIS also draws on the assistance of its foreign allies to attain valuable information. Since its creation, CSIS has developed and maintained relationships with numerous foreign intelligence organizations, including those which have a presence in countries that CSIS does not, and some that will only share information with intelligence counterparts, and not law enforcement or Foreign Affairs officials. By liaising with its foreign partners, CSIS has been able to access resources and gain information that it would otherwise not be able to on its own.⁵³

The secondary mandate of CSIS is to collect foreign intelligence, or rather intelligence about the capabilities, intentions, and activities of foreign states and actors. Under Section 16 of the CSIS Act, the agency's ability to gather foreign intelligence is defined as follows:

Collection of information concerning foreign states and persons

16. (1) Subject to this section, the Service may, in relation to the defence of Canada or the conduct of the international affairs of Canada, assist the Minister of National Defence or the Minister of Foreign Affairs, **within Canada**, in the collection of information or intelligence relating to the capabilities, intentions or activities of

- (a) any foreign state or group of foreign states; or
- (b) any person other than
 - (i) a Canadian citizen,
 - (ii) a permanent resident within the meaning of the *Immigration Act*, or
 - (iii) a corporation incorporated by or under an Act of Parliament or of the legislature of a province.⁵⁴

To clarify, the collection of foreign intelligence by CSIS must be done, peculiarly, *within* Canada and even then must have a specific request from the Minister of Foreign Affairs and International Trade or the Minister of National Defence in order to do so. Under Section 16, it is illegal for CSIS to collect foreign intelligence outside of Canada. However in Section 19 of the Act there is

⁵³ Security Intelligence Review Committee (2012), *Meeting the Challenge: Moving Forward in a Changing Landscape (Annual Report 2011-12)*, Government of Canada, p. 19.

⁵⁴ Department of Justice Canada, "Canadian Security Intelligence Service Act (R.S., 1985, c. C-23)," Government of Canada.

an exception; it allows CSIS to provide the government with “incidentally collected intelligence which is not threat related from any CSIS operation.”⁵⁵ Such a provision means that CSIS agents, while operating abroad under the mandate of Section 12, can disclose foreign intelligence to the Canadian government if they incidentally collected it while under the directive of investigating a potential threat to Canadian national security. In no circumstances, however, are these agents allowed to operate outside of Canada with the primary objective of collecting non-threat related foreign intelligence.⁵⁶

To summarize, CSIS can be tasked with collecting foreign intelligence of any nature, but only from within Canadian territory and with consent from DFAIT or DND. CSIS cannot do this outside of Canada’s borders, unless, while conducting a legitimate security intelligence operation, it *incidentally* comes across foreign intelligence. Under this understanding, or potential loophole, it can collect foreign intelligence that is outside of its global security intelligence mandate. The reasoning for this complicated ability is to allow legitimately incidentally discovered foreign intelligence to be acquired and utilized while CSIS agents are deployed outside of Canada, instead of it being discarded, since CSIS is Canada’s only dedicated HUMINT organization actively operating internationally.

However CSIS’s overall role in Canada’s foreign intelligence gathering is arguably limited. It was an agency originally created to replace the RCMP Security Service and fulfill its primarily domestic security intelligence role; it was not intended to focus on foreign intelligence, especially non-security intelligence. This is illustrated by its legislated powers in Section 12 and Section 16 of the CSIS Act, where it has the powerful ability to gather officially security

⁵⁵ Elcock, Ward P.D., *Talking Points For W.P.D. Elcock, Director of the Canadian Security Intelligence Service at the Canadian Centre for Intelligence and Security Studies*, 12 June 2002, Carleton University: Ottawa, <http://www.csis-scrs.gc.ca>, June 20 2011.

⁵⁶ Mellon, p. 10.

intelligence, in that it can do so virtually anywhere with respect to anything that can be identified as a national security threat, and a severely constrained ability to gather foreign (non-security) intelligence. Matters are further complicated by the inclusion of Section 19, which allows “incidentally acquired foreign intelligence” to be gathered abroad. Without it, CSIS would have a much clearer role in the Canada’s intelligence community. However, when combined with the powers of Section 12 to operate virtually anywhere, Section 19 stirs controversy as CSIS is inadvertently tasked with fulfilling a larger role in foreign intelligence gathering for which it was not originally designed for. Unless perhaps its mandate is adjusted, alongside other fundamental aspects of the service and its personnel, it is misleading to assume that CSIS can simply take on a significant role in future foreign HUMINT gathering by simply using its present legislation and the subsequent loopholes (whether it uses these loopholes deliberately or not).

Aside from this, CSIS already has substantial, and growing, responsibilities as a security organization. Its collection efforts are guided by the Canadian government’s priorities, and with an ever-changing threat environment. CSIS has to also deal with new and emerging security intelligence requirements that expand its operation activities into non-traditional areas like foreign kidnapping cases, illegal migration, and human smuggling operations.⁵⁷ With its focus on being both proactive and pre-emptive in Canada’s defence, it would be misleading to think that it could easily handle, with its present level of resources, an additional burden that extends beyond aspects of security, counter-terrorism and counter-intelligence into matters of actively acquiring, for instance, political and economic intelligence.

⁵⁷ Security Intelligence Review Committee (2012), p.18.

Department of Foreign Affairs and International Trade (DFAIT)

DFAIT is responsible for representing Canada abroad, and managing Canada's relations with the governments of other nations. It has a rather broad mandate that includes security and non-security intelligence-related responsibilities including, but not limited to, protecting Canadians and Canadian government facilities abroad, handling terrorism incidents abroad involving Canadians, and managing such issues as the expulsion of foreign diplomats from Canada for security reasons.⁵⁸ It also leads Canada's efforts in developing effective international responses to security issues in such global forums as the United Nations and the G8.

What is unique about DFAIT, over other agencies like CSEC or CSIS, is that the intelligence it gathers for these purposes is through open-sources only. This means that DFAIT does not task or train its personnel to carry out aggressive intelligence collection methods to attain closed-source intelligence, but rather relies on diplomatic relations and intelligence sharing agreements with other countries (and their various government agencies) to provide and share information. DFAIT collects its HUMINT through its various liaison officers and attachés posted abroad at embassies and the like, who collectively contribute to their findings. These individuals, who may focus on a variety of matters including economics, politics, and security among others, maintain vital intelligence sharing partnerships with the countries in which they are posted. However, as previously discussed, DFAIT can also delegate specific instances of foreign intelligence collection to CSIS (potentially for closed sources) under the specific and limited guidelines of doing so within Canadian territory, as outlined in Section 16 of the CSIS Act. The merit and frequency of delegating this task to CSIS is arguably minimal given the limitations imposed on CSIS's involvement. The best use of this relationship is to utilize CSIS

⁵⁸ Privy Council Office (2001), *The Canadian Security and Intelligence Community: Helping Keep Canada and Canadians Safe and Secure*, Government of Canada, pp. 10-11.

and its expertise in closed source intelligence collection to access this sort of information from foreign actors visiting or existing within Canadian territory given DFAIT's mandate of only collecting open source intelligence.

DFAIT used to house a more robust foreign intelligence capability in the form of the Foreign Intelligence Bureau, which was responsible for collecting, analyzing, and distributing intelligence inside and outside the DFAIT. However it was transferred to the PCO to form the Intelligence Assessment Secretariat in 1993 to streamline cohesion.⁵⁹ Although DFAIT does contribute to the Integrated Threat Assessment Centre (ITAC) located within CSIS, whose purpose is to provide threat assessments to the intelligence community,⁶⁰ DFAIT still retains the Security and Intelligence Bureau that “provides the Minister of Foreign Affairs with foreign intelligence to support policy and operational decisions and advises the Minister on intelligence activities. The Bureau is also responsible for the security of the department's personnel, physical assets and information systems in Canada and around the world.”⁶¹ Although the exact size and composition of the Bureau is classified, it represents DFAIT's interest in, and need for, foreign intelligence.

The common issue brought forward with DFAIT is its stance on solely collecting its foreign intelligence through open sources by officials posted abroad. As such, the potential scope, quality, accuracy and overall value of the information gathered may not, on its own, be sufficient in supporting Canada's extensive international relations. By refusing to compliment its collection efforts and use of liaisons with closed-source intelligence gathering, as CSIS does, DFAIT potentially “fails to completely fulfill its commitment to provide the [Canadian] industry

⁵⁹ Kott, Richard (2002), *Reinventing the Looking Glass: Developing a Canadian Foreign Intelligence Service*, Centre for Military and Strategic Studies at the University of Calgary: Calgary, AB, p. 37.

⁶⁰ Cooper, p. 37.

⁶¹ Privy Council Office (2001), p. 11.

with the information it needs to compete successfully in foreign markets.”⁶² Additionally, the transfer of the foreign intelligence assessment function from DFAIT to the PCO damaged a department already suffering from a shortage of resources and intelligence expertise.⁶³ In its defense, it can be said that avoiding matters of espionage may keep DFAIT more credible with its allies, and make its use of open-source intelligence sharing through attachés much more effective, because DFAIT personnel could potentially be seen as less of a threat. It is also difficult to assess fully the value of open-source intelligence the department relies upon, since any information could be shared, theoretically, if an informed party is willing to share it openly. Although it does not have the ability to ask CSIS to collect foreign intelligence outside of Canada, it can potentially ask CSEC to collect what it can through SIGINT or by asking Canada’s trusted allies for their foreign HUMINT. Furthermore, it already boasts several capable foreign intelligence initiatives such as the Global Security Reporting Program to aid in its responsibilities.⁶⁴

DFAIT’s role in Canada’s foreign intelligence community as an intelligence gatherer is limited, given its focus on open-source intelligence collection. Despite this limitation it still collects a vast amount of information through its global network of personnel operating abroad in Canadian embassies. In conjunction with its part in foreign intelligence assessment and analysis, as well as being responsible for actively maintaining Canada’s foreign policy, DFAIT serves a significant role in the focus and direction of Canada’s foreign intelligence community.

⁶² Mellon, p. 12.

⁶³ Farson (1999), p.12.

⁶⁴ Department of Foreign Affairs and International Trade (2010), *Report on Plans and Priorities: 2010-2011*, Government of Canada, p. 20

Department of National Defence (DND)

DND focuses its foreign intelligence efforts on those relevant to the Canadian Forces (CF) as they relate to present and future overseas deployments. These efforts are multifaceted, have a global focus, and involve both collection and analysis capacities in the realm of HUMINT and SIGINT among others. DND currently achieves this and coordinates all of its intelligence needs through the Chief of Defence Intelligence (CDI) organization. Prior to the creation and restructuring of DND resources into CDI, the intelligence analysis and collection capabilities of DND had undergone many changes and restructuring efforts, in part, due to budgetary constraints, changes to the domestic and international arena, as well as an overall objective of streamlining the effectiveness of DND's intelligence capabilities. CDI consists of several departments and agencies that collect and analyze intelligence on issues of concern to Canada. It also manages DND/CF national/international intelligence partnerships. Established in 2004, CDI was created to meet the heightened demand for intelligence regarding CF matters, and effectively became the functional authority within DND/CF and the central source of security intelligence policy/programme direction. In addition to providing support to military operations, CDI officially:

...provides the community with unique capabilities and expertise: strategic threats to Canada and allied governments, indications and warning intelligence on international political and military activities, strategic and crisis coverage of regional security developments that may affect Canadian security interests or engage Canadian forces, and scientific and technical intelligence with a defence or security focus.⁶⁵

The CDI organization is comprised of several divisions, including the Director General Intelligence Production (DGIP), which leads the entire National Defence intelligence cycle by

⁶⁵ Department of National Defence, "CDI Background Information," <http://www.cdi-crd.forces.gc.ca/sites/page-eng.asp?page=1400>, July 2 2011.

helping coordinate intelligence requirements within the Government of Canada, and providing intelligence analysis and dissemination to clients (such as other departments and allies); the Directorate Intelligence Capabilities (D Int Cap), which is responsible for projecting future intelligence capabilities to meet the needs of the defence intelligence community (and deliver the full suite of collection capabilities available to CDI); the Directorate of Policy and Programmes Intelligence (DPP Int) that advises CDI on policy, partnerships and legal issues; the Directorate of General Military Signals Intelligence (DGMS), which facilitates support through CSEC to ensure SIGINT assets are properly applied where needed; the Directorate of Intelligence Information Management (D Int IM), which is responsible for intelligence management and coordination among CDI units; and finally the Directorate of Geospatial Intelligence (D GEO Int), which assess geographical information relevant to CF.⁶⁶ Taking into account the pivotal role intelligence plays as a force multiplier for the CF, the CDI seeks to provide the right intelligence to the right client at the right time to achieve the right effect.⁶⁷

Although DND, through the CDI, primarily focuses on military intelligence analysis and policy planning, it also possesses a HUMINT collection initiative to collect relevant intelligence relating to missions abroad. Despite reports of DND allegedly expanding its HUMINT collection assets in the form of newly created agencies, such as the rumoured ‘Human Intelligence Company’ in Afghanistan,⁶⁸ this task has always existed in some form or another. For instance, the 1st Canadian Division Intelligence Company has been used as a dedicated field-

⁶⁶ Department of National Defence, “About CDI”, <http://www.cdi-crd.forces.gc.ca/sites/page-eng.asp?page=1410>, July 12 2011.

Further information on each subsidiary CDI agency can be found amongst the pages listed under “CDI Organizations.”

⁶⁷ Moses, Isabelle (2007), “CDI: Building a 21st century defence intelligence capability,” *The Maple Leaf*, vol. 10, no. 5, p. 16.

⁶⁸ See: CBC News, “Intelligence soldiers in Afghanistan since start of mission,” May 6, 2008: <http://www.cbc.ca/news/canada/story/2008/05/26/military-intelligence.html>

deployable HUMINT unit in the CF to gather tactical intelligence since it was officially stood up in 1989.⁶⁹ Intelligence relating to operational support is also fulfilled through the Canadian Forces Joint Support Group (CFJSG), which reports to the broader support initiative of Canadian Operational Support Command (CANOSCOM).⁷⁰ Another fundamental source of HUMINT for DND comes through its use of military attachés. Just as DFAIT relies on their use, the attaché system is an effective collection arm which, with proper selection, training, and evaluation of personnel performance, allows DND to attain and share information with its allies in an efficient manner.

Overall, DND fulfills a significant role in intelligence planning, analysis and dissemination. The scope and depth of its foreign HUMINT gathering efforts are limited given their focus on tactical assignments on operational conditions, but nonetheless it does seem to be the case that the CF are expanding this capability and see HUMINT as a vital asset in operations overseas.⁷¹ It is furthermore unclear whether these HUMINT assets go beyond standard military intelligence concerns. However, after the prolonged mission in Afghanistan, it is feasible to assume that the CF has expanded its use and appreciation of HUMINT on the politics, culture, and economics of an area where CF are deployed to better accomplish objectives and effectively fulfill their mission.

Privy Council Office (PCO)

The PCO is part of the Public Service of Canada. Its role is to provide non-partisan advice and support to the Prime Minister, the Cabinet and Cabinet committees. The Clerk of the

⁶⁹ Despite the 1st Canadian Division being transformed and restructured in 2000 into the Canadian Forces Joint Headquarters, it was reactivated in 2010.

⁷⁰ Department of National Defence, “Canadian Forces Joint Support Group,” http://www.army.forces.gc.ca/asu_kingston/cfjsg.aspx, Dec. 11 2011.

⁷¹ See: *The Maple Leaf* (2008), “Human Intelligence Essential In-Theatre,” vol. 11, no. 43, p. 2.

Privy Council is Canada's highest-ranking public servant and serves as the Prime Minister's deputy minister, the Secretary to the Cabinet, and the Head of the Public Service.⁷² As stated by the official website of the Privy Council Office:

The Clerk chairs a deputy minister-level group, the Interdepartmental Committee on Security and Intelligence (ICSI). This committee discusses strategic policy and resourcing issues, considers sensitive national security matters, reviews proposals destined for Cabinet, and recommends the annual intelligence priorities for the Meeting of Ministers on Security and Intelligence. ICSI (formerly the Security Panel) dates back to 1946, making it one of the oldest senior-level committees in the government.⁷³

Reporting to the Clerk of the Privy Council is the Deputy Clerk, who is tasked with coordinating the security and intelligence activities of all Canadian government departments and agencies and promotes effective international intelligence relationships. Additionally, two secretariats report to the Deputy Clerk: the Security Intelligence Secretariat (SIS), which is a policy unit, and the Intelligence Assessment Secretariat (IAS), which is an assessment unit. The SIS advises the Prime Minister on national security and intelligence matters, supports ministerial decision-making, and ensures the security of Cabinet meetings, the Prime Minister's Office, and the PCO. The IAS undertakes national intelligence assessments on matters related to Canadian security policies, both foreign and domestic.⁷⁴ The IAS also coordinates assessment work that involves more than one federal department, and helps foster relationships with allied international assessment organizations.⁷⁵

The PCO is a critical component in the Canadian intelligence community. However the general shortcoming of the PCO is with regard to its analytical role. There is an overwhelming

⁷² Mellon, p. 11.

⁷³ Privy Council Office (2001), p. 13.

⁷⁴ Privy Council Office (2001), pp. 13-14.

⁷⁵ Privy Council Office, "Intelligence Assessment Secretariat", <http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=secretariats&sub=ias-bei&doc=ias-bei-eng.htm>, Nov. 1, 2012.

amount of information to process and the effectiveness of the PCO's ability to analyze and collate intelligence is impeded by the committee organization and bureaucratic mentality of the organization.⁷⁶ As intelligence academic Jerome Mellon indicates: "At present, the material produced by a tiny cadre of intelligence officers hidden away in the Price Council Office, however good, lacks influence."⁷⁷ Additionally, he adds that the consensus seems to be that Canada generally has an "inadequate system for analyzing and assessing the foreign intelligence that is currently available."⁷⁸ In defence of the PCO, former Executive Director of the IAS (2000-2008), Greg Fyffe, notes that special projects related to security housed in the PCO, such as the IAS, received additional attention and budgetary boosts after the 9/11 attacks in 2001. Furthermore, he notes that the IAS was actually able to double its intelligence analysts and increase the breadth and overall depth of its analytical coverage.⁷⁹

Underlying Issues

As Cooper notes, the fundamental problem the Canadian foreign intelligence community faces is both historical and institutional. Canada's current intelligence shortcomings are due to the combination of Canada's tendency to rely on allied foreign intelligence and the reluctance to expand the community.⁸⁰ The common concerns brought forward involve Canada's apparent lack of interest in foreign intelligence, namely HUMINT, the dominant focus on SIGINT, disorganized analysis coordination within the intelligence community, the dependence on allies for foreign intelligence, and an identity crisis CSIS is being faced with regarding its security intelligence responsibilities.

⁷⁶ See: Kott, p. 39, and Cooper, p. 38.

⁷⁷ Mellon, p. 11.

⁷⁸ Mellon, p. 11.

⁷⁹ Fyffe, Greg (2011), "The Canadian Intelligence Community After 9/11," *Journal of Military and Strategic Studies*, vol. 13, issue 3, p. 5.

⁸⁰ Cooper, p. 39.

Matters of foreign intelligence have largely been kept away from the public's attention, and as a result there appears to be little understanding among Canadians on its role, let alone particular issues surrounding HUMINT and espionage. Politicians appear to be either disinterested or quiet on its use in political matters. Cooper provides two reasons that contribute to this phenomenon and why there is no serious debate on foreign HUMINT investment or reform in government circles. First, if information on Canada's possible foreign espionage activities went public, it could potentially prove embarrassing for the government and Canada's reputation. It also might damage Canada's diplomatic relations.⁸¹ It is as though the idea of offensively collecting foreign intelligence is below Canada's ideals and would intrinsically cause concern. It certainly seems feasible for departments concerned with Canada's reputation to oppose stirring up controversy. However it is also rational for many of the countries that Canada has relations with to empathize, given the fact that all of Canada's key allies possess a dedicated foreign HUMINT agency. Second, Cooper notes that it can be dangerous to use human agents abroad for undercover intelligence collection, since agencies that are risk-averse would shun such a responsibility.⁸² Such a concern could certainly contribute to a reluctance in further HUMINT usage, but considering CSIS's increasing activity abroad since 2001, it seems either unwarranted to draw this conclusion or perhaps CSIS has undergone this increase in scope in relative obscurity from the public eye.⁸³

Canada's focus on SIGINT, in part, coincides with the reluctance to expand its HUMINT capabilities. SIGINT collection is less controversial, especially when the primary agency collecting it (CSEC) is restricted from targeting Canadian citizens. However, aside from this and

⁸¹ Cooper, p. 39.

⁸² Cooper, p. 39.

⁸³ Security Intelligence Review Committee (2012), p. 21.

It is indicated that CSIS is not only more active in having to deal with new and emerging issues, but that it is sending more agents abroad to deal with them.

its niche role in contributing to Canada's allies, focusing on SIGINT may be misleading in that Canada's SIGINT capabilities were modelled largely during the Cold War to target the former Soviet Union as a northern listening post. With this threat substantially minimized, Canada is still in the process of adapting to present concerns, such as terrorism, which may not produce significant electronic communications to intercept. As noted by Cooper: "despite the overwhelming superiority of American technology in intelligence platforms, the 11 September attacks demonstrated the limits of technical means of intelligence gathering and the importance of human sources."⁸⁴ In addition, the value of focusing on such technical means is also affected by the greater availability and distribution of advanced technologies outside of government to civilians, international businesses, terrorists, and criminals among others. Hensler notes that cryptography (or the study of encoding), once the almost exclusive domain of governments, is now more broadly available and that codes have become more sophisticated, and therefore, more difficult to decipher or break.⁸⁵ A diminution of the utility of CSEC's product is not difficult to envision as a result. As valuable encoded information has grown increasingly difficult to access, in conjunction with the steadily increasing amount of open-source information needing to be processed, it will require substantially more resources invested in CSEC than in the past. Furthermore, without a foreign HUMINT component to compliment CSEC's SIGINT collection, CSEC's potential is likely underutilized. Human sources abroad could further support a CSEC investigation on the ground, so to speak, by looking into matters that communication intercepts cannot, or by verifying intelligence CSEC collects or receives from its allies. CSIS could in part fulfill this role, but with its restricted mandate, it would be difficult to do so effectively, especially if it were not a clear security matter.

⁸⁴ Cooper, p. 45.

⁸⁵ Hensler (1999), p. 128.

Intelligence analysis coordination is extremely vital within any intelligence community. For Canada, this appears to be a significant issue. Of the various foreign intelligence organizations, each often attaches its own perspective to the information when producing a finished intelligence product. This process results in substantial overlap in resources, as well as differing assessments on the same information. For instance, an issue abroad may get processed by DND, CSIS, and DFAIT with each coming to varied or different conclusions based on their unique perspectives in military intelligence, security intelligence, and political intelligence among other things. If information being analyzed involves several of these categories, this problem is amplified as each organization may stress its particular intelligence expertise over others. For instance, what may not inherently stand as a military intelligence issue may soon become one as CDI produces an assessment for DND outlining a particular perspective. Although the PCO is intended to coordinate, analyze, and assess foreign intelligence as a focal point for the community, as well as determine intelligence priorities, the case can be made that it is doing so inefficiently and ineffectively. As it stands, Canada's foreign intelligence community appears relatively disorganized in terms of coordinating analysis and ensuring that each organization delegated its foreign intelligence function is doing so cohesively with the rest of the community.

Canada's dependence on its allies is another significant issue that underlies each department and consequently the entire intelligence community's structure. There are two important problems to consider relating to Canada's intelligence sharing and subsequent reliance on its allies. First, Canada has established itself in this relationship as a net consumer of intelligence, notably HUMINT, rather than a net producer. This is not to say that Canada does not contribute intelligence to its allies, but that it has, as Cooper puts it, grown accustomed to

living with an “intelligence deficit”.⁸⁶ Hence, Canada’s allies may feel that Canada is not contributing to the intelligence pool it so actively draws from. Although Canada shares its intelligence, it may not be of adequate quantity or quality to its allies. Thus they may feel that Canada is not a valuable partner within an intelligence agreement and subsequently begin sharing less.

The overall value of this argument is difficult to assess fully without actually knowing the quantity or quality of what is being shared; something that is certainly not publicly available. However on the surface, this concern is understandably grounded by the limitations presently apparent in Canada’s intelligence community. In a related matter, it may also be the case that allies choose not to share their intelligence because it is not in their interest to do so. Economic issues for instance, differ wildly between allies and it is unlikely that an ally will share potential economic intelligence that hinders itself. When economic intelligence takes precedence over military and, perhaps to a lesser degree political intelligence, governments may increasingly use their foreign intelligence services for commercial and economic advice.⁸⁷ As a result of liberalized world markets, commercial advantages among allies may be sought after through legal and increasingly extra-legal (and potentially illegal) means. Consequently, a country like Canada may not expect a continuation of generous intelligence sharing and, as Hensler claims, cannot depend on its allies for “economic or commercial intelligence to give it privileged access to their markets.”⁸⁸ Therefore this may leave Canada without intelligence in this vital area.

Second, intelligence provided from an ally is rarely raw or unbiased. The inherent risk on outsourcing intelligence collection and analysis, is that the information being gathered is at the discretion of the external party, and that it reflects the interests of the producer, not the

⁸⁶ Cooper, p. 1.

⁸⁷ Hensler, (1995), p. 15.

⁸⁸ Hensler, (1995), p. 16.

recipient. It is vital for a country like Canada with significant economic, security and political interests to acquire raw intelligence so that it can come to its own conclusions, especially when formulating policy or assessing its particular needs, such as determining possible threats and interests that are unique to Canada. Although there was an overarching enemy that necessitated sharing intelligence during the Cold War era, the motivation has now been significantly reduced.⁸⁹ A concern with this matter is whether the intelligence producer shares similar perceptions with the recipient. For instance, regarding security, if Canada was hypothetically concerned with a specific issue, such as the Arctic, yet American allies neither shared this view nor allocated intelligence resources to this issue, then Canada might not receive intelligence to enact accurate or informed policy that reflects its security interests. Nonetheless as a consequence of this relationship, Canada has structured its intelligence community to fit this niche among its allies and, most importantly, enjoys significant and substantial benefits.

As posited in the 2011-12 SIRC annual report, CSIS is thought to be in the midst of a “cultural shift”, or an identity crisis of sorts, regarding its security intelligence responsibilities. As identified in the SIRC report, this issue involves CSIS adopting characteristics of a foreign intelligence organization, while losing focus on its primary mandate and effectiveness as a security intelligence agency. SIRC notes that the influence of CSIS’s close foreign partners, the pressures of meeting the needs and expectations of the Canadian government, and the demands of the clients who use CSIS reports, all contribute to this issue.⁹⁰ In recent years, CSIS has placed greater emphasis and centralized role on its analysis and assessment capability, the Intelligence Assessments Branch (IAB).

⁸⁹ Farson (1999), p. 24.

⁹⁰ Security Intelligence Review Committee (2012), pp. 24-25.

IAB has undergone structural and organizational changes to streamline CSIS's ability to generate and disseminate intelligence products for the Canadian government and its foreign partners. In particular, SIRC found that some of the changes to IAB's intelligence products were being modelled after foreign intelligence organizations, in that they were not clearly distinguishing security and foreign intelligence.⁹¹ As well, intelligence reports were noted to lack adequate mechanisms to track investigation authority as per the CSIS Act, and accurately identify and represent the proportions of Section 12 and Section 16 information.⁹² Since this is a vital part of CSIS's mandate, emulating allied foreign intelligence organizations and their products runs the risk of obscuring the distinction within its collection mandate.⁹³ The priorities placed on CSIS by the Canadian government and its other clients have also contributed to this issue in that they may be pushing CSIS collection efforts to meet broader intelligence priorities that are not well aligned with CSIS's core mandate. This may inefficiently allocate resources and potentially shift CSIS's focus away from fulfilling its primary function in security intelligence and identifying threats to Canada's national security.

Overall, Canada's departmentally-driven foreign intelligence community is certainly capable. Despite the overlap in function and responsibilities, and the substantial role of intelligence sharing with its allies, Canada has considerable access to foreign intelligence. With regard to the organizations responsible for collection efforts, each performs its mandated-job well. The only evident gap in foreign intelligence collection is non-security oriented HUMINT. DFAIT's collection of open-source intelligence is certainly useful, yet its role is definitely limited without the capability or desire to collect closed-source intelligence. Despite CSIS being

⁹¹ Foreign intelligence organizations generally do not concern themselves with distinctions between foreign intelligence and security intelligence; they simply collect "intelligence."

⁹² Security Intelligence Review Committee (2012), p. 24.

⁹³ Security Intelligence Review Committee (2012), p. 25.

capable of using Section 12 and Section 19 of the CSIS Act to gather foreign intelligence abroad, it is hardly a complete answer to this question of whether Canada inherently needs a dedicated foreign HUMINT capacity. Concerning analysis, the question is whether the current arrangement is the best option to go forward with in to the future. The analysis functions within DND, CSIS, DFAIT, and PCO are being carried out, but the disjointed nature of this arrangement begs the question of whether a dedicated organization could better coordinate intelligence analysis among the various departments within the community. A greater level of analysis coordination may even sufficiently and effectively close any gaps with intelligence collection; making the need for a dedicated foreign HUMINT service less of a priority.

Chapter 3: Reforming Canadian Foreign Intelligence

Canada's current foreign intelligence needs are evolving and it remains to be seen whether Canada's intelligence community is capable of keeping up and meeting those demands, presently and in the future. This chapter examines the main potential reforms to Canada's foreign intelligence community and evaluates their overall value in helping mitigate some of the community's existing and potential problems. Before delving into the reforms, Canada's foreign intelligence interests will be examined to provide an understanding of what responsibilities the community is tasked to fulfill, as well as the function potential reforms are intended to provide. This section will address several areas of reform, starting with the foundation of the community and arguably the most fundamental—intelligence analysis and coordination. In addition, the key issues of oversight and accountability for Canada's foreign intelligence community will also be discussed. Assuming these areas of the community are given adequate attention, the next issue to be discussed is the potential need for a new dedicated foreign HUMINT capability, as primarily argued by several discussants in this debate. This generally revolves around exploring two options: empower CSIS to fulfill this initiative by adjusting its mandate, or establishing a new agency in some form or another—a hypothetical Canadian Foreign Intelligence Service (CFIS).

Enthusiasts of this debate have perhaps weakened it by emphasizing too much on the idea of intelligence collection. However there also needs to be an equal, if not greater, focus on matters of reforming oversight mechanisms and intelligence analysis, before those on intelligence collection can be properly implemented (let alone deemed feasible). The aim of this section is to demonstrate that creating a CFIS would eventually be Canada's objective, and that it would be in Canada's interests perhaps to work towards this goal. However, unlike some of the

claims made by exuberant discussants of this debate, Canada would first need to address a myriad of other issues first, namely incremental changes to the analysis and oversight areas in its current foreign intelligence community, to make this reform even remotely viable. Crafting a CFIS may not be necessary or possible now, but when or if it is, the proper foundation will need to be in place if it is going to be an effective addition to Canada's foreign intelligence community.

Canada's (Foreign) Intelligence Needs

Canada's foreign intelligence needs are distinctive in that they reflect Canada's particular national interests, and are those which cannot be effectively met by relying solely on sharing agreements with allies, even though they are greatly supplemented by them.⁹⁴ What particularly stands out is that although these interests are intended to prioritize Canada's needs first, they all heavily involve close cooperation and consideration with Canada's allies and must ensure that there is a careful balance established. The purpose of assessing these needs is to illustrate where Canada's foreign intelligence community compares to the apparent requirements set out before it. Whether or not the creation of a new agency is eventually necessary, it is argued that these foreign intelligence needs are fundamental for Canada to function properly and should be consistently met. These central needs extend to the following areas and in some cases contain modest overlap: political intelligence in reference to foreign policy, economic and trade intelligence, defence intelligence, and intelligence alliance contributions.

⁹⁴ This point was interestingly made by the McDonald Commission in their advisement on creating CSIS, and a potential foreign intelligence service. See: Commission of Inquiry Concerning Certain Activities of the Royal Canadian Mounted Police (1981), *Freedom and Security under the Law: Second Report*, vol. 1, Ottawa: The Commission, p. 643.

The role of intelligence in foreign policy is essential, especially for a country like Canada that is aiming to advance its interests internationally, and actively operates abroad as a member of international organizations like the UN and NATO. Canada has an on-going need to be kept up to date on the affairs of other countries, while maintaining the capability of formulating its own conclusions from acquired information; relying on the political intelligence of allies may not reflect the same policy priorities of Canada. Additionally, the wide range of changes in the international environment further demonstrates the need for timely awareness of how foreign events will impact Canadian interests.⁹⁵ Events such as large-scale political uprisings impact Canadian interests in a variety of ways given Canada's global interests. For example a change of government in one country may send a massive number of refugees to Canada's doorstep. In relation to the Canadian Forces (CF), political intelligence serves a different role in determining the nature and intention of the leadership in a target country.⁹⁶

However, to put it simply, Canada already collects and analyzes substantial amounts of political intelligence through organizations like DFAIT, DND, and the PCO. Whether this level of collection and analysis is sufficient perhaps remains to be seen. Since Canada manages to craft and implement its foreign policies without substantial controversy, it could be argued that there is little reason to believe that Canada is problematic in this area. While covert means of foreign intelligence collection may be necessary for some countries, intelligence from open sources and sharing agreements can likely provide the bulk of what is needed. Therefore, with political intelligence the need is not so much the actual collection, given the vast amount of foreign intelligence Canada can presently access, but the need for significant analysis and

⁹⁵ Cooper, p. 49.

⁹⁶ Pratt, David (2003), *Does Canada Need a Foreign Intelligence Agency*, University of Carleton: Ottawa, p. 14.

prioritization; an area where organizations, like DFAIT and the PCO, are struggling with enough resources to sufficiently meet this requirement.⁹⁷ As Stuart Farson points out:

...the quality of the analysis depends itself on the quality and extent of available sources and the resources that are deployed to meet the requirement. Consumers will need on-going reviews, strategic analyses and immediate updates where critical changes occur. The principal need here, however, is for sophisticated analysts and appropriate dissemination to consumers. Analysts will need to have country-specific familiarity and be capable of forecasting.⁹⁸

The priority here is to ensure that the Canadian government is politically well informed. The trouble is that doing so requires an understanding of what states intend to do, not just what they have historically done, or what they say their intentions are. Canada needs to make sure that it has the ability to draw its own conclusions, verify information presented to it by allies and, if necessary, prioritize its interests over those of its allies. Utilizing covert means to find out the political intentions of allies and non-allies alike through communication intercepts and human sources, may be the way to do so on an on-going basis. But doing so would likely present Canada with an extremely sensitive intelligence dilemma by monitoring Canada's closest allies.⁹⁹ An alternative and safer approach may instead be to focus more on the analysis realm and through the information collected on its own, in conjunction with that which is provided by the Five Eyes community, compare and contrast the available data to formulate intelligence and/or verify what is needed.

Globalization has provided Canadians with more opportunities abroad, and the subsequent need for business and competitive intelligence about foreign markets is growing and diversifying.¹⁰⁰ The need for economic intelligence is understandably high, and though the

⁹⁷ Mellon, p. 11.

⁹⁸ Farson (1999), p. 16.

⁹⁹ Farson (1999), pp. 16-17.

¹⁰⁰ Farson (1999), p. 13.

responsibility of collecting such information generally falls to individual businesses, much of the sought-after information can be attained through open sources. However governments like Canada do augment this process and occasionally make assessments for their business sectors to better inform them. This need for monitoring micro- and macro-economic indicators in specific markets includes assessments on which banks are independent, the modes or extent of corruption, and ascertaining regulatory practices. Although they are understandably more general in nature over privately funded assessments made by private corporations, there is a reasonable need from government for reliable information like this on foreign markets.¹⁰¹ Moreover, it can be argued that it is the responsibility of a nation's intelligence services to fulfill certain economic roles, including the monitoring of trade agreements and collection of information on unfair trade practices, identifying 'special activities' designed to influence economic events, understanding the intricacies in policy formulation in foreign countries, and pursuing commercial information and technologies to preferred commercial actors or consortia (to perhaps enhance trade negotiations).¹⁰²

The principal department responsible for this sort of intelligence in Canada, DFAIT, maintains a policy of only utilizing open sources and diplomatic reporting for its intelligence, as discussed earlier. Although it is difficult to assess the level of secrecy in this methodology, and the proverbial grey area in how open its sources actually are, it does not openly "spy" on other countries to gain economic intelligence. Some argue that this sort of policy puts Canadian economic interests at a disadvantage given the willingness of other countries to use their intelligence services to acquire economic intelligence offensively and covertly.¹⁰³ However

¹⁰¹ See: Mellon, p. 14, and Farson (1999), pp. 13-14.

¹⁰² Mellon, p. 14. See also: Porteous, Samuel (1995), "Economic/Commercial Interests and Intelligence Services," CSIS Commentary No. 59, <https://www.csis.gc.ca/pblctns/cmmntr/cm59-eng.asp>, Mar. 9 2012.

¹⁰³ See: Mellon, p. 14; Cooper, p. 51; and Kott, pp. 77-78.

there is the obvious risk of prying into your ally's economic interests, especially when your greatest economic partner is the US, and also your closest security ally. It is safe to say that Canada has significant, and exponentially growing, interests in economic intelligence. Although this need could potentially be bolstered through greater intelligence collection potentially in the form of having human sources capable of legally collecting this sort of intelligence covertly when needed, its needs are generally met by maintaining a strong balance with its political interests and avoiding scandals with its allies, let alone already potentially having this capability in the form of DFAIT's "diplomatic reporting".

The issue of defence intelligence relates to both national security and military interests abroad. It is, and will continue to be, a priority for Canada as it maintains a greater international presence, monitoring possible threats to Canada's national security, and continuing to engage in multilateral operations abroad with organizations like the UN and NATO. Into the 21st century, Canada has undergone some changes in its defence requirements. In particular, after the 9/11 attacks and Canada's subsequent involvement in Afghanistan, Canada has strengthened its national security needs to align itself with its allies, like the US, and also ensure Canadian Forces abroad can operate in relative safety.

Although the threat of international terrorism is relatively low for Canada, it is recognized and given a high priority.¹⁰⁴ After the 9/11 attacks on the US, Canada demonstrated its defence intelligence needs by making important legislative changes to its intelligence community. This was done, in part, by further clarifying the legal basis for anti-terrorism measures, and by providing the relevant departments with the necessary mandates and resources to increase their effectiveness. One such change was the Anti-Terrorist Act (enacted in 2001)

¹⁰⁴ Canadian Security Intelligence Service, "Our Priority Areas," <http://www.csis-scrs.gc.ca/prrts/index-eng.asp>, Mar. 11, 2012.

that provided CSEC with greater funding and personnel, and gave it the needed authority to better fulfill its mandate, namely by allowing it to intercept communications from individuals outside *and* (albeit under strict guidelines) within Canada.¹⁰⁵ In addition, other changes include greater funding to CSIS to expand its ability to collect security intelligence abroad and set up support networks, hire additional personnel and provide or enhance their training, and purchase necessary equipment among other things.¹⁰⁶

What further aids Canada's defence intelligence needs is its relationship with the US. Given the geographical proximity of Canada to the US and close ties, Canadian national security threats are also seen as threats to American security. As a result, it is in the interest of the US to do whatever it can to ensure that Canadian defence intelligence needs are being met. This may include sharing intelligence that Canada was not formerly privy to, or by providing additional resources and training in joint ventures between specific departments (for instance between SIGINT partners—the American NSA and Canadian CSEC). Canadian national security needs also include the issue of being targeted by other foreign intelligence agencies and industrial espionage.¹⁰⁷ However these particular concerns, given their domestic parameters, are met rather well by Canada's extensive counter-intelligence capabilities in organizations like CSIS and the RCMP.

Defence intelligence, in relation to Canadian Forces, involves different levels of requirements so that forces deployed abroad know the exact situation they are in so as to ensure security for their personnel and the mission. On a strategic level, it involves awareness of the

¹⁰⁵ Fyffe (2011), p. 9; see also: CSEC, "The Anti-Terrorist Act and CSEC's Evolution," <http://www.cse-cst.gc.ca/home-accueil/media/ata-lat-eng.html>, Mar. 11 2012.

¹⁰⁶ Albeit there are still concerns over whether CSIS has the legal authority to continue, let alone expand, this initiative as questioned in the Security Intelligence Review Committee's 2010 report. See: Security Intelligence Review Committee (2011), *Checks and Balances: Viewing Security Intelligence Through the Lens of Accountability (Annual Report 2010-11)*, Government of Canada, p.20.

¹⁰⁷ The extent of such attempts is often kept quiet, yet these threats are given a priority by agencies like CSIS. See: CSIS, "Our Priority Areas," <http://www.csis-scrs.gc.ca/prrts/index-eng.asp>, Mar. 11 2012.

global context of the deployment zone. Operationally, it needs to assess properly the deployment of resources and personnel, particularly in turbulent situations, and tactically, it extends to alerting personnel on the ground of potential dangers and operating conditions. It also needs to extend to the political realm in assessing the nature of the political landscape in a given territory, and to the socio-economic realm in identifying potential concerns among the population that may affect deployment.¹⁰⁸ Meeting all of these needs is a large task, but fortunately Canada is relatively capable of doing so.

Although Canada can likely gain great amounts of information through its allies, namely due to the fact that it usually serves a supporting role within a coalition rather than a leading offensive role, it is necessary for Canada to ensure that it gathers and analyzes its own intelligence, especially given the relative differences in the size, use and capabilities of the militaries with which Canada operates with, and in particular the US and Britain. Canada supplements, and/or verifies, the intelligence it receives from allies by generally entrusting DND and its use of CSEC for defence intelligence. Although criticisms of DND in potentially relying too much on the technical means of CSEC have been argued, the general response is that DND has expanded its HUMINT capabilities by using recently established HUMINT units and greater cooperation with CSIS.¹⁰⁹ Overall regarding Canada's national security and the Canadian Forces, the need for defence intelligence is great. Although the extent of Canada's reliance on allied intelligence is relatively substantial, this particular intelligence need is met rather competently, in terms of intelligence collection and analysis, by Canada's robust foreign intelligence capabilities in organizations like CSIS, DND and CSEC.

¹⁰⁸ Pratt, p. 13.

¹⁰⁹ For criticisms, see: Mellon, pp. 15-16; Cooper, pp. 51-52; and Kott, p. 16. For responses to these criticisms of DND, see: Robinson, Paul (2009), "The Viability of a Canadian Foreign Intelligence Service," *International Journal*, Canadian International Council, vol. 64, no. 3, pp. 710-711.

In reference to allied intelligence contributions, the need here for Canada is to ensure that it stays in the various intelligence loops with its allies; a need that is understandably significant. Being privy to more than 200 national security and intelligence agreements, Canada co-operates with the intelligence agencies of more countries than ever before.¹¹⁰ The foreign intelligence it acquires and analyzes needs to be useful for those allies, so that it can meet its requirements among them and especially with its principal partners, the US and Britain. Canada has differing levels of intelligence collection capabilities that are relatively small in scope when compared to these two allies, whose global interests and presence reflect their much larger HUMINT and SIGINT capabilities in the form of, respectively, the American CIA and NSA, and the British MI6 and Government Communications Headquarters (GCHQ). However on-going intelligence contributions need not only be in the form of collected intelligence; Canada should not assume that it can directly compete or equal the foreign intelligence collection capabilities of its allies. Analysis is also a prized commodity and given the issue of maintaining analytical coordination with allies, Canada can find other ways to help contribute, and fulfill its requirements to its allies. Provided that Canada's allies are not concerned with this arrangement, Canada can continue to utilize its niche-specific collection capabilities (for instance through CSEC's SIGINT and CSIS's security intelligence), and share its findings with its allies, while also helping them sift through, analyze, and translate the massive amount of open-source information into useful intelligence products for its foreign clients.

The distinct foreign intelligence needs Canada requires are all important in maintaining effective policies for Canada, and to fulfill its international obligations. Although Canada relies on its allies to help meet these needs, the capacity to acquire and analyze information independently is equally vital. Furthermore, although there are some gaps in foreign intelligence

¹¹⁰ Farson (1999), p. 20.

collection, there is an equal if not greater need for analysis and coordination; both in terms of what Canada has gathered, and that which is being provided by allies.

Analysis & Assessment

Intelligence analysis is an important aspect to consider within this debate. In relation to issues of allied intelligence dependence, and the difficulty associated with relying on differing assessments provided by allies, Canada already struggles with a disorganized foreign intelligence community. Of the various departments tasked with foreign intelligence, each potentially attaches a different perspective to the same information. Crafting an effective focal point of foreign intelligence analysis coordination and prioritization is a fundamental area in need of reform. Establishing a centralizing institution to the Canadian intelligence infrastructure would provide, as Cooper suggests, greater guidance and direction to an otherwise amorphous and lethargic bureaucracy.¹¹¹ Consequently, without this corresponding analytic capability a bolstered foreign HUMINT capacity is a waste of resources.

To address these concerns, Canada should examine establishing a new independent intelligence analysis organization to analyze all sources of foreign intelligence; a ‘national intelligence analysis office’ as suggested by Anthony Campbell, the former executive director of the Intelligence Assessment Secretariat (IAS).¹¹² The idea for such an organization is not new. In the late 1960s John Starnes established an all-source operations room, modelled after a similar one in NATO, in External Affairs and later one in CSIS after he had become director.¹¹³ Additionally, the McDonald Commission recommended the creation of such an organization

¹¹¹ Cooper, p. 66.

¹¹² Campbell, Anthony (2001), “Opening Remarks of Speech,” *CASIS Conference*, Dalhousie University, Halifax, September 28.

¹¹³ Starnes, John (1998), *Closely Guarded: A Life in Canadian Security and Intelligence*, Toronto: University of Toronto Press, p. 127; also see: Cooper, p. 65.

during its exhaustive review of Canada's intelligence community.¹¹⁴ Canada may have CDI coordinating DND's military intelligence, but there is no overarching foreign intelligence coordination effectively linking the various foreign intelligence realms between central actors like DND, CSIS, and DFAIT. Although the PCO is somewhat intended to fulfill this role in government, it is arguably incapable of doing so as the most effective option. In the 1990 SIRC report *In Flux But Not In Crisis*, it was noted that SIRC was unable to assess fully whether the current system for coordinating, assessing and disseminating intelligence was meeting Canada's security and intelligence needs.¹¹⁵

The PCO has the ability to advise the Prime Minister on foreign intelligence matters and support ministerial decision-making, for instance through the use of the Intelligence Assessment Secretariat (IAS) and the Security Intelligence Secretariat (SIS), but it has its shortcomings. One concern in the PCO's analytic role is that the funding and resources available are insufficient to analyze properly and coordinate such an overwhelming amount of information, despite subsequent boosts in resources over the last decade.¹¹⁶ Discounting this concern for the sake of argument, there is a more substantial issue with the PCO's role. Given the wide spectrum of responsibilities of the PCO, from domestic and foreign matters of finance, security, and trade among others, foreign intelligence analysis may not be prioritized as highly, or consistently receive adequate attention, over other matters. With foreign intelligence making up just a small section of the PCO's responsibilities, the overall influence of this department may not be sufficient to utilize properly the information it processes.¹¹⁷ In addition, although the Deputy

¹¹⁴ Riedmueller, Chris (2001), *A Cloak, A Dagger, and A Maple Leaf: a Proposal for an Expanded Canadian Foreign Intelligence Capability*, MA Thesis, Boston University, p. 34.

¹¹⁵ Security Intelligence Review Committee (1990), *In Flux But Not In Crisis: A Report of the House of Commons Special Committee on the Review of the CSIS Act and Security Offences Act*. Ottawa: Supply and Services Canada, pp. 46-47.

¹¹⁶ See Farson (1999), p. 12; Cooper, p. 38; Mellon, p. 11; Kott, pp. 39-40; Fyffe, p. 5.

¹¹⁷ See Mellon, p. 11.

Clerk is currently mandated to coordinate intelligence activities of the government, there is little accountability because of the volume of committee activity and the diffusion of authority within the PCO.¹¹⁸ According to the PCO, it admits that “no single Cabinet minister is responsible for Canada’s security and intelligence community. Instead, a number of ministers are accountable for the activities of the organizations that report to each of them.”¹¹⁹ Consequently, the coordination of intelligence collection and analysis by the PCO reflects a ponderous management orientation rather than a strategic one.¹²⁰

Finally, it is noted that there are still issues over the shift of intelligence assessment responsibilities from DFAIT to the PCO in 1993. Mellon, for instance, states that there still lacks a direct channel between the IAS and the Prime Minister (as is the case in the United States between the President and the Director of Central Intelligence) to ensure a consistent and rapid intelligence assessment capability.¹²¹ Hensler argues that when the analytical component was in DFAIT, it at least was located near a significant source of intelligence and a large body of consumers. With it transferred to the PCO, it became arguably isolated from both. He continues by suggesting that supplementing the PCO’s analytical group with more analysts will do little to improve the situation and would in all probability create more disillusioned intelligence analysts.¹²² Cooper adds that the transformation of imaginative intelligence analysis into a bureaucratic routine, which hinders overall effectiveness, is a common problem with intelligence organizations around the world, and there is no reason to think the PCO is an exception. He concludes by claiming that “the committee organization and bureaucratic ethos of this public

¹¹⁸ Kott, p. 115.

¹¹⁹ Privy Council Office (2001), p. 4.

¹²⁰ Kott, p. 115.

¹²¹ Mellon, p. 11.

¹²² Hensler (1999), p. 130.

service office are likely to impede, rather than enhance, the effective analysis and collation of intelligence.”¹²³

As suggested by Cooper and Kott, a viable option to coordinate foreign intelligence, in an overarching fashion, is to establish an organization in a manner similar to the Australian Office of National Assessments (ONA). Additional recognition of this organization was even noted formally by SIRC in their 1990 report where the ONA was praised for its merits as an all-source intelligence analysis cell.¹²⁴ The official role of the ONA is to provide assessments and analyses on international political, strategic and economic developments for the Prime Minister and senior ministers in the National Security Committee of Cabinet. It bases its assessments on information available to the Australian government from all sources, both inside and outside the government, including other intelligence agencies, diplomatic reporting, and open source material. The ONA does not concern itself with domestic developments within Australia; a notable difference over the PCO. Its responsibility is to coordinate Australia’s foreign intelligence activities and issues of common interest among Australia’s foreign intelligence agencies. It also evaluates the effectiveness of Australia’s foreign intelligence efforts, and the adequacy of its resourcing.¹²⁵ It does not collect intelligence by clandestine or other means, nor does it make recommendations for government policy. It is autonomous from any intelligence agency in Australia and its independence helps somewhat to remove political interference.¹²⁶

Based on this model, Cooper suggests that a Canadian variant could produce analysis for short-term requirements as needed, based on input from CSIS, CSEC, DND, DFAIT liaison personnel and a potential CFIS (if it were established). Long-term priorities could then be made

¹²³ Cooper, p. 38.

¹²⁴ Security Intelligence Review Committee (1990), p. 46.

¹²⁵ Office of National Assessments, “Overview,” Australian Government, <http://www.ona.gov.au/about-ona.html>, Mar. 5 2012.

¹²⁶ Cooper, p. 65.

in conjunction with the Intelligence Assessment Secretariat (IAS). It is suggested by Cooper that the IAS be removed from the PCO and placed into a new Ministry of Security and Intelligence (MSI). The MSI would not only be a focal point of accountability for Canada's intelligence activities, and answer any inquiries instead of the Deputy Clerk (who would lose his intelligence responsibilities), but also help prioritize intelligence requirements in an effort to make the IAS into an organization similar to Britain's Joint Intelligence Committee. Officially, the role of the Joint Intelligence Committee is:

- To assess events and situations relating to external affairs, defence, terrorism, major international criminal activity, scientific, technical and international economic matters and other transnational issues, drawing on secret intelligence, diplomatic reporting and open source material;
- To monitor and give early warning of the development of direct and indirect threats and opportunities in those fields to British interests or policies and to the international community as a whole;
- To keep under review threats to security at home and overseas and to deal with such security problems as may be referred to it;
- To contribute to the formulation of statements of the requirements and priorities for intelligence gathering and other tasks to be conducted by the intelligence Agencies;
- To maintain oversight of the intelligence community's analytical capability through the Professional Head of Intelligence Analysis;
- To maintain liaison with Commonwealth and foreign intelligence organisations as appropriate, and to consider the extent to which its product can be made available to them.¹²⁷

Evaluating the value (and full extent) of Cooper's hypothetical solution is difficult, especially given his exuberant reshuffling of government departments. However since both countries operate with parliamentary governments, this organizational model could be adapted to suit Canada's needs. Removing the intelligence function from the PCO and shifting its accountability and reporting functions to a new minister could help streamline the way the

¹²⁷ United Kingdom Cabinet Office, "Joint Intelligence Committee-Terms of Reference," <http://www.cabinetoffice.gov.uk/content/joint-intelligence-committee-terms-reference>, Nov. 15, 2012.

government executive receives intelligence assessments and priorities. However, even though Cooper feels that adapting this organizational model to Canada would require little more than changing the names, it is rational and realistic to believe that the PCO would be hesitant in giving up its role in intelligence prioritization and analysis coordination. However, if a government in power was capable of doing so, this organizational reform could benefit Canada's intelligence community.

Cooper's core claim on crafting a Canadian ONA as an intelligence analysis focal point is particularly interesting because it would not only seem necessary, if Canada were to have an effectively bolstered foreign HUMINT capability, but it would also help mitigate some of the core issues with the status quo in Canada's foreign intelligence community. With all the information being collected by the various actors within Canada's foreign intelligence infrastructure, a centralized analysis-coordination organization that is free from dealing with the domestic realm and its influences could help organize Canada's current capabilities, as well as pave the way for an eventual CFIS if it is needed in the future. Alternatively, tasking this function to the existing intelligence community would likely have little positive-effect and could feasibly multiply the fragmented nature of the departmentally-driven community. Expanding the mandates of the various organizations, which already have enough to deal with in terms of funding and present workloads, could prevent new mandates, such as foreign intelligence, from receiving adequate attention, let alone the primary responsibilities of these organizations.¹²⁸ Fundamental changes to the community are necessary.

¹²⁸ Kott, p. 114.

A Matter of Accountability

Although Canada has individual oversight agencies for organizations like CSEC and CSIS, there is no unified oversight agency, like Australia's Office of the Inspector General, looking at the community as a whole.¹²⁹ Moreover, substantial portions of the foreign intelligence community operate outside the watch of any public review body, including the PCO, DFAIT and DND. If reforms are to be made, there are several outstanding issues that need to be addressed. Daniel Livermore, former Director General of Security and Intelligence in DFAIT (2002-2006), discusses and identifies several key issues.¹³⁰ In reference to strengthening accountability for foreign HUMINT activities, he first notes that there needs to be greater Prime Ministerial responsibility, similar to every other democratic nation with a foreign HUMINT capability. That is to say that the Prime Minister would need to approve all foreign operations and be held accountable, for better or worse. It is inadvisable to hide behind a doctrine of deniability if things go wrong. If the Canadian government cannot embrace or accept this basic notion, then it is, as Livermore claims, "in the wrong business" to begin with.¹³¹

Second, there should be multi-ministerial responsibility among key ministers led by the Minister of Foreign Affairs. Given the range of operational issues associated with foreign intelligence operations, including when and how to conduct them for instance, it is necessary to involve all relevant department heads and ensure there is cohesion among them. Livermore furthers this claim by noting that Canada should follow the British or Australian example in having the Minister of Foreign Affairs lead multi-ministerial discussions on foreign operations,

¹²⁹ Fyffe, p. 13.

¹³⁰ Livermore, Daniel (2009), "Does Canada Need a Foreign Intelligence Agency?" *Center for International Policy Studies*, no. 3, University of Ottawa, pp. 3-4.

¹³¹ Livermore, p. 4.

and act as the central figure to which the foreign intelligence function centrally reports.¹³² A minister of domestic policy should not lead a foreign intelligence function for the simple notion of ensuring foreign policy coherence.

Third, he suggests that Canada should understand the notion that, to serve Canadian interests, foreign HUMINT operations have the potential to be illegal in other countries. To ensure a consistent level of accountability, there must be effective review mechanisms in place that, if necessary, differ from those which handle domestic agencies (like CSIS). Given their foreign nature, operational procedures, inter-departmental cooperation and support, and matters of decision authorization, can vary quite differently in comparison to organizations that focus primarily on the domestic realm/jurisdiction. Finally, Livermore concludes by stressing that there needs to be an adequate support structure in place; an issue that is often treated peripherally. While comparing Canada to the American and British experiences, he notes that:

...the placement of personnel abroad is only the operational tip of a very large iceberg, with a ratio of at least ten people in headquarters for every one person with operational duties out of the country. Ensuring robust support is a key to success, safety and security, and it is an issue that requires serious consideration.¹³³

Even though organizational support is regularly assumed, there is currently no dedicated structure in place that can operate on a consistent basis. It is seemingly assumed that the present infrastructure, that perhaps supports organizations like CSIS or DFAIT, can readily adapt to supporting foreign intelligence activities on a larger (and more dedicated) scale, despite the inherent differences. For instance, CSIS may operate abroad, but it has no long-term support capability for foreign operations. DFAIT as well can support its limited foreign HUMINT

¹³² Livermore, p. 4.

¹³³ Livermore, p. 4.

capabilities through Canadian embassies, but would be ill-equipped to take on further support measures for a larger scale foreign HUMINT responsibility. Whether support is in reference to providing logistics, training, equipment, or personnel, it may be misleading to think that such a fundamental element of intelligence work can be given such relatively little consideration.

With respect to oversight and review mechanisms, Canada needs to strengthen its ability to monitor foreign intelligence activities. The patch-work oversight system Canada employs is difficult to defend. Paul Robinson, an intelligence academic and former Canadian intelligence officer, identifies at least four levels where Canada needs to improve its oversight and review capabilities: within intelligence agencies through their directors; at the executive branch of government; through means outside of the executive, such as Parliament or independent bodies like the Security and Intelligence Review Committee (SIRC), and at the level of the general public, in a means to establish greater transparency (and less secrecy) to reassure the public that state agencies are behaving appropriately.¹³⁴

Robinson also notes that post-facto review, as embodied by the independent review organization, SIRC (which monitors CSIS operations), cannot be wholly sufficient as a way to monitor foreign intelligence activity. Post-facto reviews are only able to address mistakes that have already happened and can only prevent them from re-occurring by means of deterrence. They are thus not the same as oversight, which inherently takes place before and during intelligence operations.¹³⁵ Canada needs greater cooperation among the director offices of the various agencies involved in foreign intelligence and perhaps greater parliamentary involvement if external organizations, like SIRC, are only going to utilize post-facto reviews to keep tabs on

¹³⁴ Robinson, Paul (2008), "Eyes on the Spies: Reforming Intelligence Oversight in Canada," *Center for International Policy Studies*, no. 1, University of Ottawa, pp. 3-4.

¹³⁵ Robinson (2008), p. 3.

foreign intelligence activities. To make matters relatively worse, the Harper government's decision to close the Office of the Inspector General (IG) of CSIS, in effect ending its 28 year history as an oversight mechanism at the executive level, and shift its function to SIRC is difficult to appreciate. Wesley Wark, an intelligence academic, shares this concern:

The IG's office was internal to the Department of Public Safety and meant to serve as the 'eyes and ears' of the Minister. SIRC is differently constituted under the CSIS Act: it is an external review body with a mandate to report to Parliament. It is not the Minister's office. The SIRC mandate will have to adapt, somehow, to its new reporting requirements. No new resources are promised for SIRC, which is already a small body. Perhaps most importantly, the focus of SIRC reporting will have to change if it is to accomplish its new hybrid task of keeping both the Minister and Parliament alert to problems with regard to the activity of CSIS.¹³⁶

For SIRC, the immediate challenge in taking over this function from the IG, is to carry on with reporting error rates and policy problems to the Minister of Public Safety while pressing for subsequent resolutions. This means that SIRC will need to be more aggressive with its approach to reviewing CSIS activities since, as Wark notes, the problems the IG's office found were problems not highlighted by SIRC in the past.¹³⁷ In particular, the IG's office was becoming increasingly alarmist in its reporting over CSIS practices; namely over error rates in CSIS reporting, information management issues, and policy gaps. As stated in the final IG's certificate to the Minister (prepared in 2011):

The re-occurring and high rate of non-compliance with policy, and the ever-increasing rate of errors in reporting identified in what is a relatively small review sample of CSIS activities is a concern to me and should be a serious concern of the Service. Errors in

¹³⁶ Wark, Wesley (2012), "Thoughts on the Future of Intelligence Accountability in Canada," Centre for International Policy Studies Blog, <http://cips.uottawa.ca/thoughts-on-the-future-of-intelligence-accountability-in-canada/>, June 29 2012.

¹³⁷ Wark, (2012).

intelligence reporting, as I have repeatedly stated over my tenure, are a serious matter and have the potential for far-reaching consequences[.]¹³⁸

Ensuring strong oversight and accountability measures not only prevents abuses of power, but also ensures that the organizations in question function more efficiently. Like the issues of intelligence analysis and coordination, Canada needs to review the organizations and mechanisms in place to make sure that the system in place functions properly. If steps are taken to address these concerns and make reforms where necessary, then Canada's foreign intelligence capabilities may function in a much more efficient manner.

Assessing the Options: A New CSIS vs. CFIS

Reforming HUMINT collection involves the oft debated matter of establishing a new dedicated organization, or entrusting the current community to fulfill this responsibility by altering the role and abilities of CSIS. Some discussants, such as former CSIS Director and Deputy Minister of Foreign Affairs Reid Morden, argue that an expanded foreign intelligence capacity in Canada can eventually be met by focusing on its current organizations. Here, the approach to reforming Canadian foreign intelligence involves empowering CSIS and its foreign intelligence capabilities. This reform revolves around the simple, yet controversial amending of Section 16 in the CSIS Act by removing the limitation of CSIS in collecting foreign intelligence from within Canadian territory. The allure of doing so is that it would be quite cost-effective given the infrastructure CSIS already has established. It is argued that amending CSIS to fulfill a greater intelligence role, by handling both security and non-security intelligence (both domestically and abroad), would allow Canada to meet its foreign intelligence needs in a

¹³⁸ Public Safety Canada (2011), "Certificate of the Inspector General CSIS-2011," <http://www.publicsafety.gc.ca/abt/www/igcsis/cert2011-eng.aspx>, July 1 2012.

sustainable and effective manner. CSIS is already versed in intelligence activities abroad, has experienced and trained personnel, and also already has assessment and coordination structures through its involvements in the Security and Intelligence Secretariat of the PCO.¹³⁹ Morden argues that a self-contained branch could be set up within CSIS to utilize CSIS personnel, training and infrastructure. Doing so, he continues, would reap efficiency and cost benefits for Canada.¹⁴⁰

Although this option has the appeal of being relatively simple and cost-effective, it is argued by opponents to be a big mistake.¹⁴¹ The argument is generally made that combining both security and foreign intelligence functions into one organization is undesirable as the methods and cultures of organizations tasked to each function are in fact different and best left separate. According to Pratt:

The objectives of a foreign intelligence service are fundamentally different from those of a domestic security service. While the former seeks to learn of the capabilities and intentions of foreign states, and must conduct its intelligence gathering on the territory of foreign states, the latter is more narrowly focused on domestic counter-intelligence and counter-terrorism objectives...Different objectives subsequently require different procedures, services and controls – a main reason why other Western democracies maintain separate agencies for the two.¹⁴²

A similar assessment was made by the McDonald Commission, concluding that “it would be unwise to combine very different intelligence collection responsibilities within a single agency.”¹⁴³ The Commission further noted that there is an inherent danger of “contagion” in

¹³⁹ Cooper, p. 60.

¹⁴⁰ Morden, Reid (2006), “A Canadian Foreign Intelligence Service: A New Necessity or an Expensive Frill?” Canadian Defense and Foreign Affairs Institute, p. 7.

¹⁴¹ This notion is particularly held by Cooper, Kott, and Mellon in their respective works.

¹⁴² Pratt, p. 21.

¹⁴³ Commission of Inquiry Concerning Certain Activities of the Royal Canadian Mounted Police (1981), “Second Report – Volume 1: Freedom and Security under the Law,” August, p. 645.

combining both security and foreign intelligence functions into a single organization.¹⁴⁴ A foreign intelligence agency may have to violate the laws of other countries in order to carry out its work; a practice that is simply unacceptable to CSIS and not permitted within the mandate it operates under. Thus the Commission further supported a separation of the two functions into separate agencies to avoid such an occurrence.

Finally, it is worthy of note that Western democratic governments commonly separate these two functions into different organizations, whereas repressive governments which typically have less concern for human rights, have tended to combine the two functions within one agency arguably to enhance control over the populace and the organization itself.¹⁴⁵ The most prominent example of such an agency would be the infamous Soviet intelligence/security/secret-police agency—the KGB (or the Soviet Committee for State Security). Interestingly enough, one of the first acts of the newly democratic Russian Federation was to dissolve the extralegal-prone KGB and separate the functions of security and foreign intelligence into the newly formed Federal Security Service (FSB) and the Foreign Intelligence Service (SVR), respectively.

Cooper continues his criticism of this proposal by noting that the department CSIS answers to, formerly the Department of the Solicitor General before it was absorbed (in 2005) into Public Safety Canada, has limited use for, or experience with, foreign intelligence.¹⁴⁶ Public Safety Canada is primarily concerned with risks such as natural disasters, crime and terrorism.¹⁴⁷ Its broad focus on the domestic realm arguably dampens the role and use of foreign intelligence by the department. Gathering intelligence abroad on the intentions and capabilities of foreign states and actors is the responsibility of the Minister of Foreign Affairs, not the Minister of

¹⁴⁴ Commission of Inquiry Concerning Certain Activities of the Royal Canadian Mounted Police, p. 645.

¹⁴⁵ Hensler (1995), p. 32.

¹⁴⁶ Cooper, p. 60-61.

¹⁴⁷ Public Safety Canada, “What We Do,” <http://www.publicsafety.gc.ca/abt/wwd/index-eng.aspx>, June 28 2012.

Public Safety. A foreign intelligence function should be led by the Minister of Foreign Affairs for the simple reason of foreign policy coherence.¹⁴⁸ As such, CSIS is not the best environment to nurture a newfound foreign HUMINT capacity. Opponents, like Cooper and Livermore, argue that a new approach would be needed. Fundamentally expanding CSIS's role abroad would compromise its primary mandate of domestic security; a mandate it was initially created to accomplish.

The other option discussed is the creation of a new organization to handle foreign HUMINT—a CFIS. The basic argument in creating a CFIS is that it would help alleviate Canada's dependence on externally supplied foreign intelligence. It would not make Canada wholly independent, but simply reduce the amount of intelligence dependence currently exhibited. This is said to provide Canada with greater information sovereignty and allow a greater focus on meeting Canada's various intelligence needs. Additionally, having larger collection capabilities would allow Canada to contribute a greater amount of foreign intelligence to its allies. The central claims in opposition to a CFIS, on top of rejecting the claims of support, argue that it would be costly to both Canada's wallet and its reputation, it would be an ineffective solution to the proposed issues it intends to solve, and that there is not an urgent need or desire to create it, given the capabilities of the current intelligence infrastructure.

Advocates of a CFIS indicate the issues of Canada's reliance on its allies for foreign intelligence as a central foundation. It is foremost argued that relying on allies for their information inhibits the national interests of Canada and that, in particular, not all information from Canada's allies will be shared, especially if it is in their interest to keep said information.¹⁴⁹ This is particularly relevant to economic intelligence where it has a greater potential to be

¹⁴⁸ Livermore, p. 4.

¹⁴⁹ Cooper, p. 55; Mellon, p. 18; Pratt, pp. 16-18.

censored given Canada's allies can also be economic competitors.¹⁵⁰ Hensler furthers this claim as he notes that economic intelligence is growing in importance over military, and to a degree, political intelligence. The scope for mutual cooperation with Canada's allies is lessening as foreign intelligence priorities between Canada and its allies are changing and becoming more divergent. He even goes as far as to adopt, what he views as the French model in that there are no allies when it comes to economic matters.¹⁵¹

It is also noted that intelligence shared with Canada is likely the result of raw information analyzed with the provider's interests in mind, not the client's. This means that particular interests of the client may not be met, as they may not be a priority of the provider, and that the client is potentially susceptible to being misled by what the providing party shares. Assuming that this is an improbable situation and that Canada is exempt from these situations in the international realm is arguably naïve, as proponents like Cooper claim.¹⁵²

The final claim made, in relation to intelligence sharing, is that Canada could utilize a CFIS to contribute intelligence, even marginally, to its allies. Establishing a CFIS would not be the end of existing collaboration between Canada and its allies, as it might actually strengthen the existing alliances. By having the ability to provide more, and/or even serve a niche-role in focusing on particular areas (like CSEC), it could benefit Canada's allies and alleviate the resources of allied intelligence organizations. Canada has already established this in the SIGINT realm with its allies in the Five Eyes community; thus extending this notion to matters of HUMINT is hardly implausible. It is argued that Canada needs to consider the realistic possibility that its allies may become less inclined to share their information with it, given

¹⁵⁰ Mellon, p. 18.

¹⁵¹ Hensler (1995), p. 27.

¹⁵² Cooper, p. 7.

Canada's limitations in contributing to the intelligence pool. As Mellon notes on his analysis of the issue:

Since the geo-strategic importance of Canada greatly decreased after the collapse of the Soviet Union, the issue arose as to whether Canada is still an ally worthy of sharing intelligence with. To increase that ally-worthiness, Canada has to come up with an interesting product that will meet the needs of its allies. A CFIS could collect intelligence that would justify Canada's seat at the table.¹⁵³

The idea of Canada being able to collect its own foreign HUMINT, to complement the SIGINT it shares, could pose a significant benefit to Canada by providing valuable intelligence collected as a bargaining chip, even if it was marginal in stature. More importantly, independent foreign HUMINT gathering could also promote the idea of ensuring that Canada is not as reliant upon its allies for their foreign HUMINT.

Opponents to these claims acknowledge the possibility of shared intelligence having the potential to distort, although they note that despite the allure of this concern, there is a lack of substantiated examples to prove it. Despite this relationship of intelligence sharing, Canada has enacted policy that reflects its independent interests. With the invasion of Iraq being one of the most prominent instances, Canada was not swayed by the foreign intelligence provided by its allies and decided against joining the coalition to invade in 2003.¹⁵⁴ It is additionally questioned whether a CFIS and its foreign HUMINT collection will make much of a difference in mitigating this intelligence reliance to guide a more-sovereign Canadian policy. HUMINT is valuable, but it is also difficult to attain and makes up a small percentage of overall foreign intelligence collection.¹⁵⁵ Despite this objection, having an independent capability to verify information that is shared can be extremely useful in order to compare intelligence assessments from several different allies, even if it is only sparingly exercised. Canada can already utilize CSIS to do this

¹⁵³ Mellon, p. 19.

¹⁵⁴ Robinson, Paul (2009), p. 709.

¹⁵⁵ Herman (1996), p. 65.

for all means of security intelligence, but it does not have an equivalent capability to verify economic or foreign political intelligence.

The arguments against establishing a CFIS revolve around the inherent risks associated, and that they might outweigh any potential benefits accrued. Financially speaking, and considering the relative stability Canada enjoys, opponents note that the current status quo is sufficient and cost-effective. Canada already gets enough information from its allies in the Five Eyes community to supplement its own organizations in crafting intelligence.¹⁵⁶ Establishing a new intelligence organization, let alone any government organization, will be expensive. Put simply, Canada cannot come close to what its allies spend on their foreign intelligence services. Cooper notes some of the financial costs associated, claiming that “operatives charged with managing foreign intelligence networks abroad would require expensive and specialized training as well as seed money for new equipment, expenses, and agents separate from that received currently by CSIS members in their domestic security role.”¹⁵⁷ Aside from that, there has not been an accurate estimation as to how much such an organization would cost. In response to these financial concerns, proponents note that assessing the costs of a CFIS budget are purely speculative. Instead, it would be more important to determine the relative size and function of such an organization. If it were modelled after the massive American CIA or the British MI6, with an unrealistic global focus, its annual budget costs would likely exceed hundreds of millions of dollars. However if it were instead modelled after something more sustainable, such as the Australian Secret Intelligence Service (ASIS), and targeted specific geographic areas or threats, it could be substantially less.¹⁵⁸

¹⁵⁶ Kott, p. 92; Cooper, p. 54.

¹⁵⁷ Cooper, p. 54.

¹⁵⁸ Mellon, p. 23.

The other costs associated with establishing a CFIS relate to Canada's political reputation. It is thought that an offensive foreign HUMINT service could potentially detract from Canada's respected international reputation and make it difficult for Canada to, for instance, participate in multilateral negotiations.¹⁵⁹ For Canada to embrace suddenly the use of an offensive non-security foreign intelligence organization, targeting economic and political interests could prevent allies and non-allies alike from trusting Canada as much as they currently do. It is argued that Canada's decision to not create a CFIS, or an organization like it, has been to Canada's benefit because other nations are more open to work with Canada since they do not fear being the target of Canadian-based espionage efforts. In response, it is rational to think that other nations would not look down on Canada for establishing an organization they already have, which is the case with Canada's allies in the US, Britain, New Zealand, and Australia. Recruiting and utilizing human sources overseas is also not an alien concept; CSIS presently does this with its security intelligence operations, which demonstrates that the existence of foreign HUMINT is not necessarily a recipe for disaster. Instead, it seems sensible that Canada would want to collect its own information on international matters in a manner that reflects its national interests, especially those which directly affect the country.

The final argument brought forward to oppose a CFIS is that of inexperience. Canada does not have substantial experience, or a history, in utilizing foreign HUMINT. Venturing into this realm could cause substantial controversy and embarrassment, as Canada's experience with domestic HUMINT in the former RCMP Security Service illustrated. In addition, Kott notes the dangers inherent in foreign HUMINT inexperience, claiming:

¹⁵⁹ Mellon, p. 54.

Even if raw information were collected overseas, finished intelligence would not be ready for consumption overnight. Given its current analytical capability, the Canadian intelligence community could not collate and process new information in a timely manner. Without a trained cell to assess raw information, any money spent on collection would be wasted. Perhaps even more significantly, the government has proven itself a poor consumer of intelligence. Even if Canada developed a foreign intelligence service and an analytic cell, if the government does not improve its ability to use intelligence, it will be useless.¹⁶⁰

The response to this concern is that this issue is not insurmountable. As Hensler points out, Canada already has many employees versed in foreign intelligence work. Diplomatic reporting done through DFAIT already closely parallels that of foreign intelligence officers. He continues by noting that the key difference in their pursuit of relationships with foreign nationals is, that while the diplomat aims to develop good relations between governments, the agent develops human sources for specific foreign intelligence.¹⁶¹ As well, Cooper notes that by using existing liaison arrangements, Canada could reap the benefits in the experience of its allies, and embrace cross-training programs to supplement its knowledge with its qualified allies in the CIA, MI6 or ASIS.¹⁶² What training and experience Canada requires, it can likely receive from its allies. After all, Canada has demonstrated this capability in the SIGINT realm by maintaining a close working relationship between Canada's CSEC and other allied SIGINT organizations within the Five Eyes alliance, including the American NSA, Great Britain's GCHQ, the Australian Defence Signals Directorate, and New Zealand's Government Communications Security Bureau.¹⁶³

Of the options, amending CSIS is arguably the worse of the two. Canada may not necessarily need to reform and strengthen its foreign HUMINT capability now, but if it decides

¹⁶⁰ Kott, p. 93.

¹⁶¹ Hensler (1995), p. 31.

¹⁶² Cooper, p. 58.

¹⁶³ Communications Security Establishment Canada, "Frequently Asked Questions," <http://www.cse-cst.gc.ca/faq-eng.html#Q12>, June 28 2012.

to in the future, the best option is to take a new approach; one that keeps foreign intelligence fundamentally coordinated as a primary initiative. Nonetheless, an expanded foreign HUMINT initiative is a long way off. It cannot be feasibly or effectively established in the short-term. Canada has significant, and growing, foreign intelligence needs. Although these needs were considered to be sufficiently met in the past, that is no longer the case as Canada's global interests and role in the world, as an economic, political, and military power, continues to expand. However if a CFIS is going to be eventually explored and made viable, then reform needs to take place sooner rather than later.

As alluded to earlier, it is argued that a CFIS would be best located within DFAIT, along the lines of the British MI6, which reports to the British Foreign Secretary, and the Australian ASIS, which reports to the Australian Minister of Foreign Affairs.¹⁶⁴ DFAIT possesses a wide range of expertise in Canada's international relations and already has substantial experience and resources abroad. Close correlation must exist between Canada's foreign intelligence priorities and foreign policy objectives; placing the organization within DFAIT would ensure greater foreign policy coherence, since Canada's foreign relations is the responsibility of the Minister of Foreign Affairs.¹⁶⁵ As indicated in Section 10 (1) of the *Department of Foreign Affairs and International Trade Act*:

The powers, duties and functions of the Minister extend to and include all matters over which Parliament has jurisdiction, not by law assigned to any other department, board or agency of the Government of Canada, relating to the conduct of the external affairs of Canada, including international trade and commerce and international development.¹⁶⁶

¹⁶⁴ Kott, p. 106.

¹⁶⁵ Kott, p. 107.

¹⁶⁶ Department of Justice Canada, "Department of Foreign Affairs and International Trade Act (R.S.C., 1985, c. E-22)," <http://laws-lois.justice.gc.ca/eng/acts/E-22/page-2.html#h-6>, July 10 2012.

This clause can be interpreted to include implicitly the collection of foreign intelligence, and since a CFIS would only operate outside Canada it would fit under this mandate. Serving the needs of the Minister of Foreign Affairs, and not operating internally, would make sure that such an agency would keep its priorities straight and not venture off into functions it was not designated to fulfill (i.e. CSIS gradually undertaking a foreign intelligence role despite its intended and originally mandated function as a primarily domestic security intelligence service). As well, placing a CFIS within DFAIT would also ensure a separation of security and foreign intelligence; a notion that an expanded CSIS cannot embrace. However, to avoid potential problems, it is argued that a new CFIS should not be an extension of ISI, which currently collects foreign intelligence for DFAIT through open and diplomatic sources.¹⁶⁷ Tasking the personnel within this department with covert HUMINT collection would be a mistake. On top of lacking the proper training, it could also negatively affect the manner in which DFAIT collects its open-source intelligence and the way foreign officials view Canadian diplomatic representatives. In terms of accountability, it would be much easier to control a CFIS if the Minister of Foreign Affairs can directly answer for it, especially to parliament. A Foreign Intelligence Review Committee could also serve to review the activities of such an agency and could be potentially modelled along the lines of SIRC and its responsibility for CSIS. However, as discussed earlier, simply reviewing the past is not sufficient and there should still be effective oversight mechanisms in place through DFAIT to closely monitor ongoing operations and activities.

Reforms to Canada's foreign intelligence community cannot solely revolve around the CFIS component; the analysis realm needs to be addressed first. Canada should properly coordinate its analytical base to better utilize the resources it has invested in. Bringing greater

¹⁶⁷ Kott, p. 109.

coordination among all the analytical organizations is necessary to formulate greater cohesion and effectiveness. A national intelligence analysis office in the form of a Canadian ONA variant would be a worthy option to explore and could solve several of the issues the Canadian foreign intelligence community faces. If a new foreign intelligence organization is being sought after, this is the one to focus on. It certainly is not as eye-catching as a CFIS, for better or worse, but its effect on the community is surely more fundamental and arguably vital. In relation to oversight mechanisms, Canada has the tools to better monitor foreign intelligence activities and improve accountability, but it seems these measures are not given the consideration or attention they require by the public and the government. Instead, it seems that these measures are currently heading in the other direction, as demonstrated by the closing of the Office of the Inspector General of CSIS. Only time will tell, but ensuring accountability is pivotal for present and future foreign intelligence endeavours, let alone expanding foreign intelligence capabilities.

Finally, if coordinating the current organizations within the community still fails to meet the foreign intelligence needs of Canada, particularly in reference to HUMINT, then Canada should perhaps explore the creation of a dedicated foreign HUMINT service; a CFIS. If Canada requires this organization, then it should be placed under the Minister of Foreign Affairs, which appears to be the best and most effective option given its already appropriate legislative basis for foreign intelligence. Its size and scope should be modelled not after the expansive organizations of the CIA or MI6, but perhaps modestly after the Australian ASIS. It furthermore will not be able realistically to wean Canada completely off its substantial foreign intelligence dependence, but it will help mitigate this issue if only by allowing the ability to use an accountable organization, and not loopholes, to verify needed information. With a stronger coordination of intelligence analysis, and if needed the eventual creation of a CFIS to fill the gaps in the

community, Canada will ensure that it has the essential tools in place to make sure its foreign intelligence needs will be met in the future decades to come.

Chapter 4: Conclusion

Canada's foreign intelligence community is certainly capable, but the case has been made that what used to work well in the past cannot be assumed to do so in the future. Canada needs to make sure steps are taken to ensure that its foreign intelligence community continues to meet the needs placed on it in light of the post-Cold War era and Canada's increased global presence. With the fall of the Soviet Union, the value of Canada's geo-strategic location, and subsequently its unique role in SIGINT collection to its allies because of this, has changed drastically. During this time, Canada still relies on its allies to provide their finished intelligence products, while embracing a foreign intelligence community arguably structured for an outdated international environment. After all, the last significant reform to the intelligence community was the creation of CSIS back in 1984. Since then, very little has been done to adapt to the challenges of the 21st century. As Farson suggests, "old ideas need turning on their head and bold new strategies deserve to be tried...Such radical change should not to be feared but welcomed by intelligence officials bent on searching for excellence and providing the country with a superior and cost-effective intelligence capacity."¹⁶⁸

It is important that should reforms be deemed necessary, that they are not applied under pressure. Canada should not simply wait for a crisis to develop before the government decides that change is needed. The first step should, therefore, be to make an official assessment of how well the foreign intelligence community has performed in the post-Cold War era, and whether it

¹⁶⁸ Farson (1999), p. 28.

is meeting the needs of the consumers in government. In a manner similar to the McDonald Commission, it should extensively review and determine whether reforms are necessary in the realms of collection and analysis. As well, it should also examine how review bodies and oversight mechanisms are functioning to maintain greater performance and accountability within the community. An independent review, like the McDonald Commission, is the best option to necessitate relative objectivity from the community. It would ensure that intelligence officials can contribute to the findings, but would not be responsible for reviewing themselves. As Farson posits, “the strongest argument for an independent review may be based on the need to assess both the use made of intelligence at the ministerial and mandarin levels of government and of their respective attitudes toward the product.”¹⁶⁹ Like the McDonald Commission, its findings should also first be revealed to the government before later being released as a declassified report.

Concerning analysis, an assessment on the community would bring to light that the issue nowadays is not as much about simply gaining access to information, as it is about properly analyzing it and knowing what to look for in the massive amount of information intelligence organizations work with. Canada could substantially benefit from a more coordinated intelligence analysis infrastructure; in particular, as argued, a centralized national intelligence analysis organization in the form of a Canadian ONA. Exploring this option would not only be politically palatable, but it would significantly improve the effectiveness and efficiency of the current community. It would streamline the analysis of intelligence and better coordinate all the present resources Canada has invested in. Additionally, it would provide a cohesive intelligence focal point that could also improve dissemination by allowing intelligence clients, within the

¹⁶⁹ Farson (1999), p. 28.

government or its allies, to reference a single agency. Finally, existing agencies within the community, like CSIS, could importantly concentrate on their primary mandates as they are supposed to and improve their overall effectiveness.

The issue of needing a dedicated foreign HUMINT service, a CFIS, could also finally be cleared up through such an assessment. The community is capable of helping meet Canada's foreign intelligence needs, let alone better define them, but as outlined there are certainly some gaps and issues with how it is structured. If a CFIS is deemed necessary, its mandate, purpose, and location within government could all be addressed in depth. However, as it has been argued, it is important that the issues of analysis and oversight reform are fundamentally necessary before any sort of expanded foreign HUMINT capability can be feasibly explored. Many discussants on Canadian foreign intelligence reform seem to discount this notion. However without this groundwork in place, it would be completely inadvisable to pursue any change in intelligence collection. Although some discussants (i.e. Hensler, Kott, and Cooper) argue that a CFIS is necessary now, it is argued alongside the view of others (i.e. Farson and Livermore) that this is not the case. However, should Canada eventually find it necessary to craft a CFIS, the proper foundation will need to be in place, particularly in the form of a Canadian ONA and through adequate review mechanisms to make sure that if the task is done, it is done responsibly and effectively.

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