

Should Canada enter the business of gathering foreign intelligence? Reid Morden says it may be time to do just that.

David J. Bercuson
Director of Programs - CDFAI

This paper presents the views of Reid Morden on the very topical question of whether or not Canada ought to specifically direct the Canadian Security Intelligence Service (CSIS) to begin to gather foreign intelligence, establish a new and separate foreign intelligence service, or maintain the current status quo in intelligence gathering.

Reid Morden is a former member of the Canadian Foreign Service and former Director of the Canadian Security Intelligence Service. Most recently, he was a member of the Independent Inquiry Committee into the United Nations Oil for Food Programme, directed by Paul Volker. His views on this subject are based on his extensive career in security and intelligence and his broad knowledge of international issues.

This essay is the first in a new series of Canadian Defence and Foreign Affairs Institute (CDFAI) papers on security and defence topics that are currently in the headlines. The essays will be issued periodically in response to the always changing international scene and written by acknowledged experts in the field.

A Canadian Foreign Intelligence Service

A new necessity or an expensive frill?

By Reid Morden

In 2003, anticipating a change in government, the Canadian Defence and Foreign Affairs Institute (CDFAI) published an extensive article on Canadian foreign policy.¹ Among its many recommendations for change, it proposed the creation of a Canadian foreign intelligence service. Citing an overdependence on the intelligence assessments of other countries, the article posits that a Canadian service would yield intelligence judgments reflecting Canadian interests while simultaneously creating more intelligence chips to share with Canada's allies.²

At about the same time, I wrote a piece for the Canadian Security Intelligence Service's unclassified, publicly available Commentary series about trends in the intelligence world. It also touched on the issue of a Canadian foreign intelligence service.³ On that topic, I came to the opposite conclusion, believing, *inter alia*, that any marginal increase in the intelligence "production" through independent Canadian collection abroad would not justify the substantial costs and risks involved.

Since then, Canada has been added to al-Qaeda and Hezbollah "hit lists" for actions taken in the Middle East in concert with our allies, or by Canadian government actions, financial and otherwise, against the fund-raising fronts of some terrorist organizations.

In that same interval, Canada has changed governments and the creation of a foreign intelligence service is a plank in the platform of the now ruling Conservative Party. Most recently, the former head of the British Secret Intelligence Service (or MI-6), Sir Richard Dearlove, in an April lecture at the University of Toronto, has rather provocatively (and in my view, inaccurately) chided Canada as an intelligence freeloader.⁴

These factors, together with our serious commitment of Canadian forces in Afghanistan, suggest to me that a review of the foreign intelligence issue may be timely.

How best to grab this nettle? First, proposals for the creation of a foreign intelligence or offensive service are not new in Canada and much, pro and con, has been written on the subject by theoretician and practitioner alike. There are few factors which are new to the debate; the issue is whether the weighting of those factors has shifted sufficiently to lead

¹ In the National Interest: Canadian Foreign Policy in an Insecure World, CDFAI, 2003, by Denis Stairs, David Bercuson, Mark Entwistle, Jack Granatstein, Kim R. Nossal, and Gordon S. Smith

² Stairs et al. p. 36

³ Spies, not Soothsayers, Canadian Intelligence in the 21st Century, CSIS Commentary #85, 2003 by Reid Morden, pp 9-10

⁴ Canada urged to build foreign spying agency. Colin Freeze, Toronto Globe and Mail, May, 4, 2006

the Federal government to move beyond the traditional reluctance to create a new service and actually implement their policy platform plank.

Whatever the intelligence instruments in play, the focus is most unlikely to depart from identifying threats to and protecting Canadian security. Terrorism tops this list but it would probably encompass military intelligence where Canadian forces are engaged, organized crime (which wraps in money-laundering, drugs, illicit immigration), arms trafficking, and nuclear proliferation. In fact, since 9/11 and subsequent attacks, most intelligence organizations would concede that the line between “security intelligence” and “foreign intelligence” has become increasingly blurred

Methods? Foreign ministries, intelligence services (defensive or offensive), and even journalists have much in common. All develop open and confidential sources, and report or interpret what they have learned from them. Sometimes those reports stand alone but often they are melded into a bigger picture by their headquarters, or, with journalists their editor and rewrite desk. In fact, the analyses and judgments applied to the raw data coming in are just as important, perhaps more so, as the collection of the information itself.

In the Canadian context, moving beyond that to influence political events abroad by some kind of covert activity seems highly unlikely. The same goes for indulging in economic or technological espionage, which is alive and well in the world of business. The sole exception, which would often mean playing the covert intelligence card against all comers, including friends and allies, might be assisting the Canadian side in trade or other bilateral or multilateral negotiations.

Using this basic assumption, we must identify the current gaps in coverage to assess the value-added of enhanced foreign intelligence collection by a separate agency. Terrorism is currently within the mandate of both CSIS and the RCMP, importantly assisted by the intelligence and other operations of the Immigration Department, the Canadian Border Services Agency (CBSA), the Canadian Air Transport Security Agency (CATSA), the Customs and Revenue Agency (CRA) and the Financial Transactions Reports Analysis Centre (Fintrac) on related financing/money-laundering issues. These and other topics of interest are also tracked by the Communications Security Establishment (CSE), the Canadian counterpart of the American NSA or the UK’s GCHQ, which are collectors of electronic and signals intelligence.

By the same token, organized crime in all its dimensions is a clear priority for the RCMP and other police forces in Canada, with help, as above, from the intelligence and enforcement arms of other federal and provincial departments and municipal entities.

On the other hand, while CSIS has programs to counter nuclear proliferation and arms trafficking, there are undoubtedly additional efforts that could be made if the federal government were to see these issues as a priority. Also, and very importantly, there is the adequacy of the intelligence available to Canadian forces deployed in danger zones

on peacekeeping or (more often) peace-making operations. This demands a careful judgment by the Federal government on the extent and effectiveness of the military intelligence milieu. In short, do Canadian activities in this field, as well as the intelligence sharing arrangements Canada has through its various alliances (E.g. NATO, NORAD) meet Canada's needs?

This last is a crucial issue, one which has as great a capacity to have an immediate impact on Canadian lives as anything in the terrorist realm. Two aspects seem particularly important. First, are the Canadian Forces getting adequate information in carrying out their operations from their own efforts or from allied sources? Second, if the preponderance of military intelligence is received from others, is that information slanted deliberately or otherwise to serve the national interests of the source nation?

Whatever the answer to these questions, they touch on broader concerns. First, is Canada making a reasonable intelligence contribution to the sharing arrangements we have in place with allies, notably the US and the UK? Second, will we enhance our value as an ally in an appreciable way by bringing Canadian-collected foreign intelligence to the table?

As to the first, Dearlove clearly believes that Canada does not pull its weight. Conceding that Canada is a net beneficiary in allied foreign intelligence sharing, Canadian contributions are neither paltry nor non-existent, as the report of his remarks suggest. Canada's contribution to allied intelligence is clearly centred on the security intelligence side but is none the less valuable for that. It is also arguable that the creation of a Canadian offensive service would never attain, nor seek to attain the breadth of coverage of so-called global services like the CIA and the BSIS.

That said, one cannot discount entirely the trading value of seemingly insignificant snippets of information which may have added importance to the interests of third parties rather than the intelligence source service. One can posit that the bigger the bank of tradable information, the greater the mutual value of liaison arrangements. Moreover, Canadian-collected information, to which judgments the Canadian perspective on a given topic, would a) clearly assist in weighing the value to Canada of intelligence received from others, and b) provide a useful counterpoint against which others could evaluate their own perspectives.

Another point concerns the national priorities reflected in individual nations' collection efforts. Even in the counter-terrorism sphere - the ultimate ground for multilateral cooperation - assessment of national risk differs markedly. For example, during most of the eighties and early nineties, Canada was clearly focussed on Sikh extremism. The UK, on the other hand, was much more interested in Irish extremism. An enhanced foreign intelligence capability would clearly augment Canada's ability to collect information corresponding to Canada's own priorities.

A decision to create a foreign intelligence service would also be contingent on satisfactorily answering a series of considerations, some peculiar to the Canadian canvas. Quality, scope, utility versus risk tolerance, and cost for starters.

One must assume that the government would seek to create a high quality foreign intelligence service. Although there is a small base of expertise in the Department of Foreign Affairs (DFA) and the Privy Council Office (PCO), recruitment and training of even a core of foreign intelligence officers will be the work of some considerable time, that time to be measured in years. In contrast, the USA, coming out of WWII, could jump start the CIA using expertise from OSS and elsewhere in its wartime establishment while the British have been institutionally in the spying business for five hundred plus years. For his part, Dearlove, in urging the new Canadian government to give thorough consideration to a foreign intelligence service, acknowledges that it would require “a decade of commitment – to create something specifically Canadian”.⁵

On this need for long-term commitment, a brief parenthesis. Intelligence officers neither grow on trees nor can be taken ready-made off the shelf. Proper vetting, training and experience all take time in producing an effective officer. In addition, post 9/11, there has been considerable raiding of CSIS as other organizations, in and outside government, have moved to enhance their security or intelligence resources. This is good and bad. Good, because it has spread security intelligence expertise more widely throughout government and beyond. Bad, because it has exacerbated the task of CSIS, the primary intelligence tool of the country, in rebuilding its resources after draconian personnel and financial reductions as part of the government’s deficit reduction program in the nineties. Thus, Dearlove is quite correct in calling for a decade of commitment in forging anything new. In fact, anything else than a long term commitment to funding and training simply invites disaster. Close parenthesis.

Some have said that, to keep the cost down, Canada need not seek to have a global foreign intelligence service but would find an appropriate niche according to our immediate interests. This argument is unconvincing. As long as Canada pursues a global foreign policy, as long as the terrorist threat can come from any part of the world, as long as we maintain an open door to the truly oppressed, as long as we believe our armed forces can be agents of peace-building and stability, then there seems little scope to whittle down a Canadian foreign intelligence service to a regional focus à la Australia or Italy.

Utility versus risk tolerance. Foreign intelligence operations bring a high degree of risk. It is questionable whether Canadians or their government have the stomach for a risk fraught environment. To quote Colin Freeze in reporting the Dearlove lecture,

“But some of the known CSIS forays indicate that Canadians may lack an appetite for the moral quandaries of foreign spying.

⁵ Dearlove, The Craft of Intelligence in a time of terrorism, University of Toronto, March 29, 2006

For example, the Arar Commission has raised questions about the propriety of CSIS agents visiting Syrian officials when three Canadian citizens were jailed there in brutal conditions.

And a Federal Court judge recently ordered CSIS to stop sending agents to Guantanamo Bay, where a Canadian teenager is being held. The judge found it unconstitutional for CSIS to visit the US military base, which disregards international rules for the humane treatment of prisoners”⁶

The human animal is very good at adapting to its environment. In my experience, one area where the Canadian sub genus of policy or decision-maker has not been able to adapt, is in absorbing a steady diet of intelligence. Unlike their counterparts in other countries, there is little uptake by senior bureaucrats and Ministers for this material. The upper echelons of the UK government use intelligence product as a matter of course. The US President receives a daily intelligence briefing to start his day, wartime or not. Will “foreign” intelligence be that much more gripping than either the security intelligence provided by CSIS or the more wide-ranging take from CSE that it will edge closer to the mainstream of government thought processes. At best, the question is moot.

Last, but by no means least, there is cost. Proponents have habitually grossly underestimated the cost of creating and maintaining a foreign intelligence service. Some even suggest that the government can get away with the derisory sum of \$ 20 million. Multiply that by at least ten to achieve base funding for a modest, high-quality service with collection capability wide-ranging enough to respond to Canada’s global interests.

The options are fairly straightforward.

1. Stick with the status quo which brings in a vast amount of data from federal departments and agencies ranging from DFA, CSE, CSIS, RCMP, DND, Immigration, CBSA, CATSA, Transport, Fintrac, Justice, and Customs and Revenue (CRA), to Health Canada, the Canadian Food Inspection Agency, Fisheries and Oceans and the Canadian Nuclear Safety Commission.
2. Create a new stand-alone foreign intelligence service, or one loosely housed in conjunction with a department such a Foreign Affairs (as with the British), or
3. Consider the adaptation of an existing body, CSIS, and incrementally move into the foreign intelligence arena.

Any one of these options, depending on risk tolerance and funding commitment, could be a viable solution for Canada. Option 1, the *status quo*, would require (as, in fact, the situation requires now) considerable strengthening in terms of coordination and direction. As I noted in the CSIS Commentary article, in commenting on foreign intelligence collection,

⁶ Freeze. G&M, May 4, 2006

“This is not an easy question. It goes far beyond making a slight change in machinery of government accountabilities and, to be effective, must address the means by which a vast amount of data from human, mechanical and electronic sources can be managed, analyzed and utilized in a timely fashion. Furthermore, experience shows that imported structures do not necessarily thrive in different surroundings; hence, a home-grown solution. Perhaps a committee. If so, it must be headed by someone senior, knowledgeable, and respected throughout the intelligence and government world. Probably to remain within the PCO to stress the centrality of its work, but perhaps somewhat aside from it, with the head given unfettered access to the Prime Minister, other ministers, and the Clerk of the Privy Council.”⁷

Option 2, a new foreign intelligence or offensive service would require answers to the questions raised above, especially the matter of balancing value-added against cost.

Option 3, essentially a blended defensive/offensive service with the offensive role grafted onto CSIS has attractions but would be, to some extent, controversial. Traditionalists in the intelligence world will maintain that security intelligence collection and foreign intelligence collection are quite different requirements demanding different skill sets and attitudes. It is certainly true that countries have generally split the responsibilities into two agencies. One notable exception was the cold war template of the KGB, although even there the different functions were separated by turf-conscious Chief Directorates.

However, attitudes are changing within the global intelligence community and models, as in the Netherlands and New Zealand and a number of developing countries, of blended services are appearing. Cost may be a driver in this direction as is probably the heightened emphasis on counter-terrorism efforts where foreign and security intelligence field overlap and intersect.

Clearly, in its early years, the argument could have been made that CSIS officers, transferred from the ashes of the RCMP Security Service, were too close to police attitudes by training and inclination. Whatever the validity of this argument, it now falls away as the post 1984 civilian recruits become the majority in CSIS' ranks. These civilian officers have been deliberately vetted for social and political maturity and so moving some to foreign intelligence assignments should not prove an insurmountable problem. Moreover, who better to collect foreign intelligence than those responsible for protecting this country from precisely that kind of collection directed against Canada by others? That said, they would need to be augmented by those already steeped in the international relations milieu and one would expect resources to be allocated from DFA and the PCO.

⁷ Morden, pg 11

One fairly simple model would be to establish a separate and self contained branch within CSIS which would be able to utilize CSIS' existing personnel, training and administrative infrastructure. There would reap efficiency and cost benefits and speed the coming on stream of these new responsibilities while not foreclosing any options on the ultimate shape or independence of a dedicated foreign intelligence collection organism.

Lastly, any new body will require a legislative base. Here there are also benefits in adapting what now exists rather than a completely new body of legislation. Section 16 of the *CSIS Act* permits that Service to collect intelligence *within Canada* specifically requested by either the Ministers of Foreign Affairs or National Defence. CSIS officers have therefore developed over the past twenty plus years, considerable experience in foreign and defence related intelligence. Simple removal of the words "*within Canada*" from the *CSIS Act* would transform the CSIS mandate to one fully responding to Canada's foreign intelligence collection needs.

Conclusion

In the volatile world of 2006, with an active global Canadian foreign policy and current and prospective deployments of the Canadian Forces in dangerous zones, the arguments favouring an enhanced foreign intelligence collection/analysis capability have gained some currency. Equally, given current capabilities over the range of intelligence collection, these arguments, for a variety of reasons embedded in our history and practices, are not yet decisive.

To me, the sagest course is to strengthen and improve Canada's current capabilities. However, if the federal government were determined to follow another course, incremental enhancement of foreign intelligence capabilities through a blended service, initially based in CSIS, would be the most cost effective, most efficient in becoming operational quickly, and the least risky.

Whatever the formula, the appetite for intelligence reflecting the global political and security environment is likely to grow. One consequence of this phenomenon is, and will be, the need for more efficient and integrated management of a country's intelligence collection machinery.

The opinions expressed in this document are those of the author and not necessarily those of CDFAI, its Board of Directors, Advisory Council, Fellows or donors. Learn more about the CDFAI on the Internet at www.cdfai.org