The Gouzenko Affair and the Development of Canadian Intelligence

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The Gouzenko Affair was an historic event that had a profound impact upon Canadian intelligence and security as well as international politics as a whole. Igor Gouzenko, a Soviet cipher clerk, officially worked under the title of "civilian employee" at the Embassy of the Soviet Union in Ottawa, the capital city of Canada.[1] He left his workplace on September 5, 1945, with a number of important documents, whose content revealed the existence of a Soviet spy ring in Canada. Those documents were eventually handed by Gouzenko to the Royal Canadian Mounted Police (RCMP), which, in turn, brought the issue to the Canadian Government.[2]

Once he received the news about the Soviet defector, Canadian Prime Minister William Lyon Mackenzie King reacted cautiously and prudently, consulting with his closest allies—the President of the United States, Harry Truman, and the Prime Minister of Great Britain, Clement Atlee—what the Western response to Soviet disloyalty should be.[3] Canada acknowledged that the three allied powers should cooperate in the fields of intelligence and defence as well as diplomacy and interstate relations.[4]

The object of this paper is to demonstrate that the Gouzenko Affair was a crucial event that contributed significantly to the development of Canadian intelligence capabilities, especially in the fields of counter-espionage and Signals Intelligence (SIGINT). Canada increased its *counter-espionage* effort immediately after the Gouzenko affair, so that it could expose and punish Soviet agents and spies operating on Canadian territory. Canadian intelligence mobilisation resulted in a massive counter-espionage campaign assigned by the Royal Commission and executed with remarkable success by the RCMP. Signals Intelligence, likewise, was a field in which Canada improved immensely as a result of Gouzenko's revelations. Canadian decision-makers realized the need to maintain and to further improve the country's SIGINT capacity, which resulted in the establishment of a number of domestic SIGINT facilities and institutions. Simultaneously, on the international level, Canada increased its influence in the global SIGINT community, becoming an equal member of the Canada-UK-US SIGINT alliance system.

For the purpose of comparison, the paper begins with a brief assessment of Canada's intelligence capabilities during the period immediately before the Gouzenko Affair, namely the Second World War. The paper then explains the reasons as to why the Gouzenko defection should be considered a catalyst for reform of Canadian intelligence. Subsequently, the paper proceeds by examining Canadian intelligence capabilities in the years after the Gouzenko revelations. In this section, emphasis is put on the fields in which Canadian intelligence developed the most—counter espionage and Signals Intelligence. Finally, the paper compares and contrasts Canadian intelligence capabilities before and immediately after the Gouzenko defection and further concludes that the Gouzenko Affair contributed tremendously to the development of Canada's intelligence capacity, especially in the fields of counter-espionage and Signals Intelligence.

Canadian Intelligence in the pre-Cold War Era

In 1939, at the beginning of the Second World War, Canadian intelligence was considered to be part of the sophisticated British intelligence network.[5] A year earlier, in 1938, Canada made the first individual effort in its history of modern intelligence to establish a comprehensive SIGINT collection capacity, with the purpose of fostering

a greater cooperation between the Army, the Navy, and the Air Forces.[6] Yet, the outbreak of the war prevented the Canadian plan from materialising; as a consequence, Canadian intelligence remained largely part of the British war effort.[7]

Notwithstanding its modest development, Canadian intelligence witnessed some improvements during World War II. Firstly, in 1941, Ottawa established its own *Examination Unit*, whose main purpose was to intercept Axis Powers' wireless messages.[8] With regards to intelligence technology, however, Canada was still largely dependent on its former mother country, owing to the lack of own decrypting systems. Because of this, Canada "sent the intercepts on to Britain for decrypting and, in return, received what was decoded and deemed relevant for Canada."[9]

Secondly, Canada conducted its first foreign intelligence operation during the war. Canadian intelligence officers were posted to the United States "for the purpose of securing telegraph messages of intelligence value for Britain and Canada."[10] These messages included diplomatic notes, and economic messages that were accessible only within the US.[11] Finally, Canada increased its role as a more credible partner of Great Britain and the United States. Canadian contributions to the allied SIGINT effort were relatively meaningful, as intercept stations located throughout the country assisted the allied war effort in the Battle of the Atlantic.[12] In summary, Canada possessed decent intelligence capabilities before the Gouzenko revelations, yet, especially in terms of technology, Canadian intelligence was largely dependent on its more powerful Anglo-American allies.

The Gouzenko Affair: The Turning Point in Canadian Intelligence

Before the Gouzenko defection, Canada had seen the Soviet Union as a reliable wartime ally that put tremendous effort into defeating Nazism. Although the Communist Party of Canada was banned shortly after the beginning of World War II because of its opposition to the Canadian participation in the war, Communism in Canada had never been a radical threat to the Canadian national security or defence. Therefore, as Amy Knight points out, "it was the Gouzenko affair that forged the connection in many minds between domestic communism and Soviet espionage."[13] Gouzenko's revelations about a Soviet spy ring operating in Canada encouraged Canadian decision-makers to establish a stronger and more comprehensive intelligence capacity. This has been confirmed by Scott Anderson, who declares that "[t]he ensuing discovery of Soviet espionage activities in Canada led to a dramatic re-evaluation of intelligence priorities."[14]

Canada also changed its overall perception of the Soviet Union because of the Gouzenko Affair. From a peaceful ally, the USSR was gradually regarded as an enemy and a country that wanted to expand its influence at the expense of its wartime allies. After the Gouzenko defection, Prime Minister King declared: "the Russians do not intend to co-operate but to become increasingly a vast power in the Orient set against all Western Powers."[15] In order to protect its national security, Canada decided that two actions shall be taken: strengthening national security, and preventing Soviet espionage.

Therefore, the earliest development of Canadian post-war intelligence should be traced to Gouzenko's disclosure, as it had prompted Canadian authorities to use *counter-espionage* in order to investigate, detain, and sentence Soviet spies.[16] After Gouzenko revealed the existence of a Soviet spy ring operating in Canada, Canadian decision-makers established a Royal Commission—to investigate the case of Soviet espionage in Canada—empowered by the War Measures Act, the Official Secrets Act (OSA), and the Inquiries Act.[17] By using the powers of the aforementioned acts, the commission enjoyed complete secrecy about the investigation process, while at the same time it managed to "cut off contact between the suspects and their families, their lawyers, and the public."[18]

The Royal Commission assigned the Royal Canadian Mounted Police (RCMP) Special Branch with the responsibility to conduct counter-espionage, as the Branch had been quite successful in exposing Nazi saboteurs and agents during World War II.[19] Some of the practices that the RCMP employed comprised of the listing of persons—mainly from the Communist Party—who were potential threats to the national security of Canada, as well as the screening for persons, who had access to information of high significance to Canadian national security.[20] In addition, under surveillance were many foreign trade and diplomatic representatives that were visiting the country.[21]

Canadian counter-espionage effort in the early stages of the Cold War was mainly directed at eradicating Soviet espionage activities in Canada. For this reason, the Royal Commission undertook preventive action against undercover agents recruited or sent by foreign nations—these included the USSR, Cuba, China as well as many Warsaw Pact countries—working in the Canadian government and the associated institutions.[22] As a result, twenty people were investigated and prosecuted, while forty-two foreign diplomats were forced to leave the country as *personae non gratae*.[23] All of the investigated persons were culpable of spying, according to the Royal Commission, yet the Supreme Court decided that only eleven were in fact guilty.[24]

The Gouzenko Affair alerted the Canadian government of the threat that the Soviet spy ring was posing to Canadian national security. Consequently, Canada began a massive counter-espionage campaign that not only improved the efficiency of Canadian counter-espionage but also contributed to the expansion of its material capacity. Counter-espionage activities in Canada before 1945 had been largely dependent on Great Britain, whereas after the Gouzenko defection, Canadian counter-espionage increased its independence, size, and overall status.

In addition to counter-espionage, the Gouzenko affair underlined the role of Signals Intelligence as a field that Canada should maintain and further improve during the Cold War. Henderson states that, after the Gouzenko Affair, Ottawa's acknowledgement that "Canada's role in the world had changed governed Canadian thinking on reorganizing the intelligence community."[25] Canadian policymakers realised that the maintenance of a potent Signals Intelligence was a necessary precondition not only for the expansion of Canadian intelligence capacity but also for the conduct of a more autonomous intelligence policy.[26] In addition to its large investment in SIGINT in the post-war period, Canada insisted that it should occupy a more prominent position within the US-UK alliance. Canadian intelligence in the Cold War era was not a mere component of the British war strategy, but rather an element of equal importance to the CAN-UK-US intelligence group.[27]

By the end of the Second World War, Canadian policymakers were debating the role that Signals Intelligence should play after the end of the conflict. Officials of the Department of National Defence were advocating for more comprehensive post-war intelligence services, whereas diplomats and representatives of the Department of External Affairs resisted the idea of creating a complex intelligence unit.[28] The Department of National Defence prevailed, as the Gouzenko Affair of 1945 suddenly "prompted a more expansive approach to SIGINT strategy."[29]

The Gouzenko revelations spurred a number of significant developments in the Canadian Signals Intelligence. First, in December 1945—only two months after Gouzenko's revelations—Canada decided that an establishment of a civilian Signals Intelligence facility would be necessary. As a result, the*Communications Branch, National Research Council* (CBNRC) was brought into operation in September 1946.[30] In addition to the CBNRC, the*Canadian Joint Intelligence Bureau*, whose purpose was "to collect, study, and disseminate various types of intelligence,"[31] began to operate in 1947.[32]

As the Gouzenko Affair "highlighted the importance of SIGINT as a counter-espionage tool,"[33] Canada decided to expand CBNRC's personnel by more than two times within only five years; consequently, by 1951 the CBNRC's staff consisted of more than 450 employees.[34] Nevertheless, most members of staff were men with no university or college education, and this undoubtedly decreased the efficiency of the Council in its first five years of operation. Canada obtained necessary technology from the U.K. and the U.S., so that it could improve the skills of its intelligence personnel in the future.[35] As cryptanalysis had become an increasingly important element of Canadian Signals Intelligence in the early years of the Cold War, "CBNRC provided the mathematical and cryptological skills to decipher intercepted Soviet bloc communications."[36]

It is worth briefly mentioning that in the years to follow, the Canadian SIGINT witnessed a restructuring of its main units. The functions of CBNRC were transferred to the Department of National Defence in 1975.[37] Subsequently, the Communications Security Establishment (CSE) was created, which was administered under the Department of National Defence, but whose policy direction was given by Canada's central governmental agency—the Privy Security Council.[38] CSE was a secret agency throughout most of its history, only legally recognized in 2001.[39]

In addition to its domestic improvement, Canada's Signals Intelligence evolved also through the country's

participation in the U.K-U.S. alliance. Ottawa concluded a number of significant agreements with its two main allies regarding a greater inter-allied intelligence cooperation. In 1948, Canada and the United States concluded the *Canadian-US Communications Intelligence Agreement* (CANUSA), which "established parameters for bilateral exchanges of communications intelligence, and provided further impetus for Canada to expand its involvement in SIGINT partnerships."[40] The participation of Canada in the intelligence community after World War II contributed not only to the overall allied intelligence capacity, but also to the enhancement of Canadian domestic security and intelligence services.[41]

In the first ten years after the Gouzenko affair, Canada concentrated its SIGINT effort on intercepting communications by Soviet air defence and air forces.[42] The geographic location of the country provided it with the perfect means of achieving the aforementioned task: Canada's territory lies between the Pacific and the Atlantic oceans, which allowed it to place a number of *High-Frequency Direct Finding* (HF-DF) intercept stations along the two seaboards.[43] Interception of long-distance communication was a major element of Canadian SIGINT capacity prior to 1970—the period when Canadian SIGINT accomplished its greatest contributions to the Western alliance.[44]

The high Canadian SIGINT performance after the Gouzenko affair was complemented by the Canadian engagement in "clandestine in-country monitoring of Soviet communications."[45] Such an activity was later conducted in other authoritarian states, as in-country SIGINT operations became an effective, highly secured way of obtaining valuable information regarding the intentions of Soviet authorities and decision-makers.[46] Overall, by comparing the pre-Cold War Canadian intelligence to that of the post-1945 period, it becomes evident that the Gouzenko Affair had a profound impact on the development of Canadian SIGINT. The defection of the Soviet cipher clerk not only obliged Canada to expand the size of its SIGINT capacity, but also caused a higher recognition of the Canadian intelligence internationally.

In addition to counter-espionage and Signals Intelligence, the contribution that Canada made to the North Atlantic Treaty Organization is also worth examining. Canada was a signatory to the 1949 North Atlantic Treaty, and further remained a staunch member. The reason as to why the Canadian participation in the North Alliance is significant to the development of Canadian intelligence is because "NATO has maintained a high level of intelligence sharing among its member-states since its inception."[47] Notwithstanding its military character, NATO was an important mechanism through which Canada could share SIGINT practices with other members, thus improve its ranking in the international intelligence community. Consequently, by looking at the two periods—prior and after the Gouzenko defection—one can easily observe that the Canadian intelligence services improved significantly as a result of the Gouzenko Affair: Canada demonstrated progress in terms of the size, the technology, and the scope of its intelligence capabilities.

Conclusion

The above demonstrated that the Gouzenko affair was an important event for Canadian intelligence capabilities, as it particularly had a profound impact upon Canadian counter-espionage and Signals Intelligence. Counter-espionage began to make progress immediately after the Gouzenko defection, as it was the necessary counter-action against the Soviet spies in Canada. Tens of suspects were investigated, prosecuted, and detained by the Royal Commission, while several detainees were even convicted of spying by the court. The field in which Canada improved the most, however, was Signals Intelligence. The Gouzenko Affair was an alarming event that highlighted the role of SIGINT in national defence and security. For this reason, Canadian decision-makers decided to establish a number of SIGINT facilities and units, while simultaneously increasing Canada's independence within the Canadian-UK-US alliance system.

Without the Gouzenko Affair, Canadian intelligence might not have reached the high level that it maintains today. As mentioned above, the more powerful Department of External Affairs rejected the idea proposed by the less potent Department of National Defence for the establishment of a comprehensive SIGINT network after the end of the Second World War. Gouzenko's revelations, however, outweighed the decision of the Canadian government in

favour of the Department of National Defence.[48] Canadians, therefore, shall not forget the legacy of Igor Gouzenko — a person whose decision to defect certainly had a crucial impact upon the high level of security citizens enjoy today in Canada.

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