

## **Canada's Accession to the Allied Intelligence Community 1940-45**

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### **INTRODUCTION**

Intelligence is like witchcraft; you have to be accepted by the community in order to practise it.<sup>1</sup> No amount of wishful thinking will gain you entry to the trade. Doors are opened only after the prospective entrant has demonstrated that he has something to offer the community and this was Canada's experience with the Allied intelligence network during World War II.

As a member of the British Commonwealth, Canada received the regular reports of the British Foreign Office through the Dominions Office. It also had its own small network of posts abroad.<sup>2</sup> From neither source did it receive information acquired through allied intelligence which meant Canada entered the war without being privy to these secrets. At the outset of the war, censorship of all mail, and especially that going to and from internees in Canada, provided some contact with British intelligence officers. Such information was, however, generally of more use in psychological warfare than operational intelligence because of the slowness with which it was processed. The monitoring of uncoded messages being sent to enemy embassies and consulates in Canada provided additional information but these intercepts were not important enough to justify a Canadian request for access to high-level allied intelligence networks.

The only other asset that Canada had to offer the intelligence community was its contribution to the interception of enemy wireless telegraphy. Since 1925 there had been a wireless intercept station at Esquimalt but this was really a British Admiralty operation for which Canada merely provided the real estate. Canadian scientists at the National Research Council had also made an important contribution to the technical aspects of this work by demonstrating to the British that the cathode ray tube could be used as a visual indicator for determining the direction finding bearings of enemy ships. Important as this discovery was, it did not bring Canada into the intelligence network.

Two consequences resulting from the fall of France in 1940 suddenly made Canada a more valuable ally, for Britain now needed Canada first as a base for recruiting and training new intelligence agents and second for monitoring Vichy's wireless telegraphy. In the spring and summer of 1940 conventional armed resistance in Western Europe was collapsing under the onslaught of the Nazi juggernaut. With Hitler's capture of Paris, the British Secret Intelligence Service lost, almost overnight, its professional European agents and, after the withdrawal at Dunkirk,

there was no longer direct means for assisting British collaborators behind enemy lines. To continue the fight, the British desperately needed material assistance from North America and assurance that South America would not fall victim to Nazi propaganda or subversion.<sup>3</sup>

### **DEVELOPING BRITISH SECURITY COORDINATION**

In those dark days when Hitler was amassing his forces for a strike across the English Channel, Churchill appointed a tough and experienced Canadian, World War I veteran William Stephenson, to establish what later became known as British Security Coordination (BSC),<sup>4</sup> headquartered in New York City. Although this location had the advantage of being at the hub of the free world's commercial and communications centre, it was also in a neutral country. United States' neutrality entailed a ban on having its citizens working for belligerents in a foreign war. Stephenson, who needed a safe and disguisable boot camp for gathering together prospective BSC subversive agents, had to turn back toward Canada. Stephenson's initial contact in Ottawa came through a Montreal businessman, Charles Vining, who was soon to head the Wartime Information Board.<sup>5</sup> At that time, however, he was working for Prime Minister Mackenzie King studying methods of developing a sympathetic public appreciation in the United States, of Allied, and more particularly Canadian, war efforts. Vining feared that the ever-cautious King would either reject outright the BSC proposal for a transit camp in Canada or hamstring its operations by government controls. Accordingly it was to Colonel Ralston, the Minister of National Defence, that the idea of a camp was first presented. Ralston agreed with Vining's assessment of the Prime Minister and undertook personal responsibility for the BSC base in Canada should any difficulty or publicity surface.

Because BSC was a civilian organization Ralston chose to make External Affairs, rather than his own military intelligence units, its point of contact in Canada. Within External Affairs Norman Robertson<sup>6</sup> was chosen as the liaison person with BSC. Robertson was an obvious choice because of his extensive work with enemy aliens, earning him the somewhat exaggerated title of "Departmental secret-service operative."<sup>7</sup> Contact with Robertson was made through a Toronto stock broker, Stephenson's trusted agent in Canada, Tommy Drew-Book. Robertson found the proposal for a safe boot camp for training allied saboteurs and subversive agents a little venturesome and hesitated to approve such an open-ended operation. For one thing, the RCMP would have to be consulted and he was worried about how to handle trainees in civilian life after the war. As Robertson realized only too well, some of the skills required of BSC collaborators were likely to be of use in peacetime in illegal or covert activities. How Robertson's initial suspicions were overcome is not known but within a few days approval was given and in an incredibly short time land was made available near Oshawa through the efforts of George Drew, the Leader of the Conservative Opposition in Ontario. In the autumn of 1940 the Country House, or Camp X as it has now become known, became operative. The Country Home was essentially a British operation, supplied and guarded by the Canadian army.<sup>8</sup>

After the installation of Hydra<sup>9</sup> to link it up with British secret intelligence operations around the world, it was camouflaged as an operation of the Canadian Broadcasting Corporation.

Few Canadians knew what was going on inside the Country House. The main operational tie with the Canadian Government was initially through Robertson but, after he became Under-Secretary of State for External Affairs in February 1941, it was transferred to Tommy Stone. Stone was External Affairs' colorful expert on economic warfare and censorship.<sup>10</sup> He was instantly at home in Stephenson's world of intrigue. Stone put into action the plans for acquiring the information, personnel, and materials that BSC needed and used his considerable ingenuity to obtain such things as an Italian typewriter with distinctive keys or a Spanish-speaking Canadian newspaperman who, because of his experience, could act as a BSC reporting agent in Latin America. Stone also coordinated assistance from the RCMP and National Defence in acquiring yellow-fever serum, in instructing customs and immigration officials to overlook certain irregularities in trans-border shipments, in buying clothes that had authentic European labels from Canadians who had recently been abroad, and in producing materials for forged letters.<sup>11</sup> The execution of these plans involved hundreds of Canadians who loyally supplied and worked on fabrications and forgeries without ever knowing their end-use. Sufficient was the knowledge that they were needed for the war. Although he headed Stone's department, the Prime Minister chose to know as little as possible about these activities,<sup>12</sup> yet the conduct of these activities made Robertson one of Stephenson's trusted advisers, and helped Canada become a part of the intelligence community. Once Ottawa acquired the necessary telecrypton machinery Robertson and Stephenson were in almost daily contact with each other.

## **OPERATIONAL INTELLIGENCE AND CRYPTOGRAPHY**

The BSC connection was not the only link which Canadians were developing with allied intelligence operations. Quite independent of this link, Canadian naval intelligence officers were making progress in their studies of German naval telecommunications. Devastating losses of allied shipping to German submarine attacks made their work imperative. So, too, did the collapse of France, as the British Admiralty requested the navy to monitor French naval frequencies in the hope of discovering what was to happen to the French Fleet.<sup>13</sup> By February 1941 the Canadian Navy was able to issue its first intelligence summary. When the Germans bombed the British Admiralty, Canadian naval headquarters quickly expanded its work into a full-scale Operational Intelligence Center. The army, air force and the Radio Division of the Department of Transport were also using their receivers to provide the British with information for operational intelligence. Such information played an important part in mounting the successful attack on Germany's giant battleship, the Bismarck, and as the British High Commissioner told Norman Robertson, their "efficiency in intercepting enemy secret service wireless telegraph traffic is well known and is most highly valued."<sup>14</sup> Nevertheless, most of this was just transmittal work for

the British who produced the real intelligence reports. For Canada to produce its own studies a cryptographic facility would be required.

In November 1940 the Chief Signal Officer of the United States Army strongly recommended to Captain Drake of the Royal Canadian Corps of Signals that no time should be lost in developing a cryptographic bureau in Canada.<sup>15</sup> The Corps was intrigued by the possible uses of information obtained through such an operation, particularly for combating the growing German U-boat menace in the North Atlantic. The Corps' proposal for a two hundred member cryptographic branch was considered too costly by the Canadian Joint Chiefs of Staff to be implemented immediately. Instead, British facilities were deemed adequate and, should they be interfered with, it was reasoned that Canadians could always use American facilities.<sup>16</sup> In the meantime, information being gathered by coastal wireless intercepting stations would simply be relayed to the grateful British for cryptanalysis.

Not willing to accept this rebuff, Drake put the idea of a Canadian cryptographic unit to Stone, reasoning that External Affairs would have to be involved if diplomatic codes were eventually to be broken. Stone was keen and so was Robertson who, from the normal postal intercepts that he had seen in connection with the activities of enemy aliens, was fully aware of the gaps in intelligence gathering operations. Because American officials advised against fostering inter-service rivalry by having such an operation linked too closely with any particular branch, Robertson suggested that it be housed with the National Research Council.<sup>17</sup> This move would be more practical, too, from the point of view of secrecy. First, the Council's acting President was already aware of the interception work through the Council's scientific experiments, but, of greater significance, such work would be less conspicuous under the auspices of the Council since its personnel would not come under the open hiring procedures of the Civil Service Commission.

Contacts of the acting chief of the Council led to an invitation being issued in April 1941 to University of Toronto Professor Gilbert Robinson, to consider what might be done in the field of cryptanalysis. Robinson was a brilliant mathematician but he had no experience in cryptanalysis, nor had any other Canadian. Having sought the advice of a university colleague who had some contacts in Washington, Robinson and he set off in search of know-how. Their original Washington contact suggested that they enlist Herbert Osborne Yardley, a recognized expert from the defunct American Cryptographic Bureau and something of a buccaneer, who lacked discretion and tact. After receiving the Distinguished Service Medal for his work, Yardley had become disgruntled over the President Hoover's refusal to sanction eavesdropping on the messages of other nations and broke all rules of the trade by publishing "The American Black Chamber," an account of how the MI-8 operation worked before its demise in 1929.<sup>18</sup> Nevertheless, Yardley did know how the intelligence community worked and, because he was one of the world's leading cryptographers, Ottawa scooped him up. Mindful of Yardley's past indiscretions, however, it was decided that

while in Canada he would be 'undercover,' rather weakly disguised as Herbert Osborne.

In June 1941 a Canadian cryptanalysis operation came together in what was called the Examination Unit of the National Research Council. It was located in the sprawling house next to the prime minister's residence on Laurier Avenue, where additional security precautions would not seem out of place. Stone was made chairman of an interdepartmental committee which would oversee the Examination Unit's operations and assist Robinson in recruiting Canadian staff. Staff needs were determined by the codes to be worked on. The sophisticated military ones, that later caught people's attention as "Enigma," "Ultra" and "Purple," were ruled out because the Canadians had no cyphering or decyphering machines and even the expert, Yardley, was not qualified to use them. Moreover, the only Canadian source of intelligence initially available were the encyphered diplomatic cables that came to and from foreign missions and consuls in Ottawa and what messages could be picked up by the newly installed wireless receiver of the Signals Corps in Ottawa. Entry into the wider network of intelligence-gathering would require the cooperation of William Stephenson. But what could the fledgling Examination Unit do for BSC in return?

Because BSC was initially intent on completing its identification of German agents and U-boats operating in Latin America and Ottawa's wireless interception facilities happened to be in one of the best locations for picking up messages to Latin America, Stone was hopeful that a mutually beneficial arrangement would evolve.<sup>19</sup> The problem was that the job of monitoring German agents in Latin America was scheduled to pass from Britain to the United States, and that meant that good Canadian facilities would become redundant. To prevent this, Stephenson persuaded Stone and Robertson that the Examination Unit should instead begin to work on Vichy's diplomatic communications, for which Canadians possessed the requisite linguistic skills.

### **THE EXAMINATION UNIT AND VICHY**

The Vichy assignment appealed to both Stone and Robertson who believed that the magnitude of Canada's contribution to British survival was dependent to a large extent on the fate of France. The northern half of France was securely in the hands of the Germans while Vichy, the unoccupied southern half, appeared amenable to collaboration with the Nazis. Vital to national unity and to the Canadian war effort was the question of whether the Province of Quebec would rally behind the remnant of Free French in London or side with the Vichy Government. For those French-Canadians who disdained Canadian participation in what they chose to regard as Britain's imperialistic struggle, Vichy's stand was commendable.<sup>20</sup> If that attitude became too prevalent, however, a strong and possibly violent back-lash could be expected from bitter anti-Vichy Canadians who wanted France revived to fight and to be returned to French control.

External Affairs was weighing these factors in relation to General Vanier, Canada's Minister to France who had, by this time, removed to

London. If he were to return to France there were bound to be protests on the domestic front. The Free French presence in London as an alternative French Government made it impossible for the British to remain on good terms with Vichy, even if they had so wished. Yet, the British did want to keep a close eye on Vichy, as did the United States, because of a concern about the disposition of the French fleet and colonies. Thus, domestic and international circumstances led Canada into a compromise whereby Vanier would retain his title but return home, while his deputy, Pierre Dupuy, would reside in London as *chargé d'affaires* in between visits to Vichy. This, in turn, would leave Vichy free to retain its legation in Ottawa, the purpose of the whole maneuver. Despite the expected public back-lash against a pro-fascist Vichy representative in Ottawa, it was important that the legation remain open if the Examination Unit was to have sufficient communications to intercept.

During the summer and autumn of 1941 the Examination Unit grew rapidly to a staff of twenty-five. Robinson had brought in some of the his associates from the mathematics and French departments at the University of Toronto. Ironically French-Canadians were not originally employed because someone had doubted their allegiance. All those handling the French traffic had English as a mother tongue until the summer of 1942 when the policy was relaxed and Stone used a contact in censorship to recruit French-Canadians.

The Examination Unit, however, had a much more fundamental problem. Some success in decyphering messages had been realized as early as October 1941 but Robertson advised King that better access to traffic and allied code-breaking information was needed if the Unit was to become really effective.<sup>21</sup> Yardley had not been as useful as had been expected and Robinson, who had been working largely on his own, had gone about as far as he could in trying to decypher Vichy messages. Thanks to some basic training in Washington and to his innate mathematical wizardry, the simple diplomatic codes used by the Vichy Minister in Ottawa had been broken, but there was no way of making sense out of communications in cypher without knowing the words to substitute from the Vichy code books. A list of the words to be substituted could be built up but it would require years of painstaking analysis of thousands of messages. Help from the British and Americans, who had advanced further in developing their versions of Vichy code books, was sought but denied. This was the state of affairs in the Examination Unit when the question of the future of St. Pierre and Miquelon arose in the autumn of 1941.<sup>22</sup>

At various times the British had pushed for a Free French take-over of the two islands off the coast of Newfoundland although the United States wanted nothing of the sort for fear that such an action would provoke problems in the French West Indies. The necessity for allied agreement on the fate of the islands was confirmed by an RCMP report of a powerful radio transmitter on St. Pierre which, in the wrong hands, could give Vichy and the Germans valuable information pertaining to allied convoys moving into the North Atlantic. On Robertson's instructions the navy had already seized a French fishing vessel with wireless

telegraphy equipment used to transmit the whereabouts of British ships to the Germans. King seemed reluctant to antagonize either the British or the Americans; he was surprised therefore when, without prior discussion with himself, Robertson submitted a scheme of Tommy Stone's for Cabinet War Committee approval. The plan called for sending a Canadian corvette to seize the wireless station and Stone's "putsch," as it was known, gained support in the Cabinet War Committee before King aborted it by vetoing the use of a corvette.

For Robertson, the risks of leaving the station in Vichy hands seemed far greater than King's concern that a Canadian seizure would serve as a pretext for German reactions elsewhere.<sup>23</sup> If only the Examination Unit could provide information that would verify reports from Stone and a Free French agent in Canada, Elisabeth de Miribel, regarding Vichy's true intentions, then the stubborn King might revoke his veto of Stone's mission. Robinson and his colleagues were instructed to work all the more feverishly but to no avail. The Vichy cypher eluded them as they puzzled over the two or three long telegrams that the Vichy minister received each day.<sup>24</sup> Nor were they able to get any clues from other Vichy messages being picked up by the Department of Transport's station in Forest (later Winnipeg), Manitoba.<sup>25</sup> External Affairs tried to persuade American officials that closer cooperation with the Examination Unit could be beneficial to both countries but they were told that this could not happen as long as Yardley remained in charge. They had never forgiven him for his earlier indiscretion and to make matters worse, it was now rumored that he had been contacted by a German agent. Clearly, Yardley would have to go if the work was to advance further.

Fortunately for the Examination Unit, the British were willing to send a competent replacement though they had their own reasons for wanting to develop Canadian capabilities. Once the United States had entered the war, the British had begun looking for means of dividing work on intercepts by region. It was geographically impossible to intercept trans-Pacific traffic from the United Kingdom and it was taking too long to transmit to London all the direction finding bearings and wireless telegraph inferences from Canada's west coast stations. With Japan in the war, the entire Pacific Ocean needed to be covered and the British had neither the trained personnel nor the equipment for such an undertaking. The request for Canadian assistance came with the promise that "any help which the United Kingdom authorities can give in regard to Japanese technique or other matters is at the disposal of the Canadian authorities."<sup>26</sup> For the Examination Unit, this help came in the person of Colonel Strachey who replaced Yardley in January 1942.

Both British and United States cryptographers now shared their keys to Vichy codes as well as copies of intercepts that BSC had obtained from their receiving stations. Soon after Strachey's arrival, came the big breakthrough as BSC acquired actual copies of the Vichy code books and passed them on to the Examination Unit. The Unit could now perform a more worthwhile service in identifying important intercepts that would assist the Allied planning for the invasion of North Africa in November

1942. Reports from the Examination Unit further ensured that Ottawa was somewhat better informed about what the enemy was doing.

As Strachey was getting the Vichy traffic organized, there was a pressing need for getting further into Japanese interception. The Canadian navy had developed some expertise in this area and with allied assistance the Examination Unit was able to read low level Japanese codes by November 1941. Further, through the Point Grey, British Columbia, station operated by the Department of Transport, Canada had the capacity to receive important diplomatic traffic that could not be picked up in other parts of the British Empire.

As the Examination Unit expanded its work there was increasing concern over the duplication of effort, not only among the armed forces but also among the allies, with the fear that too little was actually being accomplished. With the American entry in the war, the British had felt a need for the rationalizing and coordinating of allied efforts. Early in 1942 they offered to help the Canadians coordinate Canadian intelligence work under a national "Y" Committee similar to their own operation. The great advantage of the British "Y" organization was that it linked the armed forces operations together with those of the Foreign Office and the Radio Security Service in order to avoid duplication and to meet the requirements of the approximately two thousand British cryptanalysts. On Britain's suggestion, in April 1942 the United States-British Radio Intelligence Conference met to assign frequencies and arrange for the exchange of naval, military, air, diplomatic and commercial wireless intercepts to the mutual benefit of the national "Y" organizations that the British were urging both Canada and the United States to adopt.

The Canadian delegates to the Washington conference were so impressed by the British proposal that before the British "Y" mission under Captain H.R. Sandwith had reported on his study of Canadian operations, a Canadian Y Committee composed of army, navy, air force and External Affairs representatives had been established to report to the Chief of Staff. It met regularly from May 5, 1942 onward and divided its work between a technical sub-committee and an Operational Y Committee under Stone's direction. It was this Y committee that provided the impetus to implement Sandwith's recommendations for more equipment and personnel, and for greater distinction in the roles of the various service operations.<sup>27</sup> As a result, the army's Discrimination Unit<sup>28</sup> which distinguished significant from insignificant messages was moved into the same building as similar units from the navy and air force. The Foreign Intelligence Section of the Canadian navy, which was working on low-grade Japanese traffic, was transferred to the Examination Unit. The Signals Corps was given permission to upgrade its interception facilities so as to take over all diplomatic frequencies. Henceforth all messages received from the nineteen Canadian receiving stations were channelled to the Examination Unit.

It was one thing to learn more about the enemy's activities, it was quite another to make effective use of this information. For External Affairs the main task was to devise some means of utilizing political and



long-range intelligence. Previously, when intelligence and security matters had surfaced from time to time at External Affairs, they had been surveyed by Robertson and dealt with by Stone. But Stone did not have time to keep adequate control of operations, and raw intelligence coming from the Examination Unit was placed in a broad context where its significance could be appreciated in making foreign policy decisions. External Affairs needed analyzed, rather than raw, intelligence which might be integrated with that coming from other sources.

As a result of an investigation of this dilemma by George Glazebrook,<sup>29</sup> a special wartime assistant loaned to the Department by the University of Toronto, and through the urgings of Stephenson, a Special Intelligence Section of External Affairs was formed within the Examination Unit in September 1942. The new section's mandate was to prepare, from the Examination Unit's material and other sources, intelligence reports on Japan and the Far East.<sup>30</sup> The section's first assignment was to summarize and digest the information being churned out by the Examination Unit, then determine what was of sufficient political importance to justify the production of an analytical and interpretative report.<sup>31</sup> Robertson also hoped that members of the section would develop an expertise which would enable the department to refer questions to them that would otherwise require considerable research. Before long, the Special Intelligence Section was being given specific research topics, such as, the possible effect of the acquisition by Germany of Spanish wolfram for use in hardening steel. Both External Affairs and British Security Coordination assigned projects to the section. The main limitation on its work was that of size since it never had more than two officers and three support staff. Throughout its operation it was headed by Herbert Norman,<sup>32</sup> an obvious choice because of his scholarly instincts, and the department's expert on Japanese affairs. His assistant handled the French and Spanish language portions of the work and other unrelated subjects.

Stone hoped that by making the work of the Special Intelligence Section available, Canada would come to share in the secrets of allied intelligence from which it had been hitherto excluded. Because of the secure communications link with New York and Washington an exchange of intelligence reports did take place but the flow seemed largely in one direction. In part this was a matter of size since the total Canadian operation was miniscule in comparison to the British. The Examination Unit had neither the experienced staff nor the machines needed to get into more sophisticated work, even if Canada's allies had been agreeable which they were not.

Precisely how important the section's work was is difficult to measure since other considerations were weighed along with the reports themselves when it came to making decisions. It certainly gave officials a wider perspective on international events than they could otherwise have acquired and advance insight on positions to be taken at important gatherings. Through this channel, for example, Ottawa was forewarned of positions to be taken at the Yalta meeting and the San Francisco

Conference that gave birth to the United Nations.<sup>33</sup> It was also better able to understand the differences between the British and French positions on the Middle East.

At a time when it was difficult to assess the impact the war was having on morale in Japan, the section did provide External Affairs with useful studies based on the unit's decyphering of intercepts of Japanese diplomatic traffic to small countries. Because of his recognized skills in the language and his knowledge of Japanese history and philosophy, Norman was accepted by British and American officials who allowed him to check his political analyses against their own. Colonel William Donovan's American Office of Strategic Services was an avid consumer of Norman's work. The Canadian services, as well, were guided by his analysis in making their assessments, and these became vital in 1943 when Japan was in the ascendancy in the Pacific. Through these reports Norman was able to direct Canadian thinking on post-war Japan and he would later be charged with translating this into policy.<sup>34</sup>

The single most important message that the unit worked on during the war was the Vichy signal to Admiral Robert to scuttle the French fleet lying at anchor off the Caribbean island of Martinique. The presence of French facilities and equipment in the Caribbean became a vital factor in the struggle against German submarine activities in 1942. A German submarine had visited Martinique in February. In May the United States demanded that Robert's ships be totally immobilized by the removal of all ordnance. In addition all merchant ships and gold that had been transferred to Martinique were to be turned over to the allies. In return for these concessions the United States would recognize Robert as the ultimate governing authority of Martinique and other French possessions. To prevent this arrangement from coming to pass the Germans persuaded Vichy Prime Minister Pierre Laval to scuttle immediately the French fleet and it was the Ottawa intercepting station that picked up Laval's orders. Once decyphered and decoded by the Examination Unit the message was given to Robertson who alerted the Americans. In the end, no intervention was required as Robert refused to carry out Laval's orders.

It is of note that this interception occurred at the very time when King was under intense public pressure to expel the Vichy Minister from Canada. The main reason for not doing so was contained in a memorandum from Robertson: "Vichy is a listening post where military as well as political information can be obtained on France and the whole of Europe. It is impossible for the United States Embassy in Vichy, or their Consulates in the unoccupied zone to obtain all the information available."<sup>35</sup> This reason overshadowed the need to protest against Laval, to maintain unity among Commonwealth members and to satisfy public opinion in Canada. Thus the Vichy Minister would be allowed to remain in Ottawa until November 9, 1942 when the political necessity for breaking off relations became overwhelming. There was no doubt that in this instance, and others, the Examination Unit had made at least a minor contribution to allied intelligence. It also justified the Examination Unit's continuance of work on French traffic until July 1945.<sup>36</sup>

Information from the Special Intelligence Section played a role in opening up a new activity for the Canadian Government. Official United States dislike of all things associated with de Gaulle was well known and when Stone saw de Gaulle's plans for post-war administration, he realized there was bound to be trouble. Stone and Glazebrook hoped to lessen the potential for friction between France and the United States by having Canadians ready to assist the French in civil administration when the Nazis withdrew. The two persuaded the military to set up a Canadian Civil Administration Staff Course at the Royal Military College in Kingston. Glazebrook designed the course of study and periodically inspected its operations, though most of the instructors came from the military.

There were, of course, limitations on the Examination Unit's effectiveness. By the time intercepts from stations around the world reached Ottawa, too often the events described had already taken place. Late in the war the Unit tried to overcome this handicap by sending liaison officers to a few of the intercept stations in the hope of speeding up the process of distinguishing the significant from the routine. Even then, it was only on rare occasions that the Unit could have a message ready within three days of its having been sent. There was also the problem of deciding which messages merited the laborious task of decyphering and decoding by hand when only a small number of them yielded useful information. In spite of much talk about allied jurisdictions, Canada's efforts were primarily directed toward material being worked on by the other two countries. Therefore, the comparative studies produced by the Special Intelligence Section regarding Japanese and French diplomatic reporting from and to Indo-China, were mainly useful in the event of something being previously overlooked. For example, in March 1942, from information obtained through the Examination Unit, the Canadian legation was instructed to inform Washington that a certain professor was seeking a post in a British colony or dominion as a Vichy propagandist. In passing on the information to American intelligence, the Canadians were sure that the messages from which it had been derived would not have been decyphered elsewhere. Much to his surprise, Strachey later learned that BSC had already passed on the message to the Office of Strategic Services in Washington.

By 1944, the Unit had grown to encompass forty-five staff members thanks to the recruiting of classicists and chess players — people who could think in cypher — by Glazebrook. Nonetheless, Robinson was convinced that, had there been more staff in the Unit, material available could have been better exploited. However, this would really have required a more concerted Canadian effort than was forthcoming. With Robertson's support Stone did succeed in having the "Y" Committee approve (May 1944) his proposal for a more comprehensive policy-making body that would join the Y and Examination Unit Committees together. While the three service units had gradually come to work with each other they continued to answer to different authorities. Stone's proposal was aimed at the creation of a single unified body.<sup>37</sup> In fact, he thought of it as a Canadian equivalent to the British Government Code and Cypher

School ("school" was something of a misnomer and it also served as an operations centre) at Bletchley Park. The Chiefs of Staff steadfastly rejected all efforts at consolidation while the government made it clear that it would not run a centre similar to Bletchley Park.<sup>38</sup> Stone's posting to England in June 1944 deprived the "Y" Committee of its driving force. When a special "Y" subcommittee later recommended an amalgamated operation under a civilian director, the parent committee failed to advance the proposal. It was clear that Stone's plans for a major operation were stillborn. Before long the armed forces went their separate ways and External Affairs was powerless to do anything more on its own.<sup>39</sup> Partly because of the disintegration of effective "Y" work on Japanese traffic and partly because its experienced manpower was needed elsewhere, External Affairs pulled its Special Intelligence Section out of the Examination Unit in January 1945.<sup>40</sup>

### **POST-WAR OPERATIONS**

On a cost-benefit analysis the usable returns were low, yet they had warranted the Examination Unit's continuation throughout the war. Canada had come a long way since 1939 when it entered a war without the benefit of any intelligence beyond External Affairs reports from its few posts abroad and the sanitized information that the British sent out to the Dominions.<sup>41</sup> As Robertson wrote to Professor Robinson when his erstwhile colleague returned to university teaching: "I do not think that when we started this work we had any realization that it would be so satisfactory and that the returns from it would be as valuable as they have been."<sup>42</sup> By far the most important aspect of all this activity was Canada's move into the arena of diplomacy. At a "Y" Committee meeting held on July 6, 1945 (subsequent to the end of the European War) it was noted that "In the case of Diplomatic and Commercial Coverage, External Affairs should state the countries in which they are interested. While External Affairs carries on at present a small amount of this type of work---[it] does not intend to increase the scale of operation for at least 10 to 20 years, due to the very high cost involved."<sup>43</sup>

More important at that time seemed to be the role which a secure communications network with London and BSC played in keeping Robertson and King informed of Vichy's attempts to recruit agents who would advance its cause in Quebec, an issue that was vitally important in terms of national unity and French-Canadian attitudes toward the war effort.<sup>44</sup>

It was the link between the Examination Unit and BSC which later rescued Canada from a colossal embarrassment when an extensive spy ring was revealed by the Soviet embassy defector, Igor Gouzenko.<sup>45</sup> Ottawa was dumbfounded in September 1945 by Gouzenko's revelation that a Soviet spy-ring operating in Ottawa had knowledge of the atomic bomb.<sup>46</sup> Seemingly, no one had ever suspected that the Soviet Embassy was engaged in anything beyond normal diplomatic activities. There had been no trouble, no surveillance, and the Examination Unit had no keys to its diplomatic traffic. Yet, Gouzenko identified spies in the State Department in Washington, the atomic research laboratories in

Montreal, and in External Affairs itself. Emma Woikin, a cypher clerk, was writing down, by memory, summaries of an untold number of messages to be passed on to a contact. A registry clerk in the British High Commission was also passing on information. Were there other spy-rings operating in Canada? Gouzenko did not know. With both the British and External Affairs communication systems compromised, it seemed that arrests would have to be carried out immediately before other possible collaborators could be identified. Much time would be needed to work out the full story, to locate all the contacts and to ensure concerted action by the British and Americans who were also involved.<sup>47</sup> Fortunately, there was the secure BSC link which prevented the Soviets from discovering the immediate consequences resulting from the disclosures, thereby providing enough time to ensure that other suspected collaborators were identified, not only in Canada but elsewhere. This one incident more than justified Canada's expenditures on intelligence gathering and communication.

The Gouzenko episode served to reinforce the arguments against dismantling the wartime intelligence gathering operations. It also foreshadowed a new war — the Cold War in which entry into Allied intelligence networks was vital not only for Canada's security but also for its diplomacy. Successful conference diplomacy was dependent upon knowing what others knew and were planning. If Canada was to present realistic proposals, its diplomats would have to consider the information that the Big Powers used in reaching their decisions. Alone it would have taken Canada years to acquire such information. Now the country was on the inside track. During the golden decade of foreign policy after the war, Lester B. Pearson and his colleagues spoke from an authoritative base that commanded respect among the allies.<sup>48</sup> None of this would have been possible had it not been for Canada's contribution to allied intelligence gathering during the war and the expertise that this wartime experience enabled the country to develop.

## CONCLUSION

Whether Canada used this good beginning to face effectively the challenges of the cold war is quite another story which will have to be told elsewhere. But, from an intelligence point of view, several lessons can be learned from this examination of the emergence of a middle power into the mysteries of international diplomacy.

In the first place it is striking to note how much necessity influences intelligence matters. When policy events took place, such as the fall of France, then suddenly Canada took on a new geographic and strategic significance. The Vichy government's presence in Canada, the disposition of St. Pierre and Miquelon and the potential scuttling of the French fleet at Martinique, were all events which merged allied intelligence needs and wherewithal with Canadian resources. These events, along with the Canadian response to them, would condition Canada's acceptance into that intelligence community.

Second, it seems to be an axiom of international politics that great

men make way for great events. It follows that great intelligence officers make things happen. In Canadian intelligence, William Stephenson seems to have given the impetus to the Canadian product through BSC, Camp X and the connection with External Affairs. Stephenson alone would not have been enough and so the role of Norman Robertson becomes very important, especially since, besides overseeing the Canadian intelligence scene, Robertson also recruited both Tommy Stone and George Glazebrook. Stone was a gifted administrator who worked hard to develop a Canadian intelligence establishment. He was succeeded, in 1944, by Glazebrook whose gift was policy advice and recruitment. Nevertheless, both Robertson and Glazebrook resisted the growth of a Canadian intelligence service because of the cost. Stone had the vision for it but he was shunted off to the Allied Governments in Exile in Great Britain in 1944. The British specialist seconded to the Examination Unit, Colonel Strachey, was of great benefit to Canada and Herbert Norman may have been the country's finest evaluator of intelligence as it pertained to policy in the Far East. But without ambitious leadership neither positive nor negative intelligence could develop as an adjunct to policy-making. It is believed that Allen Dulles approached Glazebrook in 1946 or 1947 with a view to urging the creation of a Canadian C.I.A. (Interestingly, Kim Philby may even have taken part in the discussions.) However, after 1945 no one gave the necessary leadership to the Canadian intelligence community and much ground was lost.

Third, appropriate organizational response and rationalization of disparate military and civilian arms of intelligence must be the catalyst for making intelligence meaningful to the policy-maker. There is no doubt that BSC had a spill-over effect in creating the Examination Unit. The interaction of these last two in turn paved the way for the "Y" Committee and the Special Intelligence Section. For intelligence to inform policy in a meaningful way an intelligence community would have to be established. By 1945, Canada was poised to form a full-fledged intelligence service and to venture into Cold War decision-making. Unfortunately, in 1945 the armed forces withdrew their intelligence facilities, as did External Affairs. Even with the warning sounded by the Gouzenko case, the opportunity to develop good, sound, independent intelligence estimates was lost.

Between 1940 and 1945, both circumstances and character contributed to a healthy growth in this neglected area of Canadian foreign policy. But it remained for the country's political leadership to determine whether intelligence would be systematically gathered in the future or whether Canada would remain dependent upon alliance partners. Perhaps effective intelligence communities needed the leadership of men such as Churchill, Stalin and Roosevelt to develop and maintain an important role in policy formation.

Footnotes

1. "Intelligence" here refers to the broader spectrum of strategic intelligence and includes espionage, counterespionage, covert activities, psychological warfare, and so on.
2. Canada had seven diplomatic posts abroad before the war, though by the end of the war the number had risen to twenty-six.
3. The problem of Nazi relations with South America gains perspective when one considers the number of war criminals that have been discovered there in recent years, especially by the Israelis.
4. The best account of this operation is undoubtedly by H. Montgomery Hyde, *The Quiet Canadian* (London: Hamish Hamilton, 1962). *A Man Called Intrepid: The Secret War* by William Stevenson, while more up to date, is far less satisfactory (New York: Ballantine, 1976).
5. The Wartime Information Board, being the information services of the government, provided the propaganda to the U.S. regarding the role of the allied governments. It also carried out psychological warfare which included films on Japanese atrocities shown to Canadians with results that still live with Canada today.
6. Norman Robertson was always interested in intelligence activities. He spent long hours over the list of enemy aliens to be interned in Canada and gained a reputation for just and humanitarian actions over this matter. See J.L. Granatstein, *A Man of Influence* (Toronto: Deneau, 1981).
7. Robertson used to operate under a special open door system in the East Bloc. However, when his door was closed — which was rare — he was talking about intelligence matters and, officially, no one was present and no notes were left. Therefore, there is a huge informational gap in Canadian intelligence matters.
8. Camp X and its significance could easily be exaggerated. It was, as Roy McClaren has pointed out, only a "boot camp" and that for raw recruits to be trained. Further training would be needed after Camp X.
9. "Hydra" was the name of the British communications system which linked Camp X to other parts of the intelligence system.
10. Tommy Stone was a colorful character who worked for External Affairs, then married a U.S. "Southern belle" who was also a millionairess. Full of guilt at the outbreak of war, he hurried back to offer his services to External. At first he was used as a cypher clerk but soon his unusual gift in the administration of intelligence matters was recognized. See D. Page, *Intelligence--Censorship--Prisoners of War--Psychological Warfare* (Unpublished paper, c. 1981), 41 pages.
11. Hyde, *The Quiet Canadian*, opposite pp. 84-85 and 116-117.
12. It is a striking commentary on W.L.M. King that he chose deliberately not to know about all these intelligence activities, many of them going on literally in his own backyard. See the author's comments on "King's two coexisting natures," *International Perspectives* (Ottawa) (July-August 1975), pp. 58-60.
13. Canada, Department of National Defence, Directorate of History, "History and Activities of Operational Intelligence Centre NHQ, 1939 to 1945," S1440-18 (1940), p. 6. (Hereinafter, D. Hist.)
14. Public Archives of Canada (PAC), Department of External Affairs Records (RDEA), MacDonald to Robinson, December 24, 1941, vol. 1930, file 724-AU-30.
15. D. Hist., Murchie to Secretary of Chief of Staff Committee, November 29, 1940, file H.Q.S. 7428, F.D. 915.
16. D. Hist., Minutes of the 94th Meeting of the Chiefs of Staff, December 11, 1940, file 193-009 (D53).
17. Dr. C.J. Mackenzie was President of the N.R.C. The Council occupied a large, grey building now directly opposite the Lester Pearson Building.
18. Herbert O. Yardley, *The American Black Chamber* (Indianapolis: Bobbs-Merrill Company, 1932).
19. PAC, RDEA, Robertson to Duff, September 29, 1942, vol. 1930, file 724-AU-39.

20. The division within Canadian society between Quebec and English Canada, and the Vichy vs. Free French conflict within Quebec, is worth pursuing. See, J.L. Granatshtein, *Canada's War: The Politics of the Mackenzie King Government 1939-45* (Toronto: O.U.P., 1975).
21. PAC, King Papers, Robertson to King, November 21, 1941, series J4, vol. 358, file 3829.
22. The St. Pierre and Miquelon episode is well told in D. Anglin, *The St. Pierre and Miquelon Affair of 1941: A Study in Diplomacy in the North Atlantic Quadrangle* (Toronto: U of T Press, 1966).
23. Robertson to King, December 3, 1941, printed in *Documents on Canadian External Relations*, vol. 8, pp. 856-59.
24. King Papers, Robertson to King, November 21, 1941, series J4, vol. 358, file 3829.
25. For a Canadian analysis of Vichy traffic, see D. Hist., "French 1942," file S1440-8.
26. RDEA, MacDonald to Robertson, December 24, 1941, vol. 1930, file 724-AU-39.
27. DND, D. Hist., History of OIC-1942, S1440-8.
28. The Army's Discrimination Unit was run by a later famous diplomat Chester Ronning. It was charged with distinguishing the important from the unimportant in the sophisticated shipping activities of the Japanese. For instance, the sudden disappearance of Japanese commercial radio traffic would signify the presence of the Japanese navy. Also, there is some evidence to suggest that both over Midway and Pearl Harbor, Ronning's unit rightly discerned enemy intentions and sent warnings to the U.S.
29. The author interview George Glazebrook in Toronto in 1982 and was struck by the obvious close relationship between Glazebrook and Robertson. The latter would frequently come into the former's office to ask questions and float ideas over intelligence and foreign policy matters. Animated discussions would ensue.
30. PAC, Beaudry Papers, Robertson to Beaudry, Wrong, Read and Keenleyside, September 25, 1942, vol. 3, file 39.
31. The importance of the collection evaluation and dissemination processes in intelligence simply cannot be overstressed. Farago states that collection and procurement of information is the basic function. But evaluation is "a superior intellectual task. It not only assesses the probability, credibility, and reliability of information, but it estimates its general importance and relates it to the general situation for the benefit of higher echelon policy makers," L. Farago, *Spymaster* (New York: Warner, 1954), p. 10. Again he states that "Although it is widely recognized that dissemination is a crucial phase of effective intelligence work, it is very often the weakest link in the intelligence chain," *ibid.*, pp. 74-75.
32. Herbert Norman was a brilliant but controversial figure in the Canadian diplomatic establishment. He certainly associated with the Philby Circle in Cambridge, was a self-confessed Marxist thinker, was accused several times by the Americans of being a Communist agent, and finally took his own life in 1957 in Cairo, while Canadian Ambassador to Egypt. His advice on the Far East in 1945-46 to General MacArthur was quite crucial yet the Americans turned against him for some reason which is as yet unclear.
33. Nothing could better illustrate the application of intelligence to policy than the Yalta and San Francisco Conferences. Both conferences were important and decoded Free French messages gave Canadians prior knowledge of what might happen and therefore time to think about the proper response. Perhaps this is the reason why Canada, along with Australia, objected so strongly to the U.N. 'great power' veto.
34. Norman was sent to Japan to work on S.C.A.P. with MacArthur. Having been born in Japan and having lived there for part of his life, Norman's advice was invaluable while at the same time he was greatly respected by the Japanese. See *Interview with A. Menzies on H. Norman*, Ottawa, September 29, 1981, O.P. St. John.
35. King Papers, Robertson memo, "Reasons for and against maintenance of diplomatic relations between Canada and France," May 1, 1942, series J4, vol. 358, file 3829.



36. For another study of Canadian reading of Vichy wireless messages, see DND, D. Hist., "French-1943," file S1440-8.
37. Stone had built up an impressive infrastructure. Here was the makings of a really useful intelligence network for the emerging cold war. But Hume Wrong, a very senior Canadian diplomat, could see no reason to go on spending all this money. Wrong thought the Americans and British could do the work and Robertson probably agreed with him.
38. DND, D. Hist., History of OIC, pp. 2-3 (1944), file S1440-18.
39. *Ibid.*, p. 3 (1945).
40. The nearest thing External Affairs did to the intelligence field was the exercise of the Post-Hostilities Planning Group. See D. Munton and D. Page, "Planning in the East Block: The Post-Hostilities Problems Committees in Canada 1943-45," *International Journal*, vol. 32 (1976-77), pp. 687-726.
41. See Don Page, "Coping with a War: The Experience of the Canadian Department of External Affairs," National Conference Centre, Ottawa, November 14-16, 1979.
42. Private collection, G. Robinson Papers, Robertson to Robinson, September 6, 1945, used by permission.
43. DND, D. Hist., "Recommendations read at the Post-War "Y" Meeting, July 6th, 1945," file S1440-8.
44. King Papers, series J4, vol. 358, file 3829. See intercept between Vichy and French Legation in Ottawa, November 12, 1941, and Stone to Pearson, December 3, 1941.
45. Since the External Affairs communication system was penetrated, the B.S.C. link became very important as a means of communication between the allies regarding the handling of the Gouzenko revelations.
46. Ottawa ought not to have been dumbfounded. King would have sent Gouzenko back to the Russians but for the timely presence and intervention of Bill Stephenson who gave Robertson conclusive evidence to make the Prime Minister change his mind.
47. See F.H. Soward, *Canada in World Affairs 1944-46* (Toronto: O.U.P. for C.I.I.A., 1950), pp. 296-309; J. Sawatsky, *Men in the Shadows* (Toronto: Doubleday, 1980); J. Sawatsky, *Gouzenko* (due 1984); J.L. Granatstein and R. Bothwell (eds), *The Gouzenko Transcripts* (Ottawa: Deneau, 1981?).
48. It is interesting to note that Pearson's brilliant role in the 1950s was heavily dependent upon American and British sources. Had we developed an independent intelligence system our policies might well have coincided less with the United States and more with Third World countries.