CSIS IN THE POST-COLD WAR ERA

CSIS IN THE POST-COLD WAR ERA:

DOMESTIC AND INTERNATIONAL CONSTRAINTS

ON ORGANIZATIONAL CHANGE

By

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ABSTRACT

Since the end of the Cold War, the Canadian Security Intelligence Service (CSIS) has undergone a period of transformative change. The experiences of CSIS during this time represent an opportunity for the theoretical examination of the process of organizational change as well as a consideration of the influence of epistemic community theory. With respect to organizational change, it will be shown that CSIS has experienced a profound change in its external environment. Environmental change has in turn generated subsequent efforts to adapt organizational culture and organizational goals at CSIS. The most critical aspects of the new external changes are the new threats and priorities arising from a new international security environment and the contraction of public fiscal resources throughout the Canadian federal government. The resulting reorientation of CSIS is consistent with the model of organizational change presented by Paul Thomas. The post-Cold War experience of CSIS is also illustrative of epistemic community theory. The influence of American and British intelligence agencies can be observed in the similarity between CSIS policy and American and British intelligence policy. This similarity is consistent with epistemic community theory, which explains international policy coordination as the produce of transnational expert groups with a common policy agenda and a shared scientific method. The presence of an intelligence epistemic community means that the post-Cold War adaptation of CSIS is being constrained by domestic and international factors.

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INTRODUCTION

The Argument in Brief

The Canadian Security Intelligence Service (CSIS) was created by the passage

of the Canadian Security Intelligence Service Act in 1984. CSIS was created to

provide a civilian replacement to the Royal Canadian Mounted Police (RCMP)

Security Service. Like its predecessor, CSIS is tasked with the responsibility to

protect Canadians from threats to their national security.[1] However, the nature of the

threat has changed dramatically from the time of the emergence of the RCMP Security

Service at the beginning of the Cold War, to the early post-Cold War era. The

changing threat has affected the organizations within the Canadian intelligence

community. Along with the shifting threat have come changing resources,

organizational structures, organizational cultures, and organizational goals.

The most active period of transition for the Canadian intelligence community

has been 1977 to 1995. This period was marked at the beginning by the creation of

the McDonald and Keable Commissions to investigate RCMP activities involving the

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[1] Canadian Security Intelligence Service Act R.S. 1985, c.C.23, para.12.

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sovereigntist movement in Quebec. The report of the McDonald Commission was the main force behind the creation of CSIS.[2] Just as CSIS was settling into its operations, the Cold War ended, taking with it the major threat to Canadian national security: the Soviet Union and the Warsaw Pact.

Throughout the Cold War, the Canadian intelligence community focused its resources on countering the espionage activities of the Eastern Bloc intelligence services. As the Cold War ended in the early 1990s, CSIS found itself with an organizational culture and organizational goals that had been shaped by and focused on the international environment of the Cold War. CSIS organizational culture was characterized by secrecy, which stemmed from the experience and practice of its international allies, particularly in the United Kingdom. The organizational goals of CSIS were focused on counter-intelligence, which had also largely grown out of cooperative arrangements with the United States and the United Kingdom. Political support for these goals was sufficient to ensure at least an adequate flow of government resources.

The striking reduction[3] of the Eastern Bloc threat has sparked a profound

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[2] See John Sawatsky, <u>Men in the Shadows</u> (Toronto: Doubleday, 1980) and Richard Cleroux, <u>Official Secrets</u> (Toronto: McClelland and Stewart, 1990).

[3] "Striking reduction" is used because the threat has not entirely disappeared. The 1994 CSIS Public Report notes that Russian economic espionage remains a concern. However, Canada now has cooperative intelligence liaison arrangements with many former adversaries in Eastern Europe.

reorientation of the Canadian intelligence community. The menace of the Soviet

Union no longer exists to galvanize public support for CSIS and to justify its *org. changes*

extraordinary levels of secrecy. This change has meant significant changes for CSIS,

b___ ___ its structural downsizing and the opening of its secretive culture.

These measures coincided with the emergence of new threats to Canadian national

security, which had begun to emerge during the Cold War, but were marginalized

because of the focus on counter-Soviet activities. These threats include terrorism,

economic espionage, and international crime. CSIS, once again in coordination with

its British and American allies, reoriented itself to meet these new threats.

The task for CSIS managers has been a challenging one. The attempt to

reorient the organizational culture and goals of CSIS occurred not only in response to

a new international environment, but also in a time of shrinking Canadian federal

budgetary resources. The early 1990s were a time of high deficits, with high servicing

costs, and limited remaining funds for programming. The contraction in public *budget*

finance converged with the disappearance of the Soviet threat to place CSIS under

considerable pressure to change. Similar convergence took place in the United States

and the United Kingdom.

Several questions emerge from these events. Has the organizational culture of

CSIS kept pace with the changes in its goals? What explains the new culture of

openness? How has the public responded to the new threats to national security and

the new security intelligence environment? What tangible steps have been taken by

CSIS in order to increase public understanding of the changes? What explains the similarities between the changes made by CSIS and those undertaken by the British and American intelligence communities? In order to answer these questions, certain theoretical perspectives will be used from the fields of organizational theory and international relations.

Post-Cold War Changes at CSIS in a Theoretical Context

1. Organizational Theory

The major forces behind the post-Cold War changes at CSIS include the disappearance of the Soviet threat and the contraction of public finance in Canada. In the language of organizational theory, it can be said that the organizational environment in which CSIS operates has changed dramatically. Those environmental changes have in turn forced adaptation in the organizational culture and organizational goals of CSIS.

A brief breakdown of this terminology shows its applicability to CSIS in the post-Cold War era. All organizations operate in an external physical, technological, social, and economic environment, as no organization is self-sufficient. All organizations must adapt to changing circumstances in their environment.[4] CSIS is no exception to this rule; changes in the international security intelligence environment

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[4] W. Richard Scott, <u>Organizations: Rational, Natural, and Open Systems</u> (New Jersey: Prentice-Hall, 1987) p.19

and Canadian public finance environment cannot be ignored. Several different aspects

of the CSIS environment will be examined. It will be shown that as a Canadian

public organization that operates in secret, CSIS has had to adapt to an environment

that is complex, connected, turbulent, unpredictable, and resource-scarce.[5]

Organizational culture has been described by James Wilson in this way:

"culture is to an organization what personality is to an individual."[6] Throughout the

Cold War, the major characteristic of the personality of CSIS has been secrecy. In the

post-Cold War era, demands for increased accountability, more efficient use of *org. changes*

financial resources, and improved oversight have led to measures to increase openness.

However, the new policy does not necessarily mean the culture of secrecy can be

easily changed.

Organizational goals are defined as "conceptions of desired ends."[7] For CSIS,

new goals have emerged in the post-Cold War era that centre around maintaining a

org. changes

strong capability to counter the new threats to national security. Maintaining this

capability requires a continued flow of organizational resources, which in turn depends

on continued public support. As such, a major CSIS goal involves building a

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[5] Hal G. Rainey, Understanding and Managing Public Organizations (San Francisco: Jossey Bass, 1992) p.42

[6] James Wilson, Bureaucracy (New York: Basic Books, 1989) p.91.

[7] Scott, Organizations: Rational, Natural, and Open Systems, p.18

constituency of support, both within government and among the public at large.

Organizational change has been interpreted in several different models. The models can be broadly divided into two groups: models that argue that organizations are impervious to change, and those that argue that organizations can adapt to new external circumstances. The former group of models is captured by Philip Selznick, who characterizes organizational culture as central to the creation of a "distinct, change-resistant identity" that inhibits adaptation to new external circumstances.[8] It will be argued here that CSIS has adapted to new external circumstances and has experienced organizational change. These changes are reflected in the changes to its organizational culture and goals. The type of change is consistent with the model presented by Paul Thomas, who argues that although organizations are frequently resistant to change, that resistance can be overcome through major environmental shifts.

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[8] Charles Perrow, Complex Organizations: A Critical Essay (New York: Random House, 1972) p.159.

2. International Relations Theory: Epistemic Communities

It has already been noted that post-Cold War changes at CSIS are similar to changes undergone by the American and British intelligence communities. To a certain extent, these commonalities merely reflect the result of three sets of organizations forced to respond to changes in their common environment -- the Cold War. However, the fact that the three intelligence communities responded to the change in a notably convergent manner with similar sounding policies and language suggests that a broader explanation is necessary.

One such explanation is the epistemic community theory of Peter Haas. Haas posits that epistemic communities are transnational groups of experts with common normative and analytical beliefs, shared notions of validity, and a common policy enterprise.[9] Epistemic communities can exert their influence on state policy-makers, which can lead to international policy coordination. Epistemic communities are distinct from policy networks and regimes because their members have both a common policy agenda and a shared scientific method. The concept of a Western intelligence epistemic community involving Canada, the United States, and the United Kingdom may explain the similar policies pursued by the three states. A review of the institutional links between the three intelligence communities suggests that the

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[9] Peter Haas, "Introduction: epistemic communities and international policy coordination" International Organization 46 (1), Winter 1992 pp.1-35.

epistemic community may play a major role in shaping the post-Cold War nature of CSIS.

Epistemic community theory is significant because it shows that the process of adaptation at CSIS not taking place in a vacuum. Rather, it is being affected by the international intelligence epistemic community to which CSIS belongs. The influence of the Western intelligence community on CSIS shows the importance of epistemic communities as a means of international policy coordination.

Objective and Organization

By examining the post-Cold War nature of CSIS, this thesis will show that CSIS has undergone major transformations in its organizational environment, which has mandated adaptation in its organizational culture and goals. It will be argued that the process of adapting the culture and goals of CSIS have been constrained by two sets of environmental considerations, one domestic and one international. The linkage between theoretical interpretations of organizational change and epistemic communities and these considerations will be considered in Chapter One. At the domestic level, CSIS has had to adapt to change in an environment dominated by shrinking public financial resources and an uncertain image and level of support among the Canadian public. Chapter Two will expand the discussion of this dilemma and review measures

taken by CSIS to respond to the new environment. At the international level, CSIS is constrained by its institutional links to Western intelligence epistemic community. The history of the Cold War shows that the Canadian intelligence policy is affected not only by its own needs, but also by the needs of its larger allies. The relationship between Canada, its allies, and the new international security intelligence environment will be examined in Chapter Three.

CHAPTER ONE

THEORETICAL EXPLANATIONS FOR ORGANIZATIONAL CHANGE AND POLICY COORDINATION

Organizational Change Theory and CSIS

The transition of the Canadian Security Intelligence Service (CSIS) in the post-Cold

War era shares certain common elements with the major adaptation processes

experienced by many organizations in times of extreme uncertainty in the external

environment. The end of the Cold War and the urgent demands of deficit-reduction

have required dramatic changes at CSIS. Thomas describes changes of such

magnitude as "frame-breaking changes." He distinguishes between "second-order

changes," changes of serious magnitude that "have an impact on the overall paradigm

or worldview of the organization including its mission, core processes and culture" and

"first-order changes," which have a smaller impact on the organization.[1] It will be

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[1] Paul Thomas, "Coping With Change: How Public and Private Organizations Read and Respond to Turbulent External Environments" in Leslie Siedle, ed. Rethinking Government:Reform or Reinvention (Montreal: Institute for Public Policy, 1992), pp.35-36.

argued here that CSIS is currently experiencing second-order change in its external environment, which is in turn generating adaptation in its organizational culture and organizational goals. This chapter will use organizational theory to demonstrate the obstacles faced by CSIS in its effort to adapt its culture and goals to the second-order changes in its external environment.

An important theoretical issue to be considered concerns this question: how do we know if an organization is adapting? Adaptation is reflected in policy designed to alter organizational features such as culture, goals, operations, and budget to more accurately reflect new external environmental conditions. However, the process of adaptation cannot be exclusively dictated by organizational managers and must reflect changing environmental circumstances if it is to succeed. Adaptation that fails to reflect external changes is unlikely to succeed and usually results in a form of organizational demise.

For this reason, all organizations must, with varying degrees of frequency and degree, be able to adapt to external changes. For firms, the primary form of organization in the private sector, adaptation means responding to fluctuating conditions in the operational environment. Firms operate in the marketplace, where capital, labour, land, consumer demand and technology are constantly in flux. Organizations in the public sector also face uncertainty in these areas. But in liberal democracies, bureaus, the primary form of organization in the public sector, must also contend with other factors. These include the principle of accountability, which

stipulates that bureaus must adhere to the law and place power in the hands of elected policy-making officials. Politics introduces entirely new elements to the process of adaptation, including decentralized decision-making, turnover of elected leaders, and an increased awareness of external support.[2]

A Multilevel Analysis of CSIS as an Organization

CSIS operates in a unique political, economic and social environment. The uniqueness of this environment is worth noting because external considerations are having a major role in determining the post-Cold War nature of CSIS, particularly with respect to internal considerations, such as its organizational goals and the nature of its organizational culture. Contemporary Canadian public organizations exist in an environment of public deficit reduction, public dissatisfaction with government and face an ongoing national unity crisis. These considerations are faced by public organizations in other states. When combined with the Canadian federal system, crucial historical political-economic links to the United States and the unique aspects of Canadian culture, a unique environment is created to which public organizations must continually adapt. In order to understand adaptation in Canadian public organizations, one must consider generic aspects of organizational change which affect both public and private organizations, aspects of change which are unique to public

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[2] See H.F. Gortner et al, Organization Theory: A Public Perspective (Chicago: Dorsey Press, 1987) p.392.

organizations and aspects of change which are unique to Canadian public
organizations.

However, if one wishes to focus on adaptation at a particular type of Canadian
public organization, one must also consider facets of change which are particular to its
internal organizational culture. Each Canadian public organization must contend with
its own array of contending special interests, oversight committees and public
demands. The process is further complicated when one wishes to consider adaptation
by covert public organizations, such as CSIS. As a result of the sensitivity of many
security intelligence operations, change by security intelligence organizations is *way to change*
debated and implemented in a uniquely small and closed environment.[3]

Examining organizational adaptation at CSIS requires a review of each of the
aspects of organization change briefly sketched above. CSIS is a Canadian covert *covert*
public organization, so organizational adaptation is affected by at least the four levels
of considerations described above. However, organizational adaptation at CSIS is
affected at a fifth level. As part of the Western intelligence community[4], CSIS is part
of an epistemic community, which has the effect of coordinating policy among its

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[3] See for example, classified studies such as "CSIS 2000" in Canada, and the Presidential Commission on the US Intelligence Community established south of the border in February 1995.

[4] See Stuart Farson, "Accountable and Prepared? Reorganizing Canada's Intelligence Community For The 21st Century" Canadian Foreign Policy 1 (3), Fall 1993. pp.43-66.

members.[5] This theory explains the international constraints on organizational

adaptation at CSIS and describes a process of policy development above the state

level.

The following chapter will place organizational change at CSIS in its

theoretical context by explaining several central interpretations of organizational

change theory that are relevant to CSIS as it transforms in the post-Cold War era. The

theories of policy convergence and epistemic community will also be outlined, as they

also provide a theoretical explanation for the direction of adaptation at CSIS.

Subsequent chapters will apply these theories directly to CSIS, showing how those

responsible for adapting CSIS to its new environment face both domestic and

international constraints.[6]

The literature on organization change is vast and diverse. Indeed, a rare

consensus is found among organizational change experts when they discuss the

challenging and multifarious nature of their subject. Consider H.F. Gortner who notes

that "[w]hile everyone is talking about change, little is understood about it or ways to

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[5] Epistemic community is discussed by Peter Haas in "Introduction: epistemic communities and international policy coordination" International Organization 46 (1), Winter 1992. pp. 1-35.

[6] The use of the word constraint is not meant to suggest implausibility, or that some action is made impossible by this constraint. Rather, the word is chosen to suggest that the items it describes must be overcome, included, accommodated, or considered for organizational adaptation to be successful.

cope with it from an organizational perspective."[7] Paul Thomas adds that "existing theoretical knowledge has not been refined to the point where we can identify precisely the relationships among various components of organizational life for the purpose of consciously and deliberately managing change."[8]

In short, despite some ambitious claims to the contrary, it is generally agreed that there is no formula that guarantees successful organizational adaptation, particularly in time of transformative second-order change. Still, a review of the major approaches is necessary to provide insight into organizational change at CSIS. It is necessary, however, to recognize that there is no grand theory that will explain organizational change at CSIS, or for that matter, at any organization. In other words, neither environment, nor culture, nor goals are sufficient for managing successful organizational adaptation.

Certain aspects of change are common to all organizations, both public and private. These will be referred to as generic aspects of change.[9] In the broadest sense, these considerations focus on the following organizational elements: social structure, participants, goals, technology, and environment as the elements of an

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[7] Gortner et al, Organization Theory: A Public Perspective, p.390.

[8] Paul Thomas, "Coping With Change: How Public and Private Organizations Read and Respond To Turbulent External Environments" in Leslie F. Siedle, ed. Rethinking Government: Reform or Reinvention? (Montreal: Institute for Research on Public Policy, 1993) pp.32.

[9] Thomas, "Coping With Change," p.38

organization.[10] As mentioned, the focus here will be on environment, goals, and culture (which essentially combines participants and social structure). Although these are contested concepts, I focus on their application to organizational change at CSIS, noting dispute only where necessary. Each of these factors act as a constraint on organizational adaptation to changes by mandating a specific response from the organization. At the generic level, organizational change can be initiated by variation in any one of these areas. As will be shown in subsequent chapters, CSIS faces a dramatic, second-order transformation in each of these areas.

Indeed, when the goal of the organization becomes adapting to change, these factors increase in importance. Thomas points out that change is "always a loss for some and a gain for others". As a result, the adaptation process becomes politicized.[11] The process of change for organizations involves reconciling the internal demands of organizational culture with the external demands of the environment. The balance between these two forces is crucial to successful organizational change. Atkinson and Coleman point out that the absence of effective feedback from the external environment will leave the process of change vulnerable to internal bureaucratic and political priorities.[12] Similarly, any change that relies too heavily on satisfying

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[10] These elements are taken from W. Richard Scott, <u>Organizations: Rational, Natural, and Open Systems</u> (New Jersey: Prentice Hall, 1987) pp. 15-20.

[11] Thomas, "Coping With Change," p.35.

[12] Michael Atkinson and William Coleman, "Obstacles to organizational change: the creation of the Canadian Space Agency" <u>Canadian Public Administration</u> 36 (2),

external constituencies will jeopardize the operational goals of the organization- the

very activities that justify the existence of the organization.[13]

Scott best captures this balance in his attempt to synthesize the main schools of

organization theory. He argues that the environment (the key element in the open

systems school) and internal structures of an organization (the key element in the

rational and natural schools) are interrelated.

> We learn from the open systems perspective that
> organizations are not fortresses, impervious to the
> buffeting or the blessing of their environment. On the
> other hand, we learn from the rational and natural system
> perspective that organizations are not wind tunnels,
> completely open and responsive to every perturbation of
> their context.[14]

This synthesis offers the best approach to examining transformative second-

order organizational change at CSIS. It allows for an examination of all the elements

of organization that constrain adaptation to change, without attempting to pinpoint any

single element as the most crucial to the change process. At the same time, it

correctly suggests that some changes have a greater impact than others.

This approach reflects the model put forward by Paul Thomas. Thomas argues

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Summer 1993, p.133.

[13] James Wilson, <u>Bureaucracy</u> (New York: Basic Books, 1989), p.33.

[14] Scott, <u>Organizations: Rational, Natural, and Open Systems</u>, p.117. For a full discussion of rational, natural, and open systems organization theory see, chapters two through four.

that while organizations may be reluctant to adapt to change, they are often forced to adapt to changes that completely transform the purpose of the organization. These changes create the "perception of a crisis," which makes the need to adapt more critical.[15] Frequently, this perception takes the form of a sense that change is necessary for survival. Moreover, this perception becomes a powerful dynamic force for adaptation, as the need for organizational survival overcomes cultural barriers, standard operating procedures, the interests of reluctant external constituencies, and organizational goals.

Environment

Thomas defines the external environment as "all factors beyond the boundary of the organization that have the potential to affect all or part of the organization."[16] Obviously, external environments of organizations vary by jurisdiction, type, and size, among other factors. However, all organizations exist in some form of environment and some environmental aspects are common to all types of organizations.

One common aspect is that all organizations respond to the demands of some form of external constituency. Scott points out that "no organization is self-sufficient; all depend for survival on the types of relations they establish with the larger systems

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[15] Thomas, "Coping with Change," p.42.

[16] Thomas, "Coping With Change", p.33.

of which they are a part."[17] Business firms must respond to the demands of consumers and shareholders. Democratic government organizations must respond variously to demands of voters, taxpayers, special interests, the media, and their own managers, such as, in Canada, the Ministry of Finance or the Treasury Board. Clearly, all organizations must respond to the demands of some constituency.

However, it is also clear that organizations differ vastly in both the necessity for, and form of response to, these external demands. Autocratic political organizations can choose to respond to constituent demands by repression or violence, while monopolistic and duopolistic firms can respond to constituent demands by collusion or through the mobility of capital. Hal G. Rainey describes this latter type of relationship between an organization and its environment as disjointed, meaning the organization is uninfluenced by its external environment. Other organizations, such as democratic political organizations and smaller firms in non-monopolistic markets, must respond to their constituencies or face repudiation by voters and consumers. Rainey refers to these as "connected relationships," meaning there is a direct relationship between an organization and its environment.[18]

External environments can also vary from simple to complex. An organization which has only one major constituency has a simple external environment. An

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[17] Scott, Organizations: Rational, Natural, and Open Systems, p.19.

[18] The "connected vs. disjointed" dichotomy, along with those that follow are from Hal G. Rainey, Understanding and Managing Public Organizations (San Francisco: Jossey-Bass, 1991) p.42.

example would be a Canadian wheat farm which is concerned primarily with selling its product to a supply board. Most organizations, however, face varying degrees of complexity in their external environments. Most firms must deal with customers, suppliers, distributers, unions, government and financiers, among other groups. Government must deal with all these constituencies, as well as voters, taxpayers, the media, special interests and other actors in the political process, in addition to other levels of governments and foreign governments. Thomas argues that in cases such as these, an organization is actually dealing with multiple environments.[19]

Rainey also points that organizations confront external environments that are placid or turbulent. Again, the difference is usually found in the number of constituencies that the organization is answerable to, and its control over those constituencies. Large firms can sometimes guarantee a placid environment by controlling suppliers, retailers, producers of inputs and manipulating demand. Public organizations in democratic governments, which must answer to voters and face a vast array of constituent demands, generally face turbulent external environments.

Organizations face a similar dilemma with respect to the predictability of their external environments. When the external environment is turbulent, predictability is extremely tenuous. Conversely, a placid external environment ameliorates the ability of an organization to predict the nature and timing of change. Lastly, all organizations require resources. According to Rainey, organizations generally have

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[19] Thomas, "Coping With Change," p.33.

either a scarcity or munificence of resources. Although the need to acquire resources is generic, organizations differ vastly in their method and ability to secure necessary resources. Public organizations generally are dependent on receiving a share of government revenue in order to meet their resource needs. In Canada, public organizations are facing a intensely resource-scarce environment. Subsequent chapters will discuss the implications of this, and other environmental characteristics on CSIS.

Second-order change typically takes place as a result of a turbulent and unpredictable external environment, which forces the organization to respond in order to be able to continue to fulfil its function. Second-order change can be further complicated by taking place in a complex, disjointed, or resource-scarce environment. These conditions make effective organizational adaptation burdensome by reducing or complicating the available means to which an organization can turn in its effort to respond to change. These different types of external environments force organizations to adapt to second-order change in different ways.

Environment, culture, and goals are almost always more complex for public than for private organizations. Thomas suggests that the "introduction of fundamental changes into such an expansive, diversified and interconnected system is far more complicated than managing change for an individual firm."[18] There are many reasons put forward to explain the added complexity caused by fundamental changes.

For Thomas, the complexity is a result of the multiple environments, cultures,

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[18] ibid, p.43.

and goals faced by most public organizations. He argues that public organizations
have both "primary, or task" environments and "secondary, or general environments."[19]
The primary environment is the operational environment in which the organization
fulfils its mission and performs its daily activities. This environment is subject to
various pressures in terms of dealing with the various obstacles that interfere with
daily operations, whether it be management-labour relations, securing resources,
meeting deadlines etc.

This type of environment is generic to private and public organizations.
However, the secondary or general environment has a greater impact on public
organizations. The secondary environment is where the organization, as a whole,
exists. For public organizations, the broader environment includes social, economic,
technological, and political forces at both the national and international levels. These
usually vary by jurisdiction, but there are some generic forces in the secondary
environment that affect most public organizations. Gortner highlights the impact of
the secondary environment on public organizations by pointing to the relationship
between the bureaucracy and the citizen.[20] The citizen places conflicting demands on
public organizations. On the one hand, citizens demand accountability, insisting on
strict adherence to the law. On the other hand, citizens demand responsiveness,
meaning that members of public organizations act justly, regardless of the law. Public

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[19] Thomas "Coping with Change," p.34.

[20] Gortner et al, Organization Theory, pp.392-93.

organizations must reconcile these two opposing forces. Of course, when public organizations are forced to respond to second-order change in the external environment, these forces become more intense. The secondary environment provides other challenges to public organizations. Thomas suggests that the secondary environment complicates the primary environment to the extent that short-term operational problems overwhelm the long-term strategic planning of the organization.[21] Public organization managers face such complexities in reconciling social, economic, technological and political forces on a daily basis, that moving the organization toward a major goal, such as change in response to major shifts in the external environment, becomes an onerous task.

When it comes to adapting to external change, Canadian public organizations must contend with a unique set of environmental challenges. Wilson highlights the importance of national characteristics in organizational change. It is here that the external political, social, and cultural environments become most significant. Wilson outlines five criteria for evaluating national differences in the external environment: deference vs. self-assertiveness; formality vs. informality; groups vs. individuals; impersonal vs. personal; and statist vs. non-statist regimes.[22] These criteria are useful for explaining differences among organizations with a similar function. These differences are compounded by dissimilarities in legal and political systems.

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[21] Thomas, "Coping With Change," p.50.

[22] Wilson, Bureaucracy, p.303.

In addition to the political, social, and cultural criteria listed above, Canada has particular economic characteristics that affect organizational adaptation at its public organizations. Clearly, in the 1990s the most critical factor for most Canadian public organizations has been the federal budgetary deficit. The importance of the deficit has been highlighted in public debate in the 1993 federal election campaign and in the media. The urgency of deficit-reduction has forced serious reduction in federal expenditure at virtually all public organizations. Key documents such as "Public Service 2000" and the October 1994 Financial Statement will be reviewed to examine the interrelationship between decreased public expenditure and public organizations.[23]

The 1992-93 Auditor-General Report to Parliament highlighted some of the key points of this interrelationship. One important point concerns the public mistrust in the ability of the government to cut expenditure without compromising service. This belies attempts by the federal government to argue that modern management principles and technology can increase efficiency, thereby lowering costs without sacrificing an effective level of service.[24] Frequently, such discussion focuses on applying private

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[23] In the March 1994 federal budget, the accumulated federal debt was listed as $547-billion. The budgetary deficit was placed for the fiscal year 1994-95 at $39-billion. Between 1985 and 1994, Ottawa raised $956-billion in revenue, but spent one third of that, $314-billion on interest on the federal debt. These factors resulted in a serious contraction of available financial resources for Canadian public resources. Bruce Little, "Why the Debt is a Matter of Interest" The Globe and Mail, February 13, 1995.

[24] Department of the Auditor-General, 1992-93 Annual Report to Parliament (Ottawa: Queen's Printer 1993) p.163, para. 6.20.

sector principles such as the producer-consumer relationship, competition, and entrepreneurship to the public sector.[25] Moreover, these attempts to introduce market principles are being made in response to the second-order nature of the change in the external public finance environment.

Organizational Culture

Two other central aspects of organizations also play a role in determining responses to second-order change: the internal culture of an organization and the goals of an organization. What exactly is organizational culture? Again, the experts offer a variety of definitions. Philip Selznick originally defined organizational culture as the process by which "organizations often become so value-laden that they develop distinct, change-resistant identities quite separate from the identities of the people who comprise them."[26] Charles Perrow states that "organizations are organic entities with a life of their own."[27] Wilson captures the idea neatly by suggesting that "culture is to

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[25] See, for example, David Osborne and Ted Gaebler, Reinventing Government (New York: Plume Books, 1994). For a more intelligence-oriented consideration, see Henry S. Rowen, "Reforming Intelligence: A Market Approach" (Washington: Working Group on Intelligence Reform, 1993).

[26] Definition taken from Atkinson and Coleman, "Obstacles to Organizational Change," p.133.

[27] Charles Perrow, Complex Organizations: A Critical Essay (New York: Random House, 1972) p.159.

an organization what personality is to an individual."[28] More formally, he defines

organizational culture as "those patterned and enduring differences among systems of

co-ordinated action that lead those systems to respond in different ways to the same

stimuli."[29]

The Selznick definition suggests, importantly, that organizational culture is

often resistant to change. Thomas argues that organizations, and the people who

occupy positions in them, generally "cherish stability."[30] Wilson points out that

culture can often constrain adaptation to external environmental changes. The

hesitancy within the culture stems from organizational reluctance to abandon

historically-central tasks, even in the face of dramatic changes in the external

environment. The reluctance often extends from abandoning old tasks to taking on

new tasks, which may interfere with the organizational culture and sense of mission.[31]

However, Thomas points out that second-order change is often driven by the

"perception of a crisis" is necessary to "unfreeze things so real change can occur."[32]

Many reasons have been put forward to explain this reluctance to change.

Thomas points that size can be a factor, as large organizations tend to have a culture

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[28] Wilson, Bureaucracy, p.91.

[29] ibid, p.93.

[30] Thomas, "Coping With Change," p.37.

[31] Wilson, Bureaucracy, pp.101-110.

[32] Thomas, "Coping With Change," p.42.

Thomas points that size can be a factor, as large organizations tend to have a culture

that is more inflexible, structurally-complex, and impersonal than cultures of small

organizations. He adds that large organizations are sometimes able to overcome these

obstacles through information technology and efforts to improve morale.[33] Smaller

organizations, conversely, often have more flexible and responsive cultures that can

adapt to changing environmental conditions. However, smaller organizations often

lack the resources to identify and respond to key changes in their external

environments, particularly transformative changes which occur in turbulent,

unpredictable, and resource-scarce environments.

Wilson points out that both large and small organizations try to minimize the

influence of external factors on their operations.[34] Indeed, organizations dread

disruptive external probes into their internal activities and try to ensure sufficient

autonomy to operate with a minimal amount of interference.[35] Subsequent sections

will demonstrate that for public organizations, this can be problematic because of legal

requirements for accountability. Moreover, it is difficult for organizations to manage

second-order change without external assistance of some type.

Organizational culture, according to Wilson, is most effective when individuals

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[33] ibid, p.40.

[34] Wilson, Bureaucracy, p.36.

[35] Scott provides an interesting discussion of techniques used by organizations to shield themselves from the demands and scrutiny of their external environments. See Scott, Organizations: Rational, Natural, and Open Systems, p.209.

within the organization have a sense of "shared mission" concerning the goals of the organization.[36] Wilson illustrates this point by looking at the Federal Bureau of Investigation (FBI). He argues that in order to meet the organizational goal of addressing the growing crime threat and avoiding the scandals experienced by its organizational predecessor, J. Edgar Hoover imbued the FBI with an organizational culture which emphasized professionalism, integrity and incorruptibility from the time of its creation.[37]

A sense of shared mission also helps ease the process of transition during second-order change, by strengthening organizational unity and reducing the uncertainty surrounding transformative change.

Culture also plays a key role in constraining adaptation to change for public organizations. Thomas shows that public organizations must confront at least three levels of culture. These include a distinct internal culture; the wider administrative culture of government; and the general political cultures of the nation.[38] Any serious attempt at organizational adaptation to environmental change must consider the impact

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[36] Wilson, Bureaucracy, p.370.

[37] Ibid, p.97. Wilson is referring to the excellent record of the FBI with respect to the refusal of its agents to accept bribes. In order to preserve this excellence, Hoover endeavoured to keep the FBI out of drug-related investigations, fearing that the expansion of the FBI mission to such a unscrupulous area would taint his agents. Thus, the "integrity and incorruptibility" of FBI agents would be less at risk. This narrow illustration does not include issues involving Hoover personally or the activities of the FBI in other areas, such as the COINTELPRO operations.

[38] Thomas, "Coping With Change," p.43.

of change on all three of these cultures. Many governmental organizations must also deal with an international culture within their area, such as diplomacy and banking, or, as we shall see, intelligence.

Organizational culture within Canadian public organizations has been dominated throughout the Brian Mulroney and Jean Chretien governments by downsizing, ostensibly for the purposes of deficit reduction. Dramatic reduction in budgetary resources available for program spending have created a crisis, which has brought about this change in the management style of the public sector. This would seem to support Thomas' claim that a crisis is necessary to generate significant change in organizations.

Thomas sheds further light on the problem by expressing doubt concerning the probability of "modern management principles" and improved organizational culture to create a more effective organization. The PS 2000 initiative is "said to involve ten percent legislative change, 20 percent systems change and 70 percent change to the culture(s) of the bureaucracy". Thomas argues that an effort to improve and rationalize government service based on organizational culture alone is bound to fail.[39]

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[39] Ibid, p.55.

Culture of Secrecy

A special cultural aspect in the case of some public organizations is secrecy. A number of public organizations, most notably intelligence, defence, and foreign ministries, conduct a large part of their operations in secrecy.[40] This is important because it has a unique effect on several aspects of the organization theory described above.

Secrecy has a clear cultural effect on organizations. Thomas points out that "entrenched" cultures often blind the organization to outside change.[41] The requirements of secrecy limited the ability of Western intelligence organizations to participate in public debate over the end of the Cold War and the crisis in public finance. The entrenched culture was not only covert, but it tended to be monolithic. As will be shown in subsequent chapters, this lead to a phenomenon known as the "politicization of intelligence".

In general, secrecy adds another layer of constraints on the process of organizational adaptation at CSIS. Because of secrecy, the public at large generally has little understanding of CSIS operations. As such, it is extremely difficult for CSIS

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[40] "Secret" will be used to distinguish national security related activities that are protected under the Officials Secrets Act from privileged governmental information such as budgetary information, or government privacy laws that protect health records, criminal records etc.

[41] Thomas, "Coping With Change," p.35.

to build up a large external constituency which can protect the organization from budgetary cutbacks.[42] Secrecy also causes mistrust among the public, although this varies by nation.[43] In Canada, the Official Secrets Act was generally accepted by the public during World War Two and the Cold War as being necessary to national security. In the post-Cold War era, the Act is coming under fire as being outdated. As a result, CSIS may be stripped of its covert layer and face greater regulation and oversight.

Subsequent chapters will address what the loss of autonomy through secrecy would mean to the process of organizational adaptation at CSIS. CSIS is attempting to promote openness within the organization, in hopes of building public support. However, it remains handicapped by the need to protect Canadian and allied intelligence sources and methods. However, secrecy and openness will be shown to be crucial parts of the process of organization adaptation at CSIS.

Organizational Goals

The importance of mission suggests an interrelationship between organizational culture and the third aspect of organizational change, which is organizational goals. Wilson, among others, argues that when organizational goals are ill-defined and ambiguous,

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[42] Atkinson and Coleman, "Obstacles to organizational change," p.133.

[43] Wilson, Bureaucracy, ch.16.

other factors tend to influence the activities of individuals within the organization.[44]

These other factors include aspects of organizational culture, such as situational

imperatives, technology, peer expectations, professional norms, prior experiences,

political ideology and bureaucratic personality.[45] Again, in the absence of clear

organizational goals or mission, second-order change becomes dominated by these

other factors.

Wilson points out key differences between public and private organizations

with respect to goals. He highlights the importance of contextual goals for public

organizations, arguing that public organization goals must accommodate the external

environment to greater extent than organizations in the private sector. The demands of

the external environment for openness and accountability make public managers more

risk-averse; they allow a lower level of discretion for organization members; and they

often place equity ahead of efficiency via the implementation of standard operating

procedures.[46] The demands of public accountability and standard operating procedures

create a lag between changes in the external environment and the response from the

public organization.

The literature shows that even when the organizational goal is clearly defined

as adaptation to environmental change, public organizations face unique obstacles.

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[44] Ibid, p.70.

[45] For a full accounting of these considerations, see ibid, p.93.

[46] Ibid, pp.129-131.

Gortner has described these unique obstacles as the "extra public dimension."[47]
Wilson sums up the obstacles to adaptation to environmental changes faced by public
organizations. He argues that public organization managers are affected by both
organizational culture and political environmental constraints.[48] However, to evaluate
these perspectives fully, one must incorporate national differences.

In Canada, the need for reduced public expenditure has prompted vigorous
debate over which areas the government should be involved in at all and which areas
should be left to the private sector.[49] As a result, the debate over change has also
forced public organizations to justify their expenditures and even their very existence.

It will be argued here that the crisis in Canadian public finance constitutes a
second-order change in the external environment of Canadian public organizations. As
a result, pressure is placed on public organizations to increase their public profile in
order to maintain a constituency of voters who will support organizational political and
budgetary interests. In large part, a supportive constituency is dependent upon
establishing a clear organizational mission in which Canadians believe. Indicative of

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[47] See Gortner et al, <u>Organization Theory</u>, p.392. This thesis makes no attempt to
judge the merits of the generic and non-generic approaches to organizational change
theory. Rather it reviews both, with the understanding that each has some value in
explaining organizational change at CSIS. For expanded discussion of generic and
non-generic schools of organizational change, see Thomas, "Coping With Change,"
pp.37-38.

[48] Wilson, <u>Bureaucracy</u>, p.27.

[49] <u>1992-93 Report of the Auditor-General</u> (Ottawa: Ministry of Supply and
Services, 1993), p.163, para. 6.21.

this need are public demands for more open and transparent government, which have also been noted by the Auditor-General.[50] However, for CSIS and other members of the Canadian national security apparatus,[51] the culture of secrecy and the requirements of the Official Secrets Act make the move toward openness and building an external constituency difficult. Nonetheless, the major goal for organizations faced with such turmoil in their external environments must be adaptation. In order to adapt to new circumstances, several constraints on organizational change must be overcome.

Breaking the Constraints on Organizational Adaptation

Together, organizational culture, organizational goals, and the external environment of an organization have the potential to effectively constrain adaptation, particularly in times of dramatic second-order change in the external environment. Many strategies have been put forward to address this problem. These strategies must recognize jurisdictional differences and the status of an organization as public or private. Critical, however, to the success of these strategies, is the type of adaptation being undertaken by the organization. Type of change is crucial because it dictates the type

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[50] Auditor-General 1993, p.165, para. 6.30.

[51] The Canadian national security apparatus includes CSIS, the Department of Foreign Affairs and International Trade (DFAIT), the Department of National Defence (DND), the Communications Security Establishment (CSE), the Royal Canadian Mounted Police (RCMP), as well as various committees within the House of Commons, the Senate, the Prime Minister's Office (PMO), the Privy Council Office (PCO) and within Cabinet itself.

of response the organization will employ.   There is a large literature which addresses the different types of organizational change. To understand organizational adaptation to external change at CSIS, it is necessary to focus on several classifications of change which reflect the various nuances in direction that the process of adaptation to external change can take. These include the distinction between planned and unplanned types of change, understanding of change, goals of change such as maintenance versus innovation, and the process of resisting change. These classifications centre around the changes organizations make in their organizational culture and goals to adapt to major transformations in their organizational environment.

Organizational change is often both planned and unplanned. According to Gortner, planned change involves "prediction of events and prescriptions of ways to handle them as they occur". Planned change allows for quick reaction to external events.[52] Planned change involves the implementation of various strategies designed to improve organizational responsiveness, efficiency, openness or some other goal. These strategies will be described in the next section. Gortner defines unplanned change as "change that occurs outside the control of the organization."[53] Gortner suggests that organizational flexibility is essential to accommodate unforeseen change.[54]

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[52] Gortner et al, Organization Theory, p.394.

[53] Ibid, p.390.

[54] Ibid, p.414.

Stacey argues that change is either closed, contained, or open-ended. Closed change is generally quite similar to planned change, in that there is a clear understanding of what happened and the consequences of what happened are predictable. Contained change reflects only a probable understanding of events and consequences. Open-ended change involves situations where it is unclear what caused the change and it is unclear what the consequences will be.[55]   There is considerable divergence in the goals of adaptation to external change. One simple dichotomy that is the choice between organizational innovation and organizational maintenance. Wilson defines innovation as "the performance of new tasks or a significant alteration in the way in which existing tasks are performed."[56] In many respects, this is similar to the "frame-breaking or second-order changes" put forward by Thomas. Innovation seeks to alter the core tasks of the organization. Wilson points out that organizations must recognize events in the external environment that force innovation, or risk having their superiors in government "shift discretion upward," forcing organizations to respond through legislation.[57]

The incentive of lost discretion often spurs innovation, but there are cases where organizations believe that maintenance and survival should be the focus of

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[55] Ralph D. Stacey, <u>Managing the Unknowable</u> (San Francisco: Jossey-Bass, 1992) pp.150-152.

[56] Wilson, <u>Bureaucracy</u>, p.222.

[57] Wilson, <u>Bureaucracy</u>, p.228.

change. Rainey points out that innovation is not the only response to changes in the

external environment. Organizations often take a defensive approach to proposed

changes to their core tasks. This may be due to fear of change within the

organizational culture, recognition of a bad proposal by the organization's managers

and/or its executive, or hostility to change from a core external constituency.[58] The

incentive of lost discretion, even the perception that change was necessary for survival,

has spurred change at many public organizations faced with shrinking resources and

unclear missions.

Gortner adds to the debate by pointing out that adaptation to external

circumstances is only one type of change. Change can also be designed to make

decision-making more rational; it can seek to improve efficiency and effectiveness; it

can attempt to improve morale by reducing "organizational pathology"; and it can be

an attempt to reduce conflict within and between bureaus.[59]   These various types

of change dictate various types of response from organizations. In general, strategies

can be divided into two groups: those that attempt to control change and those that

attempt to adapt to change. Thomas offers the most polar dichotomy of the options

for responding to change. On one hand, there is the "structural inertia" school, which

argues that organizations are incapable of responding to change because their cultures

cherish stability in existing power structures, strategies and world views. On the other

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[58] Rainey, Understanding and Managing Public Organizations, p.232.

[59] Gortner et al, Organization Theory, pp.391-92.

hand, there is the "strategic choice" school, which argues that change is contingent only on the boldness and vision of the leaders of an organization. It should also be noted that a third major strategy in addition to control and adaptation has been noted by James Q. Wilson -- reorganization. Reorganization, according to Wilson, is an attempt to respond to change in the external environment, by rearranging rather than reconstituting an organization.[60]

Ideally, all public organizations would like to control change, to keep their core operations sheltered from "constant surveillance from a fickle public."[61] This is part of a broader attempt by organizations to protect themselves from the "exigencies of the political environment."[62] In his discussion of organizational development and public organizations, Rainey offers several reasons why control strategies are difficult for public organizations. He argues that public organizations have weak administrative structures that cannot effectively impose change on an reluctant organizational culture. He suggests that this is due to the reward structure of public organization management, which places less emphasis on efficiency than its private sector counterpart. The

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[60] See James Q. Wilson, "Thinking About Reorganization" Working Group on Intelligence Reform Papers (Washington: Consortium for the Study of Intelligence, 1993).

[61] For more on strategies for controlling change, see the following: planned change, Gortner et al, Organization Theory, pp.394-414; controlling change in the external environment, Stacey, Managing the Unknowable, Chapter 7; and organizational development, Rainey, Understanding and Managing Public Organizations, pp.235-237.

[62] Gortner et al, Organization Theory, p.402.

shifting political imperatives of the external environment also make control difficult. Control becomes even more difficult in light of procedural rigidity, public scrutiny, and weak links between bureaucratic managers and the political leadership.[63]

It will be argued here that most public organizations, including CSIS, seek to adapt to, rather than control, change. Adaptation is mandated by the constraints discussed above, both organizational, domestic and international. There are several theories in organizational literature that confirm the merits of the adaptation strategy. Thomas provides one of the most useful theories for understanding organizational change. He discusses "outside-in" management, which suggests that organizations should adapt to change by watching for signals from the external environment, interpret the significance of those signals for the organization, and realign the organization so that it may respond to the environmental signals. Thomas calls this "creative strategic improvisation", which is distinct from the control-oriented "formal strategic planning."[64]

Formal strategic planning is often inadequate because there are too many political and economic uncertainties that make it impossible to implement an effective "Twenty-Year Plan" for public organizations. However, creative strategic improvisation is also problematic. Thomas recognizes the obstacles that arise between recognizing external signals and realigning the organization to respond, namely the

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[63] Rainey, <u>Understanding and Managing Public Organizations</u>, pp.236-237.

[64] Thomas, "Coping With Change", p.33.

structural and cultural constraints described above. Acknowledging that organizational adaptation is far from a linear process, he argues that "management by groping along" best describes the process of adaptation.[65] More scientific perhaps is Gortner, who compares the process of adaptation to a dialectic.[66] Organizations recognize change in the external environment, debate its implications and the possible responses, and compromise on an eventual outcome.

Another model is provided by Rainey, who divides the process of adaptation into four distinct stages. The first stage is entrepreneurial, in which the organization marshals resources to respond to the change. The second is the stage of collectivity, in which there is cohesion of the resources and commitments to a response are made. Collectivity is followed by formalization, which establishes authority and accountability. The final stage is adaptation itself, at which time decentralization of resources and power proceeds until the next change.[67]

Wilson suggests that the key strategy for any public organization in responding to change must be the maintenance of organizational autonomy. Organizations need to be able to make the key decisions concerning change in the core tasks of the organization. Maintaining autonomy is difficult, and requires the support of external constituencies and a steady flow of resources. Resistance to external regulation is also

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[65] Ibid, p.58.

[66] Gortner et al, <u>Organization Theory</u>, p.417.

[67] Rainey, <u>Understanding and Managing Public Organizations</u>, p.225.

crucial to the maintenance of autonomy.[68]

International Constraints: Epistemic Communities

So far, this chapter has reviewed a rather broad range of organization theories which have a clear impact on the process of organizational change at CSIS. CSIS is affected by constraints on organizational adaptation at the generic level, where considerations of the external environment, organizational culture and organizational goals each influence the process of change for both public and private organizations. As a public *Constraint on Change* organization, CSIS faces another set of constraints on change ranging from a more complicated external environment, a distinct organizational culture and a different series of goals which emphasize accountability over efficiency. The adaptation process is further complicated by secrecy, which is necessary component for all organizational activity at CSIS. Finally, as a Canadian public organization, CSIS faces yet another set of constraints. Unique external considerations such as the federal crisis in public finance, Quebec nationalism and close relations with more powerful allies place a further constraint on organizational adaptation at CSIS.

The relationship between CSIS and allied intelligence agencies constitutes a fifth level of constraints on organizational adaptation at CSIS. The constraining effect is explained by a major theoretical consideration -- a phenomenon termed epistemic communities by Peter Haas. Epistemic community theory explains the remarkable

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[68] Wilson, Bureaucracy, pp.204-205.

similarities between the process of organizational change and emerging post-Cold War intelligence policies being pursued by Canada and its two major allies, the United States and the United Kingdom. While controversial, the theory is one possible explanation for the continued strength of the Western intelligence alliance and its collective influence on the process of change at each of the national intelligence agencies.

For CSIS, this process describes the increasing commonalities with the CIA and MI5 that are appearing in the process of change in organizational structure and organizational mission. In essence, epistemic communities create a form of international policy coordination. The evidence is there to support the presence of policy coordination, but the debate over cause is more contentious. It will be argued in Chapter Three that the presence of an international intelligence epistemic community is responsible for the process of policy coordination.

Intelligence policy coordination constrains organizational adaptation at CSIS. Any examination of post-Cold War organization change at CSIS must account for this phenomenon because of the similarities in policy described in Chapter Three. However, policy is not the only area where similarities among the three states are increasing. Organizational structure is also being affected, not only by increased openness and liaison, but also by reorganization, increased oversight, and downsizing.

The convergence in intelligence policy goals and organizational structure is often explained by the common impact of external environmental events, primarily as

the end of the Cold War and the recent global economic recession and downsizing in government. However, this explanation fails to account for the similarities in the responses to the external changes by the three CANUKUS states. It will be argued that there is an international epistemic community that guides intelligence policy in the CANUKUS states, accounting for the convergent responses to external environmental changes.

Thomas discusses the "submerged process of discovery and learning" and its influence in creating new policy and driving organizational change.[69] These processes are often described as "submerged," "hidden," "discrete," or "entrenched." Traditionally, the process has been described as such because of its informal nature. Epistemic community theory attempts to formalize the concept of discrete, transnational policy networks of experts and their impact on policy-making. Haas defines an epistemic community as a form of international policy coordination based on expertise, common values, shared notions of validity and a common policy enterprise.[70]

Epistemic communities are distinct from interest groups and policy networks. The latter may have a common policy agenda, such as worker rights or non-proliferation, but lack a common scientific approach with respect to the best method of

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[69] Thomas, "Coping With Change," p.50.

[70] Peter M. Haas, "Introduction: epistemic communities and international policy coordination" International Organization 46 (1), Winter 1992. p.3.

realizing their policy agenda. Similarly, policy networks and regimes may also lack a common standard for defining exactly what is meant by their goals and what constitutes evidence of compliance with their goals. Epistemic communities are also distinct from professional associations and disciplines. The latter may have common scientific methods and work in similar areas, but they often lack a shared set of policy goals. Epistemic communities have such a powerful influence on governments because they combine scientific expertise and shared methodology with a common ideology and set of policy goals.[71]

These criteria can be applied to CSIS. The interests of the international intelligence epistemic community constitute a major international constraint on organizational change at CSIS. Each of the criteria can be linked to CSIS, albeit with varying degrees of harmony. The actual epistemic community itself consists of senior intelligence officials, liaison officers, academics, and government leaders.[72] They are considered experts, bringing a certain scientific knowledge to their task through the Sherman Kent definition in which intelligence is "the application of scientific method

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[71] Ibid, p.18.

[72] The most commonly-linked countries in this epistemic community are the United States, United Kingdom, France, Israel, and to a lesser extent Italy, Germany, and Canada. However, for reasons discussed in Chapter Three, this study will be focusing on Canada, the United Kingdom, and the United States. See Arthur S. Hulnick "Intelligence Cooperation in the Post-Cold War Era: A New Game Plan" International Journal of Intelligence and Counterintelligence 6 (4) Winter 1993. pp.455-465 and Count Alexandres De Marenches, The Fourth World War (New York: William Morrow, 1992).

(in its social science variant) to strategic matters."[73] Their knowledge and expertise of international security affairs grants them prestige and access to decision-makers.[74]

The international intelligence community also fulfils the criteria of common values. Intelligence experts in the CANUKUS countries were at one time united by their mutual national interest in opposing communism.[75] The disappearance of the Soviet threat has not destroyed the community, which remains united to face new threats. The CANUKUS states have traditionally had shared notions of validity, or "internally defined criteria for weighing and validating knowledge in the domain of their expertise"[76]. Raw intelligence was put to equal standards of analysis, agents were

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[73] Abram Shulsky, Silent Warfare: Understanding the World of Intelligence (New York: Brassey's, 1993) p.180.

[74] Haas, "Introduction: epistemic communities and international policy coordination," p.17.

[75] "Episteme" is the phrase used by Haas to describe this common worldview. Certainly, post-World War Two intelligence officials such as John Foster Dulles took extreme anti-communist positions. Their anti-Soviet worldview of social reality lay the foundation for subsequent hardline policies such as containment and massive retaliation. The hardline view penetrated the decision-making organizations of the US and UK governments in large part due to the unity and expertise perceived toward the international IC by government. The unity and expertise was magnified by the mystique of covert operations, which gave the international IC a powerful influence on governments which still persists today. See Haas 1992, p.27 for a further description of epistemes and penetration of decision-making groups. For discussion of the role of the international IC in implementing hardline Soviet policy, see Saul Landau, The Dangerous Doctrine: National Security and U.S. Foreign Policy (Boulder, Colorado: Westview Press, 1988.

[76] Haas, "Introduction: epistemic communities and international policy coordination," p.3.

put through similar examinations by counterintelligence and decisions were based on a largely shared worldview. Lastly, the CANUKUS intelligence agency epistemic community has a shared policy enterprise: the war against communist subversion at home and the Warsaw Pact military threat abroad. Since the end of the Cold War, the common policy enterprise has become counter-terrorism and counter-proliferation.

By themselves, it is possible that counter-terrorism and counter-proliferation would not be a sufficient threat to maintain the influence of the international intelligence epistemic community. Several reasons explain why the community remains powerful and continues to affect organizational adaptation at CSIS. One reason is the increasingly uncertain global security environment, complicated by nationalism, regionalism, economic competition and arms proliferation. As the international agenda becomes more complex, decision-makers must rely more on the expertise of the international intelligence community.[77] Uncertainty tends to break down organizational standard operating procedures, granting the international IC greater influence in defining interests, formulating policy, and showing interlinkages among issues.

The international intelligence community clearly played a large role during the Cold War, where expertise and values united to forge the anti-Soviet Western alliance. The organizational development of both the RCMP Security Service/CSIS and CIA

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[77] Ibid, p.12.

took place entirely in this milieu.[78] Given that the international intelligence community

is still in place, with its domestic organizational manifestations still intact, it is clear

that it will have some impact on organizational change at CSIS.

Conclusion

Ultimately, the post-Cold War organizational adaptation of CSIS will be the sum of

response to changes in the external environment, tempered by the influence of

organizational culture and the goals of adaptation, affected variously by the respective

considerations at the levels of generic, public organizational, covert organizational,

Canadian and international intelligence community. Indeed, as stated at the beginning

of this chapter, there is no grand theory of organizational change that can explain

CSIS in the post-Cold War era. However, a case has been made that second-order

transformative change in environmental conditions can unfreeze organizations and

begin the process of adapting organizational culture and goals. Moreover, the process

of adaptation will be subject to a variety of domestic and international constraints.

The remainder of this thesis will outline the policy implications of the relationship

between these theoretical constraints and organizational change at CSIS.

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[78] British security services MI5 and MI6 had earlier origins.

CHAPTER TWO:

DOMESTIC OBSTACLES TO ORGANIZATIONAL CHANGE AT CSIS

CSIS is adapting to transformative change in its external environment. Like all organizations, CSIS faces a variety of cultural and strategic obstacles in its effort to reorient itself to new external environmental conditions. This chapter will review the domestic obstacles to its attempt to reorient itself. The theories outlined in the previous chapter concerning generic organizational change, public organizational change, and Canadian public organizational change will be used to illustrate these barriers. In general, these domestic obstacles are each ultimately related to the demands of federal deficit reduction and the new Canadian security intelligence environment.

It must be established from the outset that CSIS is experiencing second-order change, or as Thomas defines it, change which "is said to have an impact on the overall paradigm or world view of the organization."[1] The international impetus

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[1] Paul Thomas, "Coping With Change: How Public and Private Organizations Read and Respond to Turbulent External Environments" in Leslie F. Siedle, ed. Rethinking Government: Reform or Reinvention? (Montreal: Institute for Research on Public Policy, 1993) p.36.

behind this transformative change is the policy convergence within the Western

intelligence epistemic community, including intelligence organizations from Canada,

the United States and the United Kingdom; this will be discussed in Chapter Three.

Within Canada, the urgency of organizational adaptation at CSIS is driven by the

overall process of shrinking public financial resources and new perceptions of threats

to national security. These experiences confirm the assertion of this thesis that the

adaptation of organization culture and goals is possible in the face of dramatic external

changes.

As of 31 March, 1994, the federal budgetary deficit stood at $39 billion. The

federal debt totalled $547 billion.[2] The accelerated accumulation of federal debt since

the mid-1970s has been addressed, with varying strategies and degrees of success, over

the same twenty year period. Political competition for public funds has intensified, as

various departments, agencies, commissions within the state, seek to reduce the impact

of cost-cutting on their particular fiscal envelope. Outside the state, a variety of

groups including hospitals, universities, corporations, and other levels of government

are putting pressure on the government to preserve their traditional federal transfer

payments and subsidies.

The Canadian national security apparatus has been particularly affected by the

trend of deficit-reduction. Most of the public and media attention has been focused on

debt #'s

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[2] Bruce Little, "Why the debt is a matter of interest"
The Globe and Mail February 13, 1995.

the cuts at the Department of National Defence (DND). This attention is due to the large fiscal envelope DND receives, high public awareness of its historical involvement in Europe and modern peacekeeping roles, high levels of personal or family experience with the military, and palpable economic impact of base closures and reduced procurement.

The 1994 Defence White Paper effectively illustrates the nature of the challenges posed by the demands of deficit reduction:

> Defence policy must respond not only to an uncertain and unstable world abroad, but also to challenging circumstances at home...in particular, to current fiscal circumstances. This situation limits governmental freedom of action in responding to the needs of Canadians and constrains the ability of government to deliver essential services.[3]

As a result of these fiscal circumstances, all government operations have been required to do more with less. The White Paper reveals that defence expenditures in the 1994 federal budget indicate a level of defence spending in the year 2000 that would be 40 per cent less than was envisaged in the 1987 White Paper.[4]

The reductions at CSIS have been subject to much less scrutiny and debate, for reasons that will be explored below. However, the reductions have taken place for the same reasons as the cuts were made at the Department of National Defence. Solicitor-

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[3] Department of National Defence, <u>1994 Defence White Paper</u> (Ottawa: Minister of Supply and Services, 1994) p.9.

[4] Ibid, p.9.

General Herb Gray, in his 1994 Annual Statement on National Security, indicated that "[t]he collapse of the Warsaw Pact has been a major factor in allowing the government to judiciously prune the Service's resources." As proof of this, the Minister went on to reveal that "[t]he Service's position complement has dropped from a peak of 2,760 in 1992 to 2,336 today, a reduction of 394 positions...the CSIS budget is $206.8 million, down from $228.7 million the year before."[5] Moreover, the 1993-94 SIRC Report noted streamlining in both the Counter-Terrorism and Counter-Intelligence branches.[6]

CSIS budget

It is clear that both international and domestic factors stimulated these reductions and the second-order change which they represent. In an atmosphere of overall federal expenditure reduction, the end of the Cold War prompted the Solicitor-General to suggest to the House of Commons that, "[m]embers might well ask, Mr. Speaker, are we reorienting and streamlining our activities in step with today's security intelligence environment?" His answer: "We are, Mr. Speaker."[7] CSIS, like other organizations in the Canadian national security apparatus, had to adapt to both domestic expenditure reductions and the new post-Cold War security environment. Changes of this magnitude match the criteria of the "frame-breaking" or "second-

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[5] Solicitor General of Canada News Release, "Annual Statement on National Security" (Ottawa: April 11, 1994) p.3.

[6] Security Intelligence Review Committee, "1993-94 Public Report" (Ottawa: Minister of Supply and Services, 1994) pp.30-32.

[7] Solicitor General of Canada, "Annual Statement on National Security" (Ottawa: April 11, 1994) p.2

order" change described by Thomas.

The literature on organizational theory outlines various constraints on this type of adaptation to transformative external change. The previous chapter discussed organizational constraints, or obstacles that complicated the process of change in both public and private organizations. These constraints were divided into barriers that result from the external environment of an organization, organizational culture, and organizational goals.

The External Environment

CSIS operates in an external environment that is experiencing dramatic and transformative change. The previous chapter discussed a series of measures put forward by Hal Rainey to describe the various characteristics of the relationship between an organization and its external environment. The following chapter will show that CSIS has an external environment that combines the most difficult of these elements. The external environment for CSIS is complex, connected, turbulent, unpredictable and resource-scarce.[8] These conditions make effective organizational adaptation to a new environment burdensome.

CSIS must contend with a complex external environment that has at least three major external constituencies. These constituencies are the federal government, the

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[8] Hal G. Rainey, Understanding and Managing Public Organizations (San Francisco: Jossey-Bass, 1991), p.42.

Canadian public, and the Western intelligence community. The relationship between CSIS and its constituency in the Western intelligence community will be dealt with in Chapter Three. This chapter will focus on the relationship between CSIS and its Canadian constituencies, including its customers and financial managers within government, as well as the public at large.

W. Richard Scott notes that all organizations respond to the demands of some constituency in their external environment.[9] CSIS cannot ignore its constituencies, because as a public organization in a democratic state, it is constitutionally responsible to Parliament, and through Parliament to the Canadian people. Rainey describes this type of relationship between democratic public organizations and their constituencies as "connected." Organizations with a connected relationship are unable to make decisions in isolation. As a result, no organization can fully adapt to change on its own.

As a security intelligence organization with extraordinary legal powers, CSIS decision-making is subject to particular scrutiny by its constituencies.

The reorientation to the post-Cold War era is ongoing in step with the demands of streamlining government service. However, the Department of Finance, with its mandate to reduce expenditures, is only one of the external constituencies with which CSIS must contend. Stuart Farson has noted that this concern is also present

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[9] W. Richard Scott, <u>Organizations: Rational, Natural, and Open Systems</u> (New Jersey: Prentice Hall, 1987), p.19.

among an another important constituency, the Canadian public. Farson points out that

"while there is an expectation of a 'peace dividend', it is unclear how it will manifest

itself given the public's concern about persistent unemployment and declining

standards of living, and the constraints on government to act when the public debt

continues to rise."[10] In other words, Farson is arguing that CSIS must be aware that

the priorities of its public constituency have shifted away from Cold War era national

security to individual economic security. CSIS has demonstrated a certain awareness

to this problem, which will be discussed below.

public pressure vis a vis CSIS budget

The Canadian public has made other demands on government, beyond merely

cutting costs. These demands constitute another constraints on organizational

adaptation at CSIS. The 1994 Defence White Paper summarized these demands as

follows:

> Canadians have asked for the renewal of responsible
> government. They want government to show leadership
> in addressing a demanding political, financial, economic,
> and social agenda. They ask that it be efficient with its
> use of the taxpayer's dollar: if private industry has had to
> restructure in light of difficult economic circumstances,
> government must do the same. They demand it be
> ethical in the style and substance of its decisions, and
> open in consulting Canadians on important issues.[11]

It is apparent that such an exhaustive list further complicates the process of

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[10] Stuart Farson, "Accountable and Prepared: Reorganizing Canada's Intelligence Community for the 21st Century" Canadian Foreign Policy 1 (3), Fall 1993. p.44.

[11] Department of National Defence, 1994 Defence White Paper, p.10.

organizational adaptation for CSIS. However, CSIS has sought to respond to this dilemma through the "marketing intelligence" approach. This approach is discussed below.

A third constituency to which CSIS must respond in its efforts to adapt to new external environmental conditions is the allied intelligence community, particularly in the United States and to a lesser extent in the United Kingdom. As the "junior partner" in this alliance, Canada must reconcile its new intelligence policy with its allies, particularly if it wishes to maintain favourable intelligence-sharing agreements.[12] The relationship with its allies will be discussed in Chapter Three. Together, these three constituencies help to create a complex external environment for CSIS.

Paul Thomas accounts for the complex external environment of CSIS and other public organizations by pointing out that they exist in a dual environment. CSIS, like all public organizations, has both a primary/task environment and a secondary/general environment. Its task environment is the milieu in which it conducts its day to day operations. CSIS is officially tasked with "safeguarding the Canadian public and Canada's security interests by collecting and analyzing information and advising the Government of national security and public safety concerns."[13] The complexity of this

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[12] See J.L. Granatstein and David Stafford, <u>Spy Wars</u> (Toronto: McClelland and Stewart, 1990) for a history of the Canadian position as the junior partner in Western intelligence alliances.

[13] Canadian Security Intelligence Service, "1993 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1994) p.2

task in the post-Cold War era not withstanding, CSIS must also facilitate its operations through the securing of human and financial resources in a time of severe government restraint.

As a Canadian public organization, CSIS also exists within the secondary social, economic, technological, and political environment of the Canadian political community. Any effort by CSIS to adapt to change in its task environment must also consider conditions in its secondary environment. The challenge of organizational adaptation is revealed by a consideration of the enormous variety of conditions in these environments. The economic environment has already been discussed. The cuts in public expenditure affect all Canadian public organizations. The political environment is turbulent in several respects, including most significantly the ongoing national unity crisis. The role of CSIS in this debate remains extremely contentious.[14] Canada, under the Chretien government, also seeking to redefine its economic and security relationship with the United States.[15] The impact of realignment in these

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[14] See, for a discussion of the more notorious cases involving the RCMP/CSIS and Quebec, Richard Cleroux, Official Secrets (Toronto: McClelland and Stewart, 1991) ch.3; Reg Whitaker, "Apprehended Insurrection? RCMP Intelligence and the October Crisis" Queen's Quarterly 100 (2), Summer 1993 pp.383-407 and "The Politics of Security Intelligence Policy Making in Canada I 1970-84 Intelligence and National Security 6 (4), October 1991 pp.649-668; Granatstein and Stafford, Spy Wars, pp.200-210.

[15] See "Foreign Policy for Canadians" (Ottawa: Department of Foreign Affairs, 1995).

areas on intelligence alliances will be profound.[16]

The social and technological implications of the secondary environment are less tangible than the political and economic conditions. Technological change has had the least documented effect on CSIS. In their discussion of the American intelligence community, Alvin and Heidi Toffler describe the impact of the information revolution on the intelligence cycle. They point out the analytic process has become overwhelmed by the amount raw information vacuumed from both open sources and technological collection, both of which have rapidly expanded in terms of reach and contracted in terms of processing time. As a result, analysts have had to struggle to package this mass volume of information into timely value-added intelligence for policy-makers.[17] The information revolution also led to the proliferation of private-sector, open-source intelligence firms.[18]

Technology is also closely linked to the economic general environment. The interrelationship is crucial for the task environment for CSIS. As Stuart Farson has pointed out, "the fundamental restructuring of the world economy from one symbolized by smoke stacks to one symbolized by computer chips ... has highlighted

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[16] See Chapter Three for further discussion.

[17] Alvin and Heidi Toffler, War and Anti-War (Boston: Little, Brown, 1993) pp.158-59. See also Angelo Codevilla, Informing Statecraft (New York: The Free Press, 1992).

[18] See Robert D. Steele, "Private Sector Intelligence: Its Potential Contribution to National Security" Paper presented to 1994 CASIS Conference, Ottawa.

the threats to technology and thus national economic security."[19] The link between technology and national security has meant a major new task for several national security intelligence services. Information security has taken on a new dimension as a result of possible surreptitious access to sensitive information by "hacking" into computer databases.[20]

Socially, the poor public perception of CSIS is most significant. The general Canadian lack of interest in defence outside times of crisis is of enormous import. As Desmond Morton has stated, "Canadians have been free to look at the world with the unctuous righteousness of those who have never had to struggle to survive."[21] Indifference is only one social obstacle for CSIS. Scandal, whether real or perceived, will also be shown below to be a constant element for CSIS in its relations with the media and the public. Moreover, in this era of deficit-reduction, public support and understanding is the most crucial constituency for CSIS.

Another element which adds to the complexity of the external general environment for CSIS is the need to balance accountability and responsiveness. H.F.

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[19] Farson, "Accountable and Prepared," p.44

[20] See Winn Schwartau, Information Warfare (New York: Thunder's Mouth Press, 1994); Wayne Madsen "Intelligence Agency Threats to Computer Security" International Journal of Intelligence and Counterintelligence 6 (4), Winter 1993. pp. 413-488 and John Markoff, "Data Network Is Found Open To New Threat" New York Times, January 23, 1995.

[21] Desmond Morton, "Defending the Indefensible: some historical perspectives on Canadian defence 1867-1987" International Journal 13, Autumn 1987 pp.629.

Gortner describes this challenge as the "extra dimension" of public organizations. He argues that two views exist whether "public organization members must adhere strictly to the law and to the orders of superiors (accountability) or must be responsive to the needs of their clientele or their own personal code."[22]

For security intelligence agencies, this balance is particularly difficult to attain. The balance between accountability and responsiveness requires CSIS, in its efforts to prevent terrorism, to embrace the somewhat contradictory goals of efficiency and openness. The most efficient way to prevent terrorism is to use totalitarian police state tactics, free from legislative oversight or concern for suspects. However, accountability to the limitations of the Canadian Security Intelligence Service Act and other laws prevents CSIS from doing so. Similarly, accountability requires CSIS to limit its expenditures to a certain level, but responsiveness suggests that CSIS try to meet the demands of those who claim that terrorism has to be prevented at any cost. As Reg Whitaker has noted,

> when accountability works, scandals disappear and the
> legitimacy of the process increases. But in the absence
> of scandals there may well be a tendency to allow
> accountability to atrophy; it is the course of least
> resistance for governments to allow CSIS to get on with
> the job with fewer restraints.[23]

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[22] H.F. Gortner et al, Organization Theory: A Public Perspective (Chicago: Dorsey Press, 1987). pp.393-94.

[23] Reg Whitaker, "Security Intelligence Policy-making in Canada, 1984-1991" Intelligence and National Security 7 (2), 1992. p.67

The need to balance accountability and oversight adds to the complexity of the external environment for CSIS.

The complexity of its external environment is also exacerbated by its turbulent nature. Domestically, its external environment is dominated by budget reduction and scandal. Internationally, its external environment features uncertainty and volatility with respect to both old and new security threats. It could also be argued from the perspective of intelligence theory that security intelligence organizations operate by nature in a turbulent environment.

The uncertainty concerning budgetary resources was discussed above. It is difficult to adapt to a newly turbulent security intelligence environment with decreasing fiscal resources. This sentiment has been reflected by both CSIS and SIRC. The 1992-93 SIRC Report points out that "the decade of the Nineties is turning out to have a dominant theme in both private and public affairs: frugality."[24] The Report also states that its previous preoccupation with civil liberty issues was a reflection of public priorities in the wake of the McDonald Commission and the Osbaldeston Report. However, given the new emphasis on frugality, the Report suggested that SIRC must take an interest in what CSIS is doing, and assess whether certain duties need to be performed at all. The Report argued that this was a reflection of the "general feeling that the end of the Cold War should lead to a

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[24] Security Intelligence Review Committee, "1992-93 Annual Report" (Ottawa: Minister of Supply and Services, 1993) p.1

restructuring--and probably a reduction--in the CSIS organization and budget."[25]

Interestingly, in the Annual Statement on National Security, Solicitor-General Herb Gray placed his emphasis on a different passage in the Report, quoting a SIRC statement that "we believe that CSIS is reorienting its activities in a sensible prudent fashion ... and the result will be a Service that acts effectively against the modern terrorist threat to vulnerable highly interdependent post-industrial societies such as our own, and which costs the nation less."[26] However, the actual statement read as follows: "We believe that CSIS is reorienting its activities in a sensible prudent fashion, *given current circumstances, and we expect the process to continue steadily over the next few years*. The result will be a Service that acts effectively against the modern terrorist threat to vulnerable highly interdependent post-industrial societies such as our own, and which *could cost* the nation less." (emphasis added)[27] The Gray statement omitted these more cautionary parts of the original SIRC statement, apparently in an effort to make the SIRC review slightly less faint in its praise. This incident demonstrates the importance of appearing fiscally responsible and is a reflection of the difficulties faced by CSIS in its effort to adapt to new realities in its external fiscal environment.

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[25] Ibid

[26] "Annual Statement on National Security" (Ottawa: Minister of the Solictor-General, 1994) p.3.

[27] Security Intelligence Review Committee, "1992-93 Annual Report" (Ottawa: Minister of Supply and Services, 1993) p.2

Another factor contributing to the turbulent nature of the external environment

for CSIS was the Bristow-MacInnis scandal. This scandal captured considerable

media attention in the latter half of 1994. Briefly stated, CSIS was accused of using

Grant Bristow as its operative to establish the Heritage Front hate organization which

then proceeded to harass variously the Canadian Jewish Congress, the anti-racist

movement in Toronto, and the Reform Party. Related allegations concerned possible

interference by CSIS with the CBC and the Canadian Letter-Carriers Union. These

allegations were brought to light by one-time Solicitor-General staffer Brian MacInnis.

A full SIRC report on the matter was issued to the public following extensive hearings

in November 1994.[28]

The SIRC Report did not condemn CSIS actions in the matter, but that did

little to negate the damage done to the image of CSIS among the Canadian public.

Critical, at times scathing, media coverage did little to help relations between CSIS

and the public at a time when CSIS was trying to demonstrate its continued utility in

the budget-conscious post-Cold War era. After refusing to return leaked documents to

the RCMP,[29] the *Toronto Star* led the attack on CSIS with an August 1994 editorial

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[28] The case received extensive coverage in the Canadian media in the latter half of 1994. See Bill Dunphy, "Spy unmasked" Toronto Sun, August 14, 1994 and Kirk Makin, "Is Canada's spy agency out of control?" The Globe and Mail, September 10, 1994.

[29] Shawn MacCarthy, "CSIS demands return of document from   Star" Toronto Star August 23, 1994.

entitled "CSIS running amok" and regular opinion pieces from left-wing civil

libertarian advocates A. Alan Borovoy and Clayton Ruby.[30]

The damage from the Bristow-MacInnis incident, and subsequent revelations by

former CSE officer Mike Frost and author David Kilgour about two other intelligence-

related imbroglios, is difficult to directly establish.[31] It is clear, however, that damage

has been done to the public image of CSIS. This is because the public has little

understanding of security intelligence which, according to Geoffrey Weller, exists

> largely as a vacuum as far as the general political and
> public opinion is concerned. There are not many
> pressure groups that have a continuing interest in
> intelligence matters and most of the groups that have
> expressed an interest from time to time have done so in
> relation to specific issues and to specific problems and

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[30] See "CSIS running amok" The Toronto Star, August 26, 1994. See also Alan A. Borovoy, "Bristow allegation exposes danger of unfettered snoops" Toronto Star, August 31, 1994 and Clayton Ruby, "Doug Lewis has a lot of questions to answer on CSIS" Toronto Star, September 7, 1994.

[31] The Frost book contained sensational allegations about the relationship between the Canadian Communications Security Establishment and the American National Security Agency. The media mostly focused allegations concerning CSE eavesdropping on Margaret Trudeau and in another case, spying on British cabinet ministers at request of Margaret Thatcher. See Michael Frost and Michel Gratton, SpyWorld (Toronto: Doubleday Books, 1994). The Kilgour book discusses Ryszard Paszkowski who allegedly, after conducting anti-terrorist activities in West Germany for CSIS in 1986, was abandoned and subjected to a smear campaign. See "Spy says he was left in cold, puts heat on CSIS" The Globe and Mail, November 4. See also Richard Cleroux, Official Secrets (Toronto: McClelland and Stewart, 1991) ch.8

scandals that have occasionally arisen.[32]

In general, there is not a great deal of public interest in intelligence matters outside of

the media and the small Canadian Association for Security and Intelligence Studies.[33]

As a result, the knowledge of the public is media-driven, which has tended to focus on

scandals, or on budget information, which is in turn also portrayed as a scandal.

Kenneth Robertson points out that "its activities and product do not arouse a great deal

of interest because they are not seen as having any great relevance ... except, that is,

when they are source of scandal."[34]   However, no serious policy debate occurs

because even scandals seem to be able to overcome what former CSIS Director Ted

Finn calls "the genuine disinterest [sic] on the part of most Canadians."[35] The lack of

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[32] Geoffrey Weller, "The Canadian Security Intelligence Service Under Stress" Canadian Public Administration 31 (2), Summer 1988. p.299

[33] Interestingly, even the CASIS organization was criticized at an October 1994 conference on the future of intelligence analysis for being "too self-effacing" with respect to Canadian content. In response, conference organizer Stuart Farson explained that "there are few academics in this field in Canada, even fewer bureaucrats willing to speak publicly at conferences such as this one, and a media which only shows up when civil liberties and propriety are of concern." See John Patterson, "Special Conference Dialogue: Rapporteur's Summary," CASIS Intelligence Newsletter 22 (Spring 1995), p.4.

[34] Kenneth G. Robertson, "Canadian Intelligence Policy: The Role and Future of CSIS," International Journal of Intelligence and Counter-intelligence 3 (2), Summer 1990. p.227

[35] Ted Finn, "Does Canada Need a Foreign Intelligence Service," Canadian Foreign Policy 1 (3), Fall 1993. p.153.

a clear relationship between CSIS and its public constituency is a major obstacle in adapting to the transformative changes in the new external environment.

CSIS faces its most turbulent external environment with respect to the international geopolitical environment.[36] The international security intelligence environment[37] was described in the last CSIS Public Report as follows:

> The end of the Cold War forced Canada to evaluate what had long been considered the primary threats to Canadian national security. While the activities of former Cold War adversaries have been generally reduced, they have by no means been eliminated. Although some old threats have diminished, others, where major intelligence services are involved, have changed only cosmetically. Some

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[36] For a broad discussion of Canadian national security interests in the post-Cold War era, see: Brigadier-General W. Donald Mcnamara, "Canada Domestic Strategic Interests," Canadian Defence Quarterly 23 (4), Summer 1994 pp.13-16; Marc Millner, "Defence Policy for a New Century," Canadian Defence Quarterly 23 (4), Summer 1994 pp.17-22; Colin S. Gray, Canadians In A Dangerous World (Toronto: The Atlantic Council of Canada, 1994).

[37] For a thorough discussion of the new international security intelligence environment, see the following: for a US perspective, Ernest R. May "Intelligence: Backing Into The Future," Foreign Affairs 71 (3), Summer 1992 pp.63-72; Abraham H. Miller and Nicholas Damask, "Thinking About Intelligence After the Fall of Communism," International Journal of Intelligence and Counterintelligence 6 (3), Fall 1993 pp.257-269; Loch K. Johnson, "Smart Intelligence," Foreign Policy (89), Winter 1992-93 pp. 53-68; Allan E. Goodman, "Shifting Paradigms and Shifting Gears: A Perspective on Why There is No Post-Cold War Intelligence Agenda" paper presented to October 1994 CASIS Conference, Ottawa; for a Canadian perspective, Jean-Paul Brodeur, "Time to Change Course? Canadian National Security At the Dawning of the Year 2000," paper presented to a September 1992 SIRC seminar, Montreal; Murray Rankin, "Where Does CSIS Go From Here, Now That The Cold War Is Over?" paper presented to a September 1992 SIRC seminar, Montreal; Stuart Farson, "Accountable and Prepared: Reorganizing Canada's Intelligence Community For the 21st Century," Canadian Foreign Policy 1 (3), Fall 1993 pp.43-66; for a worthy journalistic treatise, James Adams, The New Spies (London: Hutchinson, 1994).

/ have remained the same.[38]

The very ambiguity of this statement reflects the turbulent nature of the international security intelligence environment. On the one hand, Cold War threats from the Russian Foreign Intelligence Service and GRU, along with Chinese and Cuban intelligence activities, are said to continue. Specifically, these threats are said to include old threats such as the pursuit of "technological parity with the West, particularly as regards technology for military purposes" and newer threats, such as the "use of intelligence services to conduct economic espionage."[39]

The complexity arises from the need to counter these threats, without jeopardizing nascent diplomatic links, particularly with an increasingly nationalist Russia and the increasingly economicly powerful China.[40]

The threat from Cold War rival intelligence services is only one of the threats faced by CSIS and the rest of the Canadian national security apparatus. Other threats stem from ethnic nationalism, environmental and territorial pressures, and poverty-generated frustrations which threaten Canadian interests abroad and possibly, through terrorism, at home. Concern about the proliferation of weapons of mass destruction

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[38] Canadian Security Intelligence Service, "1993 Public Report" (Ottawa: Ministry of Supply and Services, 1994) p.3.

[39] Ibid

[40] See Olivia Ward, "FBI, Russia join forces against crime" Toronto Star July 10, 1994.

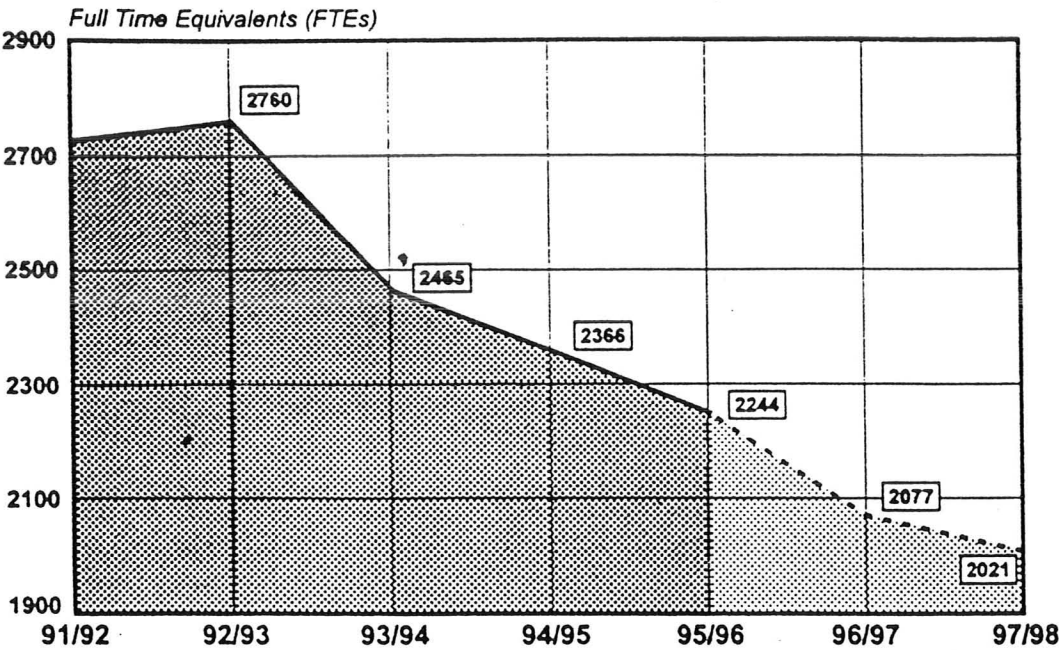and the internationalization of organized crime also remain prevalent.[41]

The turbulent nature of the external environment for CSIS is compounded by its unpredictability, which extends to its relationship with all three of its constituencies. The public finance constituency is predictable in the direction, but not in the extent of its policy towards the budgetary allocation for CSIS. CSIS recognizes that its budget, along with virtually all others in the federal government, is going to continue to contract until the federal deficit is under control. Of course, the date for that event and even the parameters for defining the problem as "under control" are highly contentious.

CSIS will be unlikely to play a major role in determining these latter macro-economic questions. Table One shows that its 1994-95 budget dropped by $37.47 million from 1993-94. However, the 1992-93 and 1993-94 budgets represented larger-than-normal allocations because of the building of the new CSIS headquarters. As a result, the 1994-95 budget is virtually identical to the last Cold War budget of 1991-92. However, over that same period, the personnel budget did drop by $5.86 million, which is evidence of downsizing.[42]

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[41] Ibid

[42] Figures taken from Security Intelligence Review Committee, "1993-94 Annual Report" (Ottawa: Minister of Supply and Services, 1994) p.59.

CSIS Establishment

Full Time Equivalents (FTEs)

2760

2465

2366

2244

2077

2021

| 91/92 | 92/93 | 93/94 | 94/95 | 95/96 | 96/97 | 97/98 |

SOURCE: 1994 CSIS PUBLIC REPORT AND RESOURCE OUTLOOK

CSIS Budget

($ Millions)   ■ Salaries   ▥ Operating   □ Construction Capital

158 164 205 205 225 244 207 183 166 159

| 88/89 | 89/90 | 90/91 | 91/92 | 92/93 | 93/94 | 94/95 | 95/96 | 96/97 | 97/98 |

Actual Expenditures   Projected   Main   Projected
                             Expend. Estimates   Budgets
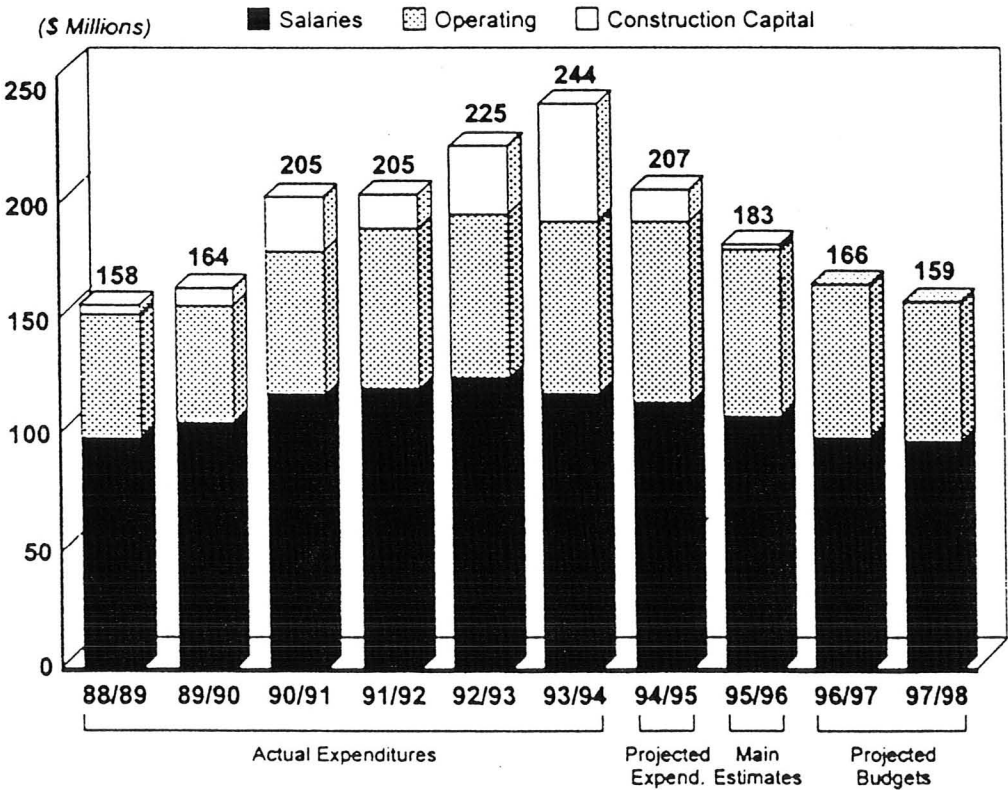
Moreover, the 1994 CSIS Public Report shows program cuts of $17.2 million from 1994-95 to 1995-96. By 1997/98, the CSIS Budget will have fallen from the 1993/94 high of $244 billion to $159 billion.[43]

In order to mitigate the extent of future budget cutting, CSIS is attempting to strengthen its relationship with the public constituency. However, here again, CSIS is finding the unpredictable element of scandal and the international security intelligence environment an obstacle in its attempt to redefine its role with the Canadian public. It is impossible to predict the timing and implications of any future scandal. However, SIRC has made several recommendations with respect to the Target Approval and Review Committee (TARC) process that would reduce the chance of rogue agents like Bristow or Pazkowski.[44]

A more serious problem with unpredictability involves the turbulent international security intelligence environment. It was mentioned above that the Canadian public seems largely uninterested, but that does not apply to the Department of Finance. In its effort to reduce the budgetary deficit, the Department is asking all federal departments to justify their program expenditures. For CSIS, the

hard to change

[43] Canadian Security Intelligence Service, "1994 Public Report" (Ottawa: Minister of Supply and Services, 1995) p.10.

[44] The Target Approval and Review Committee (TARC) is responsible for approving and supervising Level 3 investigations, which are those that involve informants. SIRC has recommended that CSIS "come up with new ways" to handle informants. See Tu Thanh Ha, "Gray reviewing CSIS report" The Globe and Mail December 10, 1994; and Canadian Press, "Watchdog says CSIS didn't spy on Reform" The Globe and Mail December 15, 1994.

unpredictability of its external environment makes this an especially difficult task. The highly fluid nature of the post-Cold War international geopolitical environment complicates the search by CSIS to identify its future role.

CSIS admits as much in its 1993 Annual Public Report, stating that "in rapidly changing times an additional benefit can be had from greater public understanding of the nature of, and the country's need for, CSIS."[45] The Report fails to stipulate who the "additional benefit" is for, but it can easily be argued that CSIS benefits from an increased public awareness of, and presumably support for, CSIS. A public that is cognizant of security intelligence threats to Canada is less likely to demand its budget be cut. This sentiment would in turn be passed on the Department of Finance.

Highly publicized cases such as the Gouzenko and Bennett affairs created a high public awareness of the need for a Canadian security intelligence capability during the Cold War. Since the end of the Cold War, CSIS, along with the rest of the Canadian national security apparatus, has had to struggle to re-capture the clarity of purpose of the struggle against communism. To this end, CSIS and other national security elements have both stressed unpredictability and the rise of new threats. The 1994 Defence White Paper states that "Canada faces an unpredictable and fragmented world."[46] The 1993 CSIS Public Report suggests that "in general, the world has

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[45] Canadian Security Intelligence Service, "1993 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1994) p.1

[46] Department of National Defence, 1994 Defence White Paper, p.3

become a less predictable place, where power is more diffuse...the sources and types

of threats facing Canada are less susceptible to prediction and therefore, to prevention

or deterrence."[47]   As early as 1990, the Solicitor General was warning that "as

Canadians look to the future, there is cause for hope, but not complacency. The

transformations underway provide reason to hope for reduced threats to national

security. But uncertainty and volatility are characteristic of periods of international

transition."[48] By 1995, CSIS revealed its ongoing caution by noting that "in some

cases, a reduction of resources or the termination of major investigations has been

possible; however it is also clear that the task of counter-intelligence is more complex

in the absence of overriding ideological struggle, which for so many years

automatically identified friend from foe."[49]

CSIS has also shifted its resources to an area which symbolizes the most

unpredictable and dangerous element of international relations: terrorism. The 1993

Public Report is a reflection of this new emphasis:

> Terrorists group and regroup frequently to meet their own
> needs or those of the movements, or sometimes,
> governments that sponsor them. Their activities and
> targets are difficult to predict. Their methods are by

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[47] Canadian Security Intelligence Service, "1993 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1994) p.3

[48] Solicitor General Canada "On Course: National Security for the 1990s" (Ottawa: Minister of Supply and Services, 1991) p.1.

[49] Canadian Security Intelligence Service, "1994 Public Report" (Ottawa: Minister of Supply and Services, 1995) p.11

definition extreme. Their reach is global and the consequences of the failure to detect them are severe.[50]

The menace of terrorism is strongly emphasized throughout both the Public Report and the Annual Statement on National Security, in which the Solicitor-General indicates that "open, democratic societies offer vulnerable and attractive targets."[51] The purpose of this emphasis is two-fold: to instruct Canadians about a serious threat to their national security which receives relatively little attention, and to remind budget-makers at the Department of Finance that the very unpredictability of the international security intelligence environment warrants a continued counter-terrorism capability.

Summary

Thus far, it has been shown that CSIS faces an external environment that is connected, complex, turbulent, and unpredictable. These characteristics summarize the constraints on adaptation by CSIS to its new circumstances within its budgetary, public, and international environments. An interrelationship plainly exists between these four elements, one which can be explained by the final element of Rainey's criteria, which is a scarcity of resources. A clear transformative, second-order change has taken place both within the international security intelligence environment in which CSIS operates and the domestic public finance environment from which it draws its resources. These

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[50] Ibid, p.5

[51] Ministry of the Solicitor General, "Annual Statement on National Security" (Ottawa: Solicitor General, 1994) p.4

changes have made it difficult for CSIS to identify a clear role for itself that is

meaningful for the Canadian people, a task which has been shown to be a challenge

during the less turbulent and unpredictable Cold War era. As a result, CSIS faces an

increasingly-scarce allocation of budgetary resources, as competition within the federal

government for financing continues to intensify.⌋

In spite of these five obstacles to organizational adaptation, CSIS has attempted

to reorient itself in response to the "frame-breaking changes" of both the post-Cold

War security intelligence environment and the new realities in Canadian public

finance. In order to overcome these obstacles, organizations must seek to adapt their

internal culture and their organizational goals and mission. CSIS has responded to

each of these challenges. In effort to change its organizational culture, CSIS has to

overcome a Cold War internal culture and a secretive Cold War organizational

mission.

Organizational Culture

In the previous chapter, various perspectives on organizational culture were outlined.

This section will focus on organizational resistance to change, as discussed by Paul

Thomas, and attempts by organizations to minimize outside influence, as discussed by

James Q. Wilson. All organizations tend to resist change and try to minimize outside

influence, but in this case, organizational inertia is compounded by secrecy. Secrecy

plays a crucial role in exacerbating "bureaucratic inertia" and "organizational autonomy". Secrecy, as Abram Shulsky pointed out, has an impact on the organizational culture of intelligence services, making them particularly resistant to change, and frequently in conflict with the ideals of a democratic society.[52]

Philip Selznick defined organizational culture as the process in which "organizations become so value-laden that they develop distinct, change-resistant identities quite separate from the identities of the people who comprise them."[53] In applying this definition to CSIS, it is necessary to examine each of the components contained in the definition. What are the values embodied by CSIS? Are those values distinct from other organizations? Are they resistant to change, even in time of major external environmental changes? Is the cultural identity of the CSIS separate from the individuals who comprise it? Finally, how does secrecy affect these considerations?

The end of the Cold War means that CSIS must take on new tasks or risk becoming redundant. In order to successfully manage this change, CSIS had to overcome the Cold War-oriented organizational culture. What are the values embodied by CSIS in its organizational culture? Are there major differences between the Cold War and post-Cold War culture of CSIS? There are no easy answers to either of these questions. Organizational culture can be difficult to assess at the best

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[52] Abram N. Shulsky, <u>Silent Warfare</u> (Washington: Brassey's, 1993) p.159

[53] Charles Perrow, <u>Complex Organizations: A Critical Essay</u> (New York: Random House, 1972) p.159

of times, but particularly difficult when dealing with a closed, secret culture such as CSIS. In spite of this obstacle, it would appear that CSIS may have begun to change its values and approaches in response to the new fiscal and geopolitical environments, but much of the Cold War culture remains.

Much of the explanation for this situation is provided by James Wilson. Wilson notes that organizational culture is created in large part in response to organizational tasks, which are a response to the organizational mission. The mission, in turn, has a strong influence on values. Wilson defines mission as "widespread endorsement of the way the critical task is defined."[54]

can't change after Cold War

During the Cold War, the RCMP Security Service was imbued with a strong sense of mission, which focused primarily on counter-espionage and domestic dissent.[55] With respect to counter-espionage, Robertson argues that "Canada has no wish to be considered as the 'soft-underbelly' of the North American, or NATO alliance." He adds that domestic dissent was a far more controversial role, which frequently resulted in clashes over what behaviour constituted subversion, and which behaviour constituted legitimate dissent.[56]

The shift from these Cold War era tasks began in 1981 with the publication of the Report of the McDonald Commission, which led to the introduction of The

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[54] James Q. Wilson, Bureaucracy (New York: Basic Books, 1989), p.26.

[55] Robertson, "Canadian Intelligence Policy," p.225

[56] Ibid, p.231.

Canadian Security Intelligence Service Act in 1984.[57] CSIS was created as a seperate civilian security intelligence service, distinct from the RCMP. Section 2 of the Act, under "threats to the security of Canada" outlined the four major tasks for CSIS.[58] These tasks maintained the old emphasis on counter-espionage and counter-subversion. However, it was recognized that a "new and different corporate culture" was needed to respond to three new political requirements: the desire to seperate intelligence from police work; the need to place research and analysis on the same level as investigation; and the interest in establishing a much higher level of accountability and public scrutiny.[59]

However, problems remained and CSIS was unable to meet these political objectives. The Independent Advisory Team[60] was struck to investigate two major problems which had been noted by the Security Intelligence Review Committee. The first issue considered whether CSIS had an appropriate personnel management policy. The second looked at the question of the relationship between the need for counter-

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[57] For a discussion of the events leading up to the McDonald Commission in 1981, see Cleroux, Official Secrets, chapter two; and Whitaker, "The Politics of Security Intelligence Policy-making in Canada: 1970-1984," pp.649-688.

[58] Canadian Security Intelligence Service Act R.S. 1985, c. C-23, section 2.

[59] "People and Process in Transition: Report to the Solicitor General by the Independent Advisory Team on the Canadian Security Intelligence Service" (Ottawa: Minister of Supply and Services, 1987) pp.8-9

[60] Ibid

subversion and the rights of individuals.[61] With respect to the first issue, The

Independent Advisory Team found serious problems within the organizational culture

of CSIS:

> The organizational antecedent of CSIS, the manner in which the Service
> was established, and the unaccustomed glare of publicity have resulted
> in an organization which is uncomfortable in the limelight and not used
> to close political scrutiny. After three years of transition, CSIS still
> looks very much like the Security Service. Compartmentalization and
> secrecy stifle communication; priorities are driven by operational rather
> than strategic considerations, case-oriented, investigative techniques are
> given undue emphasis...and there is a inbred distrust of the 'system'.
> There has been much resistance to change.[62]

Thus, the Independent Advisory Team, in unusually strong language, indicated that

CSIS had essentially failed to meet the two out of the three political objectives

inherent in the McDonald Commission and in the Canadian Security Intelligence Act.

Intelligence and police work had not been adequately separated, and investigation still

took precedence over analysis.

In main part, the reason for the failure to alter the organization culture was due

to the failure to alter the organizational mission and the personnel assigned to that

mission. CSIS began operations in 1984 staffed mostly by former RCMP officers.

Even in 1990, following the Independent Advisory Team report, 83 per cent of CSIS

staff were from the RCMP.[63] According to Wilson, it is not surprising that the former

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[61] Ibid, p.1

[62] Ibid, p14

[63] Robertson, "Canadian Intelligence Policy," p.237

RCMP officers maintained the Security Service mission. These officers are the "operators" for CSIS, doing the work for which the organization was intended.[64] Wilson points out that "if a new agency has ambiguous goals, the employee's prior experiences will influence how its tasks get defined.[65]

This seems to have been the CSIS experience in its early years. The three political goals which stemmed from the McDonald Report were too broad. As Kenneth Robertson has pointed out, a lack of external and ministerial direction exacerbated the problem of continued RCMP culture; therefore "old habits will continue since no one has made it clear how CSIS should change."[66] In the absence of strong external direction in its early years, CSIS experienced continued problems balancing counter-subversion and individual rights, separating intelligence and police work, and elevating the importance of research and analysis.[67]

The report of the Independent Advisory Team was the first step in changing the mission and culture of CSIS. The report recommended the elimination of the counter-subversion branch of CSIS and endorsed a national recruitment campaign to

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[64] Wilson, Bureaucracy, p.33

[65] Ibid. p.55

[66] Robertson, "Canadian Intelligence Policy," p.237

[67] For a discussion of the dangers of failing to remove the police culture from security intelligence, see Stuart Farson, "Old Wine, New Bottles, and Fancy Labels: The Rediscovery of Organizational Culture in the Control of Intelligence" in Gregg Barak, ed. Crimes by the Capitalist State (New York: State University of New York Press, 1991) pp.185-219.

reduce the influence of the former officers.[68] These initial steps were successful in enabling CSIS to establish itself as an autonomous organization, completing the separation from the RCMP. A renewed focus on counter-espionage, together with an increasing interest in counter-terrorism, became the new organizational mission.

Events in the late 1980s and early 1990s moved ahead of the slow shift in organizational culture at CSIS. Because of the rapid end of the Cold War, CSIS was faced with an entirely new global security environment before the changes in personnel and mission had time to consolidate. Moreover, the old RCMP and Cold War values had not fully left the organization. At the same time, public fiscal resources were contracting as the federal deficit continued to expand. The result of these new circumstances in the external environment was to place greater pressure for change on the CSIS organizational culture.

Whereas in the aftermath of the Independent Advisory Team report had faced changes in how its tasks were performed, CSIS now faced questions concerning which tasks it should undertake. The Five Year Review of CSIS mandated by Section 56 of the Canadian Security Intelligence Act provided little help in this area. As one prominent CSIS observer has noted, "The 'In Flux' and 'On Course' reports, interestingly, were both too late and too early to be of maximum utility. They were too late to prevent the Osbaldeston disaster and too early to fully incorporate the

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[68] "People and Process in Transition: Report to the Solicitor General by the Independent Advisory Team on the Canadian Security Intelligence Service" (Ottawa: Minister of Supply and Services, 1987) pp.33-35

changes brought on by the end of the Cold War."[69] In short, the two reports did little

to establish a new culture or mission at CSIS.

The disappearance of many Eastern Bloc intelligence services, and the

diminution of the Soviet threat seemingly mandated a cultural change at CSIS.

However, as Reg Whitaker pointed out, "bureaucratic agencies are notoriously difficult

to turn around quickly, especially when there are vested interests and fixed

paradigms...there is evidence to suggest that CSIS is by no means eager to drop its

Cold War orientation."[70]

Charles Cogan describes the Cold War orientation as an "inertial guidance

system."[71] Western intelligence agencies were very slow to see the end of the Cold

War. Part of this can explained by analytical failure, but more importantly, part of it

must be explained by the immutability of the organization's political culture. Clearly,

the Western intelligence community miscalculated the pace of the collapse of the

Warsaw Pact and the Soviet Union. It is now apparent that the CIA overestimated the

strength of the Soviet economy,[72] and misinterpreted the implications of regional

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[69] Confidential interview, June 1994.

[70] Whitaker, "Security Intelligence Policy-Making in Canada 1984-1991," p.69

[71] Charles Cogan, "The New American Intelligence: An Epiphany" (Cambridge: John M. Olin Institute for Strategic Studies Project on the Changing Security Environment Working Papers, 1993) p.8

[72] See Ernest R. May, "Intelligence Reform: Backing Into the Future," Foreign Affairs 71 (3), Summer 1993. p.69.

secession in the USSR. On the other hand, the CIA was successful in predicting the

attempted coup in August 1991, and the shift in power from Gorbachev to Yeltsin.[73]

Many critics have used these failures to criticize the intelligence community.

However, as Abraham Miller points out, neither the academy nor intelligence should

be held to a standard of prediction in a "false sense of science." Indeed, the key role

for intelligence is to pass along facts in a crisis.[74] As such, the predictive element

should not be viewed as the crucial component of the intelligence failure in this

period.

More problematic was the impact of the Cold War intelligence culture on the

interpretation of the final days of the Cold War. In the United States, reforms in the

CIA Directorate of Intelligence under Robert Gates in 1982 had led to a consolidation

of managerial authority over analysts. According to some, this consolidation placed a

new priority on accuracy of analysis, which "in some cases had devastatingly negative

effects on analysts' initiative, creativity, and willingness to go out on a limb on any

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[73] This assessment of CIA successes and failures is taken from Abraham H. Miller and Nicholas Damask, "Thinking About Intelligence After the Fall of Communism," International Journal of Intelligence and Counter-Intelligence 6 (3), Fall 1993 pp. 257-269. For further
reading, see Michael R. Beschloss and Strobe Talbott, At the Highest Levels (Boston: Little, Brown, 1993); Mark Perry, Eclipse (New York: William Morrow, 1992) chapter 7.

[74] Miller and Damask, "Thinking About Intelligence," pp. 260-262.

major issue."[75] Indeed, CIA analysts became reluctant to challenge the existing "evil

empire" view of the Soviet Union during the Reagan years, even when faced with

evidence which suggested its weakness. This phenomenon became known as the

"politicization of intelligence."[76] This conservative view of the nature of Soviet reform

infected the Western intelligence community, including Canada, even until the final

days of the Soviet Union.[77] For example, the February 1991 "On Course: National

Security for the 1990s" report indicated that

> In the Soviet Union, revolutionary change has yet to run
> its course. The USSR has few democratic traditions to
> fall back on, the country is in desperate economic straits,
> and reforms have unleashed discontent that could reverse
> the course of perestroika. Meanwhile, the USSR remains
> one of the world's foremost military powers and
> maintains a vast foreign intelligence service.[78]

This evidence suggests that the cultural values of the intelligence organizations created

a form of organizational resistance to the second-order changes occurring in their geo-

political environments.

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[75] John A. Gentry, "Intelligence Analyst/Manager Relations at CIA," paper
presented to October 1994 CASIS conference, Ottawa. p.12

[76] H. Bradford Westerfield, "Inside Ivory Bunkers: How CIA Analysts Hold Out
Against Intelligence Bunkers "Pandering" to Executive Decisionmakers," paper
presented to October 1994 CASIS Conference, Ottawa. p.48-55.

[77] For a discussion of this infection process, see Chapter Three.

[78] Ministry of the Solicitor-General, "On Course: National Security for the 1990s"
(Ottawa: Minister of Supply and Services, 1991) p.2

Once it became clear that the Soviet threat had disappeared, the intelligence agencies quickly moved to develop a new organizational mission and culture. In Canada, this era of confusion was ended in part by the Cabinet decision in September 1989 to set out five new intelligence priorities for the Canadian intelligence community. These were: public safety, the integrity of the democratic process, the security of government assets, economic security, and international peace and security. These new priorities were to be put in place by 1991.[79] In addition to the three political objectives of the McDonald Report, CSIS now had five security objectives which would shift its culture further away from the Cold War mission.

In part, these new objectives were too broad to clearly establish a new mission which would move CSIS away from relying on prior experiences. However, in April 1990 the Solicitor-General made it clear that public safety, meaning counter-terrorism, was the top priority for CSIS. The new emphasis was reflected in the creation of the National Counter-Terrorist Plan in 1989.[80] This allowed CSIS to begin a major shift in resources from the Cold War mission of counter-espionage to a post-Cold War mission of counter-terrorism. Indeed, Table Two shows that by 1993, CSIS had shifted its resource deployment from 80 per cent counter-intelligence and 20 per cent counter-terrorism in 1984, to 56 per cent counter-terrorism and 44 per cent counter-

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[79] Security Intelligence Review Committee, "Annual Report 1989-1990" (Ottawa: Minister of Supply and Services, 1990) pp.7-8.

[80] Ibid, p.14

intelligence.[81]

The change in mission at CSIS from counter-intelligence to counter-terrorism involved more than a mere shift in resources. It also is necessary to ask if the culture moved in response to the new mission. In many ways, the continued use of Cold War tradecraft suggests that, despite the new counter-terrorist mission, the culture did not respond to second-order change in the external environment. One constant cultural characteristic that results from intelligence tradecraft is secrecy. However, in response to second-order change in the external environment, one finds that secrecy is also being reconsidered by CSIS and other Western intelligence organizations.

The Official Secrets Act and the Canadian Security Intelligence Service Act gave CSIS extraordinary powers. In Canada, the Official Secrets Act was generally accepted by the public during World War Two and the Cold War as being necessary to national security.
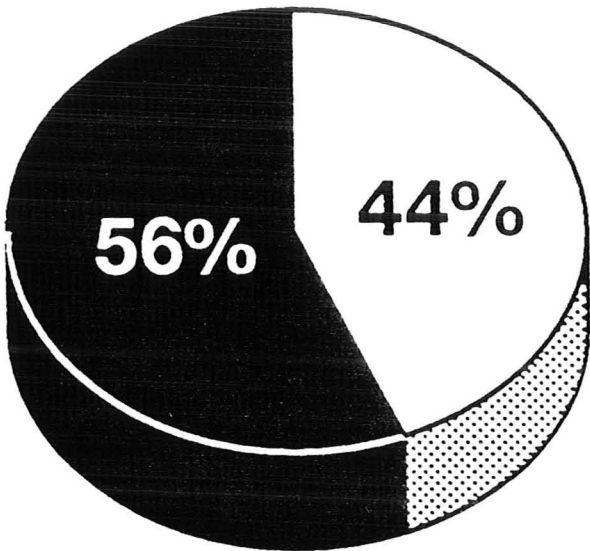
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[81] Canadian Security Intelligence Service, "Public Report 1993" (Ottawa: Minister of Supply and Services, 1994) p.4

Resource Deployment

20%

80%
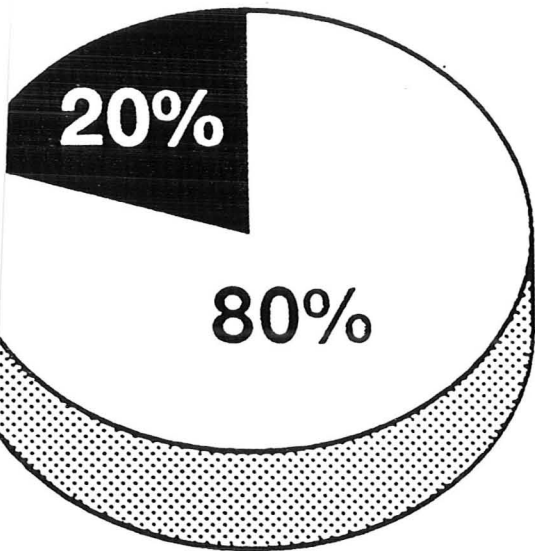
1984

56% **44%**

1993

■ Counter Terrorism ☐ Counter Intelligence

SOURCE: 1993 CSIS PUBLIC REPORT

In the post-Cold War era, the Act increasingly came under fire as being outdated. As a result, CSIS faces greater regulation and oversight.[82] This process began with the McDonald Commission Report, described above. The Report argued that balancing 1. individual rights and national security required a civilian security intelligence agency with a civilian watchdog. The subsequent Canadian Security Intelligence Service Act created the Security Intelligence Review Committee, a unique group of Privy 2. Councillors with clearly codified oversight and investigative powers.[83] The act also established a clear role for the judiciary and created the office of CSIS Inspector-General.[84] 3.

SIRC, Privy Council, Judiciary

Despite the strong legislative powers of these watchdog organizations, CSIS still operates within a shroud of secrecy. According to a former senior official in the Canadian intelligence community[85], the risk of criminal liability offence under the Official Secrets Act has a chilling effect on the media. Under the law, trials may be held in camera. Other reasons for the shroud of secrecy include the absence of media

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[82] Vincent Gogolek, "Official Secrets Act is in its dotage" Toronto Star, September 12, 1994.

[83] Canadian Security Intelligence Service Act R.S. 1985, c.C-23, para.34-55. For a full description of SIRC duties, see SIRC Annual Reports (Ottawa: Minister of Supply and Services, 1986-1994).

[84] Canadian Security Intelligence Service Act R.S. 1985, c.C-23, para.21-28; 30-33.

[85] Confidential interview, June 1994.

specialization in dealing with Access to Information. CSIS also broadly defines its

sources, methods and operational material to prevent dissemination.

At least two major problems arise from the secretive nature of CSIS: difficulty

with oversight, and difficulty with managing organizational change. A great deal of

the intelligence literature addresses secrecy and oversight with respect to civil liberty

issues. As Abram Shulsky points out,

> even though secrecy springs from the legitimate need to
> keep knowledge of certain intelligence sources, methods,
> and activities secret from the public and restricted to the
> smallest possible number of officials within the
> government...[it] hinders the management and control
> mechanisms that are common elsewhere in government.[86]

This study will focus on the relationship between secrecy and the ability of

government officials outside the intelligence organization to affect organizational

change.[87]

What is the relationship between secrecy and second-order change in the

external environment of organizations? Secret organizations like CSIS face several

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[86] Shulsky, Silent Warfare, p.146

[87] For further reading on secrecy and oversight, see the following: for a comparative perspective, Shulsky, Silent Warfare, chapter six and Peter Gill, Policing Politics: security intelligence and the liberal democratic state (London: Frank Cass, 1994); for the British perspective, see Nicholas Hiley, "An Open Secret: Political Accountability and the changing role of MI5" Queen's Quarterly 100 (2), Summer 1993 pp.371-383; for an American perspective, see Cogan, "The New American Intelligence," ; for a Canadian perspective, see Report of the Special Committee of the Senate on the CSIS, "Delicate Balance: A Security Intelligence Service in a Democratic Society" (Ottawa: Minister of Supply and Services, 1983).

obstacles. Paul Thomas argues that organizations with "entrenched" cultures may miss signals from the external environment that indicate change is required.[88] Such was the case in the late Cold War era, when the intelligence community remained engaged in countering Soviet espionage and did not allocate sufficient organizational resources to the coming threats of the post-Cold War world. Secrecy exacerbates the "politicized intelligence" problem discussed above, by hindering interaction with the external environment, which allowed the dominant hardline anti-Soviet culture within the intelligence community to persist until the final days before the dissolution of the USSR.

Michael Atkinson and William Coleman have shown another problem related to secrecy. They point out that when public organizations have poor links to the external environment, change tends to fall prey to internal and bureaucratic priorities.[89] It has already been established that CSIS has very small external constituencies. In large part, this was explained due to the lack of public interest in intelligence. However, the lack of interest must also be explained to the prohibitive effect of secrecy on interaction with the public. The 1993 CSIS Public Report alludes to this problem:

By their very nature, organizations like the Canadian

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[88] Thomas, "Coping With Change," p.35.

[89] Michael Atkinson and William Coleman, "Obstacles to Organizational Change: the Creation of the Canadian Space Agency" Canadian Public Administration 36 (2), Summer 1993, 133.

Security Intelligence Service (CSIS) are required to keep
secret much of what they do. Routine publication of
names, methods and cases would simply prevent CSIS
from doing its job...Nevertheless, that enduring reality
should not prevent a wider discussion of the purpose and
priorities of CSIS.[90]

CSIS must overcome the "enduring reality" of secrecy to build external constituencies, or risk falling prey to internal bureaucratic priorities. It has been argued here that the current Canadian bureaucratic and political priorities are deficit-reduction and avoiding political scandal. In a time of extreme pressure to address both of these problems, CSIS has sought to implement a strategy of openness in an attempt to reform its culture of secrecy and develop a more effective external constituency.

James Wilson sheds further light on the importance of external constituencies and their relationship to the problems of secrecy. He argues that organizational executives struggle to maintain autonomy from outside influences, essentially striving to protect their own turf.[91] This is part of a broader attempt by organizations to protect themselves from the "exigencies of the political environment."[92] Autonomy depends on a clear mission and a strong external constituency.[93] For CSIS, only the

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[90] Canadian Security Intelligence Service, "1993 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1994) p.1

[91] Wilson, Bureaucracy, p.28.

[92] Gortner et al, Organization Theory, p.402.

[93] Ibid, p.195

first of these conditions currently exists, albeit in a controversial form. The counter-terrorist role is emphasized throughout CSIS public documents as the key task, and as noted above, was the top priority of the five security concerns set forth in 1990 by the Solicitor General.[94] However, as shall be seen below, no clear consensus on this mission exists within the Western intelligence community. As Allan Goodman has noted, "no comparable menace" has emerged to replace the Soviet threat.[95]

no
USSR
=
no
purpose

This lack of a comparable menace has not only made it difficult to develop a consensus on threats within the intelligence community, it has also made it difficult to translate a sense of purpose to external constituencies. As discussed above, the key constituencies for CSIS are the Department of Finance and the Canadian public. Secrecy compounds the problems of low public awareness, scandal, pressure to cut costs, and geopolitical uncertainty, all of which make the goal of maintaining organizational autonomy increasingly tenuous.

The final argument concerning secrecy suggests that it may simply be outdated and irrelevant in the post-Cold War era. There are several problems which are making secrecy less and less practical. One major problem is inefficiency. Having to manage a classification system with complicated references to NOFORN, NOCONTRACT, FOUO, WNINTEL and ORCON, among many others, is an expensive, time-

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[94] See CSIS and SIRC Public Reports.

[95] Allan E. Goodman, "Shifting Paradigms and Shifting Gears: A Perspective on Why there is No Post-Cold War Intelligence Agenda" Paper presented to the October 1994 CASIS conference, Ottawa. p.1

consuming and difficult task.[96] Alvin and Heidi Toffler point out that, because of the

associated mystique, in a culture of secrecy, only information that is classified

becomes relevant.[97] Over the forty-five year period of the Cold War, the process

compounded to the point where it is both meaningless and costly. The move shrink

budgets and downsize intelligence has made declassification a major target. In fiscal

year 1993-94, CSIS reviewed 100,567 files, of which 84,731 were destroyed.[98]

[handwritten: NPM downsizing)]

Technology is also slowly eliminating the culture of secrecy. CSIS Director

Ward Elcock has spoken of an "information revolution" and "explosive information

growth". He argues that

> Every age has its defining characteristics. This
> historically unprecedented degree of interaction between
> economies, intermingling of peoples and integration of
> information resources is, in my estimation, the hallmark
> of our era.[99]

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[96] NOFORN means not to be shared with non-citizens; NOCONTRACT means not to be shown to contractors; FOUO means For Official Use Only; WNINTEL means Warning Notice- Contains Intelligence Sources and Methods; ORCON means Originator Controls further dissemination. However, in May 1995, the White House announced that the ORCON and WNINTEL classifications would be eliminated. Ben Venzke, Intelligence Watch Reports, May 14, 1995.

[97] Toffler, War and Anti-War, p.159

[98] Security Intelligence Review Committee, "SIRC Annual Report" (Ottawa: Minister of Supply and Services, 1994). pp.34-35

[99] Canadian Security Intelligence Service, "Remarks by W.P.D. Elcock, Director of the Canadian Security Intelligence Service, at the Canadian Association for Security and Intelligence Studies, October 28, 1994", p.3

The proliferation of information as a result of technological developments in communications has made it increasingly difficult for intelligence organizations to monopolize information. Information that was previously available only to intelligence organizations is now widely available on computer databases, including economic indicators and current intelligence from previously-remote locations. As a result, a new emphasis is being placed on open-source intelligence, both within government and within the private sector. Here again, cost is a consideration. As information technology enters the market, it becomes accessible to more individuals and firms within the private sector which can provide intelligence to business and industry. As private-sector firms develop intelligence networks, they can frequently provide more efficient and timely intelligence than larger, slower moving government intelligence organizations.[100]

go private → NPM

Summary

Second-order change in the external environment of CSIS is having a clear impact on its internal culture, particularly with respect to secrecy. It has been shown that the general tendencies of organizations to resist change have, in the case of CSIS, been compounded by several factors. The Cold War culture became strongly entrenched within CSIS and other Western intelligence communities, which led to the politicization of intelligence and impaired their ability to respond to the transformative

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[100] See Toffler, <u>War and Anti-War</u>, and Steele, "Private Enterprise Intelligence."

changes in the late 1980s and early 1990s. This was complicated by a reluctance to abandon core tasks, which primarily focused on counter-subversion and counter-espionage. Events eventually overcame this reluctance to change, as the end of the Cold War meant that CSIS needed to take on new tasks, or risk becoming redundant. This process of change was accelerated by both scandal and the needs of federal deficit-reduction.

The culture of secrecy has made organizational adaptation in response to the new environment more difficult. The uncertainty of mission among the public and the lack of strong external constituencies are due in large part to the secretive nature of intelligence organizations. Problems with low public support in an era of deficit-reduction complicate the task of maintaining organizational autonomy. As a result, CSIS has adopted several goals, including increased openness, in an effort to strengthen its public support. The nature of these goals reflects an effort to respond to the new external environment, which is discussed in the following section.

Organizational Goals

CSIS, like other organizations facing transformative change in their external environments, has sought to establish a strategy for dealing with the change. Frequently, the strategy includes certain goals which provide direction for the organization during its period of reorientation to new external circumstances. These

strategies for dealing with change include organizational maintenance, organizational

innovation, and reorganization. However, CSIS faces open-ended and unplanned

second-order changes in its external geopolitical and budgetary environment. As a

result, the Service has been required to pursue a strategy of organizational innovation.

This is reflected in the new counter-terrorism mission and the cultural shift toward

openness.

In the absence of a clear strategy for developing a new mission, the process of

adapting to dramatic external changes can be bogged down by other factors. A brief

review of these considerations shows how easily strategies for change can go awry in

absence of a clear consensus concerning the tasks undertaken by the organization.

Wilson lists these considerations: situational imperatives, technology, peer

expectations, professional norms, prior experiences, political ideology, and bureaucratic

personality.[101] Situational imperatives take effect when operators lack sufficient

guidance from managers and executives with respect to tasks. For intelligence

organizations, this type of ad-hocism would be disastrous. Intelligence organizations

have been granted extraordinary powers that could be misused in the absence of clear

guidelines.

Technology has also had a great impact on the mission of intelligence, although

more in the United States than in Canada and the United Kingdom. The development

of surveillance platforms in the United States, first with high-altitude spyplanes such

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[101] Wilson, Bureaucracy, p.93

as the Blackbird, and subsequently with the Lacrosse and Keyhole satellites, has had a great impact on the American intelligence community. Initially a bonanza of intelligence from denied areas, the electronic and imagery intelligence programmes (ELINT and IMINT) soon expanded into a costly and overwhelming technological problem. Too much raw intelligence was being collected to be analysed and disseminated to policy-makers. Moreover, in the late 1970s, the US intelligence community began to support its ELINT and IMINT programmes at the expense of human intelligence. In the early post-Cold War, the fallout from these problems has begun to create a backlash against the technology.[102] The problem has also extended, to a lesser extent, to the Canadian intelligence community, particularly to the Communications Security Establishment.[103] Ultimately, the lack of a clear mission for the SIGINT and IMINT programs has created these problems.

Other dangerous influences that can affect operations in the absence of a clear mission include peer expectations, professional norms, prior experiences, and political ideology. The expectations of peers can create renegadism in the absence of clear authority, particularly if an organization is insular, conducting dangerous work, often without public support. The disgrace and subsequent demise of the Canadian Airborne

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[102] See Toffler, War and Anti-War and Codevilla, Informing Statecraft.

[103] Philip Rosen, "The Communications Security Establishment - Canada's Most Secret Intelligence Agency" (Ottawa: Library of Parliament Background Paper, September 1993).

Regiment could be used as an illustration of this problem.[104] Professional norms will be discussed in chapter three, to demonstrate the influence of norms in the American and British intelligence communities on CSIS.

Prior experiences can also be problematic in the process of adapting to change, as operators perform new tasks with the same methods used for old tasks. For CSIS, the debate over economic counterintelligence operations demonstrates this problem. Many observers are reluctant to see the extraordinary Cold War era powers of CSIS used to combat economic espionage, arguing that it is not a sufficient threat to national security.[105] Political ideology can also be a problem, particularly when it becomes part of the organizational culture, as demonstrated by the debate over politicized intelligence in the 1980s. Lastly, bureaucratic personality can interfere with efforts to change organizational missions. For CSIS, secrecy will shown to be a clear constraint on the effort to innovate the organization.

bureaucratic personality impedes NPM

These factors affect the goal of adaptation to new circumstances when there is no clear mission to provide direction for the process of change. However, CSIS has a very clear goal: increasing openness and developing the "marketing intelligence"

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[104] In the aftermath of the national exposure of a video containing lurid images from a regiment hazing ritual, the Liberal government disbanded the unit. Jeff Sallot and Susan Delacourt, "Airborne disbanded in disgrace" The Globe and Mail January 24, 1995.

[105] See Murray Rankin, "Where does CSIS go from here, now that the Cold War is over?" Paper presented to a SIRC seminar, September 1992. For a view on why CSIS should undertake this role, see Samuel B. Porteous, "Economic Espionage: A New Target for CSIS" Canadian Business Review 20 (4), Winter 1993. pp.32-34.

approach. Making these changes in a culture accustomed to the secretive atmosphere of the Cold War requires organizational innovation, "the performance of new tasks or a significant alteration in the way in which existing tasks are performed."[106] CSIS is taking on new tasks such as the Requirements-Technology Transfer awareness program with the Canadian business community, to alert them of economic espionage.[107] It has also placed new emphasis on old tasks, most notably the counter-terrorism program.

However, what is truly innovative about CSIS in the post-Cold War era is not which tasks it is performing, but the alteration in the manner these tasks are performed. In short, CSIS is trying to make itself more valuable to its constituencies. *more client based* For its public constituency, CSIS has adopted the recommendations of the "In Flux, But Not in Crisis" Thacker Commission report to institute an annual Public Report and an Annual Statement on National Security by the Solicitor General.[108] These measures have enabled the media to scrutinize CSIS more closely, allowing the public greater insight into its activities. However, as discussed above, only scandal seems to generate interest in the Canadian public with respect to security intelligence matters.

More crucial to CSIS in the short-term is the development of a constituency

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[106] Wilson, Bureaucracy, p.222.

[107] Security Intelligence Review Committee, "Annual Report 1993-94" (Ottawa: Minister of Supply and Services, 1993-94) pp.31-32.

[108] Solicitor General, "On Course: National Security for the 1990s" (Ottawa: Minister of Supply and Services, 1991) p.78

within government itself. In the climate of deficit-reduction, this is no easy task. One long-time observer of CSIS described the organization as a "small player in a minor department" in the "game" of budgetary allocation.[109] CSIS faces other obstacles here as well, including most prominently the problem of being separated from the policy process and accordingly, being viewed as irrelevant.

There are several reasons for this separation at the "producer-user interface". It has been axiomatic in the Western intelligence community that separation between the intelligence community (producers) and the foreign and defence policy-makers (consumers) is crucial in order to maintain the integrity of the democratic process. Intelligence is collected and analysed by the intelligence organization, and then disseminated to executive and legislative policy-makers within the constitutional system of accountability and responsibility. As Abram Shulsky puts it in oversimplified form, the intelligence community provides the facts and the policy-makers make the decisions.[110]

← impediment to program delivery

However, frequently the needs of consumers were poorly expressed to the producers of intelligence. In large part, this is due to the inconvenience of dealing with excessive secrecy or overcompartmentalization. Moreover, producers often failed to develop constituencies within the various branches of government, in order to clearly establish which types of intelligence they require. As a result, huge amounts

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[109] Confidential interview, June 1994

[110] Shulsky, Silent Warfare, pp.145-159.

of intelligence were generated and went unnoticed, at the same time as consumers

went without crucial intelligence that they failed to request from the producers.[111]

Marketing intelligence, in the lexicon of the intelligence community, seeks to move

the analytical process from a "push" architecture to a "pull" architecture. Instead of

being deluged by reams of intelligence that they have not necessarily requested,

policy-makers will be able through customer feedback, to identify their needs and

priorities. This will allow intelligence users to "pull" the specific intelligence they

require from the overall product.[112]

In Canada, CSIS moved toward closer links with policy-makers. In an October

1994 address, CSIS Director Ward Elcock outlined the new approach:

program delivery

> Our intelligence analysts...need to have an ongoing
> dialogue with their policy counterparts if they are to be
> of the greatest value to the overall policy process. They
> need to know who, specifically, are their clients. They
> need to know what they want, what formats are
> appropriate. They need customer feedback. In business
> terms, what we are doing is some market research on our
> analyst's clients, the policy-makers. Conversely, I think

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[111] For a discussion of this problem, see Toffler, <u>War and Antiwar</u>, chapters 16 &
17; for a Canadian perspective, see Farson, "Accountable and Prepared?" pp.43-66;
for an American perspective, see Gentry, "Intelligence Analyst/Manager Relations at
CIA."

[112] For a discussion of the "push/pull" debate in intelligence analysis, see Henry
S. Rowen, "Reforming Intelligence: A Market Approach" Working Group on
Intelligence Reform Working Papers (Washington: Consortium for the Study of
Intelligence, 1993) and Toffler, <u>War and Antiwar,</u> ch.17

> policy analysts need more exposure to the intelligence
> process. The policy-maker needs to see how much
> benefit intelligence can be to him or her, personally.[113]

The influence of the private sector is apparent from these remarks. It is a part of what

the Auditor-General noted as a demand for "better quality from government...[this]

expectation relates to the responsiveness of government to the needs of particular

NPM

clients, as well as to the...timeliness, efficiency, and courtesy with which service is

delivered."[114] In the intelligence community, this process became known as

"marketing intelligence".[115]

Clearly, this process had a dramatic impact on organizational culture and goals.

The culture of secrecy had to become more open and accessible to policy-makers.

The goal of informing policy-makers had to become the primary organizational

mission, and other considerations, such as prior experiences or ideology, not interfere

with the process. Why did CSIS seek to make such extraordinary changes? The risk

of having "discretion shifted upward" was very real. This term is used by Wilson to

describe what happens to public organizations that fail to adapt to new external

circumstances. Frequently, in the absence of adaptation, legislative action is taken to

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[113] Canadian Security Intelligence Service, "Remarks by W.P.D. Elcock, Director of the Canadian Intelligence Service at the Canadian Association for Security and Intelligence Studies Conference" October 28, 1994. p.5

[114] Auditor-General, 1992-93 Auditor General Report to Parliament (Ottawa: Minister of Supply and Services, 1993) p.64-65.

[115] Rowen, "Reforming Intelligence: A Market Approach."

reorient reluctant organizations.[116]

There are those critics of the intelligence community who argue that the process of innovation and marketing intelligence is a facade. These critics argue that the new openness actually reveals very little and represents a cynical attempt to manipulate budget-makers without altering the manner in which key tasks are performed. As evidence, they point to the superficial qualities of the Public Reports, which have become decreasingly-revealing since the inaugural report in 1991. However, this criticism has been neutralized to a certain extent by the 1994 Public Report, which provided more detail, at least on the expenditure side.[117] Rainey calls this type of defensive-oriented strategy organizational maintenance.[118] It is too early to accurately guage which strategy is being adopted by CSIS. At face value, the Public Reports, and public statements by the Solicitor-General and CSIS Director, seem to reflect genuine innovation. The reorganization of the intelligence assessment machinery in the Privy Council Office seems designed to improve the producer-user interface.[119]

Reorganization has been a common strategy, whenever intelligence agencies face demands for reform. In the United States, the fallout from the Church and Pike

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[116] Wilson, Bureaucracy, p.228

[117] Confidential interview, June 1994

[118] Rainey, Understanding and Managing Public Organizations, p.232.

[119] Farson, "Accountable and Prepared?" pp.51-58.

commissions concerning CIA involvement in Watergate, Vietnam, and other imbroglios generated considerable debate concerning reorganization.[120] In Canada, fallout from the illicit involvement of the RCMP in the debate over Quebec sovereignty led to the McDonald Commission and of course, the subsequent reorganization of the Canadian intelligence community through the Canadian Security Intelligence Service Act and the Security Offenses Act.

Throughout the early post-Cold War era, CSIS has tinkered with reorganization to improve its analytic process and increase accountability. In large part, this has been due to the end of the brinkmanship of the Cold War, which has meant that experimentation is once again possible.[121] However, the implementation of the marketing intelligence approach and the adoptation of new tasks such as counter-terrorism and counter-intelligence exceeds mere reorganization. For CSIS, the implementation of these new missions will require the neutralization of what Thomas calls "structural inertia", the cultural forces which resist innovation. CSIS appears to be following the "strategic choice" school, which suggests that adaptation to external change is limited only by the boldness and vision of organizational leaders.[122]

Interestingly, the British and American intelligence communities also seem to

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[120] William E. Colby et "Reorganizing the CIA: Who and How" Foreign Policy (23), Summer 1976 pp.53-64.

[121] Cogan, "The New American Intelligence: An Epiphany," p.8

[122] Thomas, "Coping With Change," p.36

be embracing the strategic choice school in their effort to adapt to second-order change in their external geopolitical and budgetary environments. The next chapter will argue that this represents a form of policy convergence, which can be explained by outlining the existence of an epistemic community in Western intelligence.

Summary

Two sets of considerations are affecting the adaptation of CSIS to new external geopolitical and budgetary realities. This chapter has reviewed the domestic considerations, which can be explained by using organizational theory to examine the evolution of CSIS in the post-Cold War era. It has been argued that the federal deficit crisis and the reorientation of Canadian security intelligence needs since the collapse of the Soviet Union represent transformative, open-ended and unplanned changes in the external environment of CSIS. The need to adapt to these changes has meant the development of a strategy to overcome the secretive Cold War oriented culture of CSIS, with its counter-subversion and counter-intelligence mission. In the early years of CSIS, the process of change was driven largely by legislative directive, as exemplified by the Independent Advisory Team and "On Course" reports.

However, this process of reorganization was quickly overtaken by the dramatic collapse of the Soviet Union and the intensification of the federal deficit crisis. More transformative organizational goals were introduced, including the drive toward openness and marketing intelligence, as well as the shifting of resources to face new

threats such as terrorism and economic espionage. The process of adaptation remains transitory, which makes evaluation of the process somewhat difficult.

Nonetheless, it is clear that CSIS is adapting to new external circumstances. This is significant because its supports the model of organizational adaptation presented by Paul Thomas who argues that transformative, second-order external change can "unfreeze" cultural resistance to change. The introduction of the counter-terrorism mission and openness indicate that CSIS has responded to the new post-Cold War realities of deficit reduction and changing security intelligence priorities. The forces affecting this process have been divided into domestic and international considerations. The next chapter will review the international considerations which affecting the process of adaptation by CSIS to its new external environment.

CHAPTER THREE:

INTERNATIONAL OBSTACLES AND THE PERSISTENT INFLUENCE OF THE WESTERN INTELLIGENCE COMMUNITY

The process of adaptation for CSIS in the post-Cold War era has been shown to have been affected by change in its organizational environment, culture, and goals. The previous chapter discussed the impact on CSIS of two major events: the end of the Cold War and the contraction of organizational resources. It was shown that these two events increased turbulence in the external environment in which CSIS operates; led to a reduction in its culture of secrecy; and generated a new set of organizational goals. This chapter will address the manner in which these events, the end of the Cold War and the contraction of organizational resources, have affected other members of the Western intelligence alliance, particularly the United States and the United Kingdom. A comparison with allied intelligence communities is necessary to measure their influence on post-Cold War change at CSIS.

The Canadian intelligence community has historical linkages with its Western

allies. These linkages are both formal and informal. The informal arrangements have received too little academic attention to be included in this study.[1] The formal relationship is expressed through intelligence alliances such as UKUSA, CANUKUS, CAZAB, and NACSI. These alliances are highly secretive and have been subject to little scholarly or journalistic examination.[2] Nonetheless, they are known to exist and their influence extends beyond the realm of intelligence. Canada is very much a junior partner in these alliances and the influence of its senior partners, the USA and UK can be demonstrated by both a comparison of current intelligence policy in the three states and a historical examination of the Cold War experiences of the three states.

Such an examination will demonstrate that there is a powerful international constraint on organizational adaptation at CSIS. Canadian post-Cold War intelligence policy, like Cold War policy before it, will be developed within the Western intelligence alliance. It will be argued that the Western intelligence alliance is in fact an "epistemic community", and as such, has an influence that transcends policy-makers in each of its member states. According to Peter Haas, an epistemic community

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[1] Count De Marenches, former head of the French SDECE foreign intelligence service, has discussed the existence of such arrangements in his book The Fourth World War.

[2] These alliances are referred to and discussed in Tom Mangold, Cold Warrior (New York: Simon and Schuster, 1991); Jeffrey Richelson and Desmond Ball, The Ties That Bind (Boston: Allen and Unwin, 1985); J.L. Granatstein and David Stafford, Spy Wars (Toronto: McClelland and Stewart, 1990) and Peter Wright, SpyCatcher (Toronto: Stoddart, 1987).

is a group of experts which has the following characteristics: shared normative and causal beliefs; shared notions of validity; and a common policy enterprise.[3] As will be shown, each of these characteristics can be found in the Western intelligence community. Collectively, these considerations result in policy co-ordination.

The Western intelligence alliance, for the purposes of this examination, includes the intelligence communities of the United States, the United Kingdom, and Canada. Australia and New Zealand are also members of alliances such as CAZAB and UKUSA.[4] The intelligence communities of these two states will be excluded from this study because they have had little direct impact on Canada and research material is somewhat limited. The Western intelligence alliance is divided in large part by function, which is then divided by geography. In the CAZAB alliance, counter-intelligence liaison is the main function and the geographical division is along state territorial lines. In the UKUSA alliance, signals intelligence and communications security are the main functions and each member state is responsible for monitoring electronic transmissions in a contiguous geographic area. The Canadian

. Communications Security Establishment monitors transmissions from northern Russia

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[3] Peter Haas, "Introduction: epistemic communities and international policy coordination" International Organization 46 (1), Winter 1992. p.3.

[4] Another significant exclusion is the NACSI alliance between Canada and NATO intelligence services.

from its bases across northern Canada.[5]

Students of intelligence policy must always be careful to distinguish between foreign intelligence and security intelligence. Foreign intelligence involves both discerning the strategic intentions of other states and conducting operations to influence policy and perceptions in target nations. Security intelligence is the act of ensuring the security of the state from a variety of threats, traditionally including subversion, sabotage, espionage, and terrorism.[6] Both human intelligence (HUMINT) and signals intelligence (SIGINT) are necessary for these operations.

Moreover, considerable liaison takes place both within and among the various national intelligence communities. As a result, CSIS is influenced at a variety of levels. It has extensive links with the Communications Security Establishment, which is a member of the UKUSA alliance.[7] In its counter-terrorist role, CSIS has extensive

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[5] On the 1947 UKUSA signals intelligence alliance, see Jeffrey Wright and Desmond Ball, The Ties That Bind (Boston: Allen and Unwin, 1985). For specific and controversial examinations of the role of the Communications Security Establishment in UKUSA, see Michael Frost and Michel Gratton, Spyworld (Toronto: Doubleday Canada, 1994) and James Littleton, Target Nation (Toronto: CBC Enterprises, 1986).

[6] These four threats constitute the security intelligence mandate established by the Canadian Security Intelligence Service Act (R.S., 1985, c.C-23 para.2) in its definition of "threats to the security of Canada". 2(d), the subversion clause, was eliminated following the report of the Independent Advisory Team in 1987. See Abram Shulsky and Gary Schmitt, Silent Warfare (Washington: Brassey's, 1993) for a useful discussion of the nuances of foreign intelligence, security intelligence, and counter-intelligence.

[7] The expurgated version of an October 1991 (Top Secret) Report by the Office of the Inspector General of the Canadian Security Intelligence Service entitled

domestic links with the RCMP and internationally with a variety of security

intelligence services, most notably the FBI.[8] These ties have recently been extended to

address new threats such as organized crime, weapons proliferation, and the drug

trade.[9] Collectively, these operational requirements place CSIS in a position where it

.s affecuex the intelligence policies of its allies. These links show that there are

connections among the British, American, and Canadian intelligence services. The

following sections will demonstrate that these links combine shared professional

interest, a common methodology, and a common policy agenda. This combination

suggests that the Western intelligence community is more than a professional

association or policy network, and is in fact an epistemic community.

"Exchange of Information and Intelligence Between the Canadian Security Intelligence Service and the Communications Security Establishment" found "no cases of unreasonable or unnecessary use of powers by CSIS in its exchange of information and intelligence with CSE." Such an investigation was necessary because of concerns that information about Canadian citizens could be disseminated to foreign states through the UKUSA alliance.

[8] The 1993 CSIS Public Report points to "ongoing cooperation and liaison with intelligence partners abroad, together with constant analysis of global trends and incidents." Canadian Security Intelligence Service, "1993 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1994) p.10.

[9] For a discussion of the criminal intelligence links, see James G. Stewart, "Criminal Intelligence in Canada: Are We Really Prepared For Transnational Crime?" Paper presented to the October 1994 CASIS Conference, Ottawa. pp.19-20. For a discussion of the counter-proliferation effort, see Paula L. Scalingi, "New Analytical Priorities; Arms Control and Proliferation" Paper presented the October 1994 CASIS Conference, Ottawa. For a discussion of the counter-narcotics effort, see Ivelaw L. Griffith, "From Cold War geopolitics to post-Cold War geonarcotics" International Journal 49 (1), Winter 1993-94 pp.37-65. For a worthy review of all the above, see James Adams, The New Spies (London: Hutchinson, 1994).

Shared Principled Beliefs

Since the Second World War, the Western intelligence community has had "a shared

set of normative and principled beliefs, which provide a value-based rationale for the

social action of community members."[10]   An epistemic community must have certain

governing principles which guide the policy and action of its members.   In Western

inteiligence, one finds several shared beliefs.   These shared normative beliefs include a

strong commitment to the Cold War zero-sum view of international politics, as

manifested in the secret wars between Western and Eastern bloc intelligence services;

and a traditional belief in the importance of secrecy. For CSIS, these shared beliefs

have played a major role in shaping both its own experience and values as well as

those of its Security Service predecessor. It is also important to note that within each

shared belief exists divergence, albeit of differing degrees of significance.   In the early

post-Cold War era, each of these principles has had to be intensively re-examined.

Normative and principled values are necessary to distinguish an epistemic

community from other groups, such as social movements, interest groups, bureaucratic

coalitions, disciplines, and professions.   These latter groups lack either a consensus on

principled beliefs, analytical methods, knowledge base, or a shared interest.[11]

Epistemic communities have a profound effect in creating international policy

coordination because they present a common front with respect to these four areas.

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[10] Ibid

[11] Haas, "Epistemic communities," p.19

Like scientists, epistemic communities shed light on technically-complex subjects in which they have a consensus about analytical methods and the knowledge base. Like interest groups or social movements, they have an agenda that seeks to forward a particular set of normative values.

These conditions match the Western intelligence alliance. The famous description by Sherman Kent of intelligence as "science applied to strategic matters" illustrates the technical nature of intelligence and the shared interest of the intelligence community in national security matters. Intelligence sheds light on foreign threats particularly in "hard target" states or political groups, about which little information is available in open-source material. As such, policy-makers depend on the intelligence community to estimate political intentions, avoid military surprise, and ensure public safety.

The fact that epistemic communities also have shared normative values raises the issue of "politicized intelligence." Haas reminds those who are sceptical about the influence of epistemic communities on policy-makers that it is experts within the epistemic communities who clarify uncertainty in crisis situations when standard operating procedures break down, identify interlinkages among issues, define interests, and formulate policies by defining alternatives.[12] As a result, the values put forward by the epistemic community can have a dramatic effect on policy formulation. The effect is further enhanced when "the epistemic community members' professional

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[12] Ibid, p.17

training, prestige, and reputation for expertise in an area highly valued by society or elite decision-makers accord them access to the political system and legitimize or authorize their activities."[13] The strength of the hardline anti-Soviet principle in the Western intelligence community exemplifies this linkage.

Anti-Soviet "Fundamentalist" Orthodoxy During the Cold War, the Western intelligence community had a very obvious common interest in countering Soviet intelligence operations and assessing the military balance of power. This interest was based on a consensual interpretation of the Soviet Union as expansionist and hostile. The hardline view of Soviet activity was to constitute the main bond among the Western intelligence community until the end of the Cold War. Moreover, the hardline view of the intelligence community was conveyed to its respective national governments and was a decisive factor in shaping Cold War foreign policy.

Several incidents demonstrate the emergence of the anti-Soviet view in the early post-World War Two period. The Gouzenko case and the Atomic spy ring stand out as the two most significant in mobilizing anti-Soviet sentiments. Subsequent cases, most notably the Kim Philby-led Cambridge spy ring, led to the galvanization of the anti-Soviet view. Even in the late Cold War and early post-Cold War periods, the John Walker and Aldrich Ames cases have provided evidence for those in the Western intelligence community who purport the intractability of Russian espionage.

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[13] Ibid, p.19

Each of these cases had implications that touched each of the Western allies. The Igor Gouzenko case illustrates this phenomenon. Gouzenko was a cipher clerk who worked in the Soviet embassy in Ottawa. His defection in 1946, and subsequent revelations about the Soviet military intelligence (GRU) espionage ring in North America, provoked an immediate response from the Allies.[14] Granatstein and Stafford note that the case had a direct impact in Washington, where it "played directly into the hands of those who wanted their government to take a hardline against domestic and foreign communists" and in London, where "the Atlee government ordered the purchase of 4,400 copies of the [Kellock-Taschereau] report for distribution to officials and for public sale."[15] The Gouzenko case "hardened" the anti-Soviet principled belief in the Western intelligence community.[16]

These principles were elucidated via anti-Soviet rhetoric throughout the alliance. Escott Reid, a senior Canadian diplomat, noted in the wake of the Gouzenko case that "we are now up against an ideological conflict without parallel since Elizabethan times...the Communists today are the papists of the last half of the seventeenth century."[17] In the United Kingdom, it was noted by Frederick Brundett,

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[14] Granatstein and Stafford, Spy Wars, ch.3

[15] Ibid, p.63.

[16] Scott Anderson, "The Canadian Intelligence Establishment, 1945-50" Intelligence and National Security 9 (3), July 1994 p.458.

[17] Ibid, p.69

Scientific Advisor to the Defence Minister, that in the wake of the Berlin Airlift, "this war is going to be fought with spies, not soldiers."[18] Tom Mangold describes the nascent CIA as a place where "the Soviets were perceived as hard, bitter, and opportunistic adversaries in a developing power conflict in which the West would not only need to maintain control over its own destiny, but also to impress its values on the undecided."[19]

These sentiments heralded the rise of the common anti-Soviet values of the Western intelligence community. Rhetoric of this anti-Communist nature was seemingly proved justified by the discovery of the Atomic spy ring and the detonation of a Soviet atomic device in 1950.[20] Together with the subsequent Korean War, these events dramatically raised the stakes in international espionage and counter-espionage. As the Cold War escalated in the 1950s and 1960s, the anti-Soviet values were galvanized throughout the Western intelligence community. In his seminal work Strategic Intelligence, Sherman Kent noted that the "penalties for ignorance can be severe, a thousand more times so in the presence of an adversary who is everywhere trying to attrite Free World standing and substance through his covertly contrived

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[18] Wright, SpyCatcher, 1987.

[19] Mangold, Cold Warrior, p.49

[20] For a full discussion of the Atomic spy ring case, see William Stevenson, Intrepid's Last Case (Toronto: Villard Books, 1983).

nastiness."[21]

The strong principle of anti-communism was compounded by the Kim Philby case, a case which would influence events even up to the end of the Cold War. Kim Philby was a senior official at MI6 who came under suspicion following the defection of his fellow Cambridge schoolmates Donald MacLean and Guy Burgess to the Soviet Union in 1951. Philby confirmed these suspicions by defecting in January 1963. The loss of such highly-placed British security officials not only heightened the sense of threat from the Soviets, but threw the Western intelligence community into chaos by launching hunts within all Western intelligence agencies for other moles.[22]

To CIA Counter-Intelligence Chief James Jesus Angleton, Philby constituted evidence of a massive Soviet conspiracy to deceive the West.[23] In effect, Angleton believed that Philby became "leader of the orchestra" in the Soviet Union, adding his unique insight to the operations of the KGB.[24] The fears expressed by Angleton about a massive Soviet plot were further drawn out by Anatoliy Golitsyn, a controversial

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[21] Sherman Kent, Strategic Intelligence (2nd ed. Hamdon: Archon Books, 1965) p.xiii

[22] For a full description of the Philby case, see Peter Wright, SpyCatcher (Toronto: Stoddart, 1987); Tom Mangold, Cold Warrior (New York: Simon and Schuster, 1991); John Costello, Mask of Treachery (London: Collins, 1988) and Douglas Sutherland, The Fourth Man (London: Arrow, 1980).

[23] Abram Shulsky defines deception as the "attempt to mislead an adversary's intelligence analysis concerning the political, military, or economic situation he faces and to induce him, on the basis of those errors, to act in a way that advances one's own interests rather than his." Silent Warfare (Washington: Brassey's, 1993) p.132

[24] Mangold, Cold Warrior, p.69.

defector from the KGB who supported the conspiracy theory, without ever really supplying solid evidence to satisfy Angleton's critics.[25]

The fact that Angleton and Golitsyn were unable to provide solid evidence of Soviet penetration of the Western intelligence alliance belied the true influence of their ideology. In part this was due to their methodology,[26] and in part due to the widely-held hardline anti-Soviet sentiment in the Western intelligence alliance. Philby had been responsible for anti-Soviet liaison between MI6 and the CIA, as well as with the RCMP in Canada.[27] It was thus easy for Angleton and Golitsyn to convince like-minded "Fundamentalists" within the Western intelligence alliance that Philby was now assisting in KGB penetration and deception operations. Mangold points out that:

> Fundamentalists were drawn not only from the CIA but from friendly intelligence services around the world; men and women who recognized each other without introduction, and who, like Angleton, *knew and understood the real nature of the threat* (italics in original). As their charismatic leader, Angleton moved gracefully among this brotherhood of loyal men, bound by their shared politics, their passion for counterintelligence, and their uncritical devotion to his

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[25] The Golitsyn defection remains unresolved. Various works have attempted to analyze the accuracy of the Golitsyn/Angleton theory concerning a Soviet plot. For a sceptical account, see Mangold, Cold Warrior. Edward Jay Epstein, in Deception (New York: Simon and Schuster, 1989) along with Richard H. Shultz and Roy Godson in Dezinformatsia (New York: Berkeley, 1986) seek to confirm the existence of wide-scale and massive Soviet deception.

[26] See section three, below.

[27] Epstein, Deception, p.32.

philosophy...In every case, their loyalty to Angleton held
together a new intelligence masonry with the chief at the
head.[28]

Angleton and Golitsyn helped cement the hardline anti-Soviet common principles in

the Western intelligence community. Eventually, the Fundamentalist anti-Soviet

counter-intelligence chiefs from the United States, the United Kingdom, Canada,

Australia, and New Zealand initiated the CAZAB meetings to formalize the "new

intelligence masonry", at the behest of Angleton in November 1967.[29] CAZAB was

used by Angleton and Golitsyn to fuel suspicions of Soviet penetration of other

members of the Western intelligence alliance.

Canada was not immune to the paranoia of Angleton and Golitsyn. RCMP "B"

Branch Chief Leslie James Bennett, responsible for counter-espionage, fell under

suspicion because of the failure of several counter-intelligence operations in Canada in

the early to mid-1960s. Angleton convinced Fundamentalists in the RCMP that

Bennett was a Soviet mole who had compromised the operations. By virtue of his

socialistic tendencies during his youth, his refusal to accept some of Angleton's more

extreme theories, his status as a civilian in the uniformed RCMP and other, even less

damning evidence, the Welsh-born Bennett was removed from his position in March

1972. Operation "GRIDIRON", conducted by Fundamentalists in the RCMP, used this

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[28] Mangold, Cold Warrior, p.59

[29] Mangold, Cold Warrior, (note 31).

scanty evidence to remove Bennett.[30]

However, in the absence of the hardline anti-Soviet principles touted by Angleton and accepted by elements of the RCMP, it is unlikely that the evidence would have been sufficient to oust Bennett. Indeed, the 1977 CAZAB conference determined that Bennett was no longer under suspicion.[31] Despite this admission, the Canadian government failed to apologize to, or compensate, Bennett, exiled to Australia, until 1993. Even at that time, the Canadian government refused to accept legal liability.[32]

Not everyone in the Western intelligence community accepted the Fundamentalist view uncritically. James Jesus Angleton was fired by CIA Director William Colby in December 1974, in the wake of evidence that he had exceeded the CIA mandate by spying on the anti-war movement. However, the excesses of his molehunt were also clearly untenable to Director Colby, who did not accept the Fundamentalist view of the Soviet threat.[33] In the United Kingdom, Peter Wright, who carried the Fundamentalist banner at MI5, retired in 1976, having failed to establish

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[30] For a full discussion of the Bennett case, see John Sawatsky, For Services Rendered (Toronto: Penguin, 1982); Granatstein and Stafford, Spy Wars, ch.7; and Mangold, Cold Warrior, ch.19.

[31] Mangold, Cold Warrior, p.295

[32] Sean Durkan, "Feds will compensate ex-Mountie" Toronto Sun, July 16, 1993.

[33] Mangold, Cold Warrior, ch.21

his belief that former MI5 director Roger Hollis was a Soviet mole.[34] Moderates

within the RCMP refused to believe the Angleton allegation that Prime Minister Lester

Pearson was a Soviet mole.[35] The beginning of the end for the Fundamentalists at the

RCMP was the McDonald Commission, which began hearings in July 1977.[36]

Peter Wright notes that the end of the intelligence masonry did not come

easily: "When I saw Angleton he was raging. "Two Hundred Years of counter-

intelligence thrown away," he cursed. Within six months the CIA was submerged in a

welter of Senate hearings, exposes, and mire. In Canada and Australia inquiries

began into the past iniquities, alleged or real...We were the modern pariahs--hated,

distrusted, hunted."[37] Given the strength of such views, it would not be surprising if a

residue of the intelligence Fundamentalist principle continued to survive within the

Western intelligence alliance.

Even in the post-Cold War era, evidence can be found that the hardline anti-

Soviet principle persists within the Western intelligence alliance. The Aldrich Ames

case, which ironically confirmed the misguided fear of Angleton and Golitsyn of a

Soviet mole in the CIA, some twenty years after their unsuccessful molehunt, refuelled

suspicions about a possible Russian plot to deceive the West. Remarkably, the

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[34] These allegations are described in Wright's contentious SpyCatcher.

[35] Mangold, Cold Warrior, p.305

[36] Granatstein and Stafford, Spy Wars, p.192-93.

[37] Wright, Spycatcher, p.460

intelligence provided by a defecting Russian communications expert with close ties to the KGB has been rejected on the grounds that the CIA Directorate of Operations regards him as a possible plant.[38] This refusal suggests a continuing suspicion about Russian espionage.

Not all concern about Russian intelligence activity against the West remains cast in the Fundamentalist concern about a grand deception. In geopolitical terms, intelligence officials remain concerned about "the danger that a nationalist, revanchist Russia could rise from the ashes of the Soviet Union."[39] The military threat from a revisionist Russia remains nebulous. Indeed, most of the security intelligence concern in Canada, the United States, and the United Kingdom is now focused on Russian economic espionage.[40] However, public comments about Russian economic espionage retain much of their Cold War era anti-Soviet sentiment. The 1994 CSIS Public Report warns of continuing hostile intelligence activities from "about two dozen

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[38] John Walcott and Brian Duffy, "The CIA's Darkest Secrets" US News and World Report 117 (1), July 4, 1994. p.36.

[39] Murray Rankin, "Where Does CSIS Go From Here, Now That The Cold War Is Over" Paper Presented to a SIRC Seminar, September 1993. For further reading on the Russian debate, see Georgi Arbatov, "A New Cold War" Foreign Policy (95) Summer 1994, pp.90-104; Dimitri Simes, "The Return of Russian History" Foreign Affairs 73 (1), January/February 1994, pp.67-82; and Nikolai Sokov, "A New Cold War? Reflections of a Russian Diplomat" International Journal 46 (4), Autumn 1994, pp.908-929.

[40] For further reading on Russian economic espionage, see Adams, The New Spies, ch.10; and William T. Warner, "International Technology Transfer and Economic Espionage" International Journal of Intelligence and Counterintelligence 7 (2), Summer 1994 pp.143-159.

states" of which "the most worrisome of these is the Russian military intelligence organization, the GRU, which has not diminished its efforts in Canada."[41] Former House Select Committee on Intelligence Chair David McCurdy has noted that with respect to GRU activities, "it will become difficult to distinguish between military and economic espionage."[42]

The broad principle of cautious, hardline policy toward the Soviet Union and the Russian Federation has been the glue that has held together the Western intelligence alliances in the areas of security intelligence and signals intelligence. By virtue of its involvement in these alliances, the Canadian intelligence community has been shaped by its larger and more powerful allies in the United States and the United Kingdom. Of course, counter-evidence exists to suggest that Canada has not been completely penetrated by the influence of certain allied principles. Canada did not fully follow the United States into the McCarthy period of communist witch-hunts. However, the Herbert Norman case suggests that the Canadian intelligence community was not entirely immune from the worst excesses of the period.[43] Moreover, the spread of the "Angleton infection" throughout the CAZAB alliance firmly established

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[41] Tu Thanh Ha, "CSIS warns of Russian threat" The Globe and Mail March 29, 1995.

[42] Dave McCurdy, "Glasnost for the CIA" Foreign Affairs 73 (1), January/February 1994. p.129

[43] Granatstein and Stafford, Spy Wars, pp.88-89. For a less sanguine view of Canadian counter-subversion activities during the McCarthy era, see Reg Whitaker and Gary Marcuse, Cold War Canada (Toronto: University of Toronto Press, 1995).

the Fundamentalist view of the Soviet Union in the Canadian intelligence community.

Since the end of the Cold War, economic espionage and what Reg Whitaker calls

"institutional inertia and a lack of imagination" have ensured that the hardline anti-

Russian principle remains entrenched in the Western intelligence community.[44] This

stands as evidence of the persisting influence of the broader principles of the Western

intelligence community on its individual state communities.

Community of Secrecy   Consensus concerning the Soviet/Russian security

intelligence threat has clearly been the main common principle in the Western

intelligence alliance since the Second World War. There are, however, other

principles which could continue to unite the Western intelligence community even in

an era of a diminished Russian threat. One principle is a strong belief in secrecy.

There is counter-evidence to suggest that there are different national values

within the alliance, particularly with respect to the role of legislative oversight and

secrecy. However, in the early post-Cold War era, the need to preserve budgetary

interests in face of public financial restraint has recently increased support within the

intelligence communities for more openness.

Throughout the Cold War period, it was possible to generalize two distinct

approaches to secrecy and oversight within the Western intelligence alliance. In the

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[44] Reg Whitaker, "The Politics of Security Intelligence Policy-Making in Canada: 1984-1991" Intelligence and National Security 7 (2), Spring 1992. p.69.

United States, legislative oversight was established in the mid-1970's, following the

Angleton, Watergate, and COINTELPRO scandals. The House and Senate Select

Committees on Intelligence have become significant players in the American

intelligence community, in part because of constitutional arrangements that give

Congress the power of the purse. Congressional oversight allows for limited public

debate, within the *in camera* atmosphere of committee hearings.[45] Moreover, the

"unique openness" of the American political system has deep cultural and historical

roots that simply do not exist in Canada and the United Kingdom.[46]

The British model placed considerably more priority on secrecy. The existence

of MI5 was not officially acknowledged until the passage of the Security Service Act

in 1989. The identity of its director was traditionally kept secret until February 1992,

in the aftermath of the appointment of Stella Rimmington to the position. In some

respects, Canada followed this example. The existence of CSE was not acknowledged

until 1975, following an expose on the television program "The Fifth Estate".

In general, however, Canada did equal the United Kingdom in what James

Adams calls the "farcical" aspects of British secrecy.[47] The farcical aspects are

perhaps best captured by the name of the law governing British secrecy, the Official

Secrets Act. Many so-called secrets, such as the identity of the Director of MI5, or

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[45] Shulsky, Silent Warfare, pp.160-162.

[46] Ibid, p.115.

[47] Adams, The New Spies, p.89.

the very existence of the service itself were widely known, but just not officially
acknowledged. More significant was the lack of legislative oversight in both the
Canadian and British intelligence communities for much of the Cold War, the absence
of which was inevitably justified by the need for secrecy.

In the wake of the McDonald Commission and the passage of the CSIS Act in
1984, the Security Intelligence Review Committee was granted oversight powers for
CSIS, along with an internal Inspector General. However, the Canadian version of the
Official Secrets Act still persists, among increasing calls for its repeal.[48] In the United
Kingdom, the Security Service Act created a tribunal and Commissioner to investigate
public complaints about MI5. As significant as these events were, the major
transformations in the role of secrecy were brought about the end of the Cold War.

The disappearance of the traditional Soviet espionage threat accelerated the
process of reform and openness throughout the Western intelligence alliance. The loss
of their clearest mission meant that the intelligence communities were forced to defend
their organizational interests in an increasingly resource-scarce public finance
environment in all three states. Once again, it was the Americans who took the
boldest steps toward openness.[49] DCI Robert Gates established an openness

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[48] Vincent Gogolek, "Official Secrets Act is in its dotage"
Toronto Star, September 12, 1994.

[49] For a full description of this process, see David D. Gries, "Opening Up Secret
Intelligence" Orbis 37 (3), Summer 1993, pp.365-372.

commission to review secrecy in the American intelligence community in January

1992. It subsequently recommended the declassification of historical materials and

making senior intelligence officials more accessible to Congress and the media. Gates

recognized that "without such information, there could be no guarantee of continued

public support."[50] There was also a belief that overclassification harmed

organizational efficiency and increased costs.[51] The main purpose of these maneuvers

were designed to win support in three key constituencies: academe; Capitol Hill; and

the media.

In the British intelligence community, the move toward openness was prompted

by similar forces. Another innovation by MI5 Director Stella Rimmington was to

increase contact with the media, who were believed to be useful "for drip-feeding

positive stories." MI5 officials were sufficiently concerned about eroding public

confidence to actually lobby for stronger oversight powers in the Security Service Act.

The media also proved useful for promoting some of the new missions undertaken by

MI5, including counter-terrorism, counter-narcotics, and counter-proliferation

operations.[52]

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[50] Adams, The New Spies, p.55.

[51] David Gries, "A New Look For Intelligence" Intelligence and National Security 10 (1), January 1995, p.174. For a discussion of internal changes toward openness at the CIA, see John Hollister Hedley, "The CIA's New Openness" International Journal of Intelligence and Counterintelligence 7 (2), Summer 1994 pp.129-141.

[52] Adams, The New Spies, pp.96-98.

Three examples illustrate the manner in which openness has emerged as a significant new common value in the Western intelligence alliance. During the period of the end of the Cold War, each of the three intelligence communities issued publications to explain their activities to the public.[53] At the same time, each of the intelligence communities were forced to contend with controversy surrounding the opening of expensive new headquarters in an era of fiscal restraint.[54] This stands as evidence of the continuing scepticism of the public concerning the cost and necessity of intelligence in the post-Cold War era.

Clearly, the end of the Cold War had a marked effect on secrecy and accountability throughout the Western intelligence alliance. Openness was one of two main responses to the loss of the counter-Soviet mission and the contraction of financial resources. The other, the "marketing intelligence" approach, is described below. The Cold War era sentiment that knowledge is power was replaced by a new set of values, that according to CSIS Director Ward Elcock, emphasized "getting information to the right people on time."[55] In order to establish this new normative

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[53] In Canada, CSIS issued the CSIS Annual Reports, beginning in 1991; in the United Kingdom, MI5 issued The Security Service in 1993; in the United States, CIA issued A
Consumer's Guide to Intelligence in 1992.

[54] CSIS opened a new facility in 1995; MI6 moved into a new facility that same year; in the United States, the National Reconnaissance Office is scheduled to move into a brand new building that never received congressional approval.

[55] Canadian Security Intelligence Service, "Remarks by W.P.D. Elcock to the CASIS conference" October 1994, p.4

value of openness, the intelligence communities required a re-examination of their

approach to intelligence analysis.

Shared Causal Beliefs

The second necessary characteristic in an epistemic community is shared causal

beliefs, or a consensus about analytic methods. These beliefs "are derived from their

analysis of their practices leading or contributing to a central set of problems in their

domain and which then serve as the basis for elucidating the multiple linkages

between possible policy actions and desired outcomes."[56] The causal beliefs of an

epistemic community represent the shared methodology by which its members

approach problems. In examining the post-Cold War role of CSIS, it is necessary to

consider how its activities are affected by any shared or distinctive analytical methods

it may possess relative to the British and American intelligence communities.

The presence of American, British, and Australian contributions in Canadian

intelligence product suggests that the Canadian intelligence community continues to

place great emphasis on access to allied intelligence. The continued emphasis comes

at a time when Canada has completed the withdrawal of its troops from NATO bases

in Europe and finds its strategic location as a SIGINT facility for eavesdropping on

Russia made increasingly obsolete by satellites.[57] As a result, sharing the allied

intelligence product is more tenuous, but according to James Adams, Canada still has

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[56] Haas, "Epistemic communities," p.3

[57] Stuart Farson, "Accountable and Prepared? Reorganizing Canada's Intelligence Community" Canadian Foreign Policy 1 (3), Fall 1993, p.57

a place at the table.[58] As a junior member of the intelligence alliance, Canada depends heavily for its security intelligence needs on its American and British allies with their superior technical resources and global reach. An assessment of the analytical process in the three intelligence communities is necessary to determine the impact on the Canadian intelligence community by its senior allies. As it was by the Cold War era, anti-Soviet Fundamentalist shared normative view, the Canadian intelligence community is affected by the analytical methods of its allies. Indeed, the Fundamentalist orthodoxy was in part translated to the Canadian intelligence community through analytical liaison. The liaison arrangements still exist today[59], and could once again be used to translate a new intelligence orthodoxy. Unlike the Fundamentalist orthodoxy, however, the Canadian intelligence assessment machinery reflects the British process more closely than it does the American approach.[60]

The Western intelligence alliance holds a common set of causal beliefs at very general level with respect to the concept of an intelligence cycle, but greater scrutiny of this concept reveals considerable divergence in the current analytic methods used by the Canadian, British, and American intelligence communities. However, there is evidence to suggest that the end of the Cold War and the information revolution may

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[58] Adams, The New Spies, p.43

[59] Liaison is mentioned throughout the 1993 and 1994 CSIS Public Reports.

[60] See Michael Herman, "Assessment Machinery: American and British Models" Paper presented to 1994 CASIS conference, Ottawa. p.7.

be driving the emergence of a new market-oriented common analytical method.

At the most basic level, the intelligence communities of the Western alliance have the intelligence cycle, a common tool for processing information into intelligence. The intelligence cycle best fits the criteria of the consensual analytical method that is a necessary component of an epistemic community. In Canada, the intelligence cycle used by CSIS is described as "four interwoven strands", which include planning, collection, analysis, and dissemination.[61] In the United Kingdom, MI5 indicates that "intelligence work in the Security Service involves obtaining, analyzing, and using information to identify, investigate and counter the threats to national security or economic well-being for which the Service is responsible under its Act."[62] In the United States intelligence community, the same basic intelligence cycle model is described by Angelo Codevilla.[63] Each of these descriptions match the definition used by Harold Wilensky in his classic Organizational Intelligence, in which he describes intelligence as "gathering, processing, interpreting, and communicating the technical and political information needed in the decision-making process."[64]

When a closer look is taken beyond at the analytical methods used by the

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[61] Canadian Security Intelligence Service. "Helping to Protect Canada and its people" (Ottawa: Minister of Supply and Services, 1991) p.13

[62] The Security Service (London: Home Office, 1993) p.20

[63] Angelo Codevilla, Informing Statecraft (New York: Free Press, 1992) pp.15-25.

[64] Harold L. Wilensky, Organizational Intelligence (New York: Basic Books, 1967) p.3

Western intelligence communities beyond this basic model for the production of intelligence, several key distinctions emerge. These distinctions include organizational size, distance between intelligence producers and users, varying emphasis from consensual to competitive intelligence assessments within state intelligence communities, and distinct approaches to the tradecraft of collection and analysis. A full review of these distinctions is beyond the scope of this study, but a brief consideration sheds light on the underlying divergence within the intelligence cycles, and hence analytical methods, used in Canada, the United States, and the United Kingdom. However, the distinctiveness of analytical methods is at least in part overcome by liaison arrangements that result in an ongoing dissemination of intelligence orthodoxy between Canada, the United Kingdom, and the United States.

The first major distinction concerns size. The American intelligence community has been described by Alvin and Heidi Toffler as a classic "second wave" organization: "huge, bureaucratic, centralized, and highly secretive."[65] The American intelligence community, with its vast bureaucracy of some 20 member agencies and estimated $30 billion dollar budget is also highly political.[66] Marvin Ott is even more critical than the Tofflers, claiming that "the CIA is now more than four decades old and shows all the signs of bureaucratic middle age. It has become, if not sclerotic,

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[65] Alvin and Heidi Toffler, War and Antiwar (Boston: Little, Brown, 1993) p.155

[66] The $30 billion figure is generally used as an estimate by observers of the US intelligence community. The actual figure is classified.

certainly constipated--too large, too layered, too top-heavy and too set in its ways."[67]

Size is important because, as James Adams points out, "the bigger and more rigid the

bureaucracy, the more difficult it is to eliminate the tendency to curry favour with

superiors who hold known political views." The status of the Director of Central

Intelligence as a political appointee exacerbates this problem.[68] By contrast, the

British intelligence community is characterized by its small size, particularly in its

analytical arm, the Joint Intelligence Council, which consists of a mere 20 analysts.

Adams argues that the small size, together with the non-political status of the heads of

the British intelligence services, make the British system more independent. At least

with respect to size, the Canadian intelligence community follows the British model

with its intelligence assessment function handled by the Intelligence Advisory

Committee, which stands as a part of the Privy Council Office.[69]

Related to the debate over the size of the intelligence communities is the

debate over consensual versus competitive intelligence. This debate represents another

case where the analytic methods of the three Western intelligence communities fail to

converge. One of the reasons for the massive American intelligence apparatus is that

it is a reflection of the American belief in competitive analysis. The American

intelligence community places considerable emphasis on the production of all-source

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[67] Marvin Ott, "Shaking Up the CIA" Foreign Policy (93), Winter 1993-94, p.140.

[68] Adams, The New Spies, pp.41-42

[69] Farson, "Accountable and Prepared?" p.57

National Intelligence Estimates (NIE) on issues that have been identified by the

Executive Branch as key. This process involves tasking the collection agencies (CIA,

DIA, NSA, etc.) to gather raw intelligence and produce a draft NIE to be forwarded to

the National Intelligence Council (NIC). The NIC then reviews the draft, and sends a

final NIE on to the President.[70] It is important to recognize the details of this system

because it entails input at several stages, from several different agencies and

departments within agencies. The result is that either dissenting views are either

footnoted into the NIE, or the need to compromise inhibits the development of a

timely and useful estimate.[71] The alternative is to bypass the NIE process and ask for

separate agency reports, which in turn creates the problem of agencies slanting

intelligence to suit their own organizational interests.[72]

On the positive side, the competitive American system is generally quite

rigorous, as intelligence must pass several levels of scrutiny before reaching the

consumer.[73] In the United Kingdom, intelligence product goes directly from the

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[70] See Colonel William V. Kennedy, "The US Intelligence Machine" in Ray Bonds, ed. The US War Machine (New York: Military Press, 1987) p.51

[71] Adams, The New Spies, p.45

[72] An example of this problem would be the "bomber gap" and "missile gap" debates of the 1960's, or the "Team A/Team B" exercise in the mid-1970's.

[73] For a defence of the competitive analysis system, see Ernest May, "Intelligence: Backing into the Future" Foreign Affairs 71 (3), Summer 1992, p.69. For criticism of the approach, see Marvin Ott, "Shaking up the CIA" Foreign Policy (93), Winter 1993-94, p.140.

individual analyst to the JIC and on to the Cabinet Secretary without exhaustive competitive interagency analysis.[74] In Canada, the intelligence product is produced by Interdepartmental Expert Groups, who will develop an official government-wide position to be passed on to the IAC and hence to Cabinet.[75] The British and Canadian systems are certainly less cumbersome than the American process, but may lack comparable rigour. Here again, it would appear that the Canadian intelligence community has been more directly influenced by the British system of analysis than by the American model.

The debates over size and competitive versus consensual analysis are in part a function of different approaches to tradecraft, which is in turn a function of available resources. Part of what enables the Americans to operate such a rigorous system of competitive analysis is the array of national technical assets that are available to the American intelligence community. American intelligence product is composed of traditional HUMINT and open-source intelligence data, but also includes SIGINT and imagery intelligence from sophisticated space-based and terrestrial platforms. Of the three intelligence communities being examined in this study, only the Americans have devoted the financial resources to develop space-based observation platforms which are tasked by the National Reconnaissance Office (NRO).

National technical assets shape the nature of the American intelligence

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[74] Adams, The New Spies, p.44

[75] Farson, "Accountable and Prepared?" p.57

communities, just as the lack of comparable capabilities has shaped intelligence in the United Kingdom and Canada. As Alvin and Heidi Toffler point out, the vast "vacuuming" of the electromagnetic spectrum and the earth's surface by American SIGINT and IMINT result in vast amounts of useless "chaff" being collected along with the valuable "wheat."[76] As a result, a vast bureaucratic analytic process is required to separate the wheat from the chaff. Because of liaison arrangements, the British and Canadian intelligence communities can rely on the Americans, or at least American technology, to perform this vital task and provide the final intelligence product. The American assistance helps explain the smaller size and consensual analytic approach of the Canadian andBritish intelligence communities described above. However, according to some, this capability gives the American intelligence community, particularly the National Security Agency and the National Reconnaissance Office, its SIGINT and IMINT arms respectively, an inordinate amount of power over the intelligence policy of its allies.[77]

Two points are worth considering with respect to the impact of American technical tradecraft on CSIS. Firstly, it is important to recognize that although most Canadian SIGINT liaison is conducted through the Communications Security

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[76] Toffler, War and Antiwar, pp.158-159.

[77] For a discussion of American influence on the British and Canadian intelligence communities, see Richelson and Ball, The Ties That Bind; Littleton, Target Nation and Frost and Gratton, Spyworld

Establishment[78], CSIS has the power to task CSE for its security intelligence needs under the CSIS Act.[79] Secondly, CSIS may also cooperate within foreign government agencies "for the purpose of fulfilling its duties and functions under this Act."[80] These domestic and foreign liaison arrangements have the effect of exposing CSIS to not only the technologies, but the personnel of its allies. This contact results in the exchange of ideas, experiences, politics, strategies- the very normative values described above. The SIGINT arrangements are a major conduit for translating American, and to a lesser extent British, intelligence orthodoxy to the Canadian intelligence community.

Another distinction in the analytic methods of the Western intelligence alliance concerns the distance between intelligence producers and consumers. Since the end of the Second World War, it has been argued that in order to maintain the objectivity of intelligence, producers in the intelligence community should remain separate from the

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[78] See Office of the Inspector General of the Canadian Security Intelligence Service, "Exchange of Information and Intelligence Between the Canadian Security Intelligence Service and the Communications Security Establishment" (Expurgated Version: declassified by SIRC, October 1991). This report recognized the "sensitivity" of relations between CSIS and CSE, but acknowledged that CSIS was in full compliance with the CSIS Act and that no "unreasonable or unnecessary use of powers" existed with respect to liaison.

[79] Canadian Security Intelligence Service Act R.S. 1985, c.C.23, 12, 16.

[80] Canadian Security Intelligence Service Act R.S. 1985, c.C.23, 17 (1) (a), (b).

policy-making process.[81] Former DCI James Woolsey summarized the traditional

separation between intelligence and policy, when he admitted in an 1994 interview

> It is not so much a statute; the President could if he
> wanted (though I think it would be unwise) ask us
> routinely for advice on policy matters. But it is, I think,
> far better for the intelligence community to maintain a
> distance and an objectivity with respect to what's going
> on in the world than to become recommenders and part
> of the bureaucratic warfare.[82]

In the United States, this long-standing tradition showed signs of weakening in March

of 1995, when President Clinton announced that his new nominee for Director of

Central Intelligence would be considered a cabinet-level position. As a result, the DCI

would be present, although not necessarily a contributor of policy options, at cabinet

meetings.[83] However, critics argue that the power of the DCI to withhold or

emphasize certain intelligence gives him a de facto policy-making voice, and that the

word of the DCI not to undertake such a role is an insufficient safeguard on the

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[81] For a further discussion of the reasons behind the need for independence, see
Shulsky, Silent Warfare, pp.156-159

[82] Albert Han and Julie Sunderland, "An Interview With R. James Woolsey"
Harvard International Review 16 (4), Fall 1994, p.37.

[83] Graham Fraser, "Clinton nominates another CIA head" The Globe and Mail
March 13, 1995.

protection of the separation of intelligence and policy.[84]

The British and Canadian models maintain the traditional separation between intelligence producers and consumers. However, the shift toward a new analytical approach known as "marketing intelligence" is narrowing the producer/consumer interface in all three intelligence communities. This emergence of this approach can be examined at two levels. At one level, the transformation is a part of the broader process of change

sweeping across the public sector in Western Europe and North America. As discussed in the previous chapter, the process has clearly begun in Canada. CSIS was identified as one of several national security related public organizations that are reorienting their organizational cultures in response to an external environment that places new emphasis on fiscal responsibility, private-sector standards of efficiency and effectiveness, and increased transparency.

The process is also occurring in the United States and the United Kingdom. The reasons for the development of the marketing intelligence approach in these two states are similar to the reasons for its emergence in Canada. The intelligence communities in all three states faced uncertain missions with the end of the Cold War; public finance was being reoriented toward restraint; and scandal and intelligence

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[84] At this writing, Deutch was under examination by the Senate Select Committee on Intelligence as part of the confirmation process. Senator Richard Lugar, (R) Indiana, raised the issue of politicized intelligence during the week of 23 April 1995.

failure were plaguing all three intelligence communities.[85] In response, two strategies were developed: openness and marketing intelligence.

The American intelligence community has led the move to marketing intelligence, incorporating concepts such as just-in-time delivery, customer feedback, and even "user pays". The Gulf War experience, where American theatre commander General Norman Schwarzkopf complained of being deluged with "mush", or equivocating, inaccurate, and slow intelligence, sparked a re-examination of producer-consumer relations.[86] Henry S. Rowen was among those who called for a more "demand-oriented" intelligence process.[87] In November 1991, National Security

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[85] It is not possible to summarize all of the key events in the British and American public policy debates concerning budgetary restraint and the intelligence community. Similarly, the various scandals and intelligence failures, including the Matrix-Churchhill affair and the Falklands War in the UK, and the Iran-Contra affair and failure to predict the demise of the USSR in the US, are beyond the scope of this thesis. For a review of the interaction between these events and the reorientation of the American intelligence community, see Dave McCurdy, "Glasnost for the CIA" Foreign Affairs 73 (1), January/February 1994, pp.125-141; Marvin Ott, "Shaking Up the CIA" Foreign Policy (93), Winter 1993-94, pp.132-151; Bruce D. Berkowitz and Allan E. Goodman, "Intelligence Without the Cold War" Intelligence and National Security 9, April 1994, pp.301-319, and Ernest R. May, "Intelligence: Backing Into the Future" Foreign Affairs 71 (2), Summer 1992, pp.63-81. For an examination of the British experience, see Nicholas Hiley, "An Open Secret: Political Accountability and the Changing Role of MI5" Queen's Quarterly 100 (2), Summer 1993, pp.371-382 and James Adams, The New Spies (London: Hutchinson, 1994).

[86] Ott, "Shaking Up the CIA," p.141.

[87] Henry S. Rowen, "Reforming Intelligence: A Market Approach" Working Group On Intelligence Reform, (Washington: Consortium for the Study of Intelligence, 1993) p.1

Review Directive 29 implemented the marketing intelligence approach by formally seeking intelligence requirements from intelligence consumers.[88] By 1994, the American intelligence community was acting "to improve the accessibility and utility of information to the right people."[89]

In the United Kingdom, the move toward marketing intelligence was also shaped by the end of the Cold War, and the need for more modern organizational structures. MI5 was known among other members of the British intelligence community as the "leaden-footed," because "they have allowed the most conservative aspects of government bureaucracy to dominate everything they do... All decisions are accompanied by endless memos and decisions seem to take forever."[90] As discussed above, MI5 also had the furthest to come, as it was not even legally recognized until 1989. The 1989 Security Service Act focused primarily on issues of oversight and accountability. However, the first report of the Home Affairs Committee on the Accountability of the Security Service noted that accountability refers to not only protecting civil liberties, but also to ensuring that MI5 provides "value for money."[91] Faced with this budgetary pressure, MI5 may need to protect its constituencies by

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[88] Adams, The New Spies, p.51.

[89] Han and Sunderland, "An Interview With R. James Woolsey," p.80.

[90] Adams, The New Spies, p.93.

[91] Home Affairs Committee. "Accountability of the Security Service" (London: House of Commons, 1992) para.15.

adopting the marketing intelligence approach that has emerged in Canada and the United States. For MI5, it is worth noting that these changes may be less dramatic than its Canadian and American counterparts. According to Philip H.J. Davies, the British intelligence community is naturally "demand-driven and consumer-directed" because of the powerful presence of the JIC at the apex of the assessment process.[92]

Budgetary restraint, the need for a new mission, and to a lesser extent scandal, are major reasons for the emergence of the marketing intelligence model. At a second level, the rise of marketing intelligence is a technology-driven phenomenon. Briefly stated, this process reflects the proliferation of open-source intelligence and the development of technology to both identify, process, and disseminate vast amounts of information into intelligence product.[93] Here again, the Americans have taken the lead because of their traditional all-source approach to intelligence. James Woolsey described the American mission as the quest for "a digital network capable of disseminating not only ones and zeroes and words, but also images...a seamless web in the intelligence world: making intelligence immediately and directly relevant to

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[92] Philip H.J. Davies, "Organizational Politics and the Development of Britain's Intelligence Producer/Consumer Interface" Paper presented to CASIS conference, Ottawa, October 1994, p.12.

[93] For a full description of this process, see Robert Steele, "Private Enterprise Intelligence: Its Potential Contribution to National Security" and Peter Sharfman, "Intelligence Analysis In The Age of Electronic Dissemination", papers presented to the CASIS conference, October 1994.

consumers."[94]

Canada and the United Kingdom may develop similar systems, but ones that reflect their own security intelligence priorities and budgets. CSIS Director Ward Elcock has argued that the Canadian intelligence community should not try to compete with commercial open-source agencies and media, but rather should try to utilize its information-processing expertise and "value-added" secret intelligence to provide useful and timely product to government consumers.[95] Of course, technological resources such as the Internet and computer databases and networks also present another target for penetration by foreign intelligence services and hackers. The security of electronic information has become a major issue in the Western intelligence community.[96]

The rise of the marketing intelligence model stands as further evidence of the influence of the intelligence epistemic community. The technological and political forces driving the emergence of this model are being felt in all three intelligence communities and are overcoming the historic divergence between the American and British/Canadian analytical models. Although discrepancies will continue to exist with respect to tradecraft and organizational size, these differences are incorporated into the

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[94] Han and Sunderland, "An Interview With R. James Woolsey," p.80.

[95] Canadian Security Intelligence Service, "Remarks by W.P.D. Elcock at the CASIS Conference" October 28, 1994. p.5

[96] See Winn Schwartau, Information Warfare (New York: Thunder's Mouth Press, 1993); Toffler, War and Antiwar.

Western intelligence community and overcome through liaison. The transnational nature of the marketing intelligence concept is just one example of the effect of this liaison on policy.

Shared Notions of Validity

Having provided evidence to demonstrate the existence of a common analytical approach, it is necessary to determine the extent to which the respective intelligence communities converge with respect to criteria for weighing the validity of information. The third necessary concept in an epistemic community concerns shared notions of validity, which Haas defines as "intersubjective, internally defined criteria for weighing and validating knowledge in the domain of their policy enterprise".[97] All intelligence services have to assess the bona fides of the information they receive from human agents and electronic intercept. This is usually the task of counter-intelligence.[98] The methodology of counter-intelligence in the United States, Canada and the United Kingdom can be shown to "have a shared notion of validity" as reflected by the "Angleton infection" of the late 1960s and early 1970s. The Angleton experience illustrates the importance of deception as the key criteria for weighing and validating knowledge within the intelligence community.

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[97] Haas, "Epistemic community," p.3.

[98] see Shulsky, Silent Warfare, ch.4.

Briefly, the Angleton hysteria was focused on the alleged false defections in the 1960s by the Soviet agent Nosenko. As described above, the CIA believed that the KGB intended to use these agents to spread strategic disinformation, but also to discredit future defectors. They were particularly successful in the latter regard, as CIA counter-intelligence chief James Jesus Angleton conducted a 'mole hunt' to search for other false defectors or Soviet agents within the Western intelligence community.

The result was chaos, as intelligence and counterintelligence branches within the community clashed over the bona fides of various agents. Counter-intelligence would claim that an agent was unreliable, and compile evidence of various sorts to support their claim. Any counter-evidence provided by the handlers and field agents of the intelligence branch was dismissed, on the basis of the Nosenko and Golitsyn affairs, as disinformation. From the work of Haas on epistemic communities, it is "their claims to knowledge, supported by tests of validity, accord them influence over policy debates and serve as their primary social power resource."[99] Indeed, Angleton and the other Fundamentalists were able to define the very tests of the validity of knowledge. The most direct manifestations of this were the Wilson plot cases in the UK, the Bennett case in Canada, and several cases in the US, including most famously the Nosenko case.[100]

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[99] Haas, "Epistemic community," p.19

[100] Many volumes have been written on the Angleton hysteria, including Epstein, Deception; Mangold, Cold Warrior; Wright, SpyCatcher; John Costello, Mask of Treachery (London: Collins, 1988); and Sawatsky, For Service Rendered.

The fact that the Angleton approach spread throughout the Western intelligence community is indicative of the shared notions of validity concerning counterintelligence. The various states responded to the ensuing chaos in various ways, but in general, policy makers responded by weakening the power of the counterintelligence branches. The Angleton mole hunts led to restrictions being placed on FBI and CIA counterintelligence operations. Many argue that the weakening of these capabilities has led to the Aldrich Ames affair, so we may see the rise of a mole hunt once again. Shortly after this period, the McDonald Commission began its investigations into the RCMP Security Service. In the United Kingdom, the process did not really begin until the Security Service Act in 1989. What is significant, however, is that in each case, significant restrictions were placed on the wiretap and surveillance powers of the intelligence community. It could be argued that the Angleton mole hunts, the influence of which was felt across the Western intelligence alliance, had a catalytic effect in limiting the intrusive powers of its member agencies.

The evidence concerning the legacy of the Angleton era is not totally clear. For every disruptive and unsuccessful mole hunt, it seems there is a case like the CIA's Cuban network, which was later revealed to consist entirely of undetected double agents operating on behalf of the Cuban intelligence service.[101] However, it is well beyond the scope of this thesis to settle that debate. What is important to note is that the Angleton experience depicts the influence of the concept of deception in the

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[101] Shulsky, Silent Warfare, p.128.

intelligence community. In searching for evidence to support the claim that the American, British, and Canadian intelligence services do in fact constitute an epistemic community, deception becomes a key concept. Each of the Western intelligence communities must consider the possibility of deception when they weigh evidence, whether it be assessing the bona fides of defectors, or a consideration of the verity of intelligence gathered through eavesdropping.

The task of searching for deception is a part of all counterintelligence operations. Whether it involves foreign intelligence or security intelligence, intelligence case officers must consider the possibility of double agents. Abram Shulsky notes the importance of a "double-cross system", that incorporates "chicken feed", "barium tests", "dangles", and "false flag defections", are among the often bizarre-sounding counterintelligence techniques that are used to assess validity.[102] The information received from often unseemly sources forms the basis of policy, whether it be counter-terrorist operations, counter-espionage, or covert action. As such, lives are often at risk. In order to protect those lives, counterintelligence must consider the possibility of deception in assessing intelligence.

CSIS may not require these counterintelligence devices as frequently as the American and British services,[103] but the Grant Bristow experience illustrates the

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[102] Ibid, ch.5.

[103] See Epstein, Deception, for a review of the major Cold War cases involving the United States and the United Kingdom.

importance of deception to Canadian security intelligence operations. Speculation in the media during the investigation of the involvement between Bristow and the Heritage Front during his stint as a CSIS agent raised the possibility that Bristow was a double agent, who used CSIS money to fund Heritage Front activities.[104] Although independent review of the case by SIRC subsequently dismissed this possibility, a more sophisticated adversary may have been capable of exploiting the eagerness of CSIS to penetrate the Heritage Front. As CSIS and other Western security intelligence agencies move toward increased counter-terrorism, criminal intelligence, and counter-proliferation operations which involve attempting to penetrate small groups, they will be even more hard-pressed to verify the bona fides of their agents. The closed and familiar nature of these groups, such as the Aum cult in Japan, are difficult to penetrate. As such, intelligence services will be eager to grasp any potential defectors. The need to be aware of deception has outlasted the Cold War, and will continue to be the major common approach to validating security intelligence information throughout the Western intelligence alliance.

Common Policy Enterprise

There is a clear common policy enterprise within the Western intelligence

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[104] Hugh Winsor, "CBC tricked by white supremacists" The Globe and Mail December 16, 1994.

community. A common policy enterprise is defined by Haas as a "a set of common practices associated with a set of problems to which their professional competence is directed, presumably out of the conviction that human welfare will be enhanced as a result."[105] The nature of the activities that will enhance human welfare is determined by the normative values of the epistemic community.[106] The security intelligence community seeks to enhance human welfare by protecting national security, through its counter-espionage and counter-terrorism activities. During the Cold War, the strong anti-Soviet principle within the intelligence community ensured that its target was plainly the Communist bloc.

In the post-Cold War era, several threats have been identified by the intelligence epistemic community. The principle of anti-communism is being replaced by anti-crime. As a result, the common policy enterprise is directed toward controlling international crime, which includes illicit arms transfers, narcotics, money-laundering and terrorism, frequently in combination.[107] Recent efforts to cooperate in this area are evidence of the continuing influence of the Western intelligence community on policy makers within their individual states.[108] This process of

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[105] Haas, "Epistemic community," p.3

[106] Ibid, p.19

[107] Cases include "Golden Triangle" narcotics/arms dealing Mujaheedin and disaffected KGB agents peddling arms and strongarming businesspersons in Russia.

[108] The opening of an FBI office in Moscow is a good example here.

identifying new threats cannot be seen in isolation from efforts to protect budgetary allocations.

A brief review of the emerging common policy enterprise shows the extent to which CSIS is influenced by the Western intelligence alliance. As the Soviet espionage threat diminishes, remarkably similar new missions have emerged across the Canadian, British, and American intelligence communities. International terrorism and international crime activities are the major focus of the new mission, which continues the cooperative links that were established to counter Soviet espionage during the Cold War. These links continue to serve as a mode of influence on Canadian security intelligence policy. At the national level, domestic terrorism and economic espionage have also become major concerns for the Western intelligence alliance.

The major concern in the post-Cold War era for security intelligence agencies is terrorism. In Canada, CSIS now devotes 56 per cent of its resources to counter-terrorism, compared with only 20 per cent in the Cold War era.[109] In the United Kingdom, MI5 now devotes 26 per cent of its resources to countering international terrorism and a further 44 per cent of its resources to Irish and domestic terrorism.[110] In the wake of the Northern Ireland peace process, a further shift to international terrorism and non-Irish domestic terrorism is likely to take place. Budgetary figures

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[109] Canadian Security Intelligence Service, "1993 Public Report" (Ottawa: Minister of Supply and Services, 1994) p.4.

[110] The Security Service (London: Home Office, 1993) p.12.

remain classified in the United States, but the creation of the multidisciplinary, multibranch Counter-Terrorism Centre at CIA stands as evidence of the renewed commitment of resources to this mission. In 1995, Congressional debate also began on an "Omnibus Counter-Terrorism Bill" that among other things, would add $1.5 billion to the fight against terrorism, create a Domestic Counter-terrorism Centre to be headed by the FBI, and hire as many as 1,000 new agents and prosecutors.[111]

It is necessary to explore the reasons behind such this major resource shift. Two major schools of thought exist on the question. The first, usually put forward by the intelligence community and its supporters, suggests that terrorism is on the rise. The February 1993 World Trade Centre bombing in New York City is put forward as an example of a new threat to the previously safe territory of North America.[112] Others argue that the risk of terrorists acquiring weapons of mass destruction is of such serious concern that more resources are required to combat this threat. The March 1995 nerve gas attack on the Tokyo subway is seen as a harbinger of this trend.[113] The proliferation of nuclear, chemical, and biological weapons programs to enemies of the West such as Iraq, Iran, Libya, and North Korea and the concern over

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[111] Stephen Labaton, "Data Show Federal Agents Seldom Employ Surveillance Authority Against Terrorists" The New York Times, May 1, 1995.

[112] See Stephen Handelman, "Trial an unwelcome glimpse of terror" The Toronto Star, February 12, 1995.

[113] See "Japanese Police Name Sect as Suspect" The Globe and Mail, March 27, 1995.

weapons security in the former Soviet Union has stirred fears that terrorists now have greater access to unconventional weapons.[114]

Critics of the intelligence community posit that the facts contradict this new emphasis on counter-terrorism. In 1994, the US State Department reported that international terrorist attacks had dropped to their lowest level in 23 years, down to 321 incidents from a peak of 665 recorded in 1987.[115] The outbreak of peace in several formerly turbulent regions, including Northern Ireland and the Middle East, is commonly said to explain the decline. Others put forward the more controversial argument that the collapse of the Soviet Union represents the loss of a former sponsor, for Trotskyite-Marxist anti-Western terrorist groups, such as the various Red Armies, Action Directe and the Baader-Meinhoff gang.

The evidence here is quite mixed. Most experts acknowledge that it is far too premature to dismiss the threat of Middle Eastern terrorism. On the positive side, many Arab states including Syria have refused to continue sheltering terrorist groups as a show of goodwill designed to win American aid. Although the Palestinian Liberation Organization "Fatah" wing lead by Yasser Arafat may be pursuing peace with Israel, the Hamas organization and its "Izzedrine-al-Qassam" brigades and the

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[114] For a discussion of threat posed by these four "rogue states" see Adams, The New Spies, chapters 11-17. For an examination of threat from the former Soviet Union, see Seymour Hersh, "The Wild East" The Atlantic Monthly 273 (6), June 1994 pp.61-72.

[115] Associated Press wire story, "International terrorist attacks drop" May 4, 1994.

Islamic Jihad group remain bitterly opposed to peace and continue to conduct terrorist operations.[116] Iran may also be sponsoring acts of terrorism by Islamic groups, including the 1994 attacks on the Israeli embassy in Buenos Aires and the 1993 World Trade Centre bombing in New York.[117] Other Islamic extremist groups operate from Algeria, Sudan, Egypt, Afghanistan, the Phillipines, and Turkey. Similarly, the Northern Ireland peace process has won a major victory with the 1994 armistice, but the refusal by the Provisional Irish Republican Army to disarm, and the continuing recalcitrance of Protestant groups necessitate continuing caution.

It is also significant to note that although the overall rate of terrorism is declining, the amount of devastation that can be caused by a single attack has grown exponentially as a result of technological improvements and the availability of weapons of mass destruction. As such, one highly-publicized attack using nitrogen-ammonia fertilizer bombs, or worse, sarin nerve gas can have a far more terrifying effect that a series of letter bombs, or other small scale attacks.

The most common criticism of the new emphasis on counter-terrorism throughout the Western intelligence alliance is that it is merely an attempt to preserve jobs and organizational power in the absence of the Soviet threat. At first glance, the dramatic shift in resources from counter-espionage to counter-terrorism at the end of

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[116] Amos Perlmutter, "The Israel-PLO Peace Accord is Dead" Foreign Affairs 74 (3), May/June 1995 pp.69-79.

[117] Adams, The New Spies, chapter 13.

the Cold War would seem to support this sceptical view. However, several

explanations suggest that this shift occurred for reasons other than the hunt for

organizational survival. The main evidence suggests that the shift had begun well

before the end of the Cold War. The American intelligence budget had less than one

third of its resources devoted to the Soviet Union by the time of its collapse in

1991.[118] Two key galvanizing events for the United States and the United Kingdom

including the 1985 Air India bombing for Canada, and the 1988 Pan-Am bombing

over Lockerbie, Scotland initiated considerable political pressure to counter terrorism

well before the end of the Cold War.[119] Furthermore, there are those within the

intelligence community who argue that the end of the Cold War merely freed up

existing resources to meet terrorism, and the other threats described below, that had

been badly neglected, but not ignored, during the Cold War.

Rightly or wrongly, massive organizational resources have been devoted to the

fight against terrorism throughout the Western intelligence alliance. Among these are

included significant liaison arrangements among the various intelligence communities.

For CSIS, these arrangements serve as another means through which it is influenced

by the policies and needs of its larger allies. The 1994 CSIS Public Report

notes that its counter-terrorism successes have resulted from "the establishment and

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[118] Gries, "Opening up Secret Intelligence," p.365.

[119] For a review of the Air India case, see Richard Cleroux, Official Secrets
(Toronto: McClelland and Stewart, 1991). For a review of the Lockerbie case, see
Mark Perry, Eclipse (New York: William Morrow, 1992).

development of strong liaison arrangements with foreign agencies and close working relationships with Canadian governmental departments."[120]

These arrangements have a dual effect. CSIS is able to gain access to the broader range of counter-terrorism technology and knowledge possessed by its larger allies, but is also able to cement Canadian intelligence-sharing arrangements. The latter is accomplished in two ways. In a few areas, CSIS has a superior intelligence capabilities than its allies. A former senior CSIS official has commented that "countering Sikh terrorism is the one area where Canada has a comparative advantage over its allies."[121] These contributions to Western intelligence are proof of a unique Canadian expertise, which helps Canada keep its place in liaison arrangements, ensuring a continuing flow of intelligence that would be otherwise unavailable.

Secondly, the Canadian security intelligence community is frequently required to assist the American community in its efforts to prevent or prosecute terrorism on American soil. The 1994 CSIS Public Report notes that terrorist groups use Canadian soil for fund-raising, training, planning operations, and providing logistical support for terrorist attacks to be undertaken elsewhere. By geographical logic, those attacks are usually in the United States. A recent example of cooperation in US counter-terrorism

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[120] Canadian Security Intelligence Service, "1994 CSIS Public Report" (Ottawa: Minister of Supply and Services) p.3

[121] Confidential interview, February 1995.

include the arrest of an accomplice in the World Trade Centre bombing.[122] An example of American reciprocation would be the arrest of Black Muslims responsible for the 1993 attack on a Toronto-area Hindu Temple.[123] Again, Canada benefits by cementing intelligence alliances that give CSIS access to intelligence that it lacks the resources to acquire on its own.

The second effect of domestic and foreign intelligence liaison is that CSIS is once again affected by its larger allies, either through direct liaison, or indirectly through its arrangements with the heavily NSA-influenced CSE. Critics again argue that the intelligence priorities of CSIS are determined in Washington or London, rather than in Ottawa.[124] Similarly, critics contend that CSIS is spending resources on terrorist threats that are directed at the United States and the United Kingdom and stand little chance of being realized in Canada.[125] A third concern is that the cultural influence of the British and American intelligence communities may extend to Canada,

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[122] See Tom Godfrey "Suspect Linked to US Blast?" Toronto Sun, June 24, 1993 and "Canuck Link To UN Bomb Plot Probed" Toronto Sun, June 27, 1993.

[123] Bill Dunphy ""Terrorists jailed 12 years" Toronto Sun, April 8, 1994.

[124] Another major influence here is Israel. Reg Whitaker argues that the Mahmoud Mohammed Issa Mohammed case was completely handled by Israeli intelligence. Whitaker argues that Mohammed, a former activist in the Popular Front for the Liberation of Palestine, is no threat to Canada and was only detained because of Israeli pressure. Interview, June 1994.

[125] Jean-Paul Brodeur, "Time to Change Course: Canadian National Security at the Dawning of the Year 2000" Paper presented to a SIRC Seminar, September 1992 p.15.

bringing along undesired and unnecessary excesses. Certainly, the excesses of the RCMP Security Service in the 1970s in its operations against Quebec separatists appear to have been influenced by FBI "COINTELPRO" tactics against American radical groups.[126]

These are serious concerns, but the durability of Canadian intelligence foreign liaison arrangements suggests that Canadian policy-makers believe that maintaining access to allied intelligence product outweighs any potential risks. The emergence of other threats in the post-Cold War era has meant that liaison arrangements are being extended to new areas. Somewhat broadly, the threat of international crime includes a variety of activities, including money-laundering, arms dealing and smuggling, the drug trade, immigration scams, and extortion.[127] The emergence of international crime threatens the governability of emerging democracies, in strategic locations such as Russia and Mexico. Governments face legitimacy crises as they became associated with corruption and market economies are undermined by the need to contend with organized crime.[128]

Co-operation has also emerged in the struggle against international crime. The

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[126] Cleroux, Official Secrets, pp.57-59.

[127] For a discussion of the Canadian response to international organized crime, see James G. Stewart, "Criminal Intelligence in Canada: Are We Really Prepared For Transnational Crime?" Paper presented to Ottawa CASIS conference, October 1994.

[128] For a description of the organized crime problem in Russia, see Stephen Handelman, "The Russian 'Mafiya'" Foreign Affairs 73 (2), March/April 1994 pp.83-97.

1994 Naples conference on international organized crime suggested that the problem

had grown to the point where it was considered a threat to national security.[129] The

growth of "narco-terrorism" is an example of the intersection of terrorism, the drug

trade, and low-intensity conflict. Disaffected groups in Peru, Northern Ireland,

Afghanistan, and Burma sell drugs to acquire weapons to continue their various

insurgencies.[130]

The Western intelligence alliance is using its liaison arrangements to meet this

threat. However, the international crime phenomenon is a possible harbinger of an

emerging global intelligence epistemic community, led by the American intelligence

community. Increasingly, signs of convergence are emerging in the post-Cold War era

which indicate the possible emergence of a global epistemic intelligence community.

The opening of an FBI office in Moscow to help Russian officials combat organized

crime best symbolizes this trend. The New York Times has referred to law

enforcement as a major new US export, pointing to the opening of an FBI training

academy for Hungarian security officials in Budapest.[131] The implications of this

expansion for the Canadian security intelligence community remain to be seen. On the

negative side, Canada risks a dilution of its special relationship with the American

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[129] Canadian Security Intelligence Service, "1994 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1995) p.2

[130] Adams, The New Spies, p.242.

[131] David Johnston, "Strength is seen in a U.S. export: Law Enforcement" The New York Times, April 17, 1995.

intelligence community. However, this risk is unlikely to outweigh the benefits of

cooperation for Canada, as described by former Security Intelligence Co-ordinator

Blair Seaborn:

> We should share our intelligence product not with
> traditional allies but as widely as possible with others,
> even erstwhile adversaries (1) in order to get their
> product in return, and (2) because for most areas covered
> by intelligence, and especially the newer areas (terrorism,
> international drug trade, world migration patterns), it is in
> our interest as well as theirs to share facts and
> assessments with those who are facing similar problems
> to ourselves. The 'adversary' is not other countries, but
> rather the terrorists, the drug traders, the organized crime
> syndicates which threaten the integrity of all countries.[132]

Of course, the state system has not disappeared, despite

unprecedented cooperation to meet the international crime threat. Blair Seaborn is

careful to point out that the "obvious exception to sharing is in the area of economic

and commercial intelligence where even close allies for other purposes are our

economic competitors, and will not share intelligence which relates closely to their

economic well-being and competitiveness."[133] Economic counter-espionage has

become an increasingly important focal point for organizational resources in the

Western security intelligence community.[134] CSIS now spends 44 per cent of its

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[132] CASIS Intelligence Newsletter (22), Spring 1995 p.23.

[133] Ibid.

[134] A significant factor in Cold War counter-espionage was protecting Western
military and dual-use technologies from the Eastern Bloc. This threat was described in

resources on counter-espionage, a significant portion of which is devoted to the

Community Awareness program, which seeks to prevent economic espionage against

Canadian corporations.[135] MI5 made note of its mandate to protect "the economic

well-being" of the United Kingdom in its recent public report.[136] In the United States,

the FBI has taken the lead in economic counter-espionage, listing "critical

technologies" and "the US strategic industrial position" as major concerns on its 1991

National Security Threat List.[137] The issue of economic espionage serves as a

cautionary note for not exaggerating the influence of the American and British

intelligence communities on Canada. As J.L. Granatstein and David Stafford note,

"sensible nations maintain a cautious attitude in all their international dealings."[138]

Linda Melvern et al, Techno-Bandits (Boston: Houghton-Mifflin, 1984). Co-operation continues on this threat in the post-Cold War era, as the 1994 CSIS Public Report noted that the GRU posed a continued threat to Canadian economic security.

[135] Canadian Security Intelligence Service, "1993 CSIS Public Report" (Ottawa: Minister of Supply and Services, 1994) p.8. For further discussion of the Canadian economic counter-espionage program, see Security Intelligence Review Committee, "Counter-Intelligence Study 93-04" (expurgated version), December 1, 1993. For a discussion of some of the policy implications of economic espionage, see Samuel D. Porteous, "Economic Espionage: Issues Arising from Increased Government Involvement with the Private Sector" Intelligence and National Security 9 (4), October 1994 pp.735-752.

[136] The Security Service (London: Home Office, 1993) p.12

[137] Patrick Watson, "The FBI's Changing Missions in the 1990s" Working Group on Intelligence Reform (Washington: Consortium for the Study of Intelligence, 1993).

[138] Granatstein and Stafford, Spy Wars, p.193.

Summary

While the emergence of a global intelligence epistemic community remains a distant prospect, there is considerable evidence to suggest that an intelligence epistemic community has emerged among the United States, the United Kingdom, and Canada. The physical evidence of this community involves intelligence liaison, intelligence-sharing, personnel exchanges, as well as both secret and public conferences. For CSIS, this epistemic community is crucial in shaping its post-Cold War identity. This identity is shaped by the exchange of normative and analytical values, certain shared notions of validity, and most importantly, by a common policy enterprise. The influence of the Angleton era normative Fundamentalist values, and distrustful notions of validity has passed, but the era created mechanisms such as CAZAB which still persist today. Although the names and purposes of these highly secret alliances may have changed, they still represent a channel by which American and British influence is translated to the Canadian intelligence community. The Angleton era has also had a lasting impact on the organizational culture of CSIS, as discussed in the previous chapter.

The influence of the Western intelligence epistemic community is much clearer and easier to identify with respect to common analytical values and the common policy enterprise. There was considerable historical divergence with respect to the analytical approaches to the intelligence cycle between the large, competitive, and technologically-oriented American model, and the Anglo-Canadian smaller,

centralized, and liaison-dependent model. However, recently the two models have moved closer to convergence as a result of the emerging popularity of the market approach to intelligence in all three intelligence communities.

The common policy enterprise stands as the strongest evidence of a Western intelligence epistemic community. From the development of the modern intelligence apparatus in Canada and the United States at the end of the World War Two, until the end of the Cold War in 1991, the Western intelligence agencies devoted their resources to the war against communism. In the security intelligence community, this enterprise was largely dominated by counter-espionage and counter-subversion tasks. Since the end of the Cold War, considerable evidence has been provided to demonstrate the emergence of a new common security intelligence policy enterprise. This enterprise includes counter-terrorism, criminal intelligence (including counter-narcotics and counter-proliferation), and economic counter-espionage. In the latter two areas, Russia remains a major concern.

Collectively, CSIS is affected by the influence of the Western intelligence epistemic community in two major ways. Through security intelligence liaison, CSIS has direct contact with the values and ideas of its senior allies. However, CSIS is also influenced by its experience as a member of the Canadian intelligence community. Other members of the Canadian intelligence community have foreign liaison arrangements in the areas of foreign intelligence, signals intelligence, and military intelligence. Through domestic liaison and intelligence-sharing, the Western

intelligence epistemic community also influences CSIS. The evolution of CSIS in the post-Cold War era is unlikely to escape the influence of the Western intelligence community.

CONCLUSION

The essential conclusion of this thesis is that the post-Cold War nature of the Canadian Security Intelligence Service is experiencing change in both its domestic and international environments. The process of organizational change at CSIS is being shaped most directly by two sets of considerations: a contraction in its organizational resources and the post-Cold War reorientation in the international security intelligence environment. In Chapter One, it was argued that changing environmental circumstances force organizations to re-evaluate their culture and goals. In Chapter Two, it was argued that the new environment has forced CSIS to reform its secretive culture toward more openness and change its goals from counter-espionage to counter-terrorism. In Chapter Three, it was argued that these changes are not occurring in a vacuum, but rather are being influenced by the British and American intelligence services, by means of an intelligence epistemic community.

In theoretical terms, the post-Cold War adaptation of CSIS show that organizations can respond to new environmental circumstances. By opening its secretive culture and transforming it traditional mission from counter-espionage to counter-terrorism, CSIS is illustrative of the impact of transformative second-order external change on organizations. Whitaker and Farson, among others, express doubt

as to the authenticity and durability of the adaptation. They argue that the Cold War goals and culture remain entrenched in CSIS and that the new changes are merely "old wine in new bottles."[139] Their view reflects the Selznick definition of organizational culture as a "seperate, change-resistant identity."[140] However, it has been argued here that the magnitude of post-Cold War changes match the Paul Thomas definition of changes that "have an impact on the overall paradigm or worldview of the organization including its mission, core processes, and culture."[141]

The adaptation process in response to changing external conditions continues full strength at the time of the writing of this conclusion in July 1995. With respect to openness, CSIS Director Ward Elcock made an October 1994 speech to announce that CSIS would be more open to private sector and open source intelligence.[142] To advertise its new frugality, the 1994 CSIS Public Report published for the first time a special section on the "Resource Outlook", which prominently displayed falling CSIS budgets until the turn of the century.[143] Most importantly, CSIS has shifted its resources to the most prominent threat- terrorism. Examples from other jurisdictions

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[139] Farson, "Old Wine in New Bottles" and Whitaker, "The Politics of Intelligence Policy in Canada: 1984-91."

[140] Perrow, Complex Organizations, p.159

[141] Thomas, "Coping With Change," p.35-36.

[142] Ward Elcock, "An Address to CASIS Conference, October 1994".

[143] 1994 CSIS Public Report, p.11.

further illustrate the dramatic measures taken by intelligence organizations to adapt to the new security and fiscal environment. The CSE has begun to sell its INFOSEC expertise to the private sector.[144] In the United States, Director of Central Intelligence John Deutch issued an May 1995 memorandum asking all CIA stations in Latin America to "justify their existence."[145] It is clear the process of adaptation by the Western intelligence community is being driven by the new security and fiscal environment.

The adaptation of organizational culture and goals in other jurisdiction brings to mind the second theoretical conclusion of this thesis, which involves epistemic communities and the influence of allied intelligence services in the United States and the United Kingdom. Chapter Three argued that the Canadian security intelligence community was significantly affected by the American CIA and FBI, and the British MI5 and MI6. Epistemic community theory was used to show that the three states formed an intelligence community with a common policy enterprise (counter-Soviet activities); a common set of empirical values (belief in secrecy and the intelligence cycle); a common set of normative values (strong anti-communism); and a shared notion of validity (the "Angleton infection" in counter-intelligence analysis). In sum, the Western intelligence epistemic community combines a shared intelligence

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[144] "Canadian spy agency may go private after cutbacks" Canadian Press, June 19, 1995.

[145] Intelligence Watch Reports Priority Update, Vol. 2, No. 163. June 24, 1995.

methodology and a shared intelligence policy agenda. This unity of purpose explains its powerful influence in producing international policy coordination in the area of security intelligence. The influence of the epistemic community in intelligence is important because it intimates the power of the phenomenon in other areas of international policy-making.

Although the theoretical literature outlined in Chapter One emphasizes the importance of external constituencies to defend organizational interests, it is clear is that CSIS is not relying on its supporters to defend its organizational interests in this period of adaptation. Its supporters in the popular media, the universities, and most importantly within government itself are too few to succeed where much larger vested interests such as unions, defence industry lobbies, and feminist organizations have failed in defending their respective budgetary concerns. Its strongest supporters are likely the American and British intelligence communities, who have taken the lead on post-Cold War intelligence reform. CSIS has gone on the record to show that its new policies and priorities address the attacks of its critics. Ultimately, this confirms the model of organizational change presented by Paul Thomas: it takes the perception of a crisis, like contraction in government fiscal resources and the disappearance of an old mission, to unfreeze resistance to adaptation. CSIS in the post-Cold War era illustrates an organization that has responded to transformative second-order change, albeit not without the constraining effect of the Western intelligence epistemic community.

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