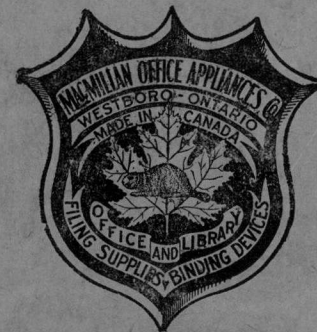


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JOINT INTELLIGENCE COMMITTEE SOVIET UNION (GENERAL)

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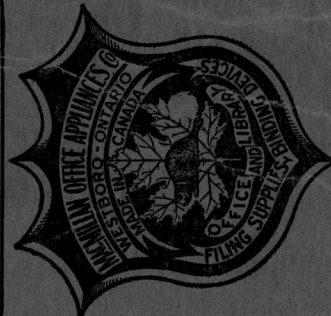
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IN REPLY PLEASE QUOTE

NO. CC 1374-1 (JIC)

Department of National Defence

CONFIDENTIAL

JOINT INTELLIGENCE COMMITTEE

30 Aug 55

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A.G. Crean, Esq.,
Dept. of External Affairs.

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Intelligence - Sketches of Soviet Radar Aerial Arrays

1. Attached for information is a copy of SHAPE document AG 0958/1/1 ID dated 10 Aug 55, which contains sketches of Soviet radar antenna arrays associated with radar equipment most frequently reported.

J.C. McGibbon
(J.C. McGibbon)
Squadron Leader, RCAF,
Secretary.

Enc.

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JIBS 922-2121

S E C R E T

Ottawa, Ontario,
19 August, 1955.

Under-Secretary of State
for External Affairs,
East Block,
Ottawa, Ontario.

(Attention: Mr. R.A.D. Ford, Chief,
European Division)

Dear Mr. Ford:

Outlook for Agriculture in the USSR

As time has permitted, I have been preparing a fairly lengthy memorandum on the general outlook for agriculture in the USSR, with particular reference to grain production.

I have been dealing with the subject under the following headings:

- The status of Soviet agriculture in the post-war period;
- Factors which have forced the introduction of the 1954 programme;
- The nature of the programme;
- The estimated requirements for grain by 1960;
- Estimates of grain production by 1960;
- Implications of programme.

I will not, however, be able to complete this study for a number of weeks, due to other commitments, but I thought you might find it useful to have a summary of my preliminary findings.

The so-called crisis in Soviet agriculture does not derive from any current shortage of foodstuffs for the population. The nation is not faced with imminent starvation, nor is the agricultural situation so pervasive as to impose a limitation on the capability of the nation to support a major war.

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- 2 -

S E C R E T

The crisis arises from the fact that the general stagnation or lack of growth in the agricultural sector in the post-war period had reached a stage by 1953 that its continuance would impose a limitation on the growth of the economy as a whole. The regime apparently realized that the lack of proportional development as between industry and agriculture would, if allowed to continue too long, impose a brake on general economic development.

Faced also with a population growth of the order of one and a half per cent a year (a growth of from 3 to 4 million persons a year in the next several decades), the regime has realized that extraordinary steps must be taken if the nation is to remain self-sufficient in food production. Due to war-time losses and birth deficit, the Soviet population in 1947 was no higher than in 1939--some 190 million. But between 1948 and 1954 the population grew by almost 25 million, and will grow by an additional 80 million by 1975. The problem of relative stagnation in agriculture has not been a really critical one until the last few years.

In recent years, also, the government has been forced to withdraw substantial quantities of grain from stockpile (estimated at 4.5 million tons in consumption year 1953-54) in order to meet the grain requirements of the state. This is in marked contrast to the goal of doubling state reserves for grain during the present five-year plan.

The regime has also fully realized that without some improvement in the content and quality of the existing poor diet, now gravely deficient in protein content, it might be difficult to effect further increases in general labour productivity. In consumption year 1953-54 it is estimated that the caloric content of the diet had declined by almost 6 per cent since pre-war. The per capita availability of grain for human consumption had declined from 250 kilograms in 1927-28 to 235 kgs. in 1938-39 to 215 kgs. in 1953-54. The level of per capita meat consumption in the immediate pre-war years was only 75 per cent of 1928 and has declined further in the post-war period. At the present time meat consumption in the USSR represents only 3.5 per cent of the per capita caloric content, compared with 20 per cent in Canada. An improvement in the Soviet diet in terms of a higher proportion of meats, fats, and dairy products is very much a necessity.

The problem of Soviet agriculture is rooted in a number of essential facts--the relative scarcity of arable land as a result of climatic factors, the organizational structure which has tended to hamper incentives, the generally low level of investment in the past, the still

- 3 -

S E C R E T

inadequate mechanization and shortage of fertilizers, and the low productivity. Soviet agriculture was greatly handicapped by the peasant resistance to collectivization, and by the impact of World War II. Livestock herds were decimated in these periods of catastrophe, and are still below the 1928 level.

It is in the light of the above factors that one must examine the current spectacular programme to increase grain production and animal numbers.

There are four main components to the new agricultural programme:

- (a) the sowing of 75 million acres of "virgin lands" in order to obtain a quick increase in grain production;
- (b) the expansion of area sown in maize to 70 million acres (mainly in the old lands) in order to increase substantially grain output for animal feeding;
- (c) the more intensive cultivation of the old lands; and
- (d) the doubling of the products of animal husbandry by 1960.

I have made some calculations as to what grain requirements may be by consumption year 1960-61. These calculations take into account the increased grain requirements for human consumption, for the animal husbandry programme, for industry, for export, and for reserves. I have allowed for a per capita caloric content in the diet of 3000 units, compared with 2700 in consumption year 1953-54. I have made two assumptions: (a) that, compared with 1953-54, the additional calories will come from a per capita increase in grain consumption of 100 calories plus an additional 200 calories from meat, milk, butter and slaughter fats; and (b) that grain consumption per capita remains at 1953-54 level and that additional 300 calories come from an increased per capita consumption of meat, milk, and fats.

I estimate that grain requirements by 1960-61 will be of the order of 113-115 million metric tons, compared with an average of 85 million tons for consumption years 1952-53, 1953-54.

I have also estimated Soviet grain production by 1960-61.

In estimating Soviet grain production by 1960, it must be borne in mind we will be dealing with average figures, taking into consideration the crop acreage and type of crops. Three main factors must be considered in projecting 1953 or 1954 production: the new lands programme, the programme of increasing maize production, and the impact of increased inputs in terms of fertilizer, machines and skilled workers, incentive programmes and re-organization of output in the old lands.

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S E C R E T

The most difficult problem relates to estimates of production in the new lands, since our data on soils, precipitation, and length of growing season is very sketchy. However, utilizing Canadian experience with analogous conditions, it is estimated that the 75 million acres of new lands under crop will produce about 18 million tons on the average. This is based on a yield somewhat lower than the old lands, and taking into consideration that once in every three years there may be severe drought conditions.

Taking into consideration that average yields from maize in the USSR run about 3 bushels per acre higher than for other type grains, the substitution of 70 million acres of maize (some 63 million acres over 1954) for other type grains represents an additional 5 million tons in yield.

It is estimated also the programme of introducing more machines, providing more fertilizer, ensuring that crops are in on time and harvested expeditiously, supplemented by improved farm management and more local decision making, should on the average permit an increase of 2 per cent a year in output. By 1960 this will represent a 15 per cent increase over 1953, or some 12 million tons.

Altogether, therefore, it is estimated that grain production by 1960 should under average conditions attain a level of some 35 million tons above say the average for 1953-54, or approximately 115-120 million tons.

It would appear, therefore, if my assumptions are valid, that the demand and supply of grain will be pretty well in balance in the 1960-61 period.

I have also estimated that on the basis of a one and one-half per cent increase in population in decade 1961-70, human consumption will require an increment in production of one million tons a year, allowing for waste and seed, etc., and that the animal numbers, (excluding horses), if allowed to grow at rate of 5 per cent a year, will require a similar amount. As a rough estimate, therefore, the USSR in the 1960 decade will require an increment of 2 million tons of grain per year for domestic purposes.

Since grain production should increase at rate of 2 per cent a year in the decade, due to a variety of input factors, it would appear that supply and demand should continue pretty well in balance until 1970. It would be a hazardous venture to project the situation beyond this date.

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S E C R E T

In summary, I am convinced that, if the USSR carries through its present agricultural investment programme, the nation will continue to be self-sufficient in foodstuffs for the foreseeable future.

I would appreciate any comments that you would care to make on this tentative evaluation.

Yours very truly,

ORIGINAL SIGNED BY
J. D. FORBES

(J. D. Forbes)
Chief, Economic Division
Joint Intelligence Bureau

JDF/jet

C.C. Mr. G.G. Crean.

The Acting Under-Secretary

Mr. G.H. Southam
to see in return
file
guy
DL(1) **SECRET**

August 15, 1955.

Defence Liaison (2) Division

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Soviet Intelligence Activities

In view of the recent appointment of a TASS correspondent in Ottawa, and of the prospect of a parliamentary visit to the Soviet Union, two items of evidence brought out at the Petrov hearings in Australia, and recently made available to us, are of particular interest. You will remember that our Royal Commission in 1946 named the then TASS correspondent ZHEVEINOV as having been engaged in intelligence activities. Petrov's evidence shows that in 1952 the Russian Intelligence Service was continuing to use TASS correspondents, and was giving high priority to the penetration of political parties.

2. The first phase in this sort of operation, which we may presume to be under way also in Canada, consists in collecting information on the history of the various parties, the classes of people they bring together, and the personalities of their leaders and parliamentary representatives. This information is continually passed back to the MVD in Moscow for examination. Then, under specific MVD instructions, begins the actual cultivation of selected politicians by RIS officers and their agents, some of whom are members of the Soviet Embassy and some not, in order to obtain intelligence as to government plans or policies.

3. The following excerpt from an MVD instruction to a RIS officer in Canberra in 1952 shows how M.P.'s are appraised after social contacts:

" 'B' is a member of the Parliament, a Labour supporter. In conversations with PAKHOMOV he displayed an interest in the life of Russia and expressed a desire to visit

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the Soviet. He once listened attentively to ----- who expressed himself favourably about the changes in Russia, in the upbringing of the new generation and in the building projects. He is critical of the internal and foreign policies of the Australian government. 'B' is of interest for further study."

It is noteworthy that the PAKHOMOV mentioned in this instruction had formerly been the TASS correspondent in Canberra.

4. The following excerpt from another MVD instruction, sent to Canberra about the same time, shows that PAKHOMOV's work was continued by his successor as TASS correspondent, ANTONOV:

" As enclosure No. 2 to this letter, we are sending you information about persons who might be of use to the MVD taken from PAKHOMOV's report. Please acquaint ANTONOV and KISLITSYN with them. We consider that the basic work in the study of parliamentary correspondents and members of the parliament indicated in the enclosure should be conducted by ANTONOV."

The KISLITSYN mentioned here was then Second Secretary of the Soviet Embassy.

5. As it happens, PAKHOMOV and other RIS officers then in Australia were of a low calibre. Their appraisal of 'B' given above was wildly inaccurate, as in fact 'B' is known as stoutly anti-Communist. At least six Australian Members of Parliament or Senators were considered by the MVD as possible sources of intelligence, on the basis of reports by PAKHOMOV and others, and only one of these could have been said, by any objective standard, to have pro-Soviet tendencies.

6. Whether or not PAKHOMOV was intelligent, and whether or not the study of M.P.'s begun by him and carried on by ANTONOV was successful, the fact remains that the TASS correspondents in Australia in 1952 were engaged in the same improper intelligence activities as their colleague ZHEVEINOV had undertaken in Ottawa in 1946, and M.P.'s continued to be a principal target for them. Our counter-intelligence experts rate the RIS officers presently active in Ottawa far above those who operated in Canberra in Petrov's time. It is only fair to add that the present TASS correspondent here has not so far been found to be

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engaged in RIS operations but, in view of the Gouzenko and Petrov evidence, the R.C.M.P. intend to keep their eye on him.

7. If you consider that this information would be of interest to the Minister I shall prepare a memorandum for your signature. I understand that the R.C.M.P. are submitting a paper on the penetration of political parties by the RIS to the Minister of Justice, together with a brief summary which they mean to ask Mr. Garson to circulate to all M.P.'s.

G.H. SOUTHAM

Defence Liaison(2) Division.

cc. Mr. Ford
Mr. Dunn (to see and return)



IN REPLY PLEASE QUOTE

NO. CSC 1779-1 (JIC)

Department of National Defence

SECRET
(CONFIDENTIAL without attachment)

JOINT INTELLIGENCE COMMITTEE

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M. Santham

22 Jul 55

✓ G.G. Crean, Esq.,
Dept. of External Affairs.

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Penetration of Political Parties by the Russian Intelligence Service - Australia

1. Attached is a copy of a report prepared by the RCMP on the above subject.
2. This document will be considered at the meeting to be held 10 Aug.

J.C. McGibbon

J.C. McGibbon
Squadron Leader, RCAF,
Secretary.

Enc.

JCM/5459/ff

c.c. CJS
RCMP
JIS

J.I.C. noted this paper today. We should now circulate it, in the Dept. & a summary should go to the Minister with the paper. Harvism proposes to send it to Mr. Gavan, with a short summary & intends to suggest that the summary be circulated by Mr. Gavan to all M.P.s.
27 July. H.C.

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PENETRATION OF POLITICAL PARTIES
BY THE RUSSIAN INTELLIGENCE SERVICE
- AUSTRALIA

1. Information on this subject has been derived from the Royal Commission on Espionage Australia Transcripts of Proceedings with particular reference to the 183rd and 184th Days of Proceedings.

2. The priority accorded by the State Security Service (M.V.D.) arm of the Russian Intelligence Service (S.I.S.) to the penetration of political parties is illustrated by the following instruction, contained in material handed to the S.I.S. by PAVLOV on his defection in April 1934:-

Paragraph three of a letter No. 2 of the 18th March 1932, from MVD Moscow to Canberra, entitled "Concerning Political Parties" read:-

"In the matter of exposing international plans of capitalist governments by means of agent penetration of government institutions and leading circles of these States, one of the most important places is given to the study of political parties.

The study of the political parties has not been as yet carried out by the Australian section of the M.V.D. In order to study this question, and to define concrete ways and means for the study of political parties, we request you to commence collecting material and preparing brief reports on each political party existing in Australia, and to give prime consideration to parties participating in the Government coalition.

In reports on political parties, the history, origin and development of political parties are desirable. What class of people these parties bring together, conditions for membership in these parties, political trends of these parties, information regarding leaderships of the parties,

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their influence on the political life of the country and activities* of their clubs and printing arrangements for party material, information about members of political parties of interest to us, and also your proposals regarding methods for their study. For the fulfillment of this work make use of all your cadre men and other agents."

* of the Government, foreign influence exercised on any of the parties, activities.

3. The 123rd and 124th Days of Proceedings of the Royal Commission on Espionage, Australia, dealt with six specific cases of R.I.S. interest in Members of Parliament. It is clear from the proceeding cases that the development of social relations with representatives of a foreign government for intelligence exploitation has been utilised considerably with varying degrees of success by the R.I.S. since 1951. The attached Supplement reviews the subject of Social Relations of Soviet Officials abroad, and, provides a most useful guide to persons, who, by virtue of their positions in government circles, etc., are subjected to this technique. R.I.S. officers abroad, acting on a general directive from Moscow report on every contact made with persons from all walks of life, with particular attention directed to those potentially valuable as a conscious or unconscious ("in the dark informant") source of intelligence. This applies not only to political, economic, technical, scientific intelligence line but also to the collection of information on persons in whom the Soviets are interested. It is also probable that completely erroneous interpretations will be gathered on persons contacted, as is illustrated by Cases 1 and 2. This is to be expected of R.I.S. officers on their first introduction to the democratic way of life, with its freedom of expressions and thought so alien to their background. To the Soviets this must display a preparedness to impart intelligence or information. The basis of reporting is the formulating of character appreciations as illustrated in Appendices "A" and "B" of the attached supplement. These reports are studied in Moscow and instructions sent to the R.I.S. officer for appropriate action. The R.I.S. devote considerable effort and time towards developing any person that may be of interest.

In respect to the 'loads' on M.P.'s supplied by Moscow to Petrov no action was taken to carry out the instructions. This illustrates the general ineptitude of R.I.S. officers in Australia

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in exploiting potentially high sources of information. In general it seems that the standard of U.I.S. officer posted to Canberra was generally low compared with those posted to the U.S.A., United Kingdom or Canada. It is clear from experiences here that such leads would be followed-up with a high degree of efficiency, care and adroitness.

4. CLASS No. 1

The instruction to Canberra, contained in paragraph 11 of Letter No. 5 of September 27, 1952 from M.V.D. Moscow read as follows:-

"Concerning information about persons who might be of use to the M.V.D.

As enclosure No. 2 to this letter, we are sending you information about persons who might be of use to the M.V.D. taken from PAKHOMOV's (1) report.

Please acquaint ANTONOV (2) and KISLITSYN (3) with them. We consider that the basic work in the study of parliamentary correspondents and members of the parliamentary correspondents and members of the parliament indicated in the enclosure should be conducted by ANTONOV."

Enclosure No. 2 contained these instructions:-

"Senator X is a member of the parliamentary committee on questions of foreign policy. He is a member of the Liberal Party, a reactionary. He is sociable, but at the same time haughty. As a result of discussions with him PAKHOMOV formed the opinion that Senator X has a poor knowledge of international policy, despite the fact that he is an adviser on international policy. He knows practically nothing about the Soviet and about the Countries of Peoples' Democracies.

In conversation with PAKHOMOV, Senator X

- (1) PAKHOMOV : Press Correspondent; Sydney, 1951 - 20/6/53
- (2) ANTONOV : " " " 1/7/52 - /4/54
- (3) KISLITSYN : 2nd Secretary, USSR Embassy CANBERRA 17/10/52- /4/54

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asked many questions about the Soviet, the state structure, constitution, the legal system, elections, etc. which demonstrates his desire to know more about the Soviet.

In reply to PANKHOMOV's questions he sometimes gave answers which threw light on the position of the Australian government in international affairs.

It would be expedient to establish a contact with him with a view to obtaining from him in the dark information on questions of foreign policy."

This case concerns a Senator who met PANKHOMOV on board the "Orion" when he travelled from Fremantle to Marseilles. PANKHOMOV was returning to the USSR on completion of his tour of duty as Tass Correspondent in Australia. PANKHOMOV's approach to the Senator was that he was solely interested in gathering news about Australia for the Soviet newspapers and in persuading the newspapers in Australia to print correct information about the Soviet. The senator denied that his discussions with PANKHOMOV provided any information other than that obtainable in newspapers.

5. Case No. 2

The following instruction regarding a member of the Australian Parliament was sent by KVD Headquarters, Moscow to Canberra:-

" 'B' is a member of the Parliament, a Labour supporter. In conversations with PANKHOMOV he displayed an interest in the life of Russia and expressed a desire to visit the Soviet. He once listened attentively to ----- who expressed himself favourably about the changes in Russia, in the upbringing of the new generation and in the building projects. He is critical of the internal and foreign policies of the Australian Government. 'B' is of interest for further study. "

This instruction referred to a person, who had shown and expressed his complete abhorrence for Communists and anything pertaining to Communism for many

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years. He had attended with other M.P.'s the occasional social function at the Soviet Embassy, Canberra, treating it as a social obligation rather than pleasure. His interest in the Soviet Union, and, his criticisms of Australian Government internal foreign policies were sufficient grounds for R.I.S. interest.

6. CASE NO. 3

The following extract from documents handed over to the R.I.S. by PETROV on his defection illustrates guidance provided by MVD Moscow to Canberra:-

" 'G' - Minister for Information interested in our country. Has expressed a desire to meet 'A'. "

Once again the attending of social functions, the asking of innocuous questions, and a display of a normal and healthy interest in Soviet Russia, led to a record being made of 'G'. Moscow did not in this instance, recommend any further development of 'G', but, provided this information for the guidance of PETROV.

7. CASE NO. 4

This is an instance of the exploitation of a personal weakness, e.g. indiscretion under the influence of alcohol, to obtain information on other personalities in whom the R.I.S. have a direct interest. MVD Moscow sent the following instruction to Canberra:-

" 'B' - Member of parliament, former correspondent, labour supporter, very close to 'A'. Likes to drink and on such an occasion becomes very valuable. 'A' used him for obtaining information on 'A'. "

8. CASE NO. 5

This case refers to a person of Russian/Polish origin who attended, in the course of his duties as a Parliamentarian, two cocktail parties at the Soviet Embassy, and, had expressed a desire to see the Soviet Union. MVD Moscow duly advised PETROV of this person's attitude with no instruction to specific action, as follows:-

" 'F' - aged about 40, Jew, former member of Parliament, noted for his leftist speeches, very much wanted to go to the Soviet Union. "

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9. CASE NO. 6

Paragraph 5 of Letter No. 1 of 8 January 1982 from MVD Moscow to Canberra read:-

" 'G' and 'H' are of unquestionable interest to us, and, therefore it is necessary for PARNOMOY to establish and maintain an official contact with them.

An association with 'G' and 'H' should be exploited for the purpose of studying them and of obtaining the necessary 'in the dark information from them'. "

'H' had attended two social functions only at the Soviet Embassy, Canberra between 1948 and 1984, as a member of a large party of Parliamentarians, and, had not engaged in any conversation with any member of the Soviet Embassy other than the customary greetings to the Ambassador. As a P.O.W. in World War II he was released by the Soviet forces, and, having learned a smattering of Russian then, used some words at one of the parties. It is possible that this may have been misinterpreted as an exhibition of pro-Soviet tendencies.

The case of 'G' appears from the Transcripts of Proceedings to be the only one of a Parliamentarian, displaying over a period of years marked pro-Soviet tendencies; a one-time member of the Communist Party in 1930-1931, who resigned and joined the Australia Labor Party. Whilst in the Labour Party his sympathies were radically left-wing, and led to his involvement in front organisations.

S E C R E TCANADIAN EYES ONLYSOCIAL RELATIONS OF SOVIET OFFICIALS ABROADThe General Trend in Soviet Social Relations

From the information now available it is clear beyond doubt that the general increase in friendliness of individual Soviet officials stationed abroad and of Soviet missions as a whole has been part of a deliberate policy followed by the Soviet authorities. This policy appears to have been initiated long before Stalin's death and to have no particular connection with the new regime in Russia.

This general change in Soviet relations has usually taken the form of a relaxation of the formal and isolated diplomatic existence formerly led by Russian officials who are now allowed the hitherto unusual liberty of seeking the company of their Western colleagues on private social occasions. They are not above accepting return hospitality and are sometimes prepared to act on their own without the presence of another Soviet colleague for precautionary purposes. Examples of these new Soviet friendships have been reported from most parts of the world in which the Russians and Western powers are both represented. They have usually grown up between Soviet and Western officials who hold similar appointments in their respective missions.

As described in a later paragraph, a number of Western diplomats have been amongst those social contacts to whom the Russians have eventually offered rewards in return for intelligence. It would however be wrong to assume that every friendly approach by a Soviet diplomat will result in an intelligence proposition.

The explanation for this new trend in Soviet relations may be that the earlier policy of isolation and self-sufficiency, which has in the past been prescribed for Soviet representatives abroad, has prevented Russian diplomatic missions from assessing accurately and swiftly the prevailing feeling in or the reaction to world events of the Western diplomatic circles alongside them. The earlier policy may also have deprived the Russians of the ability to make unofficial soundings of Western views on Soviet projects before the latter are launched. Since the Soviet system does not permit an objective, independent and properly informed body of opinion to exist in Moscow the Russians may have found the lack of informal contact with the West a serious handicap. By permitting their overseas representatives to re-enter the stream of normal diplomatic life and by allowing them to mix socially and privately with their Western colleagues they may hope to re-establish useful points of contact for the informal furthering of their policies and to secure that valuable undercurrent of informed but unofficial information which is traditionally available through these means. In permitting this type of relationship the Russians may also be seeking channels for political deception, knowing that the calculated indiscretions of a Soviet official in the course of a private and personal association with a Western diplomat are likely to receive swift and high-level attention.

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The Soviet Social Approach

The greatest danger to security lies in those friendships which the Russians seek with persons who are not their normal diplomatic colleagues. The tendency for this kind of manoeuvre to develop into a relationship sponsored by the Russians solely for intelligence purposes is so pronounced that it is worth exposing in detail the tactics which the Russians are known to use. For convenience sake it is proposed to call intelligence-motivated Soviet relationships "Soviet social approaches". These can be defined as friendly and private relationships with a foreign national, sometimes resulting from a chance encounter, initiated and developed artificially and persistently by a Soviet official and capable of interpretation only on the hypothesis of their having an ulterior intelligence motive.

The characteristics of the Soviet social approach now emerge so clearly from reports which have reached us that they can be listed confidently as features by which this kind of activity can be readily identified.

- (a) The approach will be launched from the Soviet side on almost any kind of occasion ranging from a formal introduction at a diplomatic or public function to a chance meeting in a bar or in the street. In many cases the Russian can have little reason at the outset for supposing that his contact will be potentially valuable as a source of intelligence or that he will be inclined to help the Russians if asked for information.
- (b) The Soviet official will prove amiable, possibly flattering and certainly interested in the foreign contact and will suggest a further meeting, usually inviting the contact to a Soviet embassy reception or film show or to a meal or drink.
- (c) The Russian may thereafter develop the relationship by invitations to games, fishing, the theatre, cinema or similar entertainments, sometimes sending tickets to the contact unexpectedly through the post. The entertainment chosen will be that in which the contact has at some time expressed (or has been manoeuvred into expressing) an interest. Some Soviet officials have invited their contacts to their private apartment and have brought their own and the contact's wives into the relationship. On these occasions the Russian hospitality is usually liberal and small gifts may be offered to the contact's wife and children. The Russian may even accept a return invitation to the contact's home.
- (d) In the early stages conversation turns to harmless topics, though the Soviet official may soon show himself prepared to discuss political affairs with apparent frankness - even to the extent of criticizing the Soviet Union. Two gambits to watch for at this

- 3 -

stage are, first, the introduction of an anti-American note along the familiar "war-mongering" line of argument, the U.S.S.R. being extolled on the other hand as a peace-loving country; secondly the Russian may announce that he is lonely and bored with the company of his colleagues.

- (e) Having to his own satisfaction assessed the contact's potential usefulness and cemented sufficiently his friendship and sense of obligation for hospitality received (a preparatory process which may be spread over a number of meetings and take as long as a year), the Soviet official will at a suitable moment start to focus on the real point of the relationship. He may begin by questions often of a personal and tactless nature about the contact's means and income, following them almost in the next breath by comments on the corresponding difficulties of existing on these means in the face of the persistent rise in the cost of living.
- (f) Eventually the Russian will arrive at the direct questions he wishes to ask on matters of Soviet intelligence interest. These are usually introduced conversationally and without embarrassment. If the contact refuses to respond he may meet with reasoned argument, offers of money, threats or recommendations to think the matter over. The Russian may also make claims of mutual friendship and may remind the contact of the hospitality he has received at Soviet expense. Whatever the contact's reaction, the Russian will almost invariably press for continued meetings.
- (g) Some Soviet officials have at this juncture given the relationship a more clandestine twist by choosing remoter, less public and more unusual meeting places and by changing them for each rendezvous. If the approach has succeeded from the Russian viewpoint it may be turned into an operation with all the appurtenances of espionage, including full-scale security precautions and rewards, financial or in kind, for services rendered.

The Scale of Soviet Social Approaches

When first studied Soviet social approaches as such were thought to be a recent development which resulted from a change in R.I.S. policy since 1951, though a few isolated cases were known to have occurred before that date. Research prompted by this earlier study has produced evidence that the G.R.U. (the Soviet Armed Forces Intelligence Service) ~~at least had realized the~~ possible value of this type of approach at the end of 1944. In the words of the Canadian Royal Commission Report (1946) "certain Soviet officials endeavoured to exploit their social relationships and diplomatic contacts with persons in Canadian Government service".

However, despite this early information, it is reasonably certain that only within the past two years have the Russians used this system of making contacts on any considerable scale.

Social Approach Developments

Another way in which the Russians try to bring themselves into touch with the circles to which potentially valuable social contacts belong, is by issuing a large number of formal invitations to Soviet Embassy receptions.

It seems probable that the object of these invitations is to provide the Russians with a field from which they can, by first-hand contact, select persons whom they consider suitable for the "social approach". Indeed several of the officers invited to the Soviet Embassy in this manner have been singled out for further social attention by the Russians.

Conclusions

- (a) There is now no reasonable doubt that the Russian Intelligence Service is behind the large number of social approaches made by Soviet officials in Western countries to local nationals.
- (b) There is now further reason to suspect that when a subject of a Western country who has no obvious Communist background or normal dealings with the Russians is cultivated by them in the manner described in paragraph three above, the Russians will eventually try to exploit that person for intelligence purposes. The development of the contact, however, may take a considerable time.
- (c) To judge from the scale of these approaches the R.I.S. is prepared to accept the risks of compromise and counter action in spreading their net wide, presumably in the hope that these tactics may eventually produce a worthwhile intelligence haul.
- (d) The chief objective of Soviet social approaches is the collection of Service and political intelligence. It would however be dangerous to infer that the Russians are not also seeking to collect such intelligence by more secret and less easily detectable methods, including in particular the use of ideological sympathizers when suitably placed.
- (e) The increase in the general sociability of Soviet diplomatic representatives towards their Western colleagues which has taken place recently is the result of an official Soviet directive issued as a means of gaining information.

SECRET

APPENDIX "A"

SOCIAL CONTACTS

(From Royal Commission Report - 1946)

For example certain Soviet officials endeavoured to exploit their social relationships and diplomatic contacts with persons in Canadian Government Service. One of the exhibits is a document typewritten in Russian, prepared in November, 1944, by Lieutenant-Colonel Motinov for submission to Colonel Zabotin and signed by the latter under his cover-name "Grant" with the note "I confirm". It is headed "Questions requiring to be clarified through Lamont (Motinov) and Brent (Rogov) concerning Jack and Dick". It was prepared to answer certain questions put by Moscow, where there appeared to be some confusion as to the identities of "Jack", "Dick" and another person, who had been reported on by Zabotin. While this document refers only to two men it is an excellent example of the system employed in cases of men that it was hoped to recruit by this means. The Exhibit concludes as follows:-

Both the first as well as the second, work in responsible positions, consequently they gave their signatures not to divulge military secrets. Therefore the character of the work must be the usual one - a personal touch in conversations on various subjects, beginning with oneself, one's own biography, work and daily life, at times asking them, as if for comparison of this or that situation, etc.

The document contains also the details of the questions to be put and the lines of approach to be followed. It reads in part:-

1. FOR BOTH

1. To clarify basic service data:

- (a) Present position, where did he work previously;
- (b) Prospects of remaining in the service after the war and where;
- (c) From what year in the army, does he like the service;
- (d) Relations with his immediate superiors.

2. To elucidate brief biographical data:

- (a). Age, parents, family conditions;
- (b) Education, principal pre-war specialty;
- (c) Party affiliation, attitude towards the politics of King;
- (d) Financial conditions, inclinations toward establishing material security for his family (intentions to engage in business, to own a car, a home of his own and what hinders the fulfilment of this plan.)

- 2 -

- (e) Attitude towards our country and her politics;
- (f) Wherein does he see the prosperity of Canada (in friendship with America or in retaining English influence);

3. Personal positive and negative sides.

- (a) Inclination to drink, good family man;
- (b) Lover of good times, inclination for solitude and quietness;
- (c) Influence of his wife on his actions, independence in making decisions;
- (d) Circle of acquaintances and brief character sketches of them.

4. Program for future (ideological or financial requires to be determined).

5. Particulars:

- 1. The first, a Frenchman and the whole family is French.
 - 2. The second, an Englishman but his wife is a French woman. Their views on some matters are different, but he, knowing the strictness of the Catholic religion, endeavours not to offend his wife, in connection with which he occasionally refuses to discuss questions which concern his wife's religion.
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APPENDIX "B"

M.V.D. DIRECTIVES (PETROV - AUSTRALIA)

Instructions From M.V.D. Moscow to Canberra of 27th Sept. 1951

Concerning (Dash), in future (Blank). Taking into consideration (and from then on his code name would be used) the cautious attitude of (Blank) and conditions created in the Department of External Affairs, we consider that temporarily you should not now insist on an out-of-office contact with him. Nevertheless, try to invite (Blank) again with a view to making closer contact with him.

In your conversations with (Blank), you should, in a cautious manner, clear up questions of interest to us concerning the situation in the Department of External Affairs, data concerning the characteristics of Australian delegates in international organizations, at conferences, etc. Inform us regarding further developments in your contact with him. We also request reports concerning your meetings with him.

We request you to assign Antonov to carry out a study of (X), with a view to determining the possibility and wisdom of his recruitment. In considering this question, it is necessary to give consideration to the possibility of exploiting the information known about him, outlined in the attachment and also to the presence of his relatives in the Soviet Union.

(X) is not an Australian.

In order to effect an acquaintance between Antonov and (X), it seems to us that it would be wise to make use of an invitation extended to (X) to attend the October Revolution Celebrations at the Embassy. If he for any reason failed to attend the October Revolution Reception, then arrange a luncheon reception for this purpose on one of your trips to Sydney, making use of the fact that you are already acquainted with him. Inform us concerning the progress made in the study of (X).

Recruiting Procedure

Mr. Windeyer: Will you tell us, without mentioning any person's name, what is the general method of recruiting persons as helpers? - First, they are investigated or studied.

The Chairman: Do you first of all seek to find out from some quarter or other whether a person appears to be favourable to the Soviet? is that one thing? - That's right.

Mr. W.: Do you also seek to find out whether a person, likely to be favourable to the Soviet or not, is a person likely to be in possession of information useful to the Soviet? - That's right.

The C.: Then I suppose you try to find out what his religion is? - First of all, his position; whether he has access to information; all aspects of his conduct.

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That is to say, whether he is a man who has any weaknesses? - Exactly.

Whether he is likely to be in need of money? - Yes.

The size of his family? - Whether he has a large family.

Or a small family or no family. I suppose that is regarded as of some importance on the question of whether or not he is likely to need money? - That is so.

I do not think the question I asked earlier was answered. As you interested also in his religious beliefs? - Also.

In whether he has any extramarital associations? - Also.

Whether he drinks, and if so, whether he is talkative in drink? - Quite correct, Sir.

His political associations? - That also, Sir; whether he sympathizes with the Soviet Union.

What business associations he has? - Correct.

Whether he is employed in any Commonwealth Government Department? - Yes.

And, if he is not so employed, whether he is a person who by reason of his occupation might have access to Governmental information? - He might have some connexions in Government circles.

Or whether he has any connexions in other Embassies? - Also.

These are all matters which are regarded as being of importance? - That's right.

In considering whether he should be recruited as a helper? - That is so, Sir.

I suppose that from time to time you got instructions from Moscow to study certain named persons? - Yes.

On those lines? - Yes.

And I suppose that from time to time you reported to Moscow the names of persons who you thought might be worth studying? - Of course, I would not send lists home, but I would just mention names of persons I might have met and whom I considered worth studying.

As a general practice, if a man had been studied and he was thought to be a likely recruit, he would, I suppose, be allotted a code-name? - In most cases that is so; a code-name was given, sometimes by me but usually by Moscow. It was usual for Moscow to allot the name.

So in any case in which Moscow allotted a code-name to an individual in the M.V.D. code, he was a person whom Moscow regarded as either a recruit or likely to be a recruit? - That is quite correct, Sir; but in addition, once a code-name had been given his real name was never mentioned again.

So I would assume. When I said "recruit" I included persons who might only be unwitting helpers.

- 3 -

The Witness: Yes, that is so.

The Chairman: Such persons might be called "in the dark" informants? - Yes, Sir.

Philp, J.: Were code-names ever given to persons who were not possible recruits? - Yes, they were given.

Letter 2nd January 1952 M.V.D. Centre, Moscow
instructed M.V.D. Canberra:

"According to Sadovinkov's description ---- has access to secret documents, knows well many workers in the Department ----- attends Diplomatic receptions and consorts with members of the Government.

He treated our representatives in Canberra with respect, willingly accepted invitations and attended receptions arranged by our diplomats in private apartments.

Bearing in mind that ----- is of interest to us, you must study and cultivate him as a prospective agent."

A letter from M.V.D. Centre, Moscow to M.V.D. Canberra of 24th July, 1952, reads:

"We regard the study and cultivation of ----- as quite full of promise, and therefore with the object of enforcing it, we request you to include Antonov in this work sooner.

In order not to draw the attention of the Counter Intelligence to him, we advise that ----- should not be invited any more to the Embassy."

Letter from M.V.D. Moscow on 27th Sept. 1952, M.V.D. was advised:

"Taking into consideration the guarded attitude of ----- and the conditions which have arisen in the Department of External Affairs, we consider that you should not now for the time being insist on unofficial meetings with him. However, with the opening of the fishing season, try to invite ----- again for a fishing trip for the purpose of promoting a closer contact."

- 4 -

Letter dated November 1952, M.V.D. Centre Moscow
instructed M.V.D. Canberra:

"Antonov should reduce to a minimum his
meetings with ----- in the Press Gallery and
other places and should only accept information
from him in fully advantageous conditions."

APPENDIX "C"

CLUB MEMBERSHIPS

Becoming members of clubs is another excellent method of the Russians in furthering their social relations, and for the purpose of this paper, for furthering their intelligence activities.

Among the most recent memberships, or applications for membership are:

- (a) Colonel BYCHKO - member of Rideau Tennis Club -
June, 1954
- member Badminton Club First Avenue -
October, 1954.
- (b) Major CHVETS and RANOV - joining Ottawa Philatelic
Society - October, 1954.
- (c) Colonel Igor ASTAPENKOV - Ottawa Chess Club -
October 8, 1953.

25-10-54

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TOP SECRET

July 20, 1955.

DOWNGRADED TO SECRET
REDUIT A SECRETNOTE FOR MR. MENZIES

Subject: U.K. comments on J.I.C. Semi-
Annual Review of Intelligence.

The first comment by the United Kingdom J.I.C. on our contribution (which includes paras. 61-67 inclusive and 82-95 inclusive) to the J.I.C. Semi-Annual Review of Intelligence (paragraph 66) is based on a misreading of the review or on a typographical error in the copy which they received. We said that the reports of rivalry between Chou and Liu have not been borne out.

2. The second comment is probably valid. We assumed that the relative prominence of Chou En-lai, Liu Shao-chi and Peng Teh-huai was an indication that Mao preferred to remain in the background because of age and ill-health. However, the United Kingdom J.I.C. is probably better informed than we are. The same may apply to their contention that there is no evidence that Chu Teh is little more than a figurehead. Our source for this was a report of the United Kingdom Embassy in Peking, from whose reports we drew most of our review.

3. Their comment on our first sentence in paragraph 67, however, does not seem to be to the point. We did not mean to imply that the government had not hitherto been under the control of the Communist Party, but that in the earlier days of the "United Democratic Front" the Communist Party had to take into account the national bourgeoisie and the other similar groups, in order to consolidate communist power without antagonizing other classes of Chinese society. Now that the Party's control apparatus is fairly well-developed, they can move on from the United Front to a one-party state. The United

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Front is now no more than a fiction, but it is not quite fair to say that the other "democratic" parties did not have some influence in the earlier days. If they had none, the communists would not have had to be as cautious as they were. The applicability of the second sentence of their comment on this passage is not too clear, since we were talking of the control of the Party over the Government, while they seem to be talking of the disciplinary measures taken after the Kao Kang affair and more recently with the "exposure" of Hu Feng.

4. The United Kingdom J.I.C.'s last comment on our contribution is valid. We should have brought out that Kao Kang's doctrinal deviations were secondary, and were only developed by him in an attempt to gain support.



Defence Liaison (2) DAV/A.F. Hart/mwo

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

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the
Asst*

TO:UNDER-SECRETARY.....

SecuritySECRET.....

DateJuly.18.,1955.....

FROM: ..DEFENCE.LIAISON..(2)..DIVISION.....

File No. <i>50028-B-40</i>		
<i>///</i>		<input checked="" type="checkbox"/>

REFERENCE:

SUBJECT: ..Soviet Air Force Developments.....

You will recall that the usual May Day fly past of the Soviet Air Force was not held this year over Moscow because of weather conditions. The Soviet Air Force has, however, since held a fly past at Tushino and the details of military aircraft observed by Western air attachés are given in the attached brief No. 154-55 of July 8 prepared by the Directorate of Air Intelligence.

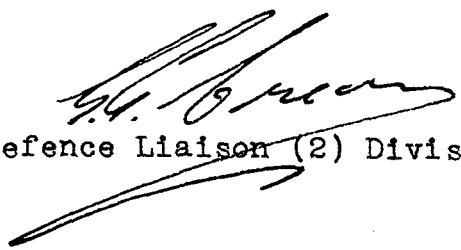
2. Among the more important of the aircraft mentioned in this brief are a day fighter and an all weather fighter which are new additions to the Soviet Air Force and which will make an important contribution to Soviet air defence capabilities. From the point of view of Soviet capabilities against North America, the most significant feature of the Tushino air show was the appearance of 7 Bear aircraft. The Bear is a heavy turbo-prop bomber, the characteristics of which are described in DAI brief No. 158-55 of July 11, copy attached.

3. The best intercontinental bomber which the Soviet Union has hitherto produced is the Bison which is a heavy jet bomber. In agreement with the U.S. Joint Intelligence Committee our JIC had estimated earlier this year that the Bison would begin to appear in Soviet Air Force operational units next year. As you will see from the attached DAI brief, the agreed British-American-Canadian estimate gives the Bear aircraft a much superior range characteristic, that is 4,200 nautical miles as against 3,100 nautical miles for the Bison.

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If great circle routes were employed and no re-fueling were resorted to, the range of the Bear aircraft would enable it to cover all of North America on a two-way flight. Operating under similar conditions, the Bison could reach only an arc running through Denver, Colorado.

4. In comparison to the Bison the Bear aircraft exhibits certain disadvantages in terms of speed and altitude. Thus, on a one-way mission, it is believed that the Bison could attain a maximum speed of 535 knots and a maximum target altitude of 55,100 feet as against 450 knots and 50,000 feet respectively for the Bear. The Bear aircraft would therefore be much more vulnerable to our fighter defence. The Soviet Air Force, however, may be able to overcome these drawbacks in the next few years by improvements in the design of the Bear aircraft. It is not known yet whether the Bear aircraft is in series production but the observation of 7 of these aircraft at the Tushino air show would indicate that they are at least in pre-series production. In other words, they are beyond the prototype stage.


Defence Liaison (2) Division.

c.c. Mr. Wershof
European Division
Defence Liaison (1)

CANADA

Department of National Defence

JOINT INTELLIGENCE COMMITTEE

IN REPLY PLEASE QUOTE

No. CSC 1601-1 (JIC)
CSC 1623-1 (JIC)

CONFIDENTIAL

27 Jun 55

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Executive Secretary,
Joint Security Committee.

Exchanges of Unclassified Information with the USSR

1. Reference is made to your memorandum CSC 1623-1 (JSC) dated 24 Jun 55, requesting a brief for the Deputy Minister concerning recent discussions in the JIC on the above subject.

2. As a result of a suggestion by Mr. W.S. McClenahan of the Dominion Observatory that an approach be made to the Soviet Academy of Sciences concerning information on Soviet scientific work in the Arctic, the JIC became interested in the exchange of unclassified information with the Soviet Union and satellites.

3. The JIC examined, from an intelligence point of view, government policy governing the distribution of unclassified information to the USSR and satellites (Security Panel directive of 24 Aug 53), and concluded that this policy was satisfactory and provided a means for adequate control over these exchanges. It appeared, however, that the Security Panel is primarily interested in accounting for outgoing documents and not on the exchange aspect of the problem.

4. The concern of the JIC is in determining precisely what kind of information is sought by the Russians, and what information, if any, is received from the Soviet bloc in return. This can only be deduced from complete records produced in accordance with the government directive.

5. At the 441st meeting of the JIC on 11 May 55, it was agreed:

- (a) to request the Secretary of the Security Panel to solicit semi-annually, as a matter of routine, all government departments for returns of their exchanges of unclassified information with the USSR and satellites; and
- (b) that the returns noted in (a) be made available to the Joint Intelligence Bureau and the Director of Scientific Intelligence, who would advise the Committee of their findings, both in the exchange aspect of the problem and in the type of information being furnished to the Soviet.

6. The Secretary of the Security Panel has agreed to make these returns available semi-annually in June and December.


28 JUN 1955

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7. The JIC considers that, from an intelligence point of view, it might be useful to modify the guidance paper of Aug 53, for a test period of six months, to permit replies to be sent to requests for unclassified information, provided they are accompanied by requests on our part for reciprocal information; also there is no objection to the Ditmar-Lang exchange.

8. Attached is a copy of the government directive on "Distribution of Unclassified Information to the USSR and its Satellites", and an extract from the minutes of the 441st meeting of the JIC.


(J.C. McGibbon)
Squadron Leader, RCAF,
Secretary.

Encs.

JCM/5459/ff

c.c. JIC

C O P Y

CSC 1623-1 (JSC)

CONFIDENTIAL

24 Jun 55

Secretary,
Joint Intelligence Committee.

Exchange of Unclassified
Information with the USSR

1. Attached hereto are seven copies of a Security Panel agenda item - Exchange of Unclassified Information with the USSR.

2. It is noted that a similar item has been recently discussed at JIC meetings and it would be appreciated, therefore, if you would prepare a brief for the Deputy Minister, who is the Departmental Representative on the Panel, to assist him in dealing with this item at the meeting.

3. This brief would be required by late Monday afternoon or, at the latest, noon on Tuesday the 28th June.

(Sgd.) W.A. Todd

Lt.-Col.,
Executive Secretary,
Joint Security Committee.

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29 JUN 1955

*to JIC
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May 55.

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Sum 913
M. K.

SOVIET POLICY IN EUROPE

MAY 30/55
G. T. B.
D. T. (2) Dir.
21-4-58

Introduction

In recent weeks the Soviet leaders have indicated by their deeds and their words that many important changes in their foreign policy are taking place. Among these are the sudden reversal on Austria and the signing of a State Treaty which is relatively favourable to the Austrians; the acceptance in principle of a top-level conference of the Big Four; the attempt to heal the breach with Yugoslavia both by sending Khrushchev and Bulganin to Belgrade and by the public admission that there is a place in Marxist ideology for the Yugoslav type of socialism; indications of an increasing desire to co-operate normally with the West (participation in the Canadian Trade and Air Shows); the acceptance of many of the Western proposals on disarmament; and signs of wishing to reduce tension in the Far East. Against this must be placed the signing of the Warsaw Pact and the "little" blockade against Berlin.

2. Each of these steps cost the Russians a good deal. On Austria they are giving up important economic interests, withdrawing their troops, and, most important of all, they are playing one of their biggest trumps in Europe. They are also having to accept the possible consequences for their prestige in the satellites of a Soviet retreat. As for the Soviet "Canossa" on Yugoslavia, the consequences of public admission of error could be very great in the satellites, but more important in Soviet eyes is the enormous ideological, political and psychological re-adjustment it must have demanded of the Soviet leaders. Finally, as regards Four Power talks, the acceptance of the principle means in fact a reversal of their publicly proclaimed policy that negotiations would become almost impossible if the Paris Agreements were ratified.

Motivation

3. It has been in the power of the Soviet leaders for many years to make any or all of these moves, but it is only now that they have done so. It is important, therefore, to

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try to estimate the motives which led the Russians finally to decide on abandoning their previous policies - that is of out-right hostility to non-communist governments, of holding firm to what they had gained after the war, and appealing over the heads of governments to the peoples. The Russians are now acting in the fashion we have always hoped they would. They have decided it was necessary to negotiate with other governments, and, furthermore, that compromises and concessions are required in diplomacy.

4. There appear to be four main factors influencing the Soviet decision. First, there is the situation inside the U.S.S.R. The Russians themselves make no bones about the serious state of their agriculture, and they are making frantic efforts to bolster up their food production. But the methods they are using are bound to have an unsettling effect on the economy; if they succeed, and many Soviet leaders must have their doubts on this score, it will be many years before they could consider it in a satisfactory state. The consumer goods programme has had to be scrapped, and Stalinist methods of trying to increase production have been revived. This must leave a certain apathy if not resentment among the people, and doubts among the technicians and intelligentsia of the advisability of these methods. There seems little doubt, however, that the economy cannot indefinitely meet the needs of heavy industry, re-armament caused by the situation in Europe and the Far East, atomic energy development, consumer goods, and Chinese industrialisation.

5. Added to this is the still unsettled problem of the leadership. Khrushchev has not yet by any means established himself as the undisputed master. It may be possible for some time for the country to continue with a collective leadership, but it must tend to create both uneasiness among the hierarchy and a trend towards moderation in order to avoid serious crises. Mr. Bohlen has reported that he has sensed this feeling of uncertainty among the leaders. Nevertheless they have been able to come to important decisions on foreign policy. The reason is possibly that they were able to agree on the need for a relaxation of international tension precisely because of economic and political pressures inside the country.

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6. This leads directly to the second factor - Sino-Soviet relations. The Yugoslav experience has taught the Russians how difficult it is to control even a people close to them in race, ideology and temperament, and the last five years must have increasingly shown that China cannot be easily controlled from Moscow. The three Western foreign Ministers at Vienna apparently decided that the Russians were apprehensive both on economic and political grounds about the progress of the Chinese Communist revolution. To assist it economically by providing even the basic supplies for its conversion from a primitive economy, let alone to supply the help required to turn it into a powerful industrial state, as the Chinese must want, would seriously weaken the Soviet economy. This would mean the indefinite postponement of the desire of the Soviet people for a better material standard of living. It might also turn over to the Chinese the leadership of the communist world. And in the short run there is the danger of stumbling into war as a result of Chinese rashness.

7. The third factor is certainly the re-emergence of Germany. I think the Russians may well have made a new assessment of the German problem after they had disposed of Malenkov and after it became clear that the Paris Agreements would be ratified. They may have come up with the same kind of estimate as ourselves, i.e. that what mattered more than the twelve German divisions was the alliance of a newly prosperous, industrious, vital and energetic nation with its tremendous supply of scientists and technical know-how, to the West. The Russians may have therefore decided that the time had come when some serious steps had to be taken in order to lay the spectre of a revived threat from Germany united with the most powerful nations of the West.

8. Finally there is the factor of the hydrogen bomb. The Western Ambassadors in Moscow have reported that they think that a genuine and deep fear of the H-bomb is the most important of the motives inspiring a change in Soviet tactics. They felt that the Soviet Government had come to the conclusion that while they could stand atomic bombing longer than European countries could, they were all equally vulnerable to the annihilative effect of the hydrogen bomb. The step which may have crystallized their decision could well have been the adoption of MC-48 by the NATO Council. The Russians must have

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realized that if the NATO powers were determined to use nuclear weapons from the beginning of any major war in Europe, then it would be practically impossible to prevent the use of the big bombs. The Russians may also have been influenced by their own long-range bomber build-up and the realization that advanced air bases were no longer absolutely essential to their defence or striking power, or at least that the classic Russian concept of defence in depth over vast land areas was becoming out-moded.

Other Factors

9. Apart from these basic motivations, there are a number of other considerations leading to the change in Soviet tactics. The first is the growth of neutralist sentiment in the United Kingdom and Germany. The strength of the feeling in favour of an attempt to relax tension has apparently been growing in Britain, on both sides of the political fence, and, of course, it has never been far below the surface in France and Italy. Combined with this was a definite upsurge of interest in West Germany in the last few months in the question of re-unification, and an accompanying distrust of re-armament. Even in the United States the Russians might have been able to sense, underneath the official statements, a growing impatience with the idea of war, and the Zhukov-Eisenhower correspondence, about which we still know nothing, may have helped to convince the Russians that overtures would not now be coldly rejected.

10. There remains the situation in the satellites. Our information is meagre but what there is points to continued economic and political troubles, with little sign that, even ten years after, the Soviet regimes are any more popular than they were. Dr. Adenauer has told Sir Anthony Eden that 90% of the population in Poland and 95% in East Germany were still hostile. The necessity of adding to their armaments cannot have therefore been very agreeable to the Russians. In particular the raising and arming of a large conscript army in East Germany, where they can have little confidence that it would not be turned against them, must have been a discouraging prospect. In East Germany and most of the satellites any major increases in the armed forces would have serious effects on the very tight labour supply. These factors might therefore have also helped to fashion the Soviet decision.

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11. Mr. Stewart Alsop has criticized the theory that the Russians have been forced to adopt new diplomatic tactics by the strength of the West, and up to a point he is probably right. Militarily the Russians are certainly as strong in relation to the West as they were a year ago, possibly stronger with advances in H-bomb production and long-range bombers. But they are weaker politically and if they have decided the contest must go on the political-economic plane, then their moves make good sense. They are ceding terrain which may be no longer essential in the light of new weapons and military strategy, in order to regroup for a peaceful contest for the allegiance of Europe.

12. As for the question of timing, one can only guess. It would have been logical to launch this offensive before the ratification of the Paris Agreements, but the Russians are usually late in their moves. In our case there is still time, if they play their cards right to prevent implementation on German re-armament. Also internal political dissension may have made it impossible to reach a final decision before the (at least temporary) disposal of the problem of Malenkov. However, once the decision was taken, it is remarkable the speed and despatch with which it has been executed up to now. Presumably the next stages have also been thought out in advance.

Soviet Aims

13. One can always repeat that ultimate Soviet aims remain unchanged, but I, for one, think these aims have always been limited in fact to practical realities, and in this connection believe my paper of last November re-assessing Soviet policy is still valid. It is probably more useful to see if immediate, practical Soviet aims in Europe have altered, and in this context it is reasonably safe to say that they have not. But their tactics in pursuing these aims are changing.

14. Their major aim is undoubtedly to secure the withdrawal of United States forces from Europe, the abandonment of United States bases too close to Soviet territory for comfort, or at least their transfer to European control, and the detachment, even at this late date, of Germany from NATO.

- 6 -

The purpose of these aims is not necessarily to set the stage for Soviet military conquest but to reduce the pressure on the USSR by the Western military alliance, to obviate the direct threat of atomic bombing from the advanced bases, and to make it easier to advance Soviet political aims in Europe on the economic, political and social level, that is either to expand the area of communism slowly and peacefully, or at least to assist in creating regimes in Europe more friendly to the USSR. The withdrawal of US troops from Europe would also mean the slackening of the tempo of economic assistance to Western Europe, which would be an important additional aim of the USSR.

15. The Russians presumably are realistic enough to realize that considerable diplomatic skill, and real concessions will be required to accomplish these aims. But a secondary, though certainly important goal, is clearly to reduce the danger of a clash in Europe, and to diminish the feeling of urgency in the West, as the basis on which NATO has been built up. This would be the first step in the long process of creating the right atmosphere for tackling more substantial and difficult problems.

16. To lessen tension they can, and are, making the kind of re-assuring moves which they must have known for years were required to allay some of the West's fears. But in the long run, if they are to keep this up, they will need to follow on from the Austrian Treaty. Even last year this in itself would have been enough to quieten our suspicions. Today it only whets our appetite for greater concessions and more substantial settlements.

17. This means, in fact, an attempt at settling the German problem. I shall examine it, and the related questions of a band of neutral states and European security in subsequent memos. In this one I shall simply treat it in general lines in order to try to establish an over-all picture of Soviet policy.

18. A divided Germany suited Soviet ends for some time, but only so long as the Western portion did not become substantially stronger and more influential than the Eastern Zone. With that happening the balance, not only in Germany, but also in Europe, begins to turn against Russia. It is therefore likely that the Russians will wish to detach Western Germany

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- 7 -

from ATO, and prevent its re-armament and revival as a European power. Failing to do that by Germany's division, they may now decide that unity must be the bait, and a price paid for it.

19. The Russians know the limitations on their freedom of action in this question, and presumably those on the Western Powers as well. They are also unlikely to wish to move very precipitately towards a solution of this problem which must have many pitfalls for them. A retreat from Eastern Germany carries great implications for the other satellites, and the gamble of German neutrality must appear to have many disadvantages.

20. The propaganda advantages of apparently imaginative proposals by the Russians could have far-reaching effects. It seems to me that what we are likely to see develop in the next few months is a cautious approach to negotiations through high level Four-Power talks, which could continue for a long time at the Foreign Minister level while the Russians attempt to probe their adversary and try to get some idea where, and how far, they can hope to reach agreement.

21. In the meantime they would try to develop direct relations with Bonn, and to secure recognition by the Federal Republic of the East German regime. This is what they are clearly after in the dispute over road tolls in Berlin. If they succeeded in this they would then be in a position to negotiate not only with the Western Powers but directly with the Germans. They may well wish to let the German situation simmer for some time, waiting for Herr Adenauer and his government to weaken and popular demand for re-unification to increase before actually taking the concrete steps necessary to reach a settlement. The increase in diplomatic flexibility offered to the Russians by the ability to deal directly with both the Germans and the Western Powers is obvious.

22. There are certain limitations, however, on the Russians' timetable. At the present moment the Germans are "free" but unarmed. In a few years' time, unless something happens, they will be not only armed but a real independent political force. I would think that the ideal time for the Russians to make their big move on Germany would be in about a year. By then, the strength of feeling in Germany in favour of re-unification might force Mr. Adenauer to talk, though

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Germany would not yet be in a position to bargain seriously with the Russians. But in spite of this there remains the inescapable fact that the Russians have played their big card in Austria and have made a very great retreat over Yugoslavia. Neither move would have been made except with bigger game in view, and therefore we cannot dismiss the possibility of a really big offer over Germany in the near future. But this we can only know for certain after the Big Four meeting.

23. There are many signs that the Russians do now see the advantages of a neutral band of states. The first advantage is simply that it keeps these countries from direct domination by the West. Previously the Russians had refused to believe this, as witness their attitude towards Sweden. But their diplomatic activity in Austria and Yugoslavia indicates that they are now beginning to see that who is not with them is not necessarily against them. In this connection we may well see an attempt, by a combination of threats and inducements, to entice Italy into a more neutral position.

24. If Germany could be genuinely neutralized, I think the Russians might now make the sacrifices necessary to achieve this, and, as I shall point out in a later study, the idea may have many attractions for the Russians. I doubt, however, that they seriously believe that an imposed neutral solution is now possible for Germany itself. But the idea has great usefulness for Soviet propaganda not only in Germany but also in the peripheral states. To extend it, however, to the satellites as well is another question and I see no proof up to now that the Russians have any intention of loosening their grip on Eastern Europe. The Pravda article of May 22, and the reply to the Western notes, is a clear warning that Four Power talks cannot include this subject. But we also had no sign that the Russians were planning to leave Austria, and in the present fluid situation even this cannot be entirely dismissed.

25. In any case the Russians have taken pains to point out the connection they see between the German question, disarmament, the Far East, trade relations, cultural relations, and foreign bases. A general relaxation of tension is what they seem to have in mind, the setting of an ambiance in which later specific problems might be tackled, but always with an

eye and their inter-connection. They have produced their first draft of a general settlement in the Malik proposals, but these are probably just the bare outline of what they want. We can, I think, expect the Russians to follow them up with more diplomatic activity on these lines.

26. In the meantime they have completed their own "anti-NATO" by signing the Warsaw Pact and the Eastern Unified Command agreement. But the military participation of East Germany has not been decided, and the Pact is to be abandoned in the event of a system of collective security being set up in Europe. Thus the Warsaw agreements seem to have the aim primarily of being a formal counter to NATO which can be used later for bargaining purposes. I am examining the Warsaw Pact in greater detail in a separate memorandum.

Conclusion

27. Mr. Kennan developed the theory in 1947, as part of the containment policy, that there were continuing pressures of various kinds on the USSR. These can be divided generally into two categories: internal pressures and external pressures. It is only when the two pressures coincide that there is any chance for the West of making any real progress in negotiation with the USSR. That time seems now to have come, and it is imperative that the West do two things: keep up the pressure (in a peaceful and political but nevertheless firm fashion), and provide the opportunities for the Russians to reach agreement.

28. That agreement can only be very limited, and that a large measure of "cold" war is bound to continue, are practically axiomatic because of the nature of the Soviet state, and the Communist Parties. So long as the international Parties remain large, and important forces in the life of Western countries, the USSR is going to employ them to further its own foreign policy aims, and this is the first and basic limitation. The second is that the threat from the West is essential to the whole Soviet system. It can only continue to justify its dictatorship, its huge police system and arbitrary methods, its standing army, and further sacrifices on the part of the people if some strong threat to the régime exists. Since they claim the internal threat has disappeared, this has to come from the West. I doubt, therefore, if the

- 10 -

Russians can go all the way towards lessening tension, though, of course, they may be able to operate a double policy, of actually solving serious problems with the West, while continuing in domestic propaganda to paint a different picture.

29. We will, of course, have to be ready, first to meet the Russians half-way if they seriously wish to solve our differences, and secondly, to counter any proposals they might make even if they appear to us as essentially insincere. For this purpose I shall be incorporating some ideas in the later memoranda which I have mentioned above. Up to now, however, I do not think any advances in negotiations with the Russians since 1945 have really resulted from a positive Western proposal. It is essential for us to make these proposals since they create the right atmosphere and often keep intact the lines of communication with the Russians. But, as in the case of Austria, actual progress can only be made in the long run when the Russians have made up their minds a step forward is necessary. This leaves the initiative to a certain extent in Soviet hands, but it is something we need not necessarily deplore.

30. The important point is that there is now a chance, which hardly existed before, of solving some of the main European problems. If, in so doing, we create others, that cannot be helped. It was hardly likely that the European situation would remain indefinitely fixed, or that two opposing armies could sit for another decade or two glaring at each other across the middle of Europe. Perhaps a period of relaxation may give the Russians the opportunity they need to improve their internal situation and then recommence the strongest pressure on us. But this is a gamble which cannot be avoided and one which we have just as good a chance as the Russians of winning.

European Division
Department of External Affairs,
Ottawa, May 30, 1955.

BEST AVAILABLE COPY

Jib Pocket
58038 B-40

MEMORANDUM FOR JIC

Prepared jointly by JIB and DSI

File
E.T. H.

ON THE POSSIBILITY OF SOVIET DRIFTING RESEARCH STATIONS

ENTERING CANADIAN WATERS

1. The Soviet Union has mounted five drifting Research Stations to date. The first of these drifted in 1937-38 from the North Pole to approximately 76°N 14°W , on the east coast of Greenland. The second (SP-2) was established in the spring of 1950 at $81^{\circ}45'\text{N}$, 162°W . The personnel were evacuated from this in 1951, but the ice floe described a clockwise circular course, which brought it into Canadian waters within a few hundred miles of Pr. Patrick and Banks Islands and the Alaskan coast.

Drift Station 3 (SP-3) drifted in 1954-55 more or less along the 170°E meridian across the pole to the waters off north-east Greenland. During the drift it passed on the Canadian side of the pole.

Drift Station 4, which is at present approximately 170°W and 87°N appears to follow a line of drift similar to its predecessors but the movement is somewhat slower.

Drift Station 5 is now approximately 150°E and not likely to approach the Canadian sector.

2. While we are unable to forecast the future drift of any of the ice-islands with certainty it would appear probable that drifting station 4 will continue northward towards Greenland. If this occurs, it is likely to pass close to the North Pole, probably on the Canadian side of the pole.

The Russians have announced that they intend to establish a new drift station (SP-6) this spring. Earlier announcements stated that this expedition would start its drift at 80°N 180° . Later statements, however, refer to an intention of mounting the station where SP-2 was abandoned, i.e. north of 80°N and approximately 160°W . If the station is launched at 180° it is most likely to drift in a northerly direction, and will probably not swing very far east into the Canadian sector, although it is just possible that it may do so. However if the station is mounted at 160°W it is probable that it will move eastward toward the Canadian archipelago and follow a drift similar to SP-2. Here again a more northerly course is not excluded. The new drift station is to be mounted within the next few weeks and its position will probably become known then.





Defence Liaison(2)/A.F.Hart/LS

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

DOWNGRADED TO SECRET

RETRAIT A SECRET

Security TOP SECRET

TO: The Under-Secretary, Dr. MacKay,
Mr. Chapdelaine, Mr. Holmes, Mr. Macdonnell,
Mr. Werzhof, Mr. Ford

Date May 10, 1955.

FROM: Defence Liaison(2) Division

File No.

50028-B-40

6

6

REFERENCE:

SUBJECT: Semi-Annual Review of Intelligence

Attached for your information is a copy (No.21) of the JIC's Semi-Annual Review of Intelligence. The first issue of the Review, which was distributed in October last, covered Soviet policy trends for the previous six-month period. This second issue which extends over the period September 1, 1954 to February 28, 1955, has been expanded to incorporate sections dealing with Communist Chinese policy trends.

Copies of this paper are being circulated to missions abroad, to the United Kingdom JIC, the United States JIC, the Australian JIC, and the New Zealand defence authorities. Copies containing Appendix B are being referred only to our missions in London and Washington.

Defence Liaison(2) Division.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

FOR CANADIAN EYES ONLY

TO: THE OFFICE OF THE HIGH COMMISSIONER FOR
CANADA; LONDON

FROM: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Reference:

Subject: Semi-Annual Review of Intelligence

Security: TOP SECRET

No: D-707

Date: May 10, 1955

Enclosures: 1

Air or Surface Mail: Air

Post File No:

DOWNGRADED TO SECRET
REDUIT A SECRET

Ottawa File No. 50028 B-40 50028-40	
6	50

References

Attached is a copy (No.22) of a JIC paper entitled "Semi-Annual Review of Intelligence". The first issue of the Review, which was distributed last October, covered Soviet policy trends over the previous six-month period. This second issue which extends over the period September 1, 1954 to February 28, 1955, has been expanded to include a section dealing with Communist Chinese policy trends.

2. We would draw your attention to the special classification of Appendix B which is being circulated outside Ottawa to your mission and to Washington only. Copies of the paper, without Appendix B, are being referred to other missions abroad, to the Australian and New Zealand defence authorities through our missions in those two countries, and to the United Kingdom JIC and the United States JIC through service channels.

3. Any comments which you might wish to make on the attached paper would be read with interest in the Department and by our JIC.

Internal
Circulation

(Signed) C. G. CREAM

for Under-Secretary of State
for External Affairs.

Distribution
to Posts

BEST AVAILABLE COPY
NUMBERED LETTER

TO: THE CANADIAN EMBASSY; WASHINGTON, D.C.	FOR CANADIAN EYES ONLY Security: TOP SECRET No: D-684 Date: May 10, 1955 Enclosures: 1 Air or Surface Mail: Post File No:
FROM: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA, CANADA.	
Reference:	
Subject: Semi-Annual Review of Intelligence	
DECLASSIFIED TO SECRET REMIT A SECRET	
Ottawa File No. 50028-B-40 50028-40 6 50	

References

Attached is a copy (No.23) of a JIC paper entitled "Semi-Annual Review of Intelligence". The first issue of the Review, which was distributed last October, covered Soviet policy trends over the previous six-month period. This second issue which extends over the period September 1, 1954 to February 28, 1955, has been expanded to include a section dealing with Communist Chinese policy trends.

2. We would draw your attention to the special classification of Appendix B which is being circulated outside Ottawa to your mission and to London only. Copies of the paper, without Appendix B are being referred to other missions abroad, to the Australian and New Zealand defence authorities through our missions in those two countries, and to the United Kingdom JIC and the United States JIC through service channels.

3. Any comments which you might wish to make on the attached paper would be read with interest in the Department and by our JIC.

Internal
Circulation

(Signed) G. G. CREAN

for Under-Secretary of State
for External Affairs.

Distribution
to Posts

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO:.....PERMANENT DELEGATION OF CANADA TO.....
.....THE NORTH ATLANTIC COUNCIL, PARIS.....

FROM: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Reference:.....

Subject:.....Semi-Annual Review of Intelligence.....

Security:..TOP SECRET.....

No:.....D-.....407✓

Date:..May 9, 1955.....

Enclosures:....1.....

Air or Surface Mail:..Air.....

Post File No:.....

DOWNGRADED TO SECRET
REDUIT A SECRET

Ottawa File No. 50028 B-40 50028-B-40	
6	50

References

Attached is copy No. 181 of a JIC paper entitled "Semi-Annual Review of Intelligence". The first issue of the Review, which was distributed last October, covered Soviet policy trends over the previous six-month period. This second issue, which extends over the period September 1, 1954 to February 28, 1955, has been expanded to include a section dealing with Communist Chinese policy trends.

2. In addition to its distribution to other missions abroad, copies of this paper are being circulated to the United Kingdom JIC, the United States JIC, the Australian JIC and the New Zealand defence authorities.

3. Any comments which you might wish to make on this paper would be read with interest in the Department and by our JIC.

(Signed) G. G. CREAN.

for Under-Secretary of State
for External Affairs.

Internal
Circulation

Same letter to the
following missions:

✓ Perm. Del., New York, Copy No. 117,	Letter D-	246✓
✓ Can. Legation, Vienna, " " 115,	"	D-193✓
✓ Can. Embassy, Brussels, " " 118,	"	D-237✓
✓ Can. Legation, Copenhagen " " 178,	"	D-190✓
✓ Can. Legation, Helsinki " " 179,	"	D-97✓
✓ Can. Embassy, Paris " " 119,	"	D-534✓
✓ Can. Embassy, Bonn " " 116,	"	D-306✓
✓ Can. Embassy, Athens " " 120,	"	D-233✓
✓ Can. Embassy, Rome " " 121,	"	D-290✓
✓ Can. Embassy, The Hague " " 122,	"	D-247✓
✓ Can. Legation, Oslo " " 182,	"	D-177✓
✓ Can. Legation, Stockholm " " 183,	"	D-144✓
✓ Can. Embassy, Ankara " " 184,	"	D-170✓
✓ Can. Embassy, Moscow " " 123,	"	D-197✓
✓ Can. Embassy, Tokyo " " 177,	"	D-346✓
Office of H. Comm'r, " " 176,	"	D-386✓
New Delhi		
Can. Legation, Warsaw " " 185,	"	D-288✓
Can. Legation, Prague " " 186,	"	D-202✓
✓ Can. Embassy, Belgrade " " 187,	"	D-206✓

Distribution
to Posts



IN REPLY PLEASE QUOTE

NO. CSC 1939-1 (JIC)

Department of National Defence

CONFIDENTIAL

JOINT INTELLIGENCE COMMITTEE

6 May 55

50028-B-40
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MEMORANDUM FOR THE JIC:

Exchange of Unclassified Information with the Soviet Union and Satellites

1. Attached for consideration at the meeting of the Committee on 11 May is a note on the above subject.

J.C. McGibbon
(J.C. McGibbon)
Squadron Leader, RCAF,
Secretary.

9 MAY 1955

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Enc.

JHT/5459/ff

c.c. CJS
JIS

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APPENDIX "A"

THIS DOCUMENT IS THE PROPERTY OF THE GOVERNMENT OF CANADACONFIDENTIALMEMORANDUM TO: DEPUTY MINISTERS AND HEADS OF
GOVERNMENT AGENCIES

COPY

Distribution of unclassified information
to the U.S.S.R. and its satellites

During 1948 and 1949 arrangements were evolved whereby all interested Canadian Government departments and agencies might channel through the Department of External Affairs any unclassified information destined for government or private organizations or individuals in Soviet or satellite countries. The Department of External Affairs was to examine whether or not reciprocal information was being obtained in return from Soviet and satellite countries. In addition, when any security question arose as to the desirability of any unclassified information being forwarded, the Department of External Affairs was to consult the Security Panel for advice. The Panel's concern stems from the fact that although the individual item of information may be unclassified, security considerations can arise - particularly when the information is in the form of a collated report.

2. This procedure has recently been reviewed by the Security Panel and the Security Sub-Panel which concluded that reciprocity, as we understand it, is not normally to be obtained in an exchange with Soviet and satellite countries. The following recommendations have therefore been made:

- (i) that in future unclassified information should be given to persons or organizations in Soviet or satellite countries or in the People's Republic of China only when some useful return can be anticipated, or when it was felt some other advantage might be gained by providing the information;
- (ii) that this should in future be a departmental responsibility and should not be channelled through the Department of External Affairs; and
- (iii) that before any unclassified information is sent to Soviet or satellite countries or the People's Republic of China the departmental security officer should be consulted and may in turn consult the Secretary of the Security Panel in cases of doubt.

In addition, it was agreed that it would be desirable to ask departments and agencies to report twice a year to the Secretary of the Security Panel on information which they may have sent to Soviet or satellite countries or to the People's Republic of China. Since this new arrangement will throw further responsibility on your departmental security officer, you may wish, for his guidance, to know in more detail the policy which the Security Panel considers should govern the distribution of unclassified information to the Soviet sphere.

3. It is clear that each government department or agency is normally best fitted to assess the intrinsic value which any item of unclassified information in its control may have. There will, however, be occasions when the value of an item should be assessed in the light of other information which may be the concern of another department, or where the security considerations involved may call for advice. In these cases the Secretary of the Security Panel may be consulted.

CONFIDENTIAL

FILE COPY

CONFIDENTIAL

Exchange of Unclassified Information
with the Soviet Union and Satellites

1. In accordance with the decision of the JIC at its 440th meeting, certain researches have been conducted into the above subject.
2. Attached at Appendix "A" to this memorandum is a copy of the current policy statement (dated 24 August 1953) on this subject. You will note that:
 - (a) unclassified information is to be given to persons or organizations in Soviet or satellite countries (including Communist China) only when some useful return can be anticipated, or when it is felt that some other advantage might be gained;
 - (b) that this is a departmental responsibility and should not be channeled through the Department of External Affairs, (as had previously been the case);
 - (c) that before unclassified information is so forwarded, the departmental security officer should be consulted and may in turn consult the Secretary of the Security Panel;
 - (d) that departments and agencies are asked to forward semi-annual returns to the Secretary of the Security Panel on information sent and received.
3. The reports mentioned in Para. 2(d) above have in fact been received by the Secretary of the Security Panel from the following departments:
 - Transport
 - Mines and Technical Surveys
 - Northern Affairs & National Resources
 - Agriculture

They are lengthy documents and have not been reproduced, as they may be seen in the files of the Secretary, Security Panel. They do, however, list publications received by name and may be of interest to intelligence Directorates. It is clear from the reports that a fair degree of reciprocity exists, and that these Departments do in fact receive a good deal of material from the Soviet Union and Satellites.

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CONFIDENTIAL

4. Security Officers are asked to bear in mind that while a number of individual items on a given subject may be unclassified, the total information obtained by putting these items together should perhaps not be unrestricted. Therefore, before a decision is made to give unclassified information on any subject, an examination should first be made to what previous information on that subject may have been given. The value of the individual item should be assessed in the light of the whole. In making such an examination your Security Officer should assume that, although previous publications on any given subject may not have been sent to a Soviet or satellite country by your department itself, any publications printed by the Queen's Printer on behalf of your department will be in the hands of any interested foreign mission.

5. It is also the opinion of the Panel that distribution of unclassified information to Soviet and satellite countries should be governed primarily by self-interest. We have not in the past received genuine reciprocal information from communist-controlled countries. It is probable that certain Soviet publications are regularly allowed to leave the country while others are not, and it is most unlikely that any unclassified information which departments may send will seriously affect this policy. However, in the few instances where unclassified Canadian information does already produce a reasonable return continuance of the exchange would be a matter for the discretion of the department concerned, taking into account the advantage that it derives from the exchange. In cases where a reasonable offer of reciprocal information accompanies a request, again it would be a matter for the department to decide whether the request should be filled for as long as a fair return is made. In other case a decision to send an unclassified publication into the Soviet sphere should be based upon whether or not the issuing department considers that there is some indirect benefit to be gained by the publication being read by Soviet or satellite officials or experts.

6. If, in the light of the above, you should decide that any unclassified information which your department may at present be sending to Soviet or satellite countries should be stopped, it is recommended that this be done gradually over a period of time in order that the change of policy shall not be immediately apparent to the recipient.

7. On occasions private organizations in Canada receive requests for information and sometimes consult an appropriate department or agency for advice. When this occurs organizations may be given guidance along the lines set out in this memorandum, provided that it is made clear that the guidance given is for their private information only.

8. It is appreciated that a number of Canadian government departments and agencies are not normally faced with the problem discussed above. In these cases, this memorandum is being sent only as a guidance should the problem arise at any time in the future.

R. G. Robertson,
Assistant Secretary to the Cabinet.

Ottawa,
August 24,
1953.

CONFIDENTIAL

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ECONOMIC DIVISION

SECRET

April 29, 1955.

DEFENCE LIAISON(2) DIVISION

Your memorandum of March 10

50028	B	4
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Draft JIC Paper on Soviet-Icelandic Relations

At the top of the attached jacket are two pieces of paper from the Joint Intelligence Bureau, one providing JIB comments on the above-mentioned JIC draft paper, and both giving some JIB reaction to remarks contained in your memorandum of March 10.

As you will see, JIB takes issue with the view that Iceland's markets for fish are not declining in the West and supplies some statistics to support its position on this point. I do not know whether you will wish to pursue the argument. You mention that information on the matter could be checked with Fisheries and Trade and Commerce. It may be that these Departments have information which has not so far been made available to JIB. Could you provide names of officers in these Departments whom the interested persons in JIB might contact directly?

I would agree that Iceland's economic links with the West are important and I do not think that this point is covered satisfactorily by the short somewhat bald statement suggested by JIB as an amendment to the draft paper. It seems to me that if this point is sufficiently important, it should be reflected in the conclusions to the paper. To assist us, I would be grateful if you could provide a brief evaluation of the importance to Iceland of its membership in the OEEC, the European Payments Union and the Sterling Area.

G. H. SOUTHAM

Defence Liaison(2) Division.

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Defence Liaison (2)/GHSoutham/mmr

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: EUROPEAN DIVISION

Security **CONFIDENTIAL**

Date April 28, 1955

FROM: D. L. (2)

File No.

50028 B-40

REFERENCE: Your memorandum of April 14, 1955.

Orig on "J" 10591-AH-3-40

Copy on "D" 50032-40

SUBJECT: Exchange of Technical Information with the USSR.

In our view the question raised in the third paragraph of your memorandum under reference should be discussed both by the Joint Intelligence Committee and the Release of Military Information Committee. As you know, the JIC would be best able to compile a list of the information of interest to us on the Soviet scientific work in the Arctic. The RMIC, for its part, will best be able to say what information about the Canadian Arctic it will be possible to offer in exchange.

2. Attached hereto is a copy of a note which we have sent to the Secretaries of the JIC and the RMIC. We hope that the two Committees will be able to consider the subject within the next two or three weeks. It would be unrealistic to suppose, however, that we should be able to answer your question in the near future.

3. We shall be putting copies of this correspondence on our JIC and RMIC files. We suggest that you put this memorandum and its enclosures on the appropriate file in your Registry.

(Signed) G. G. CREAN.

Defence Liaison (2).

COPY - mmr

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cc. European Div.
Sec'y., RMIC

done
Apr. 28
mmr

OTTAWA, April 28, 1955
CONFIDENTIAL

Orig. on "J" 10591-AH-3-40
Copy on "D" 50032-40
The Secretary,
Joint Intelligence Committee,
Department of National Defence,
O T T A W A.

50028	B-40
616	

Exchange of Technical Information
with the USSR.

Attached hereto is a copy of a memorandum prepared on April 14, 1955 by the European Division of this Department on this subject. Attached to this memorandum in turn is a copy of letter No. 94 dated February 4, 1955 from our Ambassador in Moscow. You will see that these two documents concern a suggestion by Mr. W. S. McClenahan of the Dominion Observatory that an approach might be made to the Soviet Academy of Sciences concerning information on the Soviet scientific work in the Arctic. European Division has asked for our views as to whether the Academy might be asked for reports on such subjects as Soviet weather stations, automatic equipment for sending weather reports and recent floating ice island expeditions.

I believe that this subject might usefully be discussed by the Joint Intelligence Committee. I should be grateful, therefore, if you would circulate this note to members of the Committee, and put it on the agenda for our next meeting.

This subject concerns, also, the Release of Military Information Committee. I am therefore sending a copy of this note and its enclosure to the Secretary of that Committee. After the JIC has given preliminary consideration to the subject, it appears to me that we should invite the RMIC for an expression of their views.

G. G. Crean
Chairman, Joint Intelligence Committee

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D.L. (2) Division

TOP SECRET

April 22, 1955

Far Eastern Division

90H.

50028-1B-40
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J.I.C. Review of Intelligence.

The following are further re-drafts of the J.I.C. paper:

Paragraph 71. Omit from "in his speech" down to "mean two things", and replace with "recent statements of Chinese leaders would seem to indicate, if taken at face value:"

2. Paragraph 90. Since our contribution on Chinese foreign policy had to be compressed because of the need for brevity, the first sentence of paragraph 90 stated rather more baldly than we had intended our appreciation of Chinese objectives. It was not our intention to imply that the Chinese are not attempting to disrupt peace and order in Southeast Asia, and paragraph 93 makes this clear. Nevertheless, it is our opinion that the Chinese consider that the policies of the present Governments of India, Burma and Indonesia are compatible with their purposes, while open attempts at subversion might cause an unwelcome reaction. The Chinese would not be wise to allow themselves to be linked with communist rebellions in Southeast Asia, and we assume, perhaps wrongly, that the Chinese leaders are sufficiently astute to realize this. The evidence that we have suggests that they do; the PKI Indonesian Communists, for instance, are very of maintaining close links with the Chinese Embassy in Djakarta because of the unpopularity in which the Chinese population is held in Indonesia. In order to make our meaning clearer, we would suggest the following re-draft of paragraph 90:

The first sentence

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"The emphasis on non-involvement of India, Burma and Indonesia is of some help to the Chinese, particularly in preventing strong Asian participation in any alliances against Chinese expansionism. Accordingly the Chinese may well refrain from substantial help to subversive elements in these countries for the present, in order to encourage them to maintain their neutralist attitude."

3. Re-draft of first sentence of paragraph 98: "Soviet influence was dominant in North Korea in the post-war years, and is still important because of the Soviet Union's position as a supplier of military and industrial equipment. However, the presence of large Chinese forces in North Korea has guaranteed that Chinese influence will be strong, especially since communist policy towards the Korean question has to be regarded primarily as a matter of Chinese defence."

T. LeM. Carter

Far Eastern Division.

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: DEFENCE LIAISON (2) DIVISION

Security **CONFIDENTIAL**

Date April 14, 1955

FROM: EUROPEAN DIVISION

File No.

50028-B-40

REFERENCE: Orig. on "J" 10591-AH-3-40

Copy on "D" 50032-40

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6

SUBJECT: Exchange of Technical Information with the USSR.

As you know, Mr. W. S. McClenahan of the Dominion Observatory attended the re-opening of the Pulkova Observatory in the USSR last year. After his return he expressed an interest in the exchange of technical information with the USSR. He had presented a variety of publications to Russian scientists, including some on scientific work in the Arctic, and received several in return, though none on the North.

2. The Dominion Observatory is apparently satisfied with the present exchange of technical publications which are sent to them more or less regularly and compare favourably in number with those exchanged with other countries. Mr. McClenahan has suggested, however, that an approach might be made to the Soviet Academy of Sciences concerning information on Soviet scientific work in the Arctic. The Canadian Ambassador in Moscow has informed us that he sees no harm in approaching the Academy and thinks that it might offer some publications if our officials were willing to give them Canadian ones in exchange on a quid pro quo basis. He adds, however, that there is always the possibility that the Soviet authorities already receive all the relevant published material about the Canadian Arctic and will not be tempted.

3. Do you consider that Mr. Watkins should approach the Academy for reports on such subjects as Soviet weather stations, automatic equipment for sending weather reports and recent floating ice island expeditions? If you agree, we might first ask the Department of Mines and Technical Surveys and perhaps also the Department of Northern Affairs and National Resources for details about the sort of technical information which they would like to receive.

(Sgd) R.A.D. Ford

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

DOWNGRADED TO SECRET
REUUIT A SECRET

TO: Defence Liaison (2) Division

Security TOP SECRET

Date April 13, 1955

FROM: European Division

File No.

50028-B-40

REFERENCE: Your memorandum of April 6

SUBJECT: JIC Semi-annual Review of Intelligence

We have no amendments to suggest to
the JIS draft of the Semi-annual Review of
Intelligence.

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APR 18 1955

Mr. Hest
in return

sorry for 2 hold-ups.

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I suggest that
enclosure be destroyed
A.H.No enclosure to
this memo of
April 13/55
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DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(DUPLICATE)

NUMBERED LETTER

FROM: B.C. Watkins,
XEROX THE CANADIAN EMBASSY, MOSCOW.....

Security: CONFIDENTIAL

No: 94

Date: February 4, 1955

Enclosures:.....

Air or Surface Mail:.....

Post File No:.....

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Reference: Your letter No. S-356 of September 27, 1954.

Subject: Visit of Mr. W. S. McClenahan to Pulkova
Observatory.

Ottawa File No.	

References

I regret that I overlooked your request for my views
as to whether Mr. McClenahan might approach the Soviet Academy of
Sciences directly on the exchange of information about the Arctic.
I certainly see no harm in this and it might produce results if
our officials were to offer Canadian publications in exchange on a
quid pro quo basis. Of course, there is always the possibility that
the Soviet authorities already receive all the relevant published
material about the Canadian Arctic and will not be tempted.

(Sgd) J. B. C. Watkins

Internal
Circulation

Distribution
to Posts

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DEFENCE LIAISON (2) DIVISION

S E C R E T

March 3, 1955

EUROPEAN DIVISION

Your memorandum of January 27

Semi Annual Review of Intelligence

50028-B-40	
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I am attaching in draft form two copies of one section of the Semi Annual Review of Intelligence as you requested in your memorandum. This section deals with developments in troubled areas of the world. The second section, on Soviet internal developments, will be sent to you tomorrow. I understand that since your memorandum was prepared the deadline for this material has been put back a week.

L.V.J. ROY

S E C R E T

DRAFT

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February 25, 1955

DEVELOPMENTS IN TROUBLED AREAS OF
THE WORLD OF SIGNIFICANCE IN THE COLD WAR

So far as Soviet foreign policy was concerned, the main developments of significance in the cold war from September 1954 to February 1955 were those affecting German rearmament. The Soviet Government began this period in what seems to have been a reasonably confident state of mind. EDC had been defeated in France at the end of August and the Western nations were obviously taken aback. Although the three leading Western powers made a firm statement of their intention to proceed with the consolidation of Western defence in their notes of September 10 to the Soviet Government, the Soviet Government paid almost no attention to the notes and press and propaganda accounts rarely mentioned it. On the same day the Soviet Foreign Ministry issued a statement congratulating the French people on "defeating the plans of the war mongerers" but warning that some other project similar to EDC might now be forced upon them. The tone of the statement seemed to indicate that the Soviet Government thought that events were now turning in their favour and that dissension with the Western camp, the effects of a Soviet "peace offensive" and the generally relaxed effect of the Geneva Conference had made it unlikely that the British and the Americans could retrieve a workable defence system to include the German Federal Republic out of the wreckage of EDC.

2. On October 6, in a speech in Berlin, Mr. Molotov again suggested a four-power conference, offered to withdraw Soviet occupation troops from Germany and insisted that the Soviet Government stood for free elections in Germany. He

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referred to the possibility of creating friendlier relations between the Soviet Union and the German Federal Republic and to the important trade possibilities which the West Germans could look forward to if they abandoned the idea of rearmament. At about the same time, in the General Assembly of the United Nations, Mr. Vyshinsky said that the Soviet Union would accept the Anglo-French proposals as a basis for further discussion and put forward certain proposals which appeared to involve concessions to the West on some important points. In spite of these various promises, however, the Western nations were proceeding, with a speed and determination which the Russians had probably not expected, to create an alternative to EDC. The London Conference was followed rapidly by the Paris Conference and on the day that the Paris agreements were signed, October 23, a new Soviet note was sent to the three leading Western powers. It was a delayed reply to the September 10 note from the Western powers; contained almost nothing that was new with respect to Germany or Austria, but did refer vaguely to counter measures which the "peace-loving" European nations might have to take if German rearmament were accomplished. The note suggested a four-power meeting on Germany and a meeting in Vienna to discuss the Austrian State Treaty. Before receiving any reply to this note the Soviet Government, on November 14, sent notes to almost all European nations inviting them to a conference on European security. The Soviet satellites accepted immediately, but none of the other European nations agreed to attend. The meeting was held in Moscow, starting November 29, and all the standard Communist threats and warnings were repeated ^{the} for/consumption of the West, without, apparently, any real plans being made for a new integration of East European

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forces or an increase in those forces. Mr. Molotov only attended part of the session and it was obvious that the meeting was intended simply to underline the warning contained in the October 23 note about counter measures. The declaration adopted by the Conference was transmitted to all European states on December 9, along with a note which did not repeat earlier proposals for a four-power meeting but warned the West in a harsher tone about the consequences of proceeding with German rearmament. In the two weeks following this note the Soviet Government followed up its campaign of threats by informing the French and United Kingdom Governments that it would annul the Franco-Soviet and Anglo-Soviet treaties if those Governments ratified the Paris agreements. At about the same time it replied to the notes of the powers who had not attended the Moscow Conference, expressing regrets, uttering veiled warnings and putting forward Soviet ideas of European security.

3. By this time the tone of Soviet statements had become noticeably harsher and the number of threats about the consequences of German rearmament greater than had been the case earlier in the year. From the vigour with which Soviet propagandists denied that there would be a good opportunity for negotiation on Germany after ratification, one might conclude that the Soviet Government realized that the milder tone of its earlier pronouncements was being used quite effectively in the West to persuade people that the Soviet Union would, in spite of all it said, come to terms on Germany once it realized that the Western countries were able to proceed with German rearmament. The Russians probably did not expect, either, that Mendès-France would

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reach agreement so quickly with his allies on an alternative to EDC.

4. The next major move on the German question came on January 15 when the Soviet Foreign Ministry made an announcement for the information of the German Federal Republic that it was prepared to consider free elections in Germany under international supervision and that if plans for rearmament were dropped the Soviet Government would proceed to normalize relations with the German Federal Republic. Ten days later the Soviet Government announced that it was ending the state of war with Germany and the Polish and Czech Governments shortly followed suit. Since the French Assembly had finally, on December 30, approved the Paris agreements, the Soviet Government seems to have decided that it had to direct its chief attention to German opinion. After a week or so the apparently more promising content of the January 15 statement began to have an affect on Germans who had, up until then, classified all Soviet statements on the subject as propaganda. No significant change towards Germany emerged out of the shuffle in the Soviet Government early in February and the task of the Government of the German Federal Republic in entering the debate on the Paris agreements late in the month had obviously been made more difficult because the January 15 statement, uncertainty in France and changes in the Soviet Union had persuaded many Germans that, in view of changing conditions, it might be desirable to make one last effort to negotiate with the Russians before embarking on rearmament. In his speech of February 8 to the Supreme Soviet, Mr. Molotov, although he introduced nothing new, was obviously leaving himself just a little room for manoeuvring with respect to a four-power meeting in order that the Soviet Union might still profit from uncertainties

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in the Western camp.

5. Throughout this period the question of the Austrian State Treaty was a secondary issue inevitably linked in Soviet notes and statements to a solution of the German problem. In his speech of February 8 Mr. Molotov referred in somewhat different terms to the conditions under which evacuation of foreign troops from Austria might take place. He referred to the need for guarantees against Anschluss but it was not very clear whether there was any greater likelihood than before that the Austrian problem could be separated from the German one or that the interested powers could agree on what would constitute guarantees against Anschluss. When the French Government tried to sound out the Russians in December on the possibility of phased withdrawal of occupation troops from Austria, their request for comments was almost completely ignored.

6. The campaign against German rearmament was, therefore, the major part of Soviet foreign policy in the period under review and Soviet policies in other fields and Communist propaganda generally were organized to support the main effort to disrupt Western plans for the German Federal Republic. The peace offensive consisted of a number of moves, each not particularly important by itself and was obviously intended to portray the Soviet Union as a peace-loving, civilized nation which had changed its ways and against which it was no longer necessary to set up elaborate defences such as that involved in EDC or West European Union. It seems also to have been intended, apart from any immediate question of its effect on plans for German rearmament, to retrieve some of the major efforts of Stalinist diplomacy and to give Soviet diplomats some opportunities for influencing some non-Communist governments

and exploiting differences in the non-Communist world which they would not have had if the Soviet Government had maintained its almost unbending intransigence before the rest of the world. Exchanges of delegations (for example, the United Kingdom Parliamentary Delegation in October), visits by individuals to the Soviet Union, press interviews given by Soviet leaders, Soviet participation in the UNESCO Conference in December and a number of other moves of this sort served to maintain a more relaxed international atmosphere. In spite of the hardening line on Germany and the changes in the Soviet Government in February, which appear to reflect a tougher line towards the West, it is important to note that at the time of these changes various members of the Soviet ruling group went out of their way in speeches and in interviews with correspondents to maintain the impression that the Russians were not unreasonable and that it might still be possible to do business with them if the West would only give in on some points.

6. Beginning in October the Soviet Government made a number of moves to improve relations with Yugoslavia. Cessation of hostile propaganda, conclusion of a trade agreement, friendly references to the liberation of Belgrade by Yugoslav forces and proposals for some cultural contacts served to bring relations between the two countries back from a point of near war which existed after the break in 1948 to a relationship more like that existing between the Soviet Union and some of the smaller non-Communist powers. As part of this campaign, the Soviet Government simply accepted the settlement of the Italian-Yugoslav dispute over Trieste and gave it by implication a kind of blessing. It is difficult to see how the Soviet Union has gained in any immediate sense from these moves since relations between Yugoslavia and the West had not been affected nor has the recently

created Balkan Alliance been weakened to any noticeable degree by the new Soviet policy.

7. The Soviet Union has followed a similarly moderate course in dealings with Finland and, in spite of that country's failure to attend the Moscow Conference on European security, has not brought any unreasonable pressure on the Finns. A Supreme Soviet delegation visited Finland last fall. The Order of Lenin was given to President Paasikivi and a trade delegation under the Soviet Minister of Trade, Mikoyan, went to Helsinki in December. The Russians are, therefore, trying to keep Finland closely bound to the Soviet Union, without, however, interfering directly in Finnish affairs. Relations with Sweden were improved somewhat by an agreement on rescue work in the Baltic, but early in 1955 the Soviet Union apparently warned Sweden about the activities of the Northern Council, of which Sweden is a member. The Soviet Union has, of course, made it clear that it would not allow Finland to join that Council, which is regarded as being indirectly an agency of NATO. So far as relations with the leading Western powers are concerned, outside the context of the German problem, it should be noted that the Soviet Government has, on the whole, followed a much harder line with respect to the United States than with respect to the others, although in December and in the first two months of 1955 sharp personal attacks were made on Field Marshal Montgomery and on Sir Winston Churchill. France was treated with velvet gloves until December, when the Soviet Government, apparently having lost hope of influencing Mendès-France or of stopping French ratification of the Paris agreements

by means of persuasion, gave the French Ambassador in Moscow warnings expressed in much harsher language. Two incidents in the Far East involving United States aircraft resulted in an angry exchange of notes between the Soviet Union and the United States, but after the second incident the Soviet reaction was not quite as violent and it has generally been true that the Soviet leaders have been careful not to allow incidents like this to go too far in heightening tension.

8. The Vishinsky offers on disarmament in October played, as we have noted, an important part in the campaign against German rearmament, but they may possibly have been intended to keep the Western Governments seriously enough interested in the possibility of agreement with the Soviet Union that they would consider making some further changes in their own views on disarmament.

9. The pattern of normalization of relations which could be seen with respect to several European nations was followed in other parts of the world. Some friendly overtures coupled with offers of trade were made to Turkey and border and financial problems were settled in an agreement with Iran. Turkey, of course, remained politically stable and firmly linked with other nations in the Balkan Alliance and NATO. Iran, by accepting the International Oil Agreement and dealing firmly with Communist conspirators, was ensuring a greater stability and friendship with the West than has existed for several years. Soviet overtures did not, therefore, seem to be based so much on any hope of immediate rewards in dissension and reaction against the West as on a long term hope of counteracting Western influence and preventing the

extension of defence agreements around Soviet borders such as the extension of the Turco-Pakistan pact to include Iran. In this area Soviet policies received some setback when relations with the Soviet Union were broken by Iran and when Iraq and Turkey concluded a defence treaty.

10. Whenever possible, Communist propaganda and subversive agents aided any nationalist demonstration against Western influence in the Middle East, but the Soviet Government has made no important moves in this area in recent months to embarrass the West or to exacerbate the tense relations between Israel and the Arab Powers. Against the influence which Communist agents may have exerted, one must set the important facts of Anglo-Egyptian agreement on evacuation of the Canal Zone and the Oil Agreement with Iran, both concluded in the closing months of 1954 and both of which, while solving only a few problems, nevertheless gave the West new opportunities for stabilizing the Middle East and increasing its defences against possible Soviet aggression.

11. In other parts of Asia the Soviet Government has been more active in promoting economic and cultural contacts. Afghanistan, India, Indonesia and Burma have apparently been picked out as places where trade technical assistance and cultural relations will pay good political dividends and there has accordingly been considerable activity in this field in the past six months. The offer of a steel plant to India was the most striking example of this policy and such gestures combined with the relatively favourable impression made on Prime Minister Nehru by his visit to China have obviously served to disarm Asiatic suspicions about the Soviet Union and Communist China and to widen the gulf between India and the United States.

12. The Soviet Union lost no opportunity of emphasizing the split between Indian and Western policy by issuing a Foreign Ministry statement denouncing the South East Asia Collective Defence Treaty two days after the treaty was signed on September 8 and by devoting a good deal of attention to the subject in its propaganda from then on.

13. During this period the Soviet Government made the opening moves towards normalization of relations with Japan. In Molotov's replies to a Japanese editor on September 13, in the Sino-Soviet declarations of October 12, in a further statement by Molotov on December 17 and then in preliminary contacts with Japanese representatives, the Soviet Government pursued its aim of reestablishing normal relations in order, presumably by diplomatic and economic pressures, to counter United States influence in that country.

14. The Soviet Union made no major move with respect to Korea or Indochina. The stalemate on plans for Korean unification persisted and it was apparently assumed that the political strength of the Viet Minh Communists, the continuing instability in Southern Viet Nam (in spite of a strong American initiative to improve conditions) and the protection of general Communist interests in the truce commission by the Polish member guaranteed Soviet interests in that area well enough for the time being. On November 4 the Viet Minh Foreign Minister paid warm tribute to the Soviet Union which his countrymen admired and whose example they would follow.

15. Throughout this period relations with China provided the Soviet Union with a problem of policy which was both domestic and foreign in nature. On October 12 a series of agreements between the two countries were announced in Peking by the Chinese Government and a visiting Soviet delegation headed by Khrushchev. Under these agreements Port Arthur was returned to Chinese

control, the Soviet Union gave up its share in several jointly controlled enterprises and increased Soviet aid for industrialization. Although the scale of Soviet aid was not thought to be particularly striking, it was true that the agreements embodied almost entirely Soviet concessions to China. Increasing Chinese stature within the Communist bloc and the need to keep Chinese foreign policy in step with the Soviet policy were probably some of the basic reasons for these Soviet moves to improve relations with its junior partner. The agreement to complete railways supplementing the Trans Siberian Railway as a means of communication between the Soviet Union and China was of significance not only for Chinese development of its own territory but also for the military strengthening of the Communist position in Central Asia.

16. Since that time the Soviet Union has apparently been providing the Chinese with increased military material but no new set of economic agreements has been announced. It has been suggested that new Soviet commitments in this field or a full realization of the implications of the commitments last October may help to explain the Soviet reversion to a greater emphasis on heavy industry early in 1955. Whether this is so or not, the problem of the degree to which the Soviet Union is to help the Chinese to industrialize is a continuing and difficult one for the Russians. They cannot ignore Chinese requests for large scale and continuing aid for some years without disrupting the Communist bloc seriously; they cannot simply vary the degree of their commitment from year to year according to changing political circumstances as they might in economic dealings with non-Communist countries in Asia, without running much the same risk; and they cannot to any appreciable extent now control the use of such aid as they can do in the European satellites except insofar as the Chinese invite Russian technicians to assist.

16. In the field of foreign policy the Formosan crisis has obviously presented the Russians with another problem in relations with China. Although Russian expressions of support for the Chinese on the general issue have become gradually stronger, they have carefully stopped short of an unmistakable commitment to support the Chinese in an attack on Formosa against both Nationalist Chinese and United States forces. Although there are some general benefits to the Communist world from exploiting differences among the Western camps on the Formosan issue, the Russians are probably using their influence to prevent the Chinese from giving in to an irrational decision to throw everything they have into an attack on Formosa.

17. On numerous deadlocked issues of world affairs such as West New Guinea and Cyprus the Soviet Union and Communist propagandists have made the most of internal openings for creating greater unrest and of external possibilities for attributing the entire blame for the problem to capitalists, imperialists and warmongers. In British Guiana the Communists are apparently strong enough to force the United Kingdom to suspend further steps towards self government. Chronic unrest in other parts of Central and South America has not fallen into any definite Communist mould.



IN REPLY PLEASE QUOTE
No. CSC 1573-1 (JIC)

Department of National Defence

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JOINT INTELLIGENCE COMMITTEE

*European Division
Political Coordination
to see Foreign Div
Mr. Fink - JIC*

10 Feb 55

50028-B-40
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G.G. Crean, Esq.,
Dept. of External Affairs.

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Malenkov's Resignation

1. Attached for information is a copy of JIC 126(55)
which was approved at the 425th meeting of the Committee
and which has today been forwarded to the Secretary, Chiefs
of Staff.

J. H. Trotman

(J.H. Trotman)
Acting Secretary.

Enc.

JHT/5459/ff

c.c. JIS

c.c. to Defence Liaison 1. by CCOB

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COPY NO. _____

10 Feb 55.

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JIC 126(55)

FILE COPY

MALENKOV'S RESIGNATION

1. The news of Malenkov's "resignation" as Soviet Prime Minister and of his replacement by Marshal Bulganin, while surprising, was not entirely unforeseeable. For almost a year now, indications had accumulated:

- (a) that Malenkov and Khrushchev did not stand for the same policies internally and probably also externally;
- (b) that Khrushchev and Bulganin were working as a fairly close team.

2. Already last Friday, February 4, when Soviet Finance Minister Zverev brought down the 1955 budget before the assembled Supreme Soviet, one could see that Khrushchev's policies were winning over Malenkov's. The 1955 budget revealed:

- (a) increased military expenditures;
- (b) increased credits to heavy industry;
- (c) reduced credits to agriculture and the lighter consumer goods industry.

(a) above, taken together with the appointment of Zhukov as Minister of Defence, is an indication of the influence of the military (e.g. Bulganin) with whom Khrushchev has associated himself. (b) marks a return to a Stalinist economic policy. (c) marks the end of the policy initiated by Malenkov in 1953, after Stalin's death, of concessions to the consumer and possibly the end of concessions to the peasant.

3. The selection of Bulganin as Prime Minister was probably determined by the need to fill the key position of the executive arm of government -- the Chairmanship of the Council of Ministers -- with a trusted Party follower who had wide experience in administration and organization and who strongly supported the policy of heavy and defence industry expansion. In addition to his experience as Deputy Chairman of the Council of Ministers, Minister of Armed Forces from March 1947, to March 1949, and as Minister of Defence since March 1953, Bulganin had extensive experience as an economic administrator. From 1938 to 1940 he was Chairman of the Administration of the State Bank, Deputy Chairman, Economic Council (1940-43), Chairman, Economic Council of Metallurgy and Chemistry (1940-41), Member, State Defence Committee (1944-45).

4. Mikoyan's "resignation" as Minister of Trade was itself a direct harbinger of the end of the 1953 policy of concessions and of the decline of Malenkov's influence, since Mikoyan had been one of the chief agents of Malenkov's policy since 1953.

5. Thus when Malenkov resigned, declaring himself guilty of the failure of an economic and agricultural policy which he had advocated during his tenure as Prime Minister, he was merely offering himself as a scapegoat and admitting his defeat and that of his policies.

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6. In terms of the Soviet power structure, the change shows that Khrushchev has gained power in the same way Stalin had in the late 20's and in the 30's, i.e., by first achieving control of the Party secretariat. His position is not entirely comparable to that of Stalin who had the secret police clearly on his side. The influence of the secret police may well have diminished somewhat as a result of changes at the top level and an organizational split into two separate bodies dealing with State Security and Internal Affairs respectively. Its role, however, is still an important one in the internal balance of power, especially if it retains control of security within the armed forces, a point on which we do not yet have information. If Khrushchev's control over the Army is not fully secure, and now that for the first time a career soldier is Minister of Defence, the possibility of the Army attempting to gain power is not to be ruled out.

7. As far as foreign policy is concerned, the admission, implied in Malenkov's "self-criticism", of economic and agricultural difficulties may mean that the new regime will need a period of peace to put its house in order. As Malenkov's "soft" policies have failed, the new regime may try to do this by increasing the temperature in the cold war as Stalin did in his last years, by representing the West as the arch-warmonger and by resorting to fear tactics (which could be reminiscent of the Kremlin doctors' affair) in order to cow the Soviet people into submission and into new efforts of production. The Iron Curtain may be drawn tighter. We should watch for indications of this in the near future in the form of a possible decrease of cultural and economic exchanges, in the conduct of Soviet diplomacy and generally in the propaganda statements.

8. Meanwhile, Molotov has made the statement that the Soviet Union was now ahead of the United States in atomic development and that a thermo-nuclear war would not mean the end of civilization, but would merely destroy the capitalist world. This may be intended to reassure internally those who may look with fear upon the change of "government" as a sign of weakness that the U.S.A. might exploit by attacking. The implications of Molotov's remarks may also be that he was merely giving warning to the United States of the danger of attempting preventive war.

9. The foregoing remarks can only be taken as an initial analysis and continuing study will be required to see how these changes in practice affect Soviet external policy.

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DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: EUROPEAN DIVISION

Security SECRET

Date January 27, 1955.

FROM: DEFENCE LIAISON(2) DIVISION

File No.
50028-B-40

REFERENCE:

SUBJECT: Semi-Annual Review of Intelligence.

The JIC has instructed the Joint Intelligence Staff to prepare for March 1 a new draft of the Semi-Annual Review of Intelligence to cover the period September to February inclusive. You will recall that your Division contributed material for the first two sections of the first issue of the Review dated October 1, 1954. It would be appreciated if your Division would prepare drafts on these two sections for the forthcoming issue of the Review. This material should, if possible, be ready by February 26.

Attached for your reference is a copy of the terms of reference for the Review. It is intended to include a new section on Chinese Communist policy trends and we are asking Far Eastern Division to contribute suitable political material for this section.

The total length of the first issue of the Review was 16 pages including the section on the International Communist Movement which was not included in the copies of the Review given general circulation. It is hoped that the next issue can be compressed to 10 pages or at the most 12 pages.

Defence Liaison(2) Division.

FILE COPY

6 May 1954

SECRET

Terms of Reference

Semi-Annual Review of Intelligence

Object

1. A Semi-Annual Review of Intelligence will in future be issued by the Joint Intelligence Committee.

Scope and Format

2. The Review will attempt to provide a balance-sheet of Soviet policy trends of significance in the Cold War. For this purpose it will need to survey significant developments in the U.S.S.R., in troubled areas of the world and in the international Communist movement. The discussion of developments within the Soviet Union should be undertaken with a view to discovering internal trends which might affect the external course of Soviet policy. In its regional survey of troubled spots in the world the Review should mainly concern itself with an assessment of efforts of the U.S.S.R. to exploit differences and to foster disunity and division within the non-Communist world. In carrying out this particular exercise the Review should give due weight to the fact that in many cases the troubles concerned have originated independently of Communism, as for example the United Kingdom's difficulties with both Egypt and Iran, although the Communists may be doing everything possible to profit by them. Finally the Review should deal with activities of the international Communist movement and the mass organizations in their role of auxiliaries to Soviet policy, bearing in mind the developments to be outlined in the previous two sections of the paper.

3. In order to fulfill the requirements indicated above the Review should adhere to the following section headings and suggested content:

- (a) Internal Developments in the U.S.S.R.

This analysis should reveal internal trends in the Soviet Union which would appear to influence the course of Soviet external policy; trends in the economy, the government (including the security as well as the administrative apparatus) and the Soviet Party organization and ideology which appear significant in the context of the political and economic stability of the Soviet State; developments in the Soviet Armed Forces which indicate significant changes in Soviet capabilities for defensive or aggressive action, e.g.:

- (i) development and production of weapons and equipment;
 - (ii) changes in naval and military air force base areas and logistic arrangements associated with these areas and with operations of the Armed Forces generally; and
 - (iii) changes in the strength, organization, and training programmes of the Armed Forces.

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(b) Developments in Troubled Areas of the World of Significance in the Cold War

This section should deal with methods employed by the U.S.S.R. to exploit differences within the non-Communist world and successes achieved. These methods should be analysed with respect to dangerous regional situations whether or not such situations are basically Communist in origin. Examples of dangerous regional problems which are not Communist in origin but which Soviet policy is attempting to exploit are Israeli-Arab relations, the Trieste problem, Britain's troubles with Iran and Egypt, the various colonial and race problems in Africa, etc. The survey of regional problems which are basically Communist in origin should include such trouble spots as Korea, Indo-China, Germany, etc.

(c) The International Communist Movement and the Mass Organizations

The Review should survey under this heading: basic tactics employed in supporting Soviet policy; principal propaganda themes; significant changes, if any, in strength of individual parties outside the Iron Curtain; significant alternations in leadership of such parties; any evidence of "deviationism" in principal parties; any evidence of alteration in tactics in using the mass organizations; main trends of activity in the trade unions; significant attempts to infiltrate armed services.

Security Classification and Date of Issue

5. The Semi-Annual Review will include items of intelligence up to Top Secret. The Review itself will be classified Top Secret, but individual items will be classified according to their contents. The Review will be approved and ready for distribution on 1 April and 1 October each year. Contributions from Directorates will be forwarded to the JIS on 1 March and 1 September each year.



~~TOP SECRET~~ DOWNGRADED TO SECRET
REDUIT A SECRET

NO. CSC 1735-2 (JIC)

Department of National Defence

~~TOP SECRET~~

JOINT INTELLIGENCE COMMITTEE

Cross referenced with 50028-T-40
7 Dec 54

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MEMORANDUM FOR THE JIC:

Semi-Annual Review of Intelligence

1. Attached for information is a copy of UK JIC comments on JIC 116/1(54), "Semi-Annual Review of Intelligence".

J. H. Trotman

J. H. Trotman
(J.H. Trotman)
Acting Secretary.

Enc.

JHT/5459/ff

c.c. JIS

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COPY

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Semi-Annual Review of Intelligence
(JIC 116/1(54))

FILE COPY

UK Comments on Points of Detail

1. Para. 13. According to our calculations the budgeted increase in capital expenditure for 1954 is 8% over the 1953 figure and not 19% as stated.
2. Para. 19. With regard to the last sentence; the Russians have of course announced the completion of an atomic power station and also the launching of a programme for building some more stations.
3. Para. 20. We think it is slightly misleading to suggest that the training programme was behind normal in the period. The pattern of training was changed but it appears to have been fuller than before. In particular low level training was more intensive.
4. Para. 23. This paragraph refers to a new class of destroyer being produced at a rate of 12 per year. We consider that two new classes [one the Tallian and the other the Kola (possibly a fast A/S Escort)] are being produced at a combined rate of 22 a year.
5. Para. 24. (i) On H.T.P. torpedoes we would say "An interim H.T.P. torpedo is expected to be in service by 1955 and an improved type might appear before 1960". (ii) We have no evidence of U.H.F. in naval vessels but there is certainly V.H.F.
6. Para. 27. We agree that 3 regiments of IL.28 aircraft returned to the Russian Zone of Germany in May 54. In addition a fourth regiment returned in Jul 54 and is still there.
7. Para. 29. The Soviet and Satellite radar defences are too complex to be adequately described in one sentence. Whilst the statement given is not incorrect we feel it could be easily misinterpreted by the uninitiated to give a false conclusion.
8. Para. 31. It is agreed that production models of the Type 37 should appear about mid-1955, provided that the prototype proves satisfactory.
9. Para. 33. Reports have indicated that a new four jet transport aircraft is under development but there is no evidence as yet, that it has gone into production.
10. Paras. 35/36. The recent G.W. Conference (at which Canada was represented) has resulted in changes in this estimate: in particular, the date 1960/63 in para. 36 now becomes 1967, while no requirement is seen for the alternative long-range weapon. We suggest also that it is misleading to suggest that the Soviet Union has begun production of some types of G.W. No evidence has been produced to support this. We do know - as the Conference revealed - that the Soviet Union is interested in and is developing certain types of G.W. and it is our opinion that they could now have produced a S/S G.W. of range 300-400 n.m. with a 1 ton warhead, but there is no evidence that they have done so.

MINISTRY OF DEFENCE, S.W.1.

1st December, 1954

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Extract from Minutes of 415th meeting of the Joint Intelligence Committee held on December 1, 1954.

✓ IV. SEMI-ANNUAL REVIEW OF INTELLIGENCE

(TOP SECRET)

6. Mr. Crean reported that the Semi-Annual Review had been well received by missions abroad and it had been suggested that in future issues a section be included on Chinese Communism. He recommended that the Committee consider this suggestion.

(CSC 1735-1)

7. The Committee, after discussion, agreed that consideration be given to including a section on Chinese Communism in future issues of the Semi-Annual Review of Intelligence.

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DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

CANADIAN EYES ONLY

 UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN AMBASSADOR.....

..WASHINGTON, D.C.....

Reference: Your Letter No. D-1307 of Oct. 28/54

Subject: ...Semi-Annual Review of Intelligence...

Security: TOP SECRET.....

No: 1988.....

Date: November 26, 1954.....

Enclosure.....

Air or Surface Mail:.....

Post File No:.....

Ottawa File No.

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30 NOV 1954

File 16: J.3

We are grateful to you for sending us a copy of the Semi-Annual Review of Intelligence which we understand is a new publication. We have read it with great interest and, although we have no comments to make on the individual points raised, we find it a most helpful document, and we should be glad to receive further Reviews as they are produced.

D. P. Murray

Internal
Circulation

Distribution
to Posts

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CANADA

IN REPLY PLEASE QUOTE

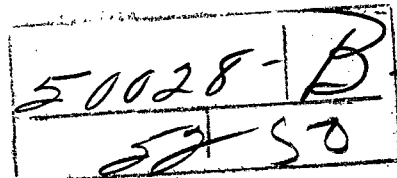
NO. CSC 1735-1 (JIC)

Department of National Defence

CONFIDENTIAL

JOINT INTELLIGENCE COMMITTEE

22 Nov 54



MEMORANDUM FOR THE JIC:

Distribution of Semi-Annual Review of Intelligence

1. In accordance with the decision reached at the 412th meeting of the Committee (Item VI), the following message dated 19 Nov, has been despatched from the Department of External Affairs to the Permanent Representative of Canada to the North Atlantic Council, Paris:

"We do not, repeat not, think that this JIC paper is a suitable document to be given to the NATO Secretariat or to NATO military authorities and we would prefer not, repeat not, to have copies of it made available to them. The Semi-Annual Review will be useful to us in making our comments which we shall be sending you on the draft report on "Trends and Implications of Soviet Policy" and you may find the political sections of it helpful as background material in your discussions on the draft report. We think that the provision of our observations on the report is the most appropriate way of making our views on this subject available to the NATO powers as a whole."

J.C. McGibbon
J.C. McGibbon
Squadron Leader, RCAF,
Secretary.

JCM/5459/ff

Security ...CONFIDENTIAL.....

MESSAGE FORM
OUTGOING

File No.	
50028-B-40	
6	50

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: ...THE OFFICE OF THE PERMANENT REPRESENTATIVE OF CANADA TO.....

...THE NORTH ATLANTIC COUNCIL, PARIS.....

Message To Be Sent		No.	Date	For Communications Section Only
AIR CYPHER		882	November 20, 1954	SENT -- NOV 20 1953
EN CLAIR				
CODE				
CYPHER				
Priority		REFERENCE: Your telegram No. 976 of November 15, 1954		
.....		SUBJECT: JIC Paper "Semi-Annual Review of Intelligence"		
ORIGINATOR		<p>We do not, repeat not, think that this JIC paper is a suitable document to be given to the NATO Secretariat or to NATO military authorities and we would prefer not, repeat not, to have copies of it made available to them. The Semi-Annual Review will be useful to us in making our comments, which we shall be sending you, on the draft report on "Trends and Implications of Soviet Policy" and you may find the political sections of it helpful as background material in your discussions on the draft report. We think that the provision of our observations on the report is the most appropriate way of making our views on this subject available to the NATO powers as a whole.</p>		
(Signature)				
....A.F.Hart/mwc.....				
(Name Typed)				
Div. Daf. Liaison..(2).				
Local Tel.....6391.....				
APPROVED BY				
(Signature)				
...G.G. Crean.....				
(Name Typed)				
Internal Distribution:				
S.S.E.A. / U.S.S.E.A.				
Done.....				
Date.....				
Copies Referred To:				
Joint Intelligence Committee				
Done				
20/54				
mwc				
Done.....				
Date.....				
Ext. 97 (Rev. 1/52)				

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date stamp on back of previous page

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COMINT
JOINT INTELLIGENCE

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homers as a whole.

our views on this subject available to the HACO
the report is the most appropriate way of making
we think that the provision of our observations on
material in your discussions on the draft report.
the political sections of it relating to background
and implications of Soviet policy, and you may find
that it is useful to us in making our comments, which we
of it made available to them. The semi-annual review
and we would prefer not, repeat not, to have copies
HACO secretariat or to HACO military authorities
paper is a suitable document to be given to the
we do not, repeat not, think that this is

the paper "semi-annual review of intelligence"

your telegram No. 210 of November 12, 1954

November 18, 1954

THE HONORABLE MEMBERS OF THE SENATE

THE OFFICE OF THE SENIOR REPRESENTATIVE OF CANADA TO

COMMUNICATIONS

000093

European/K.B.Williamson/jsh

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: DEFENCE LIAISON (2) DIVISION

Security S E C R E T

Date November 17, 1954

FROM: EUROPEAN DIVISION

File No.

60028-B-40

REFERENCE: Telegram No. 976 of November 15...

and conversation between Mr. Hart and
Mr. Williamson

SUBJECT: "Semi-Annual Review of Intelligence"

Although there would probably be no great harm in giving the NATO Political Division those sections of the "Semi-Annual Review of Intelligence" mentioned by our Delegation, I think that, on the whole, this Review is not an appropriate document to be given to the NATO Secretariat or to NATO military authorities. We now have a copy of the draft report on "Trends and Implications of Soviet Policy" and we shall be sending comments on it shortly to Paris. I think that this is the most appropriate way of making our views on this subject available to the NATO powers as a whole.

18 NOV 1954

nn/vm

INCOMING MESSAGE

ORIGINAL

FROM: THE OFFICE OF THE PERMANENT REPRESENTATIVE
OF CANADA TO THE NORTH ATLANTIC COUNCIL,
PARIS.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Security Classification

SECRET

File No.

50028-B-4

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Priority

System

CYPHER-AUTO

No. 976

Date November 15, 1954.

Departmental
Circulation

MINISTER
UNDER/SEC
D/UNDER/SEC
A/UNDER/SEC'S
POL.COOR.SECT.
U.N.DIV.

Reference: Your despatch D668 October 28.

Subject: J.I.C. paper "Semi-Annual Review of Intelligence".

We have read with great interest the copy of the J.I.C. paper "Semi-Annual Review of Intelligence" reviewing recent policy trends in the USSR.

2. As you know, the preparatory work on the NATO report on "Trends and Implications of Soviet Policy" is now under way, and we wonder whether we could make copy of the J.I.C. paper available to the NATO Political Division. We know it would be most useful to them. If you agree with this suggestion, we would propose to make copy of the text available except the whole section dealing with "armed forces and weapons systems", paragraphs 19 to 36 inclusive. We could also withhold information about its exact origin.

.....

References

Date

Date

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