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Was Bill Sutch a spy?

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1974

BILL SUTCH was a brilliant man who left his stamp on New Zealand. He was an intellectual nationalist whose books on New Zealand history were bestsellers. As a senior official he helped shape government policy for 30 years. He was a patron of the arts and a famous and controversial figure for much of his life.

He was also, according to the SIS, a Soviet spy. The security services kept a close eye on him for decades, because Sutch never hid his left-wing beliefs or his admiration for the Soviet Union. When the spies discovered in 1974 that he was having night-time meetings on Wellington streets with KGB agent Dimitri Razgovorov, they pounced.

Sutch's glittering career ended in sadness and farce on the night of September 24. Spies and policemen had staked out the meeting place at a small park at Holloway Rd in Wellington's Aro Valley. Some were hiding in the public toilets, others were behind bushes, and others in a van nearby. But a sudden downpour ruined the sting.

The officers could not hear their radios properly because of the din, and they could not see what was happening. Razgovorov ran to the Russian Embassy's maroon Mercedes that had delivered him and parked nearby, then it sped away without him. If Sutch had planned to hand state secrets to the Russian that night, he had not been caught in the act.

The photos of the events are poignant and odd. The tall figure of detective senior sergeant Colin Lines, in his 1970s sideburns and heavy glasses under a peaked cap, looms over the dapper economist. Sutch is blurred and bemused, his hands not moving from his raincoat pockets, his newspaper locked to his side. The photo of Razgovorov is hilarious, a Russian spy hoofing through the downpour in Aro St, his furled umbrella pointed stiffly before him.

It was almost inevitable that the jury would acquit Bill Sutch. The SIS, after all, had not managed to seize the package of secrets that Sutch allegedly had for Razgovorov. It could not even prove that the package existed. So there was no proof that Sutch was a traitor.

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But there were plenty of people who thought he was a spy anyway. If he wasn't passing secrets to the Russian during these clandestine meetings, what on earth was he doing? His stated claim, that they were meeting to discuss Zionism, seemed ridiculous. Debate about the case has continued on and off ever since. So does the SIS file released last week prove Sutch was a Russian agent?

Hardly but lack of proof doesn't mean Sutch wasn't a spy. In the wilderness of mirrors, hard facts are hard to find, and in any case, it is almost impossible to prove a negative.

The most electrifying news in the file is the SIS claim that information of Russian origin "documents a long-standing association between the KGB and a New Zealand civil servant who very precisely (and uniquely) fitted Dr Sutch's background and profile". What does this mean?

Very little, according to independent historian Aaron Fox, who has made a study of the Sutch case. A "long-standing association" certainly doesn't mark him as a spy, or even a source of information



been known to the KGB for a long time. He had, after all, taken a notorious trip through the Soviet Union as early as 1932.

Asked what the phrase meant, SIS director Warren Tucker told the Sunday Star-Times: "At this point, all we are able to say is that the knowledge of the long-standing association with the KGB was authoritative, and that the relationship was of a serious and substantive nature extending over more than two decades, and was not that of merely a fellow traveller known to the KGB."

It seems likely the source is the Mitrokhin file the enormous swag of material that Vasili Mitrokhin, a senior KGB archivist, brought to the West when he defected in 1992. Mitrokhin spent years secretly copying KGB files and hiding them under the floor of his dacha.

His files published in two volumes by Cambridge historian Christopher Andrew contain some New Zealand material. They describe, for instance, the brilliant New Zealand diplomat and linguist Paddy Costello also suspected of being a spy as a "valuable agent" codenamed LONG.

Unfortunately, being mentioned in the KGB archives does not necessarily mean you're a spy, and it certainly doesn't put an end to the arguments. Writer James McNeish, author of a recent biography of Costello, says he was not a spy. A "valuable agent" is not necessarily a paid agent, he says. He could simply be an "agent of influence" that is, an influential fellow traveller, sympathetic to Soviet communism and prepared to champion it. And even innocent people can have a KGB codename. Even US President Franklin Roosevelt did.

Andrew has hinted that Sutch is mentioned in the Mitrokhin files but his name does not appear in either of the published volumes.

Fox says there is evidence that the KGB files were extensively bowdlerised to protect sources. "I suspect if you went to the KGB archives, if they were ever opened, you'd be just as confused [about Sutch and similar cases]." If the most dramatic new piece of information doesn't clinch the case, does the rest of the file? Its 43 documents and scores of pages range from tittle-tattle and gossip to character studies and careful analysis. It is a ragbag of information.

It contains, for instance:

Lists of the left-wingers and communists Sutch associated with.

Details of the many occasions he attended cocktail parties at the Russian Embassy.

Reports of American and British concerns about his position as head of the Department of Industries and Commerce, including a demand from the American military that military secrets not be passed to him.

A copy of a 1950 radio script in which Sutch praised the Russians as the liberators of Eastern Europe (Foreign Affairs objected and it was never broadcast).

A biographical sketch of him as "disdainful of lesser talents, ie, everyone but WBSutch, and is thus condescending in his attitude to humanity in general... Sutch is a cold man, and probably incapable of any truly profound emotion."

Sutch's daughter Helen says some of the file simply reflects the prejudices of the time. One document says, for example, that "Sutch was in no small measure responsible for some of the more important legislation, much of it of a socialistic nature, passed between 1933 and 1935", and instances the Reserve Bank legislation. What is socialistic, Helen Sutch asks, about setting up the country's central bank?

The file gives an interesting glimpse into the mindset of the Cold War, she says. "They even thought it was worth putting on the file that my mother and father had gone to the Czech Embassy to hear a Smetana concert."

Overall, Helen Sutch says, the file is thin, adds nothing that would bear on the verdict of the trial, "is really almost all unsubstantiated opinions" and character assassination.

War hysteria. The most important document, a 27-page "Target Assessment" done after the SIS discovered that Sutch was meeting Razgovorov, was even-handed, he says.

The assessment concludes: "It is considered that Sutch has worked, and is still working for the Soviets, although it is difficult to explain every known action taken by him over the past 40 or so years, in the light of such an assessment." It also says that "during his 66 years, we have accumulated six files on Sutch, and yet can prove nothing of which he is suspected".

Fox says the files reveal some startling details "without hysteria". One document reveals that in December 1953 Sutch wrote to the New Zealand charge d'affaires in Paris, Jean McKenzie, and "referred to an unofficial chore of asking her to act 'as a post office'". It was only six months later, notoriously, that the Paris mission issued New Zealand passports to Peter and Helen Kroger, unmasked in a spectacular trial in Britain in 1961 as Soviet spies.

Was Sutch using the "post office" in Paris to communicate about the Krogers? The possibility is not canvassed, but Fox says if anything in the files gave him a sense of unease, it was this section.

If the case against Sutch remains unproven, as Fox believes, then why was he having night-time street meetings with a Russian official?

"It takes an incredible amount of explaining," Fox says. Even Sutch's wife, lawyer and former communist Shirley Smith, said he was foolish to do it. "Surely you could think of a better story than that, Bill," was her reported first reaction when she heard her husband's explanation, that they were talking about Zionism.

By 1974 Sutch was long retired he was forced to quit as head of Industries and Commerce in 1965 so "what did he have to pass on, aside from his genius?" asks Fox.

Many theories have been proposed. Helen Sutch says her father surmised that Razgovorov wanted to defect and was seeking his help. His judgement may also have been affected by illness. Another theory is that the Russian was simply trying to justify his existence to Moscow: he was busy reeling in a supposedly big fish.

Alexei Makarov, the Soviet charge d'affaires when Sutch was arrested, has told New Zealand journalists that driver Vitaly Pertsev returned to the Embassy that night with a package, supposedly from Sutch. Nobody knows what was in it, and Fox says there is even a question as to whose it was: was it Sutch's present for Razgovorov, or Razgovorov's for Sutch?

It is possible that Sutch was a spy, Fox says, but he would have been an unusual one. "The other spies I know... in their public life did their damndest not to have the finger pointed at them. They worked best under secrecy. They had a cover story everybody thought they were good guys on the Right, members of the establishment, no suspicion attached to them: no problem.

"This guy [Sutch] wears his heart on his sleeve and gets himself into trouble at every point in his career. Stupid, very, very stupid man!" His proposed broadcasts on eastern Europe in 1950, for example, were an "embarrassing" defence of Russian dictatorship in the region. Sutch talked about the "co-operation" of the Soviets in the region "and not the fact that they had marched in and continued to beat them into the ground".

Would a real spy dare to pose as such a conspicuous fellow-traveller? Perhaps Sutch, a notoriously arrogant man, thought he was bulletproof, Fox says. But would the KGB want to continue using a man who was clearly under a cloud in the West?

The mystery of Sutch remains unsolved. The SIS has decided, says Fox, to release the files "for us all to see over. It's a mystery and they're sharing it with us. It's like Churchill's description of Russia: 'It is a riddle wrapped in a mystery inside an enigma.'"

WILLIAM BALL SUTCH

Born in England, June 1907, third child of a carpenter and a dressmaker. Family comes to New Zealand when Bill is eight

from Columbia University. Travels in Soviet Union, India, and Europe. 1933 Becomes private secretary of finance minister Gordon Coates then to Labour finance minister Walter Nash in 1935. In 1930s and 40s publishes widely on social issues including bestselling history *The Quest for Security* in New Zealand. This brings conflict with prime minister Peter Fraser and Sutch moves to Ministry of Supply in 1941. 1944 First marriage dissolved. Marries Shirley Smith. They have one daughter, Helen. 1945-47 Deputy director of United Nations Relief and Rehabilitation Administration in Sydney. Then spends four years as secretary-general of New Zealand delegation to UN in New York. 1951 returns to New Zealand and works for Department of Industries and Commerce, rising to permanent head in 1958. 1965 forced to resign as head of Industries and Commerce. Becomes consultant and continues publishing books on social and economic issues. September 24, 1974. Arrested after a meeting with Russian diplomat Dimitri Razgovorov in Wellington park. 1975 Tried under Official Secrets Act on charge of obtaining information that would be helpful to an enemy. Acquitted in February. Dies September 28, 1975, in Wellington.

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