

## **Paddy Costello and his New Zealand commentators: What is Going On?**

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In 2012 I published on the website [kiwispies.com](http://kiwispies.com) an 82-page paper on Costello entitled 'Paddy Costello: What the Papers Say'. In the same year I forwarded to the Alexander Turnbull Library in Wellington the substantial number of documents I had uncovered or collected during my research. They are at MS-Group-2105. In 2017, after having consulted the MI5 file on Costello which had been released to the UK National Archives, I published on the same website two further papers on Costello: 'Paddy Costello: What the MI5 File Says' and 'Dog Rose and Drat: How Roger Hollis Protected Paddy Costello'. I also forwarded to the Turnbull Library copies of 75 pages of the MI5 file which bore directly on the allegations that Costello was a spy, the better to enable New Zealand scholars to study them. They were included in MS-Group-2105.

In the November/December 2017 issue of the *New Zealand International Review*, there are three articles on Costello, all dealing with the question of whether he was a spy and two of them quoting from the MI5 file. None refers to my three papers, nor to the material I provided to the Turnbull Library.

I find this baffling.

This paper deals - in many cases, again - with the claims made by the three authors in the NZ International Review, tasking into account my three papers and the documents in the Turnbull Library. It is convenient to deal with each in turn.

### **Dr Ian McGibbon: 'Paddy Costello: The MI5 Verdict'**

One of the merits of the McGibbon piece is that it is short: only one page, thus least said, soonest mended. It was written after he had examined the MI5 file on Costello in London. In his entry for Costello in the *Dictionary of New Zealand Biography* in 2000, MacGibbon concluded, after reviewing Costello's career and the claims that he was a spy, that 'confirmation of such claims must await scrutiny of records presumably still held in Moscow.' His examination of the MI5 file did not shake this belief: 'Final resolution of the question of whether Paddy Costello was a Soviet agent still depends on revelation of records presumably lodged in the former KGB archives in Moscow', he now writes in 2017.

The claims and allegations against Costello are rather more numerous and persuasive than McGibbon mentions, and some of them are fortified by the MI5 file. I set them out originally in some detail in Appendix B of my 2012 paper. I set them out briefly again, with notes where appropriate on the relevance of the MI5 file.

In 1981, Chapman Pincher published *Their Trade is Treachery*, which contained the allegation that Anthony Blunt had 'pointed the finger' at Costello 'who might have been recruited as a spy'. Pincher's source was Peter Wright, formerly of MI5, who had interrogated Blunt over many years after he had been identified as a spy. (It is worth noting in passing that another of Pincher's claims here - that Costello was observed meeting a Soviet agent shortly before his death - is borne out by the MI5 file).

In 1989, John Costello [no relation] published *Mask of Treachery*, quoting the KGB defector Golitsin as having revealed that it was Costello who had arranged the New Zealand passports for the Krogers in Paris in 1954. Costello added that 'a senior American intelligence source' had provided confirmation that Costello was 'a long-term Soviet agent'. This allegation is confirmed by the MI5 file. Golitsin's codename was KAGO (see Christopher Andrew: *The Defence of the Realm: The Authorised History of MI5*, 503) and he is referred to by that name at serial 270a on the MI5 file, a memorandum from MI5's man in Wellington to head office, dated 21 June 1963. This referred to KAGO's revelations which evidently went beyond Costello to some of his colleagues in the New Zealand Legation in Moscow., about whom the Security Service then began 'exhaustive inquiries'. This is entirely plausible: Alister McIntosh told Michael King in 1978 that 'Paddy of course was a terrific personality and he influenced the whole of the staff [in Moscow] except Patrick' (Turnbull Library, MS-Papers-2096-1; Patrick was RTG Patrick, the First Secretary).

In 1999, as McGibbon notes, Christopher Andrew and Vasili Mitrokhin [another KGB defector] published *The Mitrokhin Archive: The KGB in Europe and the West*, in which Costello is identified as 'a valuable agent' and as one of ten 'particularly valuable' agents. All that McGibbon will grudgingly concede is that this provides 'a hint of corroboration of MI5 concerns'. It's rather more than a hint. The veracity of Mitrokhin's notes has not only not been challenged, but has been repeatedly confirmed. What should his notes on Costello be any different?

In 2000, Michael King wrote to Prime Minister Helen Clark seeking documents about Costello and Sutch. Based on his 1978 interviews, he said that 'McIntosh believed that both men had been working for the Russians at times when they were employed by the New Zealand Government, and produced evidence to this effect'. (Turnbull Library, King papers, 77-107-14). The evidence, alas, has not yet come to light.

In 2002, the NZ Security Intelligence Service in releasing material on Costello to James McNeish (*The Sixth Man: The Extraordinary Life of Paddy Costello*, 367) said that

Some of the material released refers to links between Costello and the intelligence service of the USSR. That such a relationship existed is substantiated by other records held by the NZSIS which are unable to be released at this stage.

The material disclosed on the MI5 file, as described at length in my 2017 papers, substantiates the relationship between Costello and the KGB. The SIS has confirmed that the 'other records' are the Costello MI5 file.

In 2017, on that file released in that year, MI5 expressed itself as being 'quite sure that COSTELLO and his wife were acting in some way as agents of the Russian Intelligence Service'.

Faced with statements by two KGB defectors, a former KGB spy in the UK, Costello's public service superior for many years, and two security intelligence services, the question for the sceptical McGibbon is: what will it take to persuade him that Costello was a spy? The KGB file to which he continually looks forward may never be released; and even if it is, how will we know that it is accurate? What will be released 'shortly' according to the NZ SIS are 'further documents relating to Patrick Costello' (email of 12 February 2019). We might then see McGibbon's Damascene moment.

## **Rita Ricketts: 'Paddy Costello: Esprit de Contradiction'**

Ricketts too has read the MI5 file, but has apparently read little else which bears directly on Costello, except McNeish's life; but as I demonstrated in my 2012 paper, this is only intermittently reliable. Her very first footnoted assertion, relying on McNeish, shows why. 'Living in crowded conditions over his father's grocery shop for the first ten years of his life, in working class Auckland...' In fact, for most of the first ten years of his life Costello lived in middle-class Devonport. Further details are in my 2012 paper.

Sadly, McNeish continually leads Ricketts astray. Thus following McNeish she claims that while at Cambridge, Costello knew other Communists such as John Cornford and James Klugmann 'but by the time they had taken over the Cambridge cell, Costello had gone down'. The influence of other Communists on Costello hardly depended on whether they had taken over the cell, and in any event Costello was back at Trinity in 1935 - a period with which McNeish was not much concerned. She is likewise misled by McNeish's wrong account of Costello's time at Exeter and the Fyrth case. The facts as I can best establish them are at chapter III of my 2012 paper, and the relevant documents are in the Turnbull.

McNeish cannot however be blamed for Ricketts' next error concerning the British Ambassadors in Moscow and Paris in 1950 and their correspondence about Costello. She has the British Ambassador in Moscow, Sir Roger Makins, writing to his counterpart in Paris, Sir Oliver Harvey. In fact Makins was then in the Foreign Office in London and started the correspondence by writing to Harvey in Paris, copying it to Sir David Kelly, who was the British Ambassador in Moscow and it is his sensible comments which Ricketts reproduces. (Ross gets it right in his paper).

Even when Ricketts relies solely on the MI5 file, she omits or glosses over important issues which are revealed for the first time. Thus, speaking of Costello's time in Paris, she says that he and Jean McKenzie, the head of mission, 'would try to face down the mounting criticism that Costello's presence "inhibited the free exchange of information between governments" '. As the file shows, Costello's presence did just that. This issue is gone into in more detail in the next section when discussing Ross' paper.

As to the disclosure on the MI5 file that Costello's wife had under an assumed name been applying in 1960 for the death certificates of children, to be used by the KGB for 'illegal cover purposes' - the identification having been made from her handwriting - Ricketts briskly dismisses this as 'all rather pat'. She also claims that 'handwriting analysis would never stand up in court'. What courts admit in New Zealand is beyond my knowledge, but here in the UK, handwriting analysis, by persons with appropriate qualifications, is admissible as evidence.

The final part of the MI5 file deals with its renewed investigation of both Costellos, including following him in London on two occasions in 1963. Ricketts deals with this by an attempted *reductio ad absurdum*, some material on the file reading 'something like a B movie script'. While I bow to Ricketts' knowledge of the genre, it is worth noting - as she does not - that the investigation established both that Costello met a known KGB officer on two occasions, and that he adopted anti-surveillance measures.

Ricketts concludes her paper with the question "This is surely a story with more to run?" Well, yes, one hopes so; but in a direction which is dictated by a broader knowledge of Costello's history, his colleagues and his activities.

## **Ken Ross: 'Paddy Costello: Alister McIntosh's 'best' diplomat'**

Ross has apparently not read the MI5 file, although he has a curious reference to it as having 'laid bare the cut-and-thrust between MI5 and Alister McIntosh ...over Costello's security rating'. His only other reference to it is 'MI5's material now public fails to nail Costello when a New Zealand diplomat'. When he does read it, he will find much to alter the views he expresses here.

To begin with Costello's security rating, from which much else flows. It is serial 101b on the MI5 file. I analysed it in some detail in Attachment A of my 2017 paper dealing with that file, concluding that it was 'a thin case' and that MI5 may well have been relying on other information which might repose on another file. Also missing from the file is the warning MI5 issued to the UK Embassy in Paris about Costello which resulted in 'very special precautions' being taken 'to ensure that Costello does not have access to important British information', as the Foreign Office described it (minute 102). These precautions were put in place without informing New Zealand, a state of affairs which continued until late in 1951.

As set out in detail in my 2017 paper, the head of MI5, Sir Percy Sillitoe, visited New Zealand in October and November 1951. In interviews with both Prime Minister Holland and McIntosh, he raised officially the case of Costello and the security sanctions introduced by the UK Embassy in Paris. Holland was in London in January 1952 and when Sillitoe asked him about Costello, he said that he proposed to remove him from Paris 'as a potential menace to security'. Drawing on his brief, Sillitoe 'named McIntosh as one of the two "high Government officials" whose views on security were "unsound" ' (serial 116b). The matter dragged on and on - Costello finally left the Embassy in Paris in August 1955 - no doubt protracted by McIntosh. In 1953, McIntosh's deputy, Ross Shanahan, told the MI5 man in Wellington that because of Costello's presence in Paris and the restrictions imposed, the post 'was more or less useless'. (It is worth noting in passing that despite these restrictions, Costello was nonetheless able to be a very successful spy in Paris.)

This puts paid to Ross' claim that 'There is no evidence that once Costello was in Paris that the British acted on their threat made in late 1950 to cut off classified contact with the New Zealand Legation'. A related claim is that 'there is no certainty that MI5 had Costello under surveillance in Paris'. Leaving aside the point that it would have been MI6 doing the following, Costello's son Mick told McNeish that Costello 'knew that he was being watched' in Paris (The Sixth Man, 247).

Sadly, Ross falls into the depressing pattern with Costello fans of (a) adulation for Costello to the extent of (b) not hearing a word against him which includes (c) not mentioning material adverse to their views. Thus for Ross, Costello 'was too extraordinary, his brilliant mind was too swift to crawl at the pace skilful spies score their trophies'. As an example of the second, 'The claim that Costello issued passports to the Cohens has been conclusively disproved - they were in fact issued by McKenzie herself'. In my 2012 paper, quoting New Zealand government documents, I was able to demonstrate that Jean McKenzie was the only officer at the Paris Legation who had the power (the 'delegation') to issue passports. Showing that she did so in the Kroger/Cohen case is thus hardly a triumph of investigative scholarship. The question is what influence Costello may have had on the process. Brigadier Gilbert, in whose views Ross evidently reposes much faith, wrote in the *New Zealand Herald* in 1981 (in a piece quoted by

Ross) that 'The real story of how those passports came to be issued has never been determined'. The evidence that Costello completed the particulars in the passport of Peter Kroger is in my 2012 paper.

Ross also lists Malcolm Templeton among 'the insightful observers' of Costello. On the passport issue, Templeton wrote that 'To me it seems entirely possible that both McKenzie and Costello were involved in issuing the passports, and in equal innocence'. (Book review, NZ International Review, Sept 1, 2008)

Examples of the third are the Michael King remark quoted above in his 2000 letter to Helen Clark that McIntosh believed that Costello had been working for the Russians when employed by the New Zealand Government; indeed McIntosh's comments to King generally on Costello show a sea change to his previous attitude. Ross' mischaracterisation of the Andrew/Mitrokhin material as only the KGB giving Costello a code name, and the Kroger passports, is a further example. A fuller account of this material is given above.

The MI5 file also has implications for another paper Ross published in an earlier NZ International Review, vol 42, no 4 (2017): 'A very complicated business', dealing with the events surrounding McIntosh not becoming Commonwealth Secretary-General in 1965. Ross makes what appears to be a convincing case that it was not - as often claimed - McIntosh's homosexuality that prevented him getting the job, but the deterioration in his hearing which caused him to withdraw his nomination at the eleventh hour. Part of Ross' argument is that everybody trusted McIntosh: the British espioncrats, as Ross calls them (the MI5 Directors-General Sillitoe, White and Hollis), to whom McIntosh was well-known. It was thus 'unlikely his brother high mandarins would have countenanced ... an attack on one of their own'. Other supposedly staunch supporters included Brigadier Gilbert, then head of the NZ Security Intelligence Service, whose 'regard for McIntosh's integrity would have been known to ministers'.

The Mi5 file reveals substantial cracks in this facade. As noted, MI5 had briefed Sillitoe in 1952 - and he had so informed Holland - that McIntosh had 'unsound' views on security. That this attitude persisted in MI5 got some support from the well-informed Chapman Pincher, who wrote thus in *Too Secret Too Long* in 1984:

Costello died in 1964 but one of his New Zealand friends was still an active secret communist and MI5 was able to prevent his appointment to a very important position where he could have wielded damaging influence. (p 387)

This could only have been McIntosh.

As to White, McIntosh called on him in London in 1954. As the MI5 file shows, White recorded later:

[McIntosh's] general view is that, New Zealand being a small country, the Russians are unlikely to interest themselves in their affairs. He thinks that Wellington is too small a place for spying to be practical. I think it is an indication of his lack of balance and judgment on security matters that, after the initial revelations in the PETROV case, which applied to an even smaller capital city, he can still hold this opinion and remain convinced that his personal knowledge of COSTELLO, ZOHRAB, LAKE and COLLINS, outweighs the paper evidence against them.

In short, Sillitoe thought McIntosh a knave; White thought him a fool. As argued in my 2017 papers, Hollis had his own reasons for wanting Costello to stay in Paris, and thus unlike Sillitoe took little or no action to have him removed.

MI5 was not the only agency in London to have concerns about the security situation in New Zealand. After the Petrovs had defected in Australia earlier in 1954, White told among others Sir Percival Liesching, the Permanent Under Secretary of the Commonwealth Relations Office. White made a note of the conversation, which was made public in 2011 when MI5 released through the UK National Archives a number of files concerning the Petrov case. The last paragraph of White's note read:

By way of final comment, he (Liesching) wondered whether - if a public scandal occurred in Australia - the New Zealand Government would be persuaded to put their house in order, and suggested that we might review the possibility of doing more with New Zealand after the effect of the breaking of the Australian case became known. (KV2/3440, pp 97-8; the file is available digitally)

Ross is also wrong about Gilbert: he and McIntosh did not see eye-to-eye on security matters. The MI5 file shows that when news of Costello's 1963 meetings with KGB officers reached Wellington, the MI5 officer reported that 'Gilbert is of course very excited..I think he already has visions of McIntosh's scalp hanging on his belt.'

All this suggests that there was after all a security dimension in London and Wellington to McIntosh's decision not to stand for the Commonwealth Secretary-General position. Ross might be moved to investigate the Wellington end further. He might also be moved to investigate further aspects of Costello's career which remain opaque (and which also involve McIntosh), in particular the full circumstances surrounding his 'resignation' from Paris and the New Zealand diplomatic service. McNeish suggests at 261 without quoting any source or precise date 'The American Ambassador to New Zealand, Robert Scotten, called on the Prime Minister, Holland, and demanded Costello's dismissal'. My attempts some years ago to get further detail from the relevant US agencies were unsuccessful, although the person making inquiries on my behalf said that he was puzzled by their obstructive attitudes, as they were normally helpful. This adds to my belief that Costello was a far more successful spy than has been previously known, and that this fact will only gradually emerge.

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