The Pedigree of Truth: Western Intelligence Agencies versus Ian Frank George Milner and William Ball Sutch

Dr Aaron Fox (2003)

‘We are not democratic. We close the door on intelligence without parentage.’ And she used to reply: ‘Yes … but even the best families have to begin somewhere.’

John Le Carré, A Murder of Quality.

The declassification of Soviet bloc archives, which initiated the new Cold War history, has been matched by the release of the once top-secret files of Australian, British and American intelligence agencies. While privacy and security considerations mean that sizeable sections of the records of, for instance, the American Federal Bureau of Investigation (FBI) and the Australian Security Intelligence Agency (ASIO) remain withheld from public scrutiny, the newly-released information offers Cold War historians the opportunity to reassess the published studies of Western intelligence agencies and alleged Soviet spies. Many of the existing works, relying as they did on the official if unacknowledged patronage of intelligence agencies, or the unattributed allegations of disaffected former spies, catered to an uncritical reading public already fed on a staple diet of espionage fiction ranging from the outré novels of Ian Fleming, to the threadbare world of John Le Carré, or the testosterone-charged adventures of Robert Ludlum.

In the New Zealand context, the release of classified material by the FBI, ASIO and the American National Security Agency (NSA) provides a unique insight into the evidence which was compiled by these agencies in the investigation of two New Zealanders accused of treasonous activities with the Soviet Union. By a careful examination of these declassified dossiers, it is possible to reach some conclusions concerning the validity of the accusations which have been levelled by Western Intelligence Agencies against I. F. G. Milner and W. B. Sutch – to determine, as far as is possible, the ‘pedigree of truth’ in the ‘cloak and dagger’ world of espionage which, in the words of Winston Churchill, is ‘attended by a bodyguard of lies’.

The Milner Case

One of the many intriguing Cold War mysteries centres on the enigmatic figure of Ian Frank George Milner. Was Milner, a New Zealand Rhodes Scholar, Australian Government and United Nations diplomat, and an academic based first in Australia and then in Czechoslovakia, falsely accused of being involved in espionage with the Soviet Union as part of the anti-communist hysteria which gripped Western democracy in the 1950s? Or did he indeed pass secrets to the Soviets while in Australia in the 1940s, before defecting with his wife to Czechoslovakia in 1950? Mirroring as it does certain aspects of the Alger Hiss perjury trials in America, the defection of the British diplomat Donald Maclean, and the treachery and defection of the British Security Intelligence Service (SIS, otherwise known as MI6) officer H. A. R. ‘Kim’ Philby, the Milner case is a classic example of Cold War intrigue.
Recent document releases in the United States of America and the Czech Republic have rekindled interest in the extent to which Communist Party of Australia (CPA) members or sympathisers, and through them the Soviet intelligence service, managed to infiltrate Australian government departments in the 1940s. Ian Milner is a key figure in this debate, given his position with the Australian Department of External Affairs in 1945 and 1946. Indeed, in 1955, Royal Commissioners investigating espionage in Australia concluded that, on the basis of testimony and ‘other material which we have seen’, Milner had divulged classified information to an agent of Soviet intelligence. From his home in Prague, Milner would continue to protest his innocence of this charge right up to his death in 1991.  

Milner’s guilt or innocence has long been debated in Australia. Robert Manne in The Petrov Affair, Richard Hall, in his provocatively-titled biography of Milner, The Rhodes Scholar Spy, and Desmond Ball and David Horner in Breaking the Codes: Australia’s KGB Network 1944-1950, have all concluded that he did indeed pass top-secret documents to the Soviet Intelligence Service. Milner’s reputation has been vigorously defended by left-wing Australian historians Frank Cain and Gregory Pemberton, both of whom emphasised the absence of any conclusive proof of his guilt. David McKnight, in his award-winning study of ASIO, Australia’s Spies and Their Secrets, preferred to leave the final verdict on the Milner case to the assessment of Soviet and British intelligence service archives by ‘independent historians’.  

Certainly Milner’s openly left-wing sympathies gave him a puzzlingly public profile for a spy. Born in Oamaru in 1911, he was the eldest son of Frank Milner, the legendary Rector of Waitaki Boys’ High School and a fervent imperialist. Ian Milner demonstrated early academic ability, winning a scholarship to Canterbury College in 1930. His experience of the human misery and deprivation occasioned by the international crisis of Western capitalism, otherwise known as the ‘Great Depression’, stimulated Milner to read the ‘historical writings’ of Marx and Engels. His commitment to Marxist socialism, which was in stark contrast to his father’s imperialism, would endure for the rest of his life. In a practical sense, however, Milner soon realised that he was more suited to radical student politics, and editing ‘inflammatory’ student publications such as Oriflamme. He therefore eschewed membership of the Communist Party of New Zealand (CPNZ) – which was, at any rate, then a small, illegal and factionalised working class vanguard.  

Milner’s socialist leanings did not inhibit him from accepting a Rhodes Scholarship to New College, Oxford, in 1934. Following his arrival in England, Milner visited the Soviet Union in the company of fellow New Zealanders James Bertram and Charles Brasch, with whom he had previously worked to produce Phoenix, a distinctively New Zealand, if rather short-lived, literary magazine. The memoirs of Bertram and Brasch exhibit little enthusiasm for the socialist experiment they viewed at first hand, but both agreed that their ideologically-committed comrade ‘felt most fulfilled in this rough unbalanced society’. Milner himself later stated that his travels in the Soviet Union and Nazi Germany ‘stimulated my leftist political convictions’.  

He completed his studies in modern history and political science at Oxford in 1937, and accepted a Commonwealth Fund scholarship to the United States to undertake postgraduate work on Pacific, and in particular Far Eastern, foreign relations, first at the University of California, Berkeley Campus, and then at Columbia University. In 1938, Milner, together with Bertram, who had witnessed the fighting in China between the nationalist and communist Chinese, and between Chinese and Japanese forces, and Wang Shih, a Chinese economics student, undertook a lecture tour of the Pacific coast of America ‘under the auspices of the American Friends of China organisation’.
The aim of the tour was to highlight the plight of China in the face of Japanese military aggression, but the activities of the trio found disfavour in Washington. The opening memorandum in Milner’s FBI file, declassified in 1985 and further reviewed in 2001, notes that an article concerning the tour was cited as exhibit 15 in the appendix of the report of the Special Committee on Un-American Activities, House of Representatives, 78th Congress (Dies Committee). This committee, chaired by Martin Dies, was charged with the investigation of ‘all varieties of political extremism’ and, after 1947, as the House Committee on Un-American Activities, would spearhead the communist witch hunt which later became categorised as ‘McCarthyism’. Furthermore, the ‘American Friends of the Chinese People’, a group with which Milner and Wang were involved, was in 1948 declared by the California Committee on Un-American Activities to be ‘Communist infiltrated and controlled’. Milner continued his studies at Columbia University in New York, and with the Institute of Pacific Relations, which latter organisation published his *New Zealand’s Interests and Policies in the Far East* as part of the ‘Inquiry Series’. These activities do not seem to have attracted the attention from the FBI, for his file does not, as will be seen, commence until 1948.

Milner returned to New Zealand in 1939, where he took up a position as a junior research officer with the Department of Education in Wellington. Of greater concern to Frank Milner, however, was that his son was ‘still on the extreme Left’ and that he was now ‘in the heart of the most radical set at Victoria College – Prof. Beaglehole, Dr. Sutch and all the Bolshies … He approves of the Soviet’s policy and still praises Stalin … ’ These comments were occasioned by Ian Milner’s activities as the secretary of the Wellington Peace Committee, which included members of the CPNZ, and which opposed New Zealand’s involvement in the ‘silly war’ that was developing in the wake of the Nazi invasion of Poland in September 1939. Given that the Soviet Union was aligned with the Nazi regime in Germany in a non-aggression pact, communists throughout the world opposed the war as an imperialist and capitalist campaign for world domination.

The New Zealand Government viewed the activities of the committee with considerable disquiet, and J. T. Paul, the Director of Publicity, dissuaded the Wellington City Council from granting the use of the Town Hall for a public meeting in January 1940, and Wellington newspapers from carrying any further advertisements for the meeting. The Commissioner of Police concluded that Milner had, in promoting the assembly, committed a breach of the Censorship and Publicity Emergency Regulations 1939.

Milner’s ideological preferences were further brought to the attention of the New Zealand authorities by his association with two Australian communists then living and working in Wellington. Judah Leon Waten, a Jew from Odessa, Russia, and a naturalised Australian, had been known to the Australian authorities as an active member of the CPA since 1928, and had previously come to New Zealand on the instructions of the Comintern. Noel Jack Counihan, described by his biographer as an ‘artist and revolutionary’, was considered a ‘militant worker and good organiser’ by the Commonwealth Investigation Branch of the Australian Attorney-General’s Department. Waten and Counihan were involved with CPNZ members Elsie Freeman (later Elsie Locke) and Patricia Edwards in the Peace and Anti-Conscription Council – Edwards, originally from Oamaru, would later marry Counihan – and were therefore under police surveillance. In the wake of a police raid on Waten’s room in Wadestown, when ‘a quantity of Communist literature was seized’, he was dismissed from his position with the Social Security Department. Counihan evaded the New Zealand Police until June 1940, when he was arrested and deported.
Clearly, Milner’s associations and activities gave his father and the government alike considerable cause for concern. Frank Milner bemoaned the fact that Ian’s ‘subversive activities in connection with the Stop the War movement render it necessary for him to quit his Government job’, and threatened to disown his son.\textsuperscript{35} In the event, Ian Milner received a fortuitous invitation to apply for a lectureship in political science at the University of Melbourne, and he left for Australia in February 1940.\textsuperscript{36} As Milner’s personal ASIO file notes, his activities were ‘closely watched’ upon his arrival in Australia.\textsuperscript{37} Amongst his first contacts was Rupert Lockwood, a journalist colleague of James Bertram’s in China, who was considered by the Australian authorities as ‘spreading … communist doctrines’. He also renewed his friendship with Waten and Counihan.\textsuperscript{38} Security officers observed his marriage to Margaret (Margot) Trafford, active in the then illegal CPA, intercepted his mail, and monitored his numerous public speaking engagements for left-wing organisations.\textsuperscript{39} The opinion of P. L. Griffiths, the Deputy Director of Security in Tasmania, having heard Milner address a meeting of the Australia Soviet Friendship League in June 1943, was that he was ‘a superficial young man, intellectually still adolescent, whose head swims with the fumes of Communist wine … The performance was another illustration of the deterioration of academic standards in Australia.’\textsuperscript{40}

Whatever the opinion of Australian security service officers, Milner’s left-wing activities proved to be no barrier to his appointment as a temporary officer with the Department of External Affairs in February 1945. Indeed, the surveillance of the Milners appears to have ceased upon his appointment to a Federal Government position, despite a report in the \textit{Sydney Morning Herald} to the effect that it would be likely that ‘some Victorian Labour Quarters’ would protest on the grounds of his involvement with the Australian-Soviet Friendship League, which had been ‘blacked’ by the Australian Labor Party.\textsuperscript{41} For the duration of the grand wartime alliance against Nazi Germany and Imperial Japan, at least, those on the left were no longer out in the cold, as is indicated by the almost two and a half year gap in Milner’s ASIO file.\textsuperscript{42} Indeed, as Milner would later thunder from Prague in response to the work of Robert Manne:

\begin{quote}
Could one imagine that in 1940 when the C[ommunist] P[arty] was illegal … a newly appointed lecturer in Political Science … would use the lecture room to convert his students to communism and actually take them along to illegal C.P. meetings – and continue to be employed… by the University?!\textsuperscript{43}
\end{quote}

Equally, the activities of the second of the Milner boys, the journalist Hugh, did not prejudice his older brother’s appointment – in a personal letter to his friend, journalist and writer Ernest Hemingway, Hugh Milner described American military activity in the Philippines, and Australian military activity in New Guinea, in April 1941.\textsuperscript{44} The letter was intercepted, and he was questioned by the Intelligence Section of the Military Police in Sydney, who were:

\begin{quote}
firmly convinced that MILNER is a loyal British subject, and that his present indiscretion, which we feel sure will not be repeated, need not further occupy the attention of this Section. Surveillance of his movements would be a waste of valuable time.’\textsuperscript{45}
\end{quote}

In 1995, the NSA commenced the release of some 3,000 documents from a previously ‘Top Secret’ operation, which was eventually code-named ‘Venona’.\textsuperscript{46}
Between 1943 and 1980, the joint British Commonwealth and American operation intercepted and decoded significant portions of Soviet Intelligence Service communications between Moscow and Soviet embassies in Europe, North and South America, and Australia, sent from 1940 to 1948. The often fragmentary decodes, representing only a fraction of the total Soviet signal traffic, offer fascinating insights into the foreign intelligence-gathering operations of the Soviet intelligence service variously known as the NKVD, NKGB, MGB and, latterly, the KGB, and its military counterpart the GRU. Here is the information which first identified, for instance, the nuclear spies Klaus Fuchs and Ethel and Julius Rosenberg, and ‘HOMER’, otherwise known as the British diplomat and spy Donald Maclean.47

Amongst the messages which were decoded by the Venona cryptanalysts were those sourced from cable traffic between Moscow and the Soviet Intelligence Residency in Canberra between 1943 and 1948. These cables revealed the existence of a Soviet spy ring in Australia, with contacts in the Department of External Affairs and the Security Service. Many members of the ring were identified only by codenames, including the Australian spymaster ‘Klod’, later identified as a New Zealand-born member of the CPA, Walter Seddon Clayton.48 Other members of the ‘Klod’ ring were mentioned in clear text - notably Ian Milner, code-named ‘BUR’.49

A cable from Canberra to Moscow dated 29 September 1945 stated that ‘at the first and second meetings MILNER and HILL told him [Klod] many interesting things.’.50 Jim Hill, who worked with Milner in External Affairs, had also passed to Klod copies of British Foreign Office telegrams and a ‘Most Secret’ External Affairs report.51 On 6 October 1945, a cable from Moscow requested ‘detailed biographical descriptions for MILNER and HILL’, suggesting that Milner was hitherto unknown to Soviet intelligence.52 A cable from Canberra to Moscow on 19 March 1946 revealed that Klod had obtained and copied two British post-hostilities planning documents concerning the security of India and the Indian Ocean, and the Eastern Mediterranean and the Eastern Atlantic.53 Later investigations revealed that copies of both documents had been supplied to Milner in November 1945.54

The Venona decrypts certainly mention Milner by name, but the fragmentary and often vaguely-worded messages fail to make clear his role in the Klod spy ring. While the Venona decrypt of 19 March 1946 clearly identifies British planning documents numbers 78 and 109, Milner’s official receipt number 28 for the same documents specifies copy numbers 79 and 110.55 The Venona documents therefore fail to prove Milner’s complicity in treasonable activity, still less that he knowingly passed secrets to a Soviet spymaster. It is equally likely that Jim Hill was the source of the planning documents which were copied by Clayton.56 Indeed, in meeting with Clayton, a fellow New Zealander committed to the communist cause, Milner was repeating an established – if ill-advised – pattern of association with known left-wing activists, while the ‘interesting things’ which he might have mentioned while conversing with Clayton is a phrase which is wide open to interpretation. Even the code-name ‘BUR’ is not in itself proof of Milner’s complicity in espionage, since other Venona messages contained codes for US President Roosevelt (KAPITAN) or the US War Department (ARSENAL), in the interests of security and ease of transmission.57 It should, furthermore, be noted that the Venona decrypts also reveal Moscow’s frustration with the quality of some of the information which was supplied by the Klod spy ring – such as year-old ‘textual intelligence’.58

CORRECTION as at January 2013: This chapter was written in 2003, when I had sighted only the November 1945 receipt for the issue to Ian Milner of PHP documents 79 and 110 amongst the holdings of the Australian Archives, Canberra. My point was that, given the obvious difference between the serials of the classified
Post Hostilities Planning documents issued to Milner, and those passed to Clayton, there was still no clear evidence from the VENONA material of Milner’s complicity in treasonable activity, and still less evidence that he had knowingly and wilfully passed classified material to a Soviet spymaster. However, in 2007 I realised that I was seriously in error on this point, when I viewed the on-line copy of the second Secret receipt held in the Australian Archives which shows that Milner was actually reissued both documents, serials 78 and 109 on 8 March 1946, 11 days before the Venona message was dispatched, thereby raising with the Australian government the vexing question of his direct involvement with the passage of the material to the Soviets. The frustrating gaps in the VENONA decrypt of the Canberra to Moscow cable of 19 March 1946 leave unanswered the identity of the Department of External Affairs official who supplied the classified documents, then in Ian Milner’s care, to Walter Clayton – was it Ian Milner, Jim Hill, or a person as yet unknown? The question of who actually passed the material to the Soviets will only be answered if and when the relevant Soviet files are opened to public scrutiny.

In 1947 Milner moved to New York to assume the post of Political Affairs Officer with the United Nations, where his work included commissions in the Balkans and Korea. By December 1948, with his identity in the Venona material confirmed, J. Edgar Hoover, the Director of the FBI, requested his New York Office to ‘immediately determine the present location of the subject and to initiate an immediate discreet investigation concerning his contacts and activities’. By March 1949 Hoover had ordered ‘a more intensive and expeditious investigation than has been conducted by the New York office to date’. The ‘additional investigative techniques’ which he suggested might be employed would include the use of confidential informants, telephone intercepts, and the interception of Milner’s mail. Nevertheless, by April 1950, despite the intensive yet discreet surveillance and investigation of Milner by the FBI, no evidence had been uncovered to implicate him in espionage-related activities. This contrasts with the confident but less well-founded assertion by Ball and Horner that ‘Milner re-established contact with the MGB in New York on 6 March 1947’ and continued to supply the MGB with information for the following forty months. Likewise, Manne’s claim that the FBI noted meetings in New York between Milner and a woman, ‘presumed to be a Soviet intelligence worker’, is not borne out by the contents of Milner’s FBI file.

In Australia, in the meantime, the revelations of the Venona operation that a Soviet spy ring had been operating with considerable success served to galvanise the security services. The arrival of British Security Service (MI5) officials in February 1947, armed with the decrypted cable traffic between Canberra and Moscow, alerted the Australian Federal Government to the serious security leaks which had taken place – particularly the activities of Milner and Hill. In response to British and Australian concerns at to the severity and extent of the security breach which had been exploited by the Klod spy ring, ASIO was formed in March 1949 to investigate in detail what became known as ‘The Case’. Officers of the fledgling security organisation therefore kept Milner and his wife under observation during their visit to Australia in September and October 1949. By 7 October, however, it was clear that the surveillance operation had not revealed any contacts between the Milners and individuals who were ‘adversely recorded’; rather the ASIO officers became aware that their own activities were merely serving to make the couple suspicious that they were being watched. When the Milners departed on 12 October, little remained to report on their visit other than that Ian Milner had attempted to telephone former colleagues from the Department of External Affairs, while a further call to the People’s Palace in Pitt Street, Sydney, was deemed to be
‘peculiar for a person of Milner’s status and social standing as it is a third rate class of
Hotel’. 68

In June 1950, Milner’s former External Affairs associate in Canberra, Jim Hill,
was interrogated in London by Jim Skardon, the British MI5 officer who had previously
drawn a confession from the nuclear spy Fuchs. Ignorant of the Venona operation, Hill
maintained his innocence, and Skardon’s amiable but ineffectual interview technique
proved unequal to the task of breaking Hill’s self-control. 69 Hill instead alerted fellow
Australian communists then in London to MI5’s knowledge of the ‘Klod’ spy network. 70

At this point, the actions of Ian and Margot Milner served to fuel the suspicions
within Western intelligence circles that he was indeed guilty of working for or with Soviet
intelligence. In July 1950, only one month after Hill’s interrogation in London, Milner
crossed to Czechoslovakia with his wife. The couple explained that Margot had sought
specialist mud bath treatment in Czechoslovakia for a rheumatic condition, and that they
had then chosen to settle in Prague. 71 Milner would later reflect that, even in the 1930s, he
‘had been very interested in Czechoslovakia as a new progressive democracy’, and in one
of the many serendipitous circumstances which seemed to mark his varied professional
career, he was offered work at Charles University. 72 Milner had previously attempted to
resume his academic career at the University of London in July 1948, and his new life and
occupation in Prague had certainly placed him beyond the reach of Western intelligence
organisations. Of course, whether this situation was by design or happenstance remains a
point which is still very much in dispute. 73

The ASIO and FBI files offer no conclusive proof on the matter of Milner’s
relocation to Prague, although his FBI file does note that, by mid-1950, the bureau was
already considering discontinuing the surveillance operation, and instead interviewing
him directly. 74 On 18 January 1951, with the news that Milner was now in
Czechoslovakia, the New York Office of the FBI recommended that his case be ‘placed in
a pending inactive status’, until such time as he returned to the United States. 75 Some
consideration was given to charging him under the Espionage Statute or the Foreign
Agent Registration Act since, in a clear reference to the Venona material, he had been
‘reliably reported as being active in Soviet espionage’. Nevertheless, by February 1952
the case was ‘placed in a closed status’. 76

In 1954, following the defection of Vladimir and Evdokia Petrov, senior
intelligence service officers with the Soviet Embassy in Canberra, the Australian Royal
Commission on Espionage was established. 77 On the evidence of the Petrovs’ testimony,
and the Venona decrypts, the commission concluded that Milner’s access to classified
documents while in Canberra ‘gave rise to grave suspicions as to the use he made of
them’. 78 This allegation, even ‘making all allowances for the impact of the “cold war” and
suspicions as to my residence and University job “behind the Iron Curtain”’, came as a
severe shock to Milner. 79 In a ‘Personal Statement’, which he signed in Prague on 1
March 1956, he denied, to the best of his recollection, ever having met ‘Klod’, or having
divulged ‘confidential official information to any unauthorised person’. 80 He did not
waver from this stance right up to his death in 1991. 81

The Milner mystery deepened in 1996, when Dr Peter Hruby, an expatriate Czech
scholar resident in Australia, discovered a previously secret Czech Ministry of the Interior
personal file on ‘Agent 9006’ - Ian F. Milner. 82 In the course of researching the activities
of the expatriate Australian community in Prague during the Cold War, Hruby’s attempts
to gain access to the files of the Czech State Secret Security service (StB) had been
rebutted, on the basis that the service did not want ‘a lot of suicides’. He was permitted to
view one file, however: that of Milner, otherwise known as ‘A. Jansky’, ‘Agent 9006’,
‘Dvorak’ or ‘Comrade Korinek’, of which only 15 pages of the original 164 have survived – the other pages having been removed and destroyed in 1985.

Writing in the Brisbane Courier-Mail, Hruby reported that the file narrated Milner’s career as a spy while in Australia and with the United Nations. One document, dating from 29 November 1960, stated that, while in Canberra, ‘Ian Milner transferred to us through third persons valuable materials on political questions’. As a UN official, Milner was ‘won over for co-operation’ on 6 March 1949, after which he ‘kept sending us reports on the activities of individual minor sections of UN and about some leading individuals’. Curiously, this assessment is strongly reminiscent of the vague and inaccurate statement concerning Milner which Petrov made to ASIO on 21 May 1954, although the clear – if very confusing – suggestion in the StB report is that Milner was working for the Czechs, not the Soviet intelligence service, in the 1940s, well before any consolidated Czechoslovakian communist regime.

In 1950, when it became evident from information provided by an agent in ‘the American counter-espionage agency’ that ‘a possible repression against Milner’ was pending, ‘a decision was made to relocate Milner to one of the People’s democracies’, and the Milners were brought to Czechoslovakia ‘under the pretext of his wife’s medical treatment’. Certainly the FBI was considering interviewing Milner when the surveillance operation did not produce any evidence of his involvement with espionage-related activities, but he was hardly in any danger of ‘repression’ – in the United States, at least. Obviously the Czech or Soviet intelligence agencies remained concerned that he would likely be interrogated or worse by Western intelligence agencies, and the November 1960 document included the directive that ‘It is necessary to persuade him by all means that he should not travel to countries of the Anglo-American bloc’ – including, presumably, Australia.

Instead, concurrent with his work as a lecturer at Charles University, Milner also furnished 110 reports ‘on university personnel who had contacts with the USA and Great Britain’, and other individuals, to the StB. According to a report of 18 March 1968, an StB officer described ‘Jansky’ as ‘willing, with his own initiative and exact in fulfilling his assigned tasks’. Nevertheless, Milner was also under surveillance himself, for a 9 September 1966 report concluded with the directive that his telephone was to be bugged, and his mail censored. This was certainly nothing new for someone who had been attracting the attention of American, New Zealand and Australian security organisations since 1938, but his own activities as an StB informant highlighted the Faustian bargain which his ideological convictions, communist associations and academic career forced upon him behind the Iron Curtain – at, according to the StB file, the expense of his own health. It is certainly ironic that, once in Prague, Milner was required to operate as the very sort of informant to whom both the FBI and ASIO had turned – without success - so as to monitor his activities in the United States and Australia.

Taken in sum, the Czech and Venona material, together with the declassified ASIO and FBI files, suggest that he was not the complete innocent his defenders might have us believe. Certainly his life-long commitment to the ideals and ideology of Marxism led him to undertake activities and associations which were viewed with distaste or distrust by many, but this in itself is not proof positive of his treason or treachery. Indeed, as he himself protested in 1956:

a man’s political opinions, to which he has a right, are one thing; acts of espionage in the interests of a foreign Power entirely another. To suggest that the one involves the other, in the absence of plain and established evidence, is to
violate the principles both of liberty of political conscience
and of fair judicial inquiry.  

Given the available declassified material pertaining to the Milner case, the only conclusion which can be drawn with any certainty is that, in deciding to live and work in Prague after 1950, and therefore report to the StB on his colleagues and friends, the only principles of the ‘liberty of political conscience’ or of ‘fair judicial inquiry’ which Milner violated were his own.

The Sutch Case

An equally intriguing Cold War mystery is the case of William Ball (‘Bill’) Sutch, the only New Zealander to have been tried – and acquitted – on the charge brought under the Official Secrets Act 1951 of obtaining information which would be helpful to the enemy, following a series of meetings with an official from the Soviet Embassy in Wellington. 

Described by his biographer as a ‘Teacher, economist, writer, diplomat, public servant, social policy analyst’, Sutch was also reputed to have been considered by the security services of New Zealand, Australia, the United Kingdom and the United States to be, at the very least, a communist sympathiser and therefore a security risk.

Born in England in 1907, Sutch first came to prominence in the course of his academic achievements which culminated in the completion of a doctoral thesis at Columbia University, New York, in 1932. He then embarked upon what later developed into a popular tale of a dangerous and unassisted epic journey on foot from the Arctic Circle, through the Soviet Union, and on to India. The reality, as revealed by Jim Weir, a former New Zealand Ambassador to the Soviet Union, with reference to Sutch’s own letters to his mother, Ellen, was that much of the journey was accomplished by train, and in some comfort, while he departed the Soviet Union on an airliner.

Upon his return to New Zealand in 1933, Sutch commenced what would be a long, distinguished and highly controversial career in the New Zealand public service, and a active role in progressive, left-wing intellectual organisations and publications such as the Left Book Club and Tomorrow.

Four years later, he came to the attention of MI5, initiating the surveillance and suspicions of Western intelligence agencies which would become a feature of the remainder of his life. The details of the incident were not made public until 1976, following the discovery by Keith Sinclair, the biographer of Prime Minister Walter Nash, of New Zealand Security Intelligence Service (SIS) documents amongst the Nash papers held in the New Zealand National Archives. Resisting attempts by the SIS to have the classified material deleted from his biography, Sinclair published the details of Sutch’s first alleged breach of security. In 1937, during an Imperial Conference in London to which Sutch had accompanied Nash (then the Minister of Finance), material from a meeting of the Committee of Imperial Defence was leaked to a communist newspaper, The Week. The suspicions of MI5 fell squarely on Sutch. However, as former Prime Minister Sir John Marshall revealed in his memoirs, the information which was gathered by MI5 ‘fell short of direct evidence that he had passed on secret information’. Nevertheless, suspicion alone was apparently sufficient grounds for successive British governments to demand that Sutch not have access to secret information.

Sutch courted further controversy upon his return to New Zealand. Although he retained his position as Nash’s adviser, his social and economic history of New Zealand attracted the attention of Prime Minister Peter Fraser, who considered it too Marxist in tone. Sutch had prepared the manuscript in 1940, but the Prime Minister had refused to
permit the book to be published. Undaunted, Sutch sent the manuscript off to an English publisher, and *The Quest for Security in New Zealand* appeared in 1942, hard on the heels of another critical analysis of New Zealand’s national development, *Poverty and Progress in New Zealand*.96

After holding a number of government positions, Sutch was appointed as the Director of Supply and Requirements for the Far Eastern Division of the United Nations Relief and Rehabilitation Administration, in March 1945.97 Despite his service as a gunnery instructor in New Zealand, the Christchurch Returned Services’ Association reacted to his appointment ‘with regret’, since it was considered that ‘all such positions should be filled by returned servicemen’.98 His arrival in Sydney certainly attracted the attention of the Australian Government when he requested special immigration and taxation consideration, given his frequent work-related overseas travel.99 A file on Sutch was also opened by the Commonwealth Investigation Service, but was later destroyed since it was considered to contain ‘little of value’.100

In 1947, Sutch arrived in New York as the Secretary-General of the New Zealand Delegation to the United Nations.101 The FBI immediately opened a file on the new UN representative who, according to the files of the New Zealand Police, was described as ‘a Communist sympathizer, but not a known member of the New Zealand Communist Party’. This assessment of Sutch concluded that he was an ‘outstanding intellectual’ and a ‘doctrinaire Communist who has avoided formal connections with the local Communist Party [of New Zealand], possibly out of fear of resulting complications with the policy and/or out of contempt for the narrow outlook of the local Communist Party’.102 Nevertheless, by 23 June 1949, no FBI investigation of Sutch had been undertaken, and the FBI was therefore ‘unable to furnish any information concerning his present activities and contacts…’.103 A further review of all of the FBI material pertaining to Sutch as at 27 June 1949, revealed much about his arrogant manner with people, and provided no evidence whatsoever to suggest that he was a security risk.104 A secret memorandum by J. Edgar Hoover of 24 April 1957 confirms that the FBI had not investigated Sutch, and that the bureau was therefore ‘not in possession of additional pertinent information concerning his activities in the United States’, which statement effectively negates the assertions by Sinclair, Michael Parker, Sir John Marshall and Sir Robert Muldoon to the effect that Sutch was closely monitored by the FBI during his time in New York.105

Sutch returned to New Zealand in 1951, where he rapidly rose through the senior administrative ranks of the Department of Industries and Commerce.106 His FBI file records that in 1956 Samuel T. Barnett, the Controller-General of Police and Secretary for Justice, called upon the United States Embassy in Wellington to canvass the official American response to the appointment of Sutch to the position of Deputy-Secretary of Commerce. Barnett was well aware of Sutch’s reputation as a ‘fellow-traveler [sic]’, but in investigating the basis of this reputation he had ‘found nothing concrete’. Indeed, he informed the embassy that he could not be satisfied to condemn a man of Dr. Sutch’s great ability to lose out on a promotion to which he seemed eminently deserving from a professional viewpoint merely on the basis of unsubstantiated rumor and ‘bar-room chatter’.

Barnett went so far as to criticise the quality of the personnel and records of the Special Branch of the New Zealand Police, and advised the embassy that he was about to reorganise the branch.107
The response of the embassy to Barnett’s visit was that it seemed ‘odd for United States officials to be asked to give an opinion on the security of a New Zealand citizen, about whom much more information would seemingly be available to the New Zealand authorities.’ However, it was recognised that this was a ‘rare and welcome opportunity’ for the embassy to ‘render a view in advance about a person who might be named to a post in which he would be responsible for matters of importance to the United States’. The embassy’s own biographical and other files pertaining to Sutch revealed only that he was suspected of ‘pro-Communist leanings’ and had made what was considered an anti-American speech in July 1952 concerning the Korean War. An approach to the senior Wellington officer of the New Zealand Security Police, with which the embassy maintained contacts separate from the Controller-General of Police, provoked the response that Sutch was a ‘full-scale security risk’. The basis of this assessment proved to be that, while he himself was not a ‘card-carrying Communist’, he associated with ‘evident Communists and fellow-travellers’, had been an inaugural committee member of Modern Books (the Wellington Co-operative Book Society), he had sent Communist strike material to a woman contact in the United Nations, New York, during the 1951 Waterfront Strike, and had frequently been observed at celebrations of the October Revolution and film screenings at the Soviet Legation in Wellington. Sutch’s wife and sister, who were both recorded as having associations with Communist-front organisations, gave the authorities further cause to regard him with deep suspicion. Another, unnamed, New Zealand official informed the embassy that Sutch was a ‘dangerous and thoroughly unreliable person’, and that he had embarrassed the New Zealand Government by his association with ‘certain Russians’ while in New York, which had led to his being recalled from the United Nations.

Despite the unsubstantiated nature of these allegations, the embassy concluded that he was a ‘poor security risk’, and requested the permission of the Department of State in Washington DC to show Barnett the embassy’s report of the July 1952 speech on Korea which, it was thought, represented ‘the kind of concrete evidence’ which had otherwise eluded the Controller-General. The embassy had certainly not revised its opinion of Sutch the following year, when he was being considered for the position of Secretary of Industries and Commerce. While he was the ‘most suitable applicant’, the embassy reported that it was unlikely that the New Zealand Government would appoint him by reason of his ‘poor security status’. Sutch was, nevertheless, appointed to the post by Prime Minister Nash in 1958 without, according to the available declassified sections of Sutch’s FBI file, any official objections having been raised by the American government – despite the claims of Sinclair, Parker, Marshall and Muldoon to the contrary. Indeed, an investigation into Sutch ‘via liaison channels’ was apparently not agreed to between the FBI and the US State Department until September 1958, when it seemed likely that he might make a return visit to the United States.

Following his retirement from government service in 1965, Sutch became an independent economic consultant. His FBI file reveals that the American Embassy in Wellington limited his United States visa to permit only a single entry within one year, in consideration of the ‘security suspicions’ and the ‘possibility excluding information may become available in future’. However, the only evidence of Sutch’s involvement with agents of the Soviet Union to be found in the file dates from 1974, and consists of press reports of his arrest and trial in New Zealand under the Official Secrets Act.

Despite the very public nature of the Sutch trial in February 1975, many of the details remain shrouded in mystery, due in part to the concealment of the identities of those SIS officers who gave evidence, and to the question of what secrets an ailing former civil servant could possibly have passed to an officer of the KGB. According to C. W.
Lines, a detective senior sergeant at the time of Sutch’s arrest, the diaries which were recovered from his Customhouse Quay offices, and which went back many years, indicated a pattern of meetings ‘going back some considerable time’, culminating in the infamous encounter in Holloway Road, Wellington, between Sutch and Dimitri Razgovorov of the Soviet Embassy on 26 September 1974. Sutch was acquitted of the charge of passing to the Soviets information ‘which might be useful to the enemy’, on the basis that no evidence concerning the information which he may have passed was ever produced in court. Sutch’s own explanation that the meetings, usually on Thursday evenings in secluded locations around Wellington, were in response to Razgovorov’s inquiry about the Zionist movement in New Zealand, added a further twist to what was already a bizarre case.

Sutch’s death in September 1975 of cancer effectively ended any further speculation until 1980, when a previously top-secret annex concerning the Sutch Case which had been prepared by Sir Guy Powles, the Ombudsman, as part of a report on the SIS, was released by Prime Minister Robert Muldoon. In defending the actions of SIS officers in bringing Sutch to trial, Powles noted Sutch’s ‘associations with the Russians had lasted for a period of years before the meeting between him and Razgovorov …’ and concluded that ‘a larger concentration of the service’s work on surveillance of the staff of the Soviet Embassy …’ was merited. Interest in the case was further rekindled in 1993, when Alexi Makarov, the Charge d’Affaires at the Soviet Embassy in Wellington in 1974, released his version of the events of the night of 26 September. Makarov recalled that, following Razgovorov’s detention by the SIS, V. F. Pertsev, who had driven Razgovorov to the meeting that night, returned in an ‘extremely nervous’ state with a parcel. When questioned about the parcel, Makarov described it as ‘about a quarter of an inch thick. It was not a small letter – more the sort you use for sending printed material. About 8 inches x 6 inches – something like that.’

Makarov’s allegations concerning the parcel, although denied by Sutch’s widow, Shirley Smith, are amongst the first, intriguing clues as to what may have passed between Sutch and Razgovorov in Holloway Road. Certainly the declassified material from ASIO and FBI sources serves to disprove rather than prove any of the existing speculation that ‘Sutch was in close touch with the representatives of the Soviet Union from at least the 1930s until the time of his death.’ At the crux of this case is, therefore, the personality rather than the political convictions of William Ball Sutch – in the words of Shirley Smith, her late husband ‘said what he wanted to and did what he wanted to: this independence had got him into trouble in the past, and of course it was what brought about the calamity in 1974.’ In hindsight she thought that ‘Bill was an absolute idiot to go [to Holloway Road]… But he did, and hence the disaster.’

An Interim Verdict

From this reassessment of the Milner and Sutch cases, based upon the declassified archives of ASIO, the FBI, the NSA and the StB, it can be seen that ‘truth’, in the world of espionage and counter-espionage, has a very questionable pedigree. The declassified portions of the Milner and Sutch files speak volumes of the personal qualities of these undeniably gifted New Zealanders – intelligent, ideologically-committed yet independent thinkers, who were not afraid of voicing their personal opinions, or of publicly associating with like-minded people. Indeed, their files often reflect poorly upon those charged with the protection of Western security, who could determine so steadfastly that Milner and Sutch were security risks even when the results of close surveillance indicated otherwise. Certainly this new evidence does not confirm the guilt of either of these men on the
charge of passing secrets to the Soviet Union – at least not beyond the reasonable doubt required in a court of law. Rather, the more information which is released from Western intelligence agencies, the more nebulous appear to be the cases which can be made against them.

What can be concluded, therefore, is that from the Western perspective, the declassification of the once top-secret files of intelligence and counter-intelligence organisations has replaced the certainties of the Cold War era with the uncertainties of now knowing that many of these accusations were built upon innuendo, supposition and guilt by association. Clearly, a final judgement on the cases of I.F.G. Milner, W.B. Sutch and other New Zealanders who were accused of pro-Soviet activities during the Cold War can only be considered if and when all of the relevant files of Western and former Eastern bloc intelligence services are released in their original, unexpurgated form.

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2 Amongst some of the more prolific British writers on espionage matters have been Chapman Pincher, an investigative journalist, and Nigel West (the pen name of Rupert Allason), a military historian and journalist, both of whom have relied on the unsupported testimony of former MI5 officers in the preparation of a number of publications – for a discussion of the MI5 sources which both authors used see M. Turnbull, *The Spy Catcher Trial. The Scandal Behind The #1 Best Seller*, Salem House Publishers, Topsfield, 1989 and R. V. Hall, *A Spy’s Revenge*, Penguin Books, Ringwood, 1987. Richard Deacon (the pen name of Donald McCormick), another British journalist, has been a dedicated chronicler of a variety of intelligence organisations. The Cambridge historian, Christopher Andrew, is one of the few professional academics to work in the field of espionage history, obviously with the tacit approval of Western intelligence agencies.
4 See, for instance, M. Hanley, ‘Ian Milner: A New Zealand Traitor’, in *New Zealand Defence Quarterly*, Number 25, Winter 1999, pp. 31-33, which is an uncritical description of the evidence in support of the case for Milner’s alleged involvement in espionage.


13 Bertram, Capses of China, pp. 49-50. S. W. Scott, Rebel In A Wrong Cause, Collins Brothers and Company Limited, Auckland, 1960, pp. 65-75; J. Edwards, Break Down These Bars, The Workers’ Vanguard was the title of one of the CPNZ newspapers, Scott, ibid., p. 59.


16 Bertram, Capses of China, p. 75. See also Brasch, Indirections, p. 238. For Milner’s perceptions of the Soviet Union, see Barrowman, A Popular Vision, p. 52.

17 Milner, Intersecting Lines, p. 140. See also Hall, The Rhodes Scholar Spy, pp. 30-33, 44-45, 52-53, in which Hall makes unfounded speculations concerning Milner’s possible secret membership of the Communist Party of Great Britain following his trip to the Soviet Union, and that he may have made contact with a secret communist underground organization in Vienna when he visited the city in 1935 and 1936. Hall provides no evidence to support these allegations. Milner, by his own admission, was a supporter of the Labour Club, which advocated a united anti-fascist grouping of all left-wing groups – including the communists – a policy which was rejected by the British Labour Party. See Milner, Intersecting Lines, pp. 144-145.


20 Memo for Director FBI 7/12/1948, in FBI 65-58340 Ian Frank George Milner. It is interesting to note that Richard Hall makes no mention of this episode, despite his clear intention to demonstrate Milner’s activities as an agent of the Soviet Union. See Hall, Rhodes Scholar Spy, p. 63.


24 Milner, Milner of Waitaki, pp. 175-176; Bertram, Capes of China, p. 166. Frank Milner was likely referring to the Left Book Club – see Barrowman, A Popular Vision, p. 75.

25 I. Milner, Secretary, Wellington Peace Committee, Urgent Notice of a public meeting to be held in the Town Hall Concert Chamber 18 January 1940, in External Affairs Series One (EA1) 84/10/1 Part 1A ‘War. Security. Subversion General. 82/1-38 – 17/1/46 [hereafter EA1 84/10/1 Pt. 1A], held in Archives New Zealand [hereafter ANZ], Wellington. See also Milner, Intersecting Lines, p. 162.


27 J. T. Paul, Director of Publicity, Wellington, memorandum to P. Fraser, Prime Minister, Wellington, 5/1/1940; J. T. Paul, Wellington, memorandum to D. J. Cummings, Commissioner of Police, Wellington, 5/1/1940; E. P. Norman, Town Clerk, Wellington, letter to I. F. G. Milner, Wellington, 10/1/1940; E. P. Norman, Wellington, letter to J. T. Paul, Wellington, 10/1/1940; J. T. Paul, Wellington, letter to E. P. Norman, Wellington, 11/1/1940; J. T. Paul, Wellington, memorandum to P. Fraser, Wellington, 12/1/1940; all in EA1 84/10/1 Pt. 1A.


30 See, for instance, History Sheet ‘Secret’, WATEN, Judah, prepared at Melbourne 24/7/1929, folios 12 and 13; General Intelligence Notes For The Week Ending 14 May, 1939, ‘Secret’, Sydney, 16/5/1939, folio 62; H. E. Jones, Director, Commonwealth Investigation Service, Canberra, Secret Memo 18/5/1939, folio 63; all in A6119/XR Item 101 WATEN, Judah Leon Part 1, held at the National Archives of Australia [hereafter NNA], Canberra. See also J. P. O’Cassidy, Melbourne, letter to Inspector R. S. Browne, 15/7/1929, folio 36 in A 6119/79 Item 819 WATEN, Leon Judah Annex F [Volume 37?], held at the NNA, Canberra.

31 B. Smith, Noel Counihan. Artist and Revolutionary, Oxford University Press, Melbourne, 1993; Dossier on CUNNINGHAM [sic] Noel Jack, folios 3 and 4, in A6119/XR Item 179 Noel Jack COUNIHAN, held at the NAA Canberra. See also Ball and Horner, Breaking The Codes, p. 310.


33 Acting General Staff Officer Military Intelligence, Southern Command, Secret Memorandum to E. Dean, Superintendent of Personnel, Melbourne, 24/9/1941, folio 93, in A6119/79 Item 819. See also Smith, Noel Counihan, pp. 153-154.

34 Milner, Noel Counihan, pp. 156-157; Locke, Peace People, p. 111.


37 R. S. Browne, Melbourne, Secret Memorandum to H.E. Jones, Canberra, 12/3/1940, folio 6, in A6119/2 Item 17 MILNER Ian Frank George Vol. 1, held at NAA, Canberra.

38 Milner, Intersecting Lines, pp. 167, 176-177; Lieutenant-Colonel [?], General Staff, Intelligence, Eastern Command, Secret Memorandum to I.S.G.S., Melbourne, 19/3/1941, folio 23, in A6119/1 Item 40 LOCKWOOD, Rupert Vol. 1, held at NAA, Canberra. Lockwood would enjoy a starring role in the Australian Royal Commission on Espionage. See Manne, The Petrov Affair, pp. 120-122, 128-131.


40 P. L. Griffiths, Deputy Director of Security for the State of Tasmania, Report to the Deputy Director of Security, Melbourne, 17/6/1943, folio 31, in ibid.

41 Sydney Morning Herald, 16/12/1944, folio 35, in ibid. See also Manne, The Petrov Affair, p. 182.

42 Folio 35 is dated 16/12/1944, while folios 36 and 37 are dated 25/3/1947, both items in ibid. See also V. O’Sullivan, ‘Introduction’, in Milner, Intersecting Lines, p. 22.
I. F. G. Milner, Prague, letter to G. Pemberton, Canberra, 14/5/1988, in Milner MS Papers 4567 Folder 53. The claim made by Ball and Horner, *Breaking The Codes*, pp. 258-259, to the effect that ‘… Milner was a secret but very active member’ of the CPA is not supported by the secondary sources which they quote – particularly Hall’s entertaining but unrefereenced and highly speculative biography of Milner, *The Rhodes Scholar Spy*. Certainly Milner’s ASIO file neither proves nor disproves this allegation, which is otherwise out of character for such an academic ideologue. See Milner’s letter to Pemberton, loc sit, in which Milner also denied that he was ever a member of the ‘C. P.’; rather he was an ‘independent “leftist” political ly’.

H. Milner, near Rabaul, letter to ‘Dear Ernie’, 20/4/1941, copy in C123/0 Item 13262 Box 0 Hugh MILNER, held at the NAA, New South Wales Office, Sydney.

D. M. Dermott, Detective Constable 1st Class and E. H. Brooks, Constable, Military Police Intelligence Section, Sydney, memorandum to Inspector 2/c Wilson, Military Police Intelligence Section, Sydney, 13/5/1941, in ibid.

These documents can be viewed on the internet home page of the National Security Agency: [http://www.nsa.gov/docs/venona/index.html](http://www.nsa.gov/docs/venona/index.html).

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44 Ball and Horner, *Breaking the Codes*, pp. 220-231; McKnight, *Australia’s Spies And Their Secrets*, pp. 77-81. See also Clayton’s ASIO files: A6119/XR1 Item 53 Walter Seddon CLAYTON Vol. 1; A6119/79 Item 953, CLAYTON W. S. Vol. 1 Pt. 3; A6119/78 Item 954 CLAYTON W. S. Vol. 2 Pt. 2; A6119/xr Item 55, Walter Seddon CLAYTON Vol. 3 Pt. 1; A6119/79 Item 955, CLAYTON W. S. Vol. 3 Pt. 2; A6119/XR1 Item 56, Walter Seddon CLAYTON Vol. 3 Pt. 1; A6119/79 Item 956, CLAYTON W. S. Vol. 3 Pt. 2; A6119/79 Item 957, CLAYTON W. S., Vol. 5 Pt. 2; A6119/XR1 Item 58, Walter Seddon CLAYTON, Vol. 6 Pt. 1; A6119/79 Item 1034, CLAYTON Walter Seddon, Vol. 6 Pt. 2; A6119/79 Item 1035, CLAYTON Walter Seddon, Vol. 7; A6119/79 Item 1036, CLAYTON Walter Seddon, Vol. 8; A6119/83 Item 1597, CLAYTON Walter Seddon, Vol. IX; A6119/83 Item 1598, CLAYTON Walter Seddon Vol. 10; A6119/79 Item 952, Clayton W. S., Supp. I; A6119/79 Item 941 [photograph]; A6119/39 Item 1418 Menzies-Spy Correspondence Re: ‘The Case of the Petrovs’, all held at NAA Canberra. New Zealand’s only Soviet spy to be identified with any certainty from declassified Soviet-sourced archival material, was born in Ashburton on 24 March 1906, and attended Christ’s College in 1921. See *Top Secret Australia’s Spies And Their Secrets*, pp. 77-81. See also Clayton’s ASIO files: A6119/XR1 Item 53 Walter Seddon CLAYTON Vol. 1; A6119/79 Item 953, CLAYTON W. S. Vol. 1 Pt. 3; A6119/78 Item 954 CLAYTON W. S. Vol. 2 Pt. 2; A6119/xr Item 55, Walter Seddon CLAYTON Vol. 3 Pt. 1; A6119/79 Item 955, CLAYTON W. S. Vol. 3 Pt. 2; A6119/XR1 Item 56, Walter Seddon CLAYTON Vol. 3 Pt. 1; A6119/79 Item 956, CLAYTON W. S. Vol. 3 Pt. 2; A6119/79 Item 957, CLAYTON W. S., Vol. 5 Pt. 2; A6119/XR1 Item 58, Walter Seddon CLAYTON, Vol. 6 Pt. 1; A6119/79 Item 1034, CLAYTON Walter Seddon, Vol. 6 Pt. 2; A6119/79 Item 1035, CLAYTON Walter Seddon, Vol. 7; A6119/79 Item 1036, CLAYTON Walter Seddon, Vol. 8; A6119/83 Item 1597, CLAYTON Walter Seddon, Vol. IX; A6119/83 Item 1598, CLAYTON Walter Seddon Vol. 10; A6119/79 Item 952, Clayton W. S., Supp. I; A6119/79 Item 941 [photograph]; A6119/39 Item 1418 Menzies-Spy Correspondence Re: ‘The Case of the Petrovs’, all held at NAA Canberra. New Zealand’s only Soviet spy to be identified with any certainty from declassified Soviet-sourced archival material, was born in Ashburton on 24 March 1906, and attended Christ’s College in 1921. See Top Secret Personal Particulars Walter Seddon CLAYTON, folio 26, A6119/79 Item 953; *The School List of Christ’s College From 1850 to 1965*, Seventh Edition, Whitcombe and Tombs, Christchurch, 1966, p. 220.

46 Manne, *The Petrov Affair*, p. 186, explains that ‘Bur’ was a Russian word for a tool used to drill deeply into the surface of the earth, which can be roughly translated as ‘Bore’.

3rd Reissue: 1. Official Information and Documents Obtained From Milner and Hill 2. Young Woman Communist Called DZhON in Department of External Affairs 3. “KLOD’S” Network, from Canberra to Moscow, 29 September 1945’, Venona reference: 3/NBF/T77 reproduced at: [http://www.nsa.gov/docs/venona/docs/Sept45/29_Sept_1945_R5_m1_p1.gif](http://www.nsa.gov/docs/venona/docs/Sept45/29_Sept_1945_R5_m1_p1.gif); ibid p2.gif, ibid p.3.gif. Note that a crucial section of this message, in which KLOD identified a potential future source of ‘the entire diplomatic correspondence of the Australian Department of External Affairs’, who would “… be able to get hold of copies of enciphered telegrams’ was not recovered.

51 See, for instance, Ball and Horner, *Breaking the Codes*, pp. 262-266.


54 Manne, *The Petrov Affair*, pp. 182-183; Ball and Horner, *Breaking the Codes*, pp. 213-214, 282-285, in which the authors claim that the Moscow centre directed ‘KLOD’ to secure copies of these two documents from Milner; Hall, *The Rhodes Scholar Spy*, pp. 124-128 is even more speculative; McKnight, *Australia’s Spies And Their Secrets*, pp. 15-16. See also G. Legge, for Secretary, Post Hostilities Planning Committee,

Defence Post Hostilities Planning Committee: Circulation of U.K. P.H.P. Papers. Top Secret Receipt No. 28, marked Mr. I. Milner, in ibid.

Certainly Milner had disappeared from the Venona traffic by 1946, Ball and Horner, Breaking the Codes, p. 215.


The copy of Secret Receipt No 40 Defence Post Hostilities Planning Committee Circulation of U.K. P.H.P. Papers to Ian Milner, External Affairs, 8 March 1946 is Folio 10 in A5954 Item 848/1 Security of Secret Documents Received from the United Kingdom Government. Visit of Head of MI5 of the War Office and Report to the Prime Minister of the United Kingdom – 1948, held at NAA Canberra. For a considered reappraisal of the evidence against Ian Milner, including my own errors of fact regarding the incriminating Secret receipt for the very P.H.P. planning documents passed to the Soviets in March 1946, see Denis Lenihan, Was Ian Milner a Spy? A Review of the Evidence, Kotare: New Zealand Notes and Queries, Victoria University of Wellington, 2008, available at: http://nzetc.victoria.ac.nz/tm/scholarly/tei-LenWasI.html

Milner, Interscting Lines, p. 185; Ball and Horner, Breaking The Codes, p. 261.


J. E. Hoover, Washington D.C., Top Secret letter to SAC, FBI, New York, 7/3/1949; Top Secret report on Ian Frank George Milner for the period 25, 27, 28, 31 January, 1-4, 7-11, 24 February, 4, 7-9, 14-17, 29, 10 March, 1, 4-6 April 1949 by the New York Office, FBI, 13/4/1949, which includes mention of the successful ‘development’ of informants for the ‘employment of confidential investigative techniques’, and includes statements from one ‘Confidential Informant’ with whom Milner had ‘business dealings’; J. E. Hoover, Washington D.C., Personal and Confidential Letter to O. M. Taylor, Operating Vice President, New York Telephone Company. New York, 13/4/1949, in which Hoover requests that Taylor’s company furnish ‘leased line facilities… upon the specific authorization of the Attorney General of the United States for the purpose of obtaining information in a case involving the national security or the jeopardy of human life and conforming to the conditions of emergency in which special technical facilities are required’; J. E. Hoover, Washington D.C., Personal and Confidential Letter to E. Scheidt, SAC, FBI, New York, 12/4/1949; Confidential Report on Ian Frank George Milner for the period 18 April, 24, 26, 31 May, 1, 3, 6-8, 21 June 1949 by the New York Office, FBI, 29/6/1949; E. Scheidt, New York, Secret Memorandum to J. E. Hoover, Washington D.C., Attention FBI Laboratory, 21/11/1949, with which was attached a post card written by Milner while in Honolulu on 11/8/1949, for handwriting analysis; Confidential Report on Ian Frank George Milner for the period 14 November 1949 to 21 January 1950, New York Office, FBI, 30/1/1950, all in ibid.

D. M. Ladd, Top Secret Memorandum to J. E. Hoover, Washington D.C., 28/4/1950, in ibid; Ball and Horner, Breaking The Codes, p. 261, in which they quote the Czechoslovakian State Secret Security (StB) file on Ian Milner, as translated by Peter Hruby. See below.


Ball and Horner, Breaking The Codes, Chapter 15.

Sydney Morning Herald, 15/9/1949, folio 44; [Name withheld], Secret Memorandum to R. F. B. Wake, Director, Sydney, 15/9/1949, folio 45; File note on Ian Milner, 20/9/1950, folio 46; File note, R. F. B. Wake, Sydney, 22/9/1949, folio 47; [Names withheld], Melbourne, Secret Progress Report on Ian Frank George MILNER, and wife Margaret Leigh MILNER, to H. C. Wright, Director, Melbourne, 27/9/1949, folios 55 and 56, in which the ASIO officers noted that the conduct of Milner and his wife suggested that ‘.. they were suspicious of being followed, and surveillance ceased under instruction’; [Name withheld, but probably R. S. Pearson], Officer-In-Charge, Adelaide Officer, Secret Memorandum to R. F. B. Wake, Sydney, 28/9/1949, folios 61 and 62, all in A6119/2 Item 17.

[Name withheld, but probably R. S. Pearson], Officer-In-Charge, Adelaide, Secret Memorandum to R. F. B. Wake, Sydney, 29/9/1949, folio 63; [Name withheld, but probably R. S. Pearson], Officer-In-Charge, Adelaide, Secret Memorandum to R. F. B. Wake, Sydney, 30/9/1949, folio 64; [Names withheld], Secret
Milner detailed his decision to remain in Czechoslovakia because of the ‘spa and other treatment’ for his wife’s rheumatism which offered ‘... the opportunity to make a complete recovery’, when he tendered his resignation to the United Nations at the expiry of his twelve months’ leave without pay in 1951. See I. F. G. Milner, Prague, Personal and Confidential Letter to R. Protitch, Principal Director and Executive Officer, Department of Security Council Affairs, United Nations, New York, 30/8/1951. Protitch accepted Milner’s explanation without question, and voiced his sadness at losing ‘as good a colleague as you have been’. See D. Protitch, New York, letter to I. F. G. Milner, Prague, 4/10/1951. See also Milner’s Press Statement of 9 April 1956 which he released in Prague in response to the report of the Royal Commission on Espionage. All items in Milner MS Papers 4567 Folder 52. See also F. Cain, ‘Making of a Cold War Victim’, p.63.


Milner detailed his decision to return to the U.S.’ All documents in ibid. Curiously, the declassified reference to the Venona decodes, it was recommended that Milner’s case ‘... be closed subject to being reopened in the event that the subject returns to the U.S.’. All documents in ibid. Curiously, the declassified sections of Milner’s FBI file makes no reference to either Milner’s office or household effects, which were not shipped to New Zealand by the United Nations until 1952. See [? Soria? Signature illegible], United Nations, New York, letter to I.F. G. and M. Milner, Prague, 18/3/1952; Copy of M. E. Williams, Personnel Officer, United Nations, New York, Interoffice Memorandum to F. Munch-Petersen, Chief of Administrative Section, DCSA, United Nations, New York, 9/10/1952; D. E. Larsen, Administrative Assistant, United Nations, New York, letter to I. F. G. Milner, New York, 31/10/1952, all in Milner MS Papers 4567 Folder 52.

See, for instance, Manne, The Petrov Affair, Chapters 4, 5, 6, 7, 9; McKnight, Australia’s Spies And Their Secrets, Chapter 6; Ball and Horner, Breaking the Codes, pp. 320-321. The Petrovs’ own story was related, with varying degrees of accuracy, in Vladimir and Evdokia Petrov, Empire of Fear, Andre Deutsch, London, 1956, and M. Bialoguski, The Petrov Story, William Heinemann Limited, Melbourne, 1955.
Comments on mention in the book TURNOVSKY – provided that the SIS had not taken them in the wake of his arrest in 1974.


According to a report of 3 March 1964, Milner suffered a ‘nervous breakdown’ in the course of a Christmas reception at the British Embassy in Prague in December 1963.


A6119/2 Item 18, folios 4 and 5; Statement of V. Petrov Re Ian MILNER 23/11/1954, in ibid. folio 83. See also Manne, The Petrov Affair, p. 186.


A6119/2 Item 18, folios 4 and 5; Statement of V. Petrov Re Ian MILNER 23/11/1954, in ibid. folio 83. See also Manne, The Petrov Affair, p. 186.
1990, by FRED TURNOVSKY, circa August 1990, in SMITH, Shirley, Turnovsky on Sutch – Smith Comments on Turnovsky 50 Years in NZ (1990), Ref. No. 90-274, held at the ATL.


98 Easton, ibid; Otago Daily Times, 20/3/1945, in A1066/4 ER 45/6/21/1.

99 W. B. Sutch, Chief Requirements and Supply Officer, UNRRA, Southwest Pacific Area, Sydney, letter to the Secretary, Department of External Affairs, Canberra, 18/5/1945; J. J. Kennedy, Comptroller-General, Department of Trade and Customs, Canberra, memorandum to the Secretary, Department of External Affairs, Canberra, 28/5/1945; J. D. O’Sullivan, Deputy Commissioner of Taxation, Federal Taxation Office, Canberra, memorandum to the Acting Secretary, Department of External Affairs, Canberra, 30/5/1945; B. R. Watson, for Secretary, Department of the Interior, Canberra, letter to the Secretary, Department of External Affairs, Canberra, 4/6/1945; J. J. Kennedy, Canberra, memorandum to the Secretary, Department of External Affairs, Canberra, 8/6/1945; W. B. Sutch, Deputy Director (Requirements and Supply), UNRRA, Sydney, letter to the Acting Secretary, Department of External Affairs, Canberra, 20/6/1945, all in A1066/4 IC 45/47/2 UNRRA Travel Facilities for Dr W. B. Sutch, held at NAA, Canberra.


102 Military Intelligence Department, War Department, Washington D.C., Summary of Information on Dr W. B. Sutch, UNO Representative of New Zealand in the USA, 13/10/1947, in FBI File 100-HQ-353048 Volume I, William Ball Sutch.

103 Secret Memorandum Re: Dr. William Ball Sutch, 23/6/1949 in ibid.

104 E. M. Gregg, Top Secret Office Memorandum to L Whitson, 27/6/1948, in ibid.


107 The New Zealand Security Service, later the Security Intelligence Service, was created on 28 November 1956. See Parker, SIS, p. 25.


109 See American Embassy, Wellington, Confidential Foreign Service Despatch to the Department of State, Washington D. C., 20/5/1953, concerning the plans for Miss Margaret S. Sutch to visit the United States following the award of a study grant by the American Association of University Women. Margaret Sutch and her brother were described as ‘both have the same kind of record’, in FBI 64-HQ-25441-4935, WILLIAM BALL SUTCH. His wife, Shirley Smith, had not been a member of the CPNZ since 1945, and later reflected that she had ‘... lost sympathy with the USSR from the invasion of Hungary in 1956, all of which is well-known to the NZSIS’. See Smith, ‘Commentary on Sir John Marshall’s account of W. B. Sutch’, p. 4.

110 On the behaviour of Sutch while with the United Nations in New York, see the correspondence between C. A. Berensden and A. D. McIntosh in March 1948, reproduced in McGibbon (ed.), Undiplomatic Dialogue, pp. 158-161, which indicates that it was Sutch’s pro-Soviet views and pronouncements, rather than his association with Soviets at the United Nations, which gave the New Zealand Government cause for concern.

111 W. Kling, First Secretary, American Embassy, Wellington, Confidential Foreign Service Despatch to the Department of State, Washington D. C., 15/2/1956, in FBI 100-HQ-353048.


Powell, American Embassy, Wellington, Confidential Department of State Telegram to the Secretary of State, Washington D.C., 14/4/1966, in FBI 100-HQ-35048


Bassett, Third Labour Government, pp. 215-216; Hayward, Kirk Years, footnote p. 249

Parker, SIS, p. 142; Lines was interviewed for the episode ‘Under Cover of Darkness’, which was part of the series ‘Bungay on Crime’, Gibson Group, 1992.

Parker, SIS, pp. 153-154; Michael Bungay, Sutch’s lawyer at the trial, detailed his defence strategy in ‘Under Cover of Darkness’.

See the extract of a 1975 television interview with Sutch which was included in ‘Under Cover of Darkness’; Bassett, Third Labour Government, p. 216. See also A. Samson, ‘New light on Sutch trip through Russia’, the Dominion, 8/4/1997, p. 7, in which Shirley Smith recalled that Razgovorov had asked her husband two questions: ‘what did New Zealand Chinese think of communism in China, and what did New Zealand Jews think of Israel?’

For Sutch’s obituary, see, for instance, the Otago Daily Times, 29/9/1975; Evening Star 29/9/1975.


A. Makarov, ‘The package and the KGB’, the Sunday Star, 10/10/1993, p. A4. Note that Makarov had previously been accused of being a KGB intelligence officer, since his replacement was denied entry to New Zealand on the grounds that he was also a KGB officer. Makarov vigorously denied the allegation. See, for instance, the Otago Daily Times 4/9/1976, 23/9/1976.

G. Chapple, ‘Russian revelations on Sutch spy affair’, ibid., p. 1. Makarov repeated his story for John Campbell in the course of a TV3 20/20 item which screened on 1 May 1995. See also the Dominion, 2/5/1995, p. 3.

Muldoon, Muldoon, p. 172.


Samson, ‘New light on Sutch’.