

Paddy Costello: What the Papers Say

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June 2012

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Introduction

In the last ten years or so, beginning with James McNeish's *Dance of the Peacocks* (Auckland, 2003), the reputation and indeed the name of Desmond Patrick Costello have been exhumed from the obscurity in which they had languished for too long. McNeish went on to write the first full biography of Costello - *The Sixth Man* (Auckland, 2007) - thereby placing in his debt all subsequent writers on Costello. Two other New Zealanders have also published material on Costello as part of books of wider scope, in some cases their judgements differing sharply from McNeish: C H (Kit) Bennetts' *Spy* (Auckland, 2006) and Graeme Hunt's *Spies and Revolutionaries - A History of New Zealand Subversion* (Auckland, 2007). A careful reading of these works, however, and the checking of many of the assertions made against documentary sources (to the extent that they are available) reveal many omissions, errors and exaggerations, especially by McNeish. At least in some cases, McNeish the novelist is in the ascendancy over McNeish the historian.

This paper accordingly seeks to present a more accurate account of what is known or can reasonably be inferred about certain periods of Costello's life, simply with a view to making a better record of those periods than is now available. Except where it is necessary to fill gaps or correct errors or provide context, it does not reproduce what others have said. It does not purport to be an account of Costello's life based on what is now known; the aim is rather to provide more facts and a firmer basis for future biographers. Some sections of the paper are based at least in part on original research in New Zealand, the United Kingdom, the United States and France which has uncovered documents and facts not available to or not used by previous researchers; hence the title of the paper. Other sections depend upon reading previously available sources in more objective ways than they have previously been read; or upon putting events in Costello's life in a wider context than previously and thus altering their meaning. One effect of these additional facts and changed perspectives is to make it clear (or clearer) that Costello was a spy for the former USSR. The spying allegations are set out in full at Appendix B.

The paper is essentially a progress report on Costello's life, and also a work in progress. As will become clear below, the bulk of the relevant unavailable documents are held by intelligence and security agencies around the world. Only when - and it must surely be a question of when rather than if - they decide to make them available will the full (or at least a fuller) story of Costello's life be able to be written. As and when further facts become available, the paper will be changed to accommodate them - which is why it is being published on the web, something which also makes it as widely available as possible.

To adapt words used by Dr Johnson in the *Lives of the Poets* - he is referring to literary history but he might well have been talking about espionage history -

To adjust the minute events of literary history is tedious and troublesome; it requires no great force of understanding, but often depends upon enquiries which there is no opportunity of making, or is to be fetched from books and papers not always at hand.

A brief account of Costello's life may be helpful at this point.

Costello was born in Auckland on 31 January 1912 and undertook his schooling at St Leo's Devonport, Ponsonby Primary School, Herne Bay, and Auckland Grammar School. He was at Auckland University College, University of New Zealand from 1928 to 1931, where he completed BA 1930 and MA 1931, with first class honours in Greek and Latin. In 1932 he was awarded a postgraduate arts scholarship and left for Cambridge, where he attended Trinity College until 1934, graduating with first class honours in the classical tripos. Costello was elected a scholar of Trinity and won a research studentship for a year at the British School in Athens. In 1935 he married Bella (Bil) Lerner and was a senior research scholar at Trinity College.

At about this time he joined the Communist Party, from which he later claimed to have resigned. He was in 1936 appointed lecturer in classics at the University College of the South West, Exeter, a position from which he was dismissed in 1940 because of his political activities and his associations with a student who had been convicted of an offence under the Official Secrets Act.

Later in 1940, in England, Costello enlisted in 2 New Zealand Division, and in the following year he sailed for Greece with 21 Battalion and was subsequently evacuated to Crete and then Cairo. After attending an officer training school he was commissioned second lieutenant and joined the Long Range Desert Group. In 1942 he was seconded to Eighth Army GCHQ but was later transferred back to 2 New Zealand Division as divisional intelligence officer to General Freyberg, and promoted captain. Because of his knowledge of Russian, he was seconded to the New Zealand Department of External Affairs in May 1944 and in August arrived in Moscow with the New Zealand Minister to open the new Legation. Between July and October 1946 he was a member of the New Zealand delegation at the Paris Peace Conference. In 1950 he closed the Legation in Moscow.

Costello paid his only visit to New Zealand in 1950 since he had left in 1932. Later that year he took up a post as First Secretary at the New Zealand Legation in Paris but was dismissed from External Affairs in 1954. In 1955 he was appointed Professor of Russian at the University of Manchester. He died in Manchester on 23 February 1964, aged 52, leaving a widow and five children.

For a longer but not wholly satisfactory biography, see Ian McGibbon. 'Costello, Desmond Patrick - Biography', in *The Dictionary of New Zealand Biography (DNZB)*, updated 1-Sep-10 URL: <http://www.TeAra.govt.nz/en/biographies/5c37/1>

Revised 4 June 2012

I Auckland 1912-1932

This section corrects existing versions of Costello's family background by identifying his two half-brothers, and also lists the changing addresses of the family as they moved around Auckland but resided mainly in Devonport. It also seeks to explain why Costello left the Catholic school system.

Desmond Patrick Costello was born on 31 January 1912, the second son of what was to become a family of six children, four boys and two girls. Costello's father Christopher was according to his death certificate born in Dublin in 1867, the son of Michael Costello and Annie Costello, nee Brown. The Public Record Office Victoria has a Christopher Costello arriving in Melbourne as a 21-year-old unassisted migrant in April 1887 on board the *Orizaba*; the dates fit. (1)

The Victorian Registry of Births, Deaths and Marriages has Christopher Costello marrying Elizabeth Ann Phelan in Melbourne in 1893, and also has her dying in 1903 (confirmed by her husband's death certificate). The Registry also shows that she left behind two sons, Joseph Aloysius, born 1894, and John Stanislaus, born 1896. (2) They appear on their father's death certificate (he died on 28 September 1923) as then aged 28 and 26. At some point, they went or were brought to Auckland, as both gave their father as next of kin and his Calliope Road Devonport address (see below) when they enlisted in the New Zealand Army during the First World War. Both were employed in Auckland when they enlisted - Joseph as a hairdresser, John as a clerk - and their experiences during the War were remarkably similar. Both were posted overseas, Joseph to Gallipoli and France, and John to France. Both were promoted, Joseph to Lance Sergeant and John to Lance Corporal. Joseph was badly wounded on the Somme and John contracted severe dysentery at Armientieres, and both were discharged 'being no longer physically fit for war service on account of illness contracted on active service'. As a result of their service, both were awarded the 1914-15 Star, the British War Medal and the Victory Medal; Joseph was in addition awarded the Gallipoli Medallion. Both seem to have settled in Sydney after the War, where John founded a firm of gem merchants which appears to be still going. Joseph died in 1963, and John in 1961.(3) It seems likely that they had little influence on Desmond Patrick Costello.

The Registry also has Christopher Costello marrying again, in 1905, to Mary Woods, born in Melbourne in 1885, the daughter of Patrick and Catherine Woods, nee Conway. McNeish has it that they came to Auckland on their honeymoon and decided to stay 'for no particular reason that can be discovered' (4). There is likely to have been more to it than that. It is worth noting at this stage that Costello's family background closely resembled that of the man who would become his best friend, Dan Davin, born 1913. Davin's father came to New Zealand in 1900 from Ireland, aged 23, again after the great wave of assisted migration had passed so that his fare had to be paid by a relative. As with Costello's father, he married a local girl but one who had been born of Irish-born parents. (5) The Irish influence was accordingly very strong on both - more so than in most of their contemporaries of Irish descent, whose forebears would have arrived in the wave of assisted Irish (and other) migration in the 1860s and 1870s.

After they arrived in Auckland and began to have children, the Costellos moved about a good deal, presumably because of Christopher's work (he is shown variously as 'grocer' and 'grocer's assistant') and also because of their growing family. According to the relevant street directories (which were not always up to date), in 1914 when they had three children (one of them Patrick) they were living at 70 New North Road, Eden Terrace; in 1916, by which time they had another child, they were living in 1 Kiwi Road, Devonport, and in the following year, when they had their fifth child, they were shown as living at 74 Calliope Road, Devonport. In fact, these last two addresses are the same premises, on the corner of Kiwi and Calliope Roads. They stayed there until 1921, by which time they had had their last child, and moved to 181-183 Victoria Road, Devonport.

In 1922 the family moved back across the harbour to Valley Road, Mount Eden, and in the following year they moved again to 3 England St Ponsonby. Their last move before Christopher's death in 1923 was to 33 Calliope Road, Devonport, where the family remained until at least 1933.(6) All the premises were shops and the family would have lived in rooms over or behind. Most of the premises still are shops, as shown by observation or on Google Streetview, the exception being 3 England St Ponsonby which as McNeish notes at page 28 has been 'oddly adapted to residential use'; and in the absence of a number in Valley Road, we can only surmise that it too was a shop.

The SIS 1 papers (7) and Graeme Hunt (8) have a plausible account of Costello's schooling, which fits in with at least the earlier moves in his life. Thus he started school in 1917 at St Leo's Catholic School in Devonport, established in 1893 by the Sisters of Mercy in Owens Road but backing on to Albert Road, across which was and is St Francis and All Souls Catholic Church, also established in 1893. Along one side of the school grounds is Victoria Road where the Costello family lived in 1921. In 1919 or 1920, Costello transferred to 'the Ponsonby School' (McNeish at page 28 has 'the Curran St primary school' - shown variously as being in Ponsonby or Herne Bay - and what's more has a reference to prove it), and then in 1923 at age 11, the year his father died, he went to Auckland Grammar. McNeish's account of Costello's primary schooling - apart from Curran St - is messy and inaccurate, apparently stemming from a wish to make Costello some kind of working-class hero from the slums of Ponsonby 'where Costello spent most of his first ten years' (p 28). He does not mention St Leo's at all, and Devonport only comes into the picture towards the end of Christopher Costello's life. As noted, the family spent only a year or so in Ponsonby, and were middle-class or bourgeois, as Costello might have said later, rather than working-class.

Given that the Costello family was 'staunchly Roman Catholic' (SIS 1) as one might expect from the Irish influence, it seems odd that both Paddy and his elder brother Frank went to Auckland Grammar and not to a local Roman Catholic secondary school such as Sacred Heart College run by the Marist Brothers (which Dan Davin attended for a year in 1930). The decision cannot have been influenced by any alleged superiority of Auckland Grammar: Sacred Heart's standard was such that in the University of New Zealand Entrance Scholarships examinations the young Davin came 'third in the whole country in History, ninth in Latin, tenth in English...' (9) One explanation might lie in the anti-Catholic policies adopted by the Massey Government following the 1919 election, which was won with the aid of the Protestant Political Association under Howard Elliott, described by Keith Sinclair as a 'malignant, bigoted, Australian Baptist minister'. (10) In the next few years, Miles Fairburn notes, 'an education act withdrew the right of pupils at denominational schools (most of which were Catholic) to win state scholarships and to receive free rail passes'.(11)

It is thus entirely possible that Costello and Frank went to Ponsonby school so that they could win the scholarships necessary to enable them to continue their education: at Catholic schools they would have been ineligible. According to McNeish at page 27 while at Ponsonby school Costello won the Rawlings Scholarship ('open to any child under the age of twelve attending a *public* school' - emphasis added) in 1922, and this got him to Auckland Grammar. As St Leo's School in Devonport was in the same suburb as the Costello's home for most of this period, and Ponsonby was across the harbour, there must have been some substantial reason for Costello to have changed schools - particularly as the 'staunchly Roman Catholic' Costellos would not have sent their two eldest sons to a non-Catholic school without considerable soul-searching, and perhaps also opposition from the clergy. (When my Catholic grandparents in Invercargill contemplated sending my father (born 1905) to a non-Catholic school conveniently near the family home, they were improperly threatened with excommunication by the parish priest).

Whatever the reason for Costello not attending a Catholic school, in Catholic eyes he paid the price: at Auckland University College he lost his faith, as the saying goes, an event which must have

caused his family, and especially his mother, much anguish. ‘The only special features of his university years’, SIS 1 records, ‘were his renunciation of his religion for some form of agnosticism or atheism and his association with a group which was noted for its radical tendencies and, in the field of political and economic thought, for its Communist leanings’.

In July 1932, Desmond Patrick Costello, MA (NZ) with first class honours in Greek and Latin, aged 20, sailed away to Cambridge, stopping in Melbourne to see his elder brother Frank and their Woods relations.

It is convenient here to note what happened thereafter in the short term to Costello’s brothers and sisters, although he seems to have had curiously little to do with them after he left New Zealand. Frank stayed in Australia and joined the Army there during the Second World War. His service record shows that Michael Francis Costello, born Auckland 5 November 1906, enlisted in the Australian Army on 5 June 1941 at Royal Park in Melbourne; he was discharged from the ‘1 Aust Armd Recce Sqdn’ on 26 February 1947, having reached the rank of sergeant; he had no honours or gallantry awards and he had not been a prisoner of war. (12)

Drawing on the SIS papers (the relevant sections date from 1944), of the other two brothers, Phillip was employed by the Customs Department in Wellington and served overseas with 2 NZ Division in the Middle East (it seems impossible that he did not meet his brother there - see also Section II below). Leonard was invalided home after service with the 3rd NZ Division in the Pacific. The two sisters, Molly and Kathleen, married, and both husbands (respectively Till and Bishop) served in the Middle East with 2 NZ Division (again, it seems impossible that they did not meet their brother-in-law there). McNeish is not much interested in Costello’s siblings; in sharp contrast, he gives us much detail about Costello’s wife’s family.

Notes

- (1) The record may be seen online at pro.vic.gov.au
- (2) The records may be seen online at www.bdm.vic.gov.au
- (3) Their service records and some additional information have now been digitised and may be seen online at archives.govt.nz The Sydney firm of gem merchants is simply called Costello’s, but an email seeking confirmation of the link with D P Costello failed to elicit a reply.
- (4) All references to McNeish, unless otherwise indicated, are to his book *The Sixth Man - The Extraordinary Life of Paddy Costello*, Auckland, 2007; this reference is to page 26.
- (5) Keith Ovenden: *A Fighting Withdrawal: The Life of Dan Davin*, Oxford, 1996, chapter 1
- (6) I am indebted to Mr Paul Aubin of Dunedin who carried out this research.
- (7) In 2007 the New Zealand Security Intelligence Service released to me, as it had earlier released to McNeish, copies of two sets of papers; the first (referred to here as SIS 1) comprised material on Costello from the NZ Police and the former Security Intelligence Bureau; the second set deals with the issue of New Zealand passports to the Krogers in 1954, which is considered below (section VIII). The papers are described more fully in Appendix C.
- (8) Graeme Hunt: *Spies and Revolutionaries* Chapter 7 (‘Trinity’s Traitor’) deals with Costello.
- (9) Ovenden, p.43
- (10) Keith Sinclair: *A History of New Zealand*, revised edition, Auckland, 1988, p.243
- (11) Miles Fairburn: ‘The Farmers Take Over (1912-30)’ in Keith Sinclair (ed) *The Oxford Illustrated History of New Zealand*, second edition, Auckland, 1997, p.202
- (12) The records are online at <http://www.wv2roll.gov.au>

Revised 4 June 2012

II Ireland and Cambridge 1932-36

This section clarifies the relationships between Costello and his relatives in Ireland; and seeks to put beyond doubt that he associated with the Cambridge five while he was at Cambridge.

When Costello reached England in September 1932, he went not to Cambridge but to Ireland, specifically to County Kilkenny where he stayed with his mother's Woods relatives in Mullinavat (just as Dan Davin, five years later, although in his second year at Oxford, went to Galway to see his father's relations).

Costello's visits to Kilkenny - on McNeish's account (page 35) he went back twice more in the next 12 months - raise the question of whether he ever went there again. McNeish mentions no further visits, and further visits to Ireland are recorded (pages 299-300) only towards the end of Costello's life. These later visits were to the Aran Islands off the coast of Galway, and on the last visit in the summer of 1963 Davin and his wife accompanied Costello and perhaps some members of his family. In fact, Costello did visit his Kilkenny relatives again - he and his wife were 'constant visitors' according to Sister Elizabeth Woods, Costello's first cousin.(1) Why these visits should be omitted by McNeish is something of a puzzle.

Despite McNeish's descriptions of Costello's maternal relations in Mullinavat being apparently well-founded - he acknowledges great help from Sister Elizabeth Woods - there are mistakes in them. On McNeish's account, Costello looked up in Mullinavat Uncle Mattie, Aunt May, Nicky and Grandpa. There was a census in Ireland in 1911, so one would expect to find in the very comprehensive results (2) records of these relations. The researcher will look in vain, however, for any Woodses in Mullinavat at that time (although, paradoxically, there were Costellos). The only Mathew (sic) Woods in the area was in the adjacent townland of Glendonell (shown on current maps as being part of Mullinavat). In the house at 3 Glendonell, Mathew Woods, farmer, aged 45, is shown as being the son-in-law of the head of the house, Patrick Ryan, aged 75, and his wife Mary, aged 79. Mathew's wife, Elizabeth, was the daughter of the Ryans. No children are shown, but there were five servants. This was 'Uncle Mattie', who had no children and would thus have particularly welcomed Costello's visits. He was in fact not Costello's uncle but the uncle of Costello's mother Mary, and thus Costello's great-uncle or grand-uncle, as was 'Nicky'. 'Aunt May' is not yet identified.

'Grandpa' (Patrick Woods) does not appear on the Irish census for 1911 because he, his wife and three children, Joseph, Katie and Maggie (Costello's uncle and aunts), were still in Melbourne at that time and did not return to Ireland until the following year. They and Mathew and his wife later all lived in Smithstown, Tullagher, north and east of Mullinavat.

It is a sad commentary on Costello's relations with the rest of his family that when his brother Phil went to Ireland at the end of the Second World War (having also served in the New Zealand Division in Italy), he knew so little about his relatives that he had to put an advertisement in a newspaper to find them.

Costello's scholarship at Cambridge was to Trinity College, the largest and grandest with over 1000 members, and larger also than any Oxford college. It must have seemed enormous to Costello after Auckland University College. It was also the College attended by four of the five members of what came later to be called the Cambridge five, the notorious spy ring: Anthony Blunt (who by Costello's time was on the staff), Guy Burgess, John Cairncross, and Kim Philby. (The fifth, Donald McLean, was at Trinity Hall) They were, Christopher Andrew observes, 'the ablest group of British agents ever recruited by a foreign power'.(3) Costello and those similarly inclined gathered at the Cambridge University Socialist Society (CUSS), Cambridge's 'main student

Communist organization' as Andrew describes it, 'which usually met in Trinity College'. (4) None of the College four appears on its list of 'Notable Alumni', although Philby's father Harry (1885-1960) does; his claims to fame are listed as 'explorer of Arabia, father of Kim'.

While Blunt was older and became interested in Marxism through Burgess, his closest friend, in 1933-34 (5), the other four members of the Cambridge five were Costello's exact contemporaries. Philby 'joined the university socialist society and became a convinced communist', his biographer records (6), while McLean 'soon joined those on the extreme left who aimed to reanimate, and dominate, the university socialist society'. (7) Burgess joined the Party while he was at Trinity (he was there for five years, being granted a two year postgraduate teaching fellowship after graduation in 1933) and in response to Philby's request suggested Blunt and Maclean as other recruits. (8) It may be that he had a hand in recruiting Costello also. In his second and final year - 1935-36 - Cairncross (who like Costello was given credit for studies elsewhere) 'participated in communist meetings held at Cambridge' (9)

Andrew records that a generation later 'the Service (MI5) obtained, by means unknown, the minute book for the period 1928 to 1935' of the Socialist Society, and proceeds to quote from it. (10) According to the minute book, Donald Maclean 'was elected a committee member during his first year at Trinity Hall in 1931', while 'Philby was elected treasurer of the Society in 1932' and 'remained in active contact with CUSS after graduation'. McNeish has it (pp 36-7 and 379) that Costello also knew and was influenced by James Klugmann who had been at school with Maclean and came to Trinity College in 1931, and whose entry in the *Oxford Dictionary of National Biography* records that he and John Cornford, another Cambridge contemporary (who died in Spain in 1936)

worked outwards from the growing communist cell in Trinity to expand successfully the Cambridge Socialist Society and similar student groups in other universities—ensuring that, in the popular front mode of the day, they were all Marxist dominated.(11)

Klugmann remained a visible member of the Communist Party and was for some years head of its education department. He became adept at accommodating himself to the changes in the Party's official line, and in 1951 accordingly denounced Tito, whom he had previously admired. (Andrew p 404) On McNeish's account (p 379), quoting Mick Costello, when Costello went to Manchester Klugmann came to see him but 'Paddy broke with Klugmann. He had proved himself to be intellectually dishonest'. Such an encounter might suggest a continuing relationship over more than 20 years (Klugmann was also in Cairo during the War).

In the interests of historical accuracy, particularly with reference to Costello, I approached the Service seeking access to the CUSS minute book, if necessary under supervision, noting that it had been at one time in some sense a public document. I was rebuffed by 'The Enquiries Team', which argued that (12)

Our guidance is clear that any publicly available information released by the Security Service will only be made available via the National Archives. We are unable to give specific guidance as to whether the information you have requested will become available.

Whoever and whatever the specific Communist or Marxist influences on Costello, he seems to have joined the Party in July 1935, the same year as he was married to Bella Lerner, who may already have been a Party member and who was in any event apparently to remain a Party member much longer than her husband. (13)

Notes

- (1) I am grateful to Sister Elizabeth for her assistance in disentangling the Woods relations and in correcting McNeish's errors.
- (2) www.1911census.org.uk/ireland.htm
- (3) Christopher Andrew: *The Defence of the Realm: The Authorized History of MI5* London, 2009, p.420
- (4) Andrew, p.172
- (5) Michael Kitson, 'Blunt, Anthony Frederick (1907–1983)', rev. Miranda Carter, Oxford Dictionary of National Biography, Oxford University Press, 2004; online edn, May 2008 [<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/30829>, accessed 21 Feb 2012]
- (6) Nigel Clive, 'Philby, Harold Adrian Russell [Kim] (1912–1988)', rev. Oxford Dictionary of National Biography, Oxford University Press, 2004 [<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/40699>, accessed 21 Feb 2012]
- (7) Robert Cecil, 'Maclean, Donald Duart (1913–1983)', rev. Oxford Dictionary of National Biography, Oxford University Press, 2004; online edn, Jan 2011 [<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/31394>, accessed 21 Feb 2012]
- (8) Sheila Kerr, 'Burgess, Guy Francis de Moncy (1911–1963)', Oxford Dictionary of National Biography, Oxford University Press, 2004; online edn, Jan 2011 [<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/37244>, accessed 21 Feb 2012]
- (9) Richard Davenport-Hines, 'Cairncross, John (1913–1995)', Oxford Dictionary of National Biography, Oxford University Press, 2004; online edn, Oct 2009 [<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/60449>, accessed 21 Feb 2012]
- (10) Andrew, p.172
- (11) T. E. B. Howarth, 'Klugmann, Norman John (1912–1977)', rev. Oxford Dictionary of National Biography, Oxford University Press, 2004 [<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/31318>, accessed 13 March 2012]
- (12) Email from the Security Service 21 February 2012
- (13) McNeish's account of Costello joining the Party seems persuasive. But his account of Costello's Cambridge years, so far as the Socialist Society is concerned, is confused and is the subject of many unsubstantiated assertions. At p.36 for example McNeish claims that 'There was already a small communist cell at the university centred on Trinity in 1932 when Costello arrived....But Costello was not part of it.' No authority is given for this claim. McNeish also has a footnote on p.329 quoting Costello's son, Mick: 'I remember Paddy telling us that at a meeting of the Socialist Society, Philby said that "the first task after the Revolution will be to build a prophylactorium for Guy Burgess"'. McNeish also seeks to rush Costello away from Cambridge prematurely, after he graduated in mid-1934. But after a year spent mainly in Greece and elsewhere in Europe, Costello went back to Cambridge and Trinity for the academic year 1935-36 (McNeish p.56) - a period with regard to which McNeish has very little to say.

Revised 4 June 2012

III Exeter 1936-1940

What happened in Exeter in 1940 had such far-reaching effects on Costello's later career - although, as will be argued later, not as far-reaching as McNeish and others make them out to be - that it merits close examination. Unfortunately that examination is handicapped by the fact that not all the relevant documents from the period are available; as McNeish notes, 'the college registry was bombed out in the war' (p.75). So far as I can tell, I obtained from the University of Exeter much the same documents as were made available to McNeish - further details are given the notes - but we draw rather different conclusions from them. The police deposition about the Fyrth case was discovered in the UK National Archives, and throws new light on the circumstances of the arrests and the events leading up to them. Contemporary reports in *The Times* were also helpful.

This section is divided into two parts: what happened at Exeter, and the aftermath.

What Happened at Exeter

In Exeter the Costellos moved into 9 Longbrook Terrace, conveniently close to the station, one of a row of three-story terrace houses. The row is still there, looking shabby now, and number 9 is divided into three flats (1). Once in Exeter, on McNeish's account (pp.66-79), Costello made little attempt to conceal his political sympathies. In 1937 he toured the West Country in a 'bullet-scarred ambulance' raising funds for the Republican side in the Spanish Civil War. In the same year he visited India, bearing with him 500 (or perhaps 700) pounds as a gift from the British Communist Party to its Indian counterpart. McNeish writes of this excursion: 'Just who paid the fare and/or persuaded him to go - it can hardly have been [his wife], given the risk involved - is a matter for speculation'. (p.71). The British Communist Party (Costello by now being a member) seems the obvious answer in both instances. Costello helped his brother-in-law to deliver the Communist Party newspaper, *The Daily Worker*, in Exeter. Costello also spoke out about the Czechoslovak crisis in March 1939, when the Germans invaded.

Where Costello seems to have gone too far - many in the United Kingdom supported the Republicans in Spain, and had reservations about doing anything to support Czechoslovakia - was maintaining in public that Britain should not attack the USSR after it had invaded Finland between November 1939 and March 1940. There appears to have been a widespread view in England at that time in favour of Finland. *The Times* leader on 1 December 1939 put it thus:

Within a few hours of MOLOTOFF'S broadcast, in which he described as 'malicious slander' the assertions, said to have been made in the foreign Press, that the Soviet aimed at the seizure of Finnish territory, the Red Army had marched into Finland, and the Red air force was dropping bombs on Finnish towns, including the capital. So the world is given yet another demonstration that, in the eyes of the despotisms of Central and Western Europe, a small nation possesses no rights save those which it can assert by force of its own arms or those of its friends. The friends of Finland, at this moment of indefensible outrage, must include all the nations of the free world....

Plans were also being made at one point by Britain and France to send 'a small expeditionary force' to Finland (2), so that Costello's support for the USSR would have been unpopular, perhaps even among his fellow-members of the Communist Party. 'For many British communists,' Geoffrey Cox recorded, 'and particularly many fellow travellers, the invasion of Finland was a final blow to a faith which had become interwoven with every aspect of their lives...' (3) Not so Costello, who was made of sterner stuff.

There were three significant developments at this time. The first was Costello's attempts to leave Exeter, aided by the College Principal, John Murray (1879-1964), who was actively helping

Costello in 1939 to find alternative employment. The nature of that employment merits some reflection: the Admiralty, the Foreign Office, the British Council. Costello was seeking entry to the British establishment, or the 'bourgeois apparatus' as the Party described it, where he would get access to the sort of classified information of interest to Moscow. His fellow Party members from Trinity College were more successful in their attempts at that time to gain entry. In January 1939 Guy Burgess began work with MI6, having previously worked for the BBC. He was instrumental in getting Kim Philby - who had earlier worked for *The Times* - into MI6 in July 1940. Burgess also helped Anthony Blunt to get a job in MI5 in August 1940. Donald McLean had been at the Foreign Office since 1935. Costello's attempted career moves accordingly look to be part of a pattern, and while they were unsuccessful at that time, his next attempt - to join the New Zealand Legation in Moscow in 1944 - was successful. (4)

Murray seems to have turned against Costello early in 1940, at the time of the Russian invasion of Finland, and amid growing disquiet in the town about the activities of 'fifth columnists' including Costello. There was also the third development which became known as the Official Secrets Case. It is important to note here however that Murray continued up until the eleventh hour to try to help Costello see the error of his ways. In a letter to Murray dated 29 May 1940 - acknowledging one from Murray asking him to the forthcoming Council meeting where in the event Costello would be sacked - Costello said:

Thank you for your offer to talk this matter over; but, as I have already had three interviews with you in the last two or three months I do not see that any useful purpose can be served by still another.

So what was the Official Secrets Case?

The British Government announced in December 1939 that all British newspapers, including *The Daily Worker*, the British Communist Party newspaper, would be available to the British forces in France. The French Government, however, banned *The Daily Worker* by secret decree. The British authorities in France in turn issued a secret decree in December 1939 to the British forces in France referring to the banning of a number of publications (including *The Daily Worker*), and asking recipients to report cases of any of the publications being found.

Montague Patrick Kingston Fyrth, 27, a sub-lieutenant in the Royal Naval Reserve serving in France, received a copy of the decree and on 30 December 1939 sent it to his brother Hubert, 21, who was at University College Exeter. In the letter he referred to his brother Hubert as being 'the Chairman of the Socialist Society of Exeter University' (and thus highly likely to have been known to Costello). He objected to British officers being requested to act 'as Secret Service Agents in order to assist the French police with a piece of purely domestic legislation'.

Hubert Fyrth was then a part-time assistant in Economics, presumably while studying for his postgraduate degree, having graduated BSc (Econ) with first class honours in 1938. He made no secret of his left-wing views which were aired or reported upon in the student publications *The SouthWesterner* and *RAM*; there was for example a report of him speaking in a debate about the Hitler-Stalin Non-Aggression Pact in early November 1939. (5)

On 22 January 1940, Hubert Fyrth sent a copy of the British decree to the Council of Civil Liberties (also protesting about censorship of the press), saying that 'I have already had a report of the affair printed in *The Daily Worker*', which suggests that he may have written it. (He was later charged with having communicated secret information to it.) There was a piece in that paper on 9 January 1940 by 'A Special Correspondent'. Fyrth also sent a copy to D N Pritt MP KC, 'one of Britain's sturdiest fellow-travellers' his biographer calls him (6).

The house in Exeter where Hubert Fyrth boarded was not searched until 16 March 1940. The police officer who had the warrant searched Fyrth's bedroom and then the sitting room in the house. Having found nothing, he asked the landlady whether Fyrth had recently given her anything to burn. She said 'yes' and gave the police officer a briefcase the contents of which her husband had not yet got around to burning. This contained the incriminating documents. (7)

The only reasonable inference to be drawn from this sequence of events was that Hubert Fyrth was reported to the police by either his landlady or his landlord, or both, after either or both of them had read the contents of the briefcase he had given them to burn. Had they not done so, or had Fyrth burnt the material himself, it seems unlikely that the authorities would ever have found out who was responsible, or at least would not have had the evidence to charge the brothers. The consequences for Costello would have been profound, as we shall see.

The Fyrth brothers were arrested on 18 April 1940, on Montague's arrival at Southampton from France. They appeared in the Exeter Police Court the following day and were charged with offences under not only the Official Secrets Act (the document in question was plainly an official secret) but also the Defence (General) Regulations. A report appeared in *The Times* on 20 April 1940. Their trial took place at the Old Bailey on 29 May 1940. Montague pleaded guilty 'to unlawfully communicating information, which had come into his position as a person holding office under the King', as *The Times* put it in its report the following day, while Hubert pleaded guilty to communicating that information to another person. Their pleas of not guilty to the other charges were accepted by the prosecution, some kind of plea bargain evidently having taken place. The report in *The Times* noted that an unnamed military witness 'gave evidence that there was nothing particularly secret about the document in question', and the Fyrths' counsel argued that 'what they did was done in pursuance of ideas honestly held by them'. The judge observed that 'that can be said of any traitor here who wishes to assist the enemy' and gave Montague 12 months, and Hubert six.

At some point in this legal process, Hubert Fyrth went to see Costello; only Costello's account of what happened has survived - as set out below in his letter to Alister McIntosh.(8)

It is however possible to reconstruct from these public documents and from the material provided by the University of Exeter the sequence of some of the events which led up to Costello's dismissal. The earliest document to throw light on the sequence is Murray's letter to Costello dated 25 May 1940 - after Finland, and after the Fyrth brothers had been arrested. In that letter Murray said to Costello 'as from this morning I suspend you from duties in College and I ask you from now to withdraw from College premises'. Further, Murray said that 'I shall report the suspension to the College for any action which it may decide on'. By 'College', he evidently meant the College Council (which had a lay majority), as will become plain below.

Some background to the decision is given in another letter Murray wrote that day. The name and title of the recipient have been obscured but by its tone it might have been written to a superior in the College, perhaps the Chairman of the Council. It is the most revealing document in the group. In it, Murray reminded the recipient that he would remember 'the Fifth Column points at the meeting of the Court' [the Court was an administrative body of the College, and for present purposes it was important in 1940 because it had local community representation]. 'Questions were asked about (1) the Fyrth case and (2) Germans and Austrians in the College...Nothing was asked, nor answered, about our home-born undesirables.' The following paragraph is central to Costello and is reproduced in full.

The effect of all this has rather been to inflame feeling in the town than to quiet it, and the feeling is directed against our Communists, real or supposed, and especially against Costello, Ancient History

don and Communist. So the matter has got at last, in my mind, to the sticking-point. After consulting this morning withI wrote Costello suspending him. (Copy enclosed).

After two sentences about *The Southwesterner* and the Guild of Students, Dr Murray returns to to Costello.

About Costello. I have the right to suspend staff, and having suspended to report to Senate and Council. Senate has the right to appoint the subordinate staff (Costello's category) and to dismiss, and to report to Council.

At the Senate meeting called for Monday afternoon I shall propose that he be given the usual notice. This notice will terminate at the end of September. I shall also propose to pay him his salary for this term, forbid him the College and Halls, and to arrange for continuing his work by the simple device of passing it to No. (obscured) in the Department, (obscured) who has a small part-time job. The Council is being called for Friday to ratify all.

Murray concludes the letter by saying that 'Now that I've gone and done it, I feel much relieved. When we meet I can tell you in more detail what influenced me to take the plunge.'

The next document is dated 27 May 1940, being a press clipping from *The Daily Herald* reporting that Dr Murray had suspended a member of the college staff, and that 'the matter is under report by me to the college committee was all Dr Murray would say to the "Daily Herald" yesterday.'

On the same day, there was a special meeting of the Senate (of which Murray was the Chairman). It was attended by eight professors, three persons with the title of Dr, two with the title of Miss and four with the title of Mr., all of whose names are obscured. The paragraph concerning Costello read as follows.

SUSPENSIONS The Principal reported that he had suspended Mr D P Costello, Assistant Lecturer in Classics, as from 25th May 1940.

Resolved, unanimously, that the action of the Principal be approved.

Resolved that (obscured) and (obscured) Undergraduates, be required to leave College to-morrow, 28th May, 1940.

As noted above, Murray wrote to Costello on 27 May about the Council meeting on 31 May, and Costello replied on the 29th - the same day, it will be recalled, that the Fyrth brothers appeared at the Old Bailey.

Also on 30 May, a colleague (perhaps the head of the Department of Classics) whose name is obscured wrote to Dr Murray about Costello. He began by saying that 'I am in the fullest agreement with your decision to suspend Mr Costello from his duties during the present crisis. This seems to be a necessary precaution under existing circumstances and one for which Mr Costello's activities, whether indiscreet or more positively culpable, were ample justification.' He went on to say that he wished to add nothing about the 'the further question of permanent dismissal'.

Despite this unpromising beginning - so far as Costello was concerned - the writer went on to praise Costello's service in the Department of Classics ('at a difficult time sacrificed leisure and his own intellectual interests', 'a particularly acute, vigilant and relentless intelligence', 'I must allow myself to say emphatically and without reservation that I could have found no more loyal and considerate associate in the work of the Department', 'I have observed in Mr Costello a delicacy of feeling and a certain scrupulosity on the point of honour which would lead me to investigate with much care any charges so affecting him.')

On the same day, a further letter of support for Costello was sent to Murray, as follows. (Again, the names have been obscured).

In view of discussions in the Senate last Monday, we, as representatives of the Assistant Staff, would like to let you know that we hope that Mr Costello will not be dismissed without specific charges being preferred.

On 31 May Costello appeared before the Council. Only his description of what happened has survived, and that will be dealt with below.

What is also revealed by the documents is how isolated Costello had become at Exeter. Not one academic colleague on the Senate supported him, and both letters from staff sent to Murray were careful not to offer unconditional support; the longer letter - from the Department of Classics - was essentially in the nature of an academic reference, supported Murray's action in suspending Costello and specifically avoided the substantive question of dismissal. The only inference available from the sequence of events is that Costello also got little if any support from the Council. If there were any letters after the event protesting about the outcome, they have apparently not survived. (9)

The Aftermath

On 25 October 1944, the Permanent Under Secretary of the Dominions Office, Sir Eric Machtig, wrote (secret and personal) to Sir Harry Fagg Batterbee, the UK High Commissioner in Wellington, enclosing an undated report on Costello from the Security Service, classified 'Secret'. The report said that Costello had first come to notice in 1934 when he contributed (from Germany) five pounds to *The Daily Worker*. It also referred to 'a report from the Police Department, Wellington, New Zealand dated 19th December 1934'. The Service had also had a report from the Indian Intelligence authorities concerning Costello's visit there in 1937 and the allegation that he had brought 500 pounds from the British Communist Party for the Communist Party of India.

The report went on to say that in 1940 the Exeter City Police had reported that Costello had from 1939 onwards been associating with local Communists and a number of them had stayed at his house - including Jack Lerner, who sold *The Daily Worker*. It then referred to the Official Secrets case, and said that following the prosecution 'the Council of the University called upon Costello to resign his appointment'. The author added 'I have not confirmed this statement with the University'.

The report concluded by referring to 'Betty Lerner' who had married Costello and was

definitely known to us in 1941 as the Secretary of the Exeter branch of the Communist Party and appeared openly at meetings of the Party. She was expelled from the Party at the end of 1941 on grounds of political unreliability but was subsequently readmitted to the Party and by the middle of 1943 was again acting as Secretary of the Exeter branch and is known to have addressed open-air meetings of the Party there. In February of this year she made application as Secretary of the local branch of the Communist Party for representation on the Exeter Information Committee.

In his covering letter, Sir Eric referred to 'Cuming Bruce, who is here at present' who had known Costello well at Cambridge and who gave him a good report. Cuming Bruce (10) added that he had discussed Costello with Alister McIntosh (11) when Costello was being considered for Moscow, when 'he had categorically denied that he was still a member of the Communist Party'.

Sir Eric went on to say that Costello's 'connection with a case of disclosure of official information in 1940 is more difficult to swallow'. While the Dominions Office had pressed for more definite

information, 'the Security Service have not found it practicable to do more than confirm that Costello was dismissed from his University appointment at Exeter as a direct consequence of his association with a student who was sentenced at the Old Bailey in 1940 to six months' imprisonment for an offence under the Official Secrets Act'. Sir Eric added that as this 'close association' raised a doubt whether Costello was 'a safe and suitable person to be employed by the New Zealand Government in his present capacity', it was clearly desirable that the New Zealand authorities should have this information about Costello and his wife.

Sir Eric concluded by saying that the Foreign Office had been informed, and that a copy of this letter was being sent to the Foreign Office secretly in case it wished the UK Ambassador in Moscow to be informed (as indeed he was - see below).

One might note in passing that the Security Service was less well-informed about the case than it might have been, given that as noted it was covered in *The Times* and was the subject of a detailed police deposition, which was a public document.

Batterbee seems to have taken his time in seeing McIntosh, who did not write to Costello on the matter until March 1945. Batterbee did report back to Machtig in an undated note, saying that he had shown him 'the memorandum enclosed in your letter'. McIntosh had said that the information relating to Exeter was entirely new to him and he thought that he ought to show it to the Prime Minister on his return to Wellington, after which he would be in touch with Batterbee again. Batterbee understood from McIntosh that he was unfavourably impressed with Mrs Costello and had delayed her departure for Moscow. (12)

McIntosh wrote to Costello (Personal and Confidential No 1) on 22 March 1945. It was a shrewd letter, not revealing all that he had been told and thus leaving Costello to run the risk of putting his foot in it. 'The British Security Authorities', McIntosh wrote, 'have reported that you have a record of undesirable Communist activities in the past, and that your wife is apparently at present associated with the Communist Party'. He went on to say that he had discussed the matter broadly with the Prime Minister ('who holds you in high regard, as I do') who had left 'the problem' with McIntosh to solve.

Having reviewed what he had done before Costello was appointed to Moscow ('I..was entirely satisfied with my vetting'), McIntosh put the two main points to Costello: the Official Secrets case ('It is upon this incident more than any other that the British Authorities apparently conceive doubts as to your safety and suitability for your present position'); and Costello's wife, 'whose dossier is more concrete than your own' in that she was said to be acting as Secretary of the Exeter Branch of the Communist Party. He concluded by saying that 'I should be very glad to have your comments as soon as possible to enable the whole situation to be cleared up'. (13)

Costello's reply of 29 April 1945 was a cocktail of fact, untestable claims, exaggerations, omissions and lies, but shrewdly put together. In the first part of the letter, having said that 'On the question of Communist activities, I am not, and have not been since well before the War, a member of the Communist Party', he proceeds to give what appears to be a fair summation of his political activities in Exeter. In the second part of the letter, he gives his account of the Official Secrets case. 'With this business', he claims, 'I had nothing to do at all: when Firth (sic) came to see me during the legal proceedings, to ask advice as to what he should do this was the first I knew of it'. The questions which are begged are: what was Costello's previous relationship with Firth which prompted the student to seek Costello's advice? And, what was the nature of that advice? Costello went on to claim that 'The details of Firth's case were not published, only the general fact that he was involved in a breach of the Official Secrets Act'. This is quite simply a lie, designed to distance

himself from the case and to dissuade McIntosh from looking for more facts. The details were published - in *The Times*, as noted, and no doubt in other newspapers. He went on:

I was never told why the College dismissed me, though I did appear before the College Council to give an account of myself and there had various questions fired at me. Any questions that concerned opinions that I might hold I refused, on principle, to answer, and I think it was this attitude that annoyed them. I was not charged with any particular concrete activities that I can remember, and in particular I was not associated with the Firth (sic) business, though this was the proximate cause of the excitement.

Since the proceedings of the College Council have not survived, and as there is apparently no record elsewhere, we will never know what happened at the Council meeting on 31 May. But a number of assertions in Costello's letter as to what happened are so improbable as to be untrue. He was never told why the College dismissed him? He was not charged with 'any particular concrete activities'? But it is plain from the Principal's papers discussed above that the concern was Costello's 'Communist' activities; and the concern extended beyond the University to the town. It is simply unbelievable that he was 'not associated' with the 'Fyrth business', as shown by the extract quoted above from the Principal's letter of 25 May 1940.

It may not have been mentioned at the Council meeting (who knows?) but the only reasonable reading of the events is that there was a known association between Costello and Fyrth - through the University Socialist Society, at least - which would have counted against Costello when the charges against Fyrth became known. This was the core of the Security Service's case against Costello, and he does not deal with it in his letter to McIntosh.

Costello then proceeds in his letter to invoke his self-proclaimed unique enthusiasm to enlist and his supposedly superior war record. 'I, alone of the College staff, had wanted to join up in the first few weeks of the war...Even now I am the only member of the College staff who has served at the Front.' The impression conveyed is that the College was a hotbed of pacifism and that Costello was a shining exception. The historian of the University of Exeter tells a markedly different story. (14) An Officers Training Corps had been established by staff in 1936. 'When war broke out some of the staff volunteered to fight; others entered the civil service as and when government required.' While there was opposition from students to the war, 'over half of the male students who returned to college in the autumn of 1939 had volunteered for active service by June 1940'. Given that some staff volunteered to fight in 1939, it cannot be true that Costello was the only staff member who wanted to join up at that time.

As to Costello's claim that he was at that time the only member of the College staff who had fought at the front, this can be shown to be a lie by quoting from a contemporary document the author of which - there is some symmetry here - was the Principal, John Murray. In November 1943 Murray published a small pamphlet entitled *The War and the College*, which set out among other matters a list, by name, of members of the staff 'absent on leave either in the Forces or in Government Departments'. Two of those named, a porter and member of the Registry staff, were both prisoners of war. (15)

As the Exeter papers quoted above show, what Costello's mind was concentrated on in the first few weeks of the War (that is, after War was declared on 3 September 1939) was trying to get a job in the British establishment. As noted, Costello was sacked on 31 May 1940 but paid until the end of September. In August he enlisted in the New Zealand Division - nearly a year after war had been declared - presumably in large part because after Exeter he could find no other job. Even the British Army might have thought twice about him.

Costello also claimed in this section of the letter that ‘John Murray, the Principal, can’t stand me...’ As the Exeter papers quoted from above clearly show, Murray sought to help Costello until the eleventh hour; so this is another lie, designed to stop McIntosh from approaching Murray.

Costello concluded the letter by saying that his wife had ‘ceased to have any connection with the Communist Party from the time I arrived in England last April, and has had none since to the best of my knowledge’. To the best of his knowledge? Like Costello’s claims to have left the Communist Party, it is a matter more easily asserted than checked. (16)

The letter recalls Dan Davin’s remark in his obituary of Costello: ‘an unscrupulous arguer’. (17)

A tougher person than McIntosh would have sent a copy of Costello’s letter to Sir Harry Batterbee and asked that further inquiries be made. In the absence of a copy of McIntosh’s reply to Costello - and the case is not mentioned again in their surviving correspondence over the next ten years - we can only assume that McIntosh found Costello’s explanations satisfactory. He allowed him to continue in External Affairs. (18)

Notes

- (1) Observation, and information from Land Registry, Plymouth Office
- (2) Evan Mawdsley: *World War II: A New History*, Cambridge, 2009 p.110
- (3) Geoffrey Cox: *Countdown to War*, London, 1988, p.148
- (4) University of Exeter: copies of letters from Costello dated 12 and 18 October 1939 to Murray. In the first Costello thanks him for forwarding a note on which Costello comments ‘So it would seem there is nothing offering for the time being in the Admiralty.’ He also refers to waiting until ‘until I hear from the British Council about the Jugoslavia (sic) job before I apply to the Army authorities’. In the second letter Costello thanks Murray ‘for the kind offer to write for me to the Foreign Office’, and adds that while he ‘should very much like to avail myself of this’ he thinks that he should wait to hear from the British Council. There is no further mention in the subsequent papers of these positions nor of any other attempts by Murray to help Costello.
- (5) Email of 13 April 2010 from Christine Faunch, Acting Head of Archives and Special Collections, Library and Research Support, University of Exeter.
- (6) Kevin Morgan, ‘Pritt, Denis Nowell (1887–1972)’, *Oxford Dictionary of National Biography*, Oxford University Press, 2004; online edn, May 2009
[<http://www.oxforddnb.com.ezproxy.londonlibrary.co.uk/view/article/31570>, accessed 22 Feb 2012]
- (7) The description of these events before the trial is taken from a long and thorough police deposition on the case which is preserved in the UK National Archives: Piece reference CRIM1/1185 Defendant Fyrth Montague Patrick Kingston, Fyrth Hubert;
www.nationalarchives.gov.uk/
- (8) Having discovered from the electoral roll that the only Hubert Fyrth listed was in a nursing home in Devon, I rang the matron and at her suggestion wrote to Fyrth in April 2010 inviting him to get in touch with me if he was the person who had been at Exeter with Costello. He never replied, and I did not pursue the matter.
- (9) The documents relied on here were furnished by the University of Exeter in 2010, and were in turn obtained from the Devon Record Office. They comprise extracts from the Principal’s papers, Senate minutes, and some information on Hubert Fyrth. As noted in footnote 5 above, the material was supplied by Christine Faunch. She referred to her predecessor Charlotte having found the material originally; and on page 388 McNeish refers to the archivist at the University of Exeter, Charlotte Berry. It would be a reasonable inference that McNeish and I were provided

with the same papers, but there is at least one difference: McNeish refers at page 75 to a reference Murray gave for Costello, but I have no such document. On the other hand McNeish makes no reference to Costello's attempts - with Murray's help - to penetrate the 'bourgeois apparatus'.

- (10) Francis Edward Hovell-Thurlow-Cumming-Bruce, 8th Baron Thurlow, 1912-2013; he served in the Dominions Office and later the Foreign Office and was posted to the British High Commission in Wellington during World War II; like Costello, he was a member of his country's delegation at the Paris Peace Conference in 1946; he returned to New Zealand as High Commissioner from 1959-1963; like Costello, he was at Trinity College, Cambridge, where he obtained a first in classics; like Costello, while at Cambridge he joined the Communist Party - 'only a fleeting incursion into political radicalism', one obituary claims; it is a nice question whether Sir Eric and McIntosh were aware of this symmetry when Cumming-Bruce gave them the Costello references; see *Who's Who 2012* and 'Lord Thurlow Obituary' *The Guardian* 16 April 2013.
- (11) Then the head of both the NZ Prime Minister's Department and the NZ Department of External Affairs. Ian McGibbon. 'McIntosh, Alister Donald Miles - Biography', from the *Dictionary of New Zealand Biography*. Te Ara - the Encyclopedia of New Zealand, updated 1-Sep-10 URL: <http://www.TeAra.govt.nz/en/biographies/5m13/1>
- (12) Sir Eric's letter and enclosure, and Sir Harry's reply are in the Michael King Papers, Alexander Turnbull Library, Wellington (ATL), 8752/206; King's source appears to have been McIntosh, and it is a nice question how McIntosh managed to get hold of Sir Harry's reply. As will be dealt with in more detail below, McIntosh gave King in 1978 an extended series of interviews, ostensibly about Peter Fraser but ranging widely, not least on the subject of Costello; 'I thought Batterbee was an awful old fool' he told King (King papers ATL 77-107-14)
- (13) McIntosh Papers, ATL, 6759-260. McIntosh was gilding the lily when he told Costello that he was 'entirely satisfied' with his vetting of him. 'The mistake we made was not getting him vetted for security' he told King during an interview on 21 March 1978. (King Papers, ATL, 77-107-12) A photocopy of part of the letter, and direct quotations of most of the rest, is in Hunt: *Spies and Revolutionaries*, pp 184-186. He gives no indication of how he came by it. In the letter, McIntosh mentions Clark Kerr, at that time the British Ambassador in Moscow, who in a famous despatch to the Foreign Office reported that he had been given a card by a Turkish colleague by the name of Mustapha Kunt. 'I know exactly how he feels', Kerr added. See Richard Woolcott's *Undiplomatic Activities*, Melbourne, 2007, p.69.
- (14) B W Clapp: *The University of Exeter: A History* (Exeter, 1982) p.93
- (15) John Murray: *The War and the College*, (Exeter, November 1943); I am indebted to Roger Brien, Devon & Exeter Institution, Chief Library Officer, Academic Services, University of Exeter, for sending me a copy of this pamphlet
- (16) In a review of McNeish's book on Costello (*New Zealand International Review*, September 1, 2008), Malcolm Templeton claims that Costello's assertion that he had not been a Party member since well before the war 'has never, to my knowledge, been contradicted and he must have known that it could be checked'. Checked how and with whom? There are also the questions of what constitutes membership of the Party and - irrespective of how that question is answered - whether membership is necessary for a spy. It is worth noting in this context that membership of the Communist Party of Great Britain is said to have grown from 2,300 in 1930 to 18,000 in 1938. (Martin Pugh: *Speak for Britain! A New History of the Labour Party*, London, 2011, p 218)
- (17) *The Times*, 25 February 1964; it is reprinted at pages 319-21 of McNeish.
- (18) It would take too long to correct McNeish's treatment of this episode in Costello's career. As an example, there are elementary errors of fact. McNeish claims that the Fyrth case arose because 'the French Government issued a decree banning the circulation of the *Daily Worker* among British troops ...' (page 76). As shown above, the case turned on a *secret* decree issued by the *British* authorities in France. McNeish's conclusion about the case (page 76) - 'Costello's

version of events, supplied later to the New Zealand government, appears accurate both in broad outline and in detail, and is consistent with the facts now available' - is simply wrong. As indicated in note 9 above, however, it is not clear whether McNeish and I were furnished with the same documents by the University of Exeter.

Revised August 2014

IV Costello at War 1940-1945

This section records relevant matters from Costello's NZ Army file, and raises the question of why he was not awarded any honours or decorations arising from his war service.

Costello had an extraordinary war. As a mere lance-corporal, he helped to guide his 21 Battalion comrades out of Greece and to Crete in April 1941. He then had a period as a Lieutenant with the Long Range Desert Group, a British Army reconnaissance and raiding group which operated behind enemy lines. General Freyberg then made him, Dan Davin and Geoffrey Cox his divisional intelligence officers. In 1944 he left the Army for the New Zealand Legation in Moscow, only to be recalled in 1945 as Major Costello and sent to Poland, ostensibly to arrange the repatriation of liberated British and Commonwealth prisoners, but also to report on conditions there. While in Poland, Costello visited and wrote a report on Maidanek concentration camp and talked to two survivors from Auschwitz. His report covered both camps. It was widely circulated in London including to other embassies and the press.(1)

All this is well covered by McNeish. Some marginal comments may be worth making. The first is to note some aspects of Costello's Army file and his decorations (2).

Costello enlisted in London on 19 August 1940. Under 'Religion' he entered 'Roman Catholic'; perhaps 'none' was unacceptable. He gave his occupation as 'Teacher' and his last employer as the College at Exeter. Asked whether he had ever been examined for service with the armed forces, he replied 'yes' and 'four years ago at Exeter and found fit'. Presumably this was a reference to his attempt to go off to the Spanish Civil War in 1936.

He then took the oath.

I Desmond Patrick Costello do sincerely promise and swear that I will be faithful and bear true allegiance to our Sovereign Lord the King, and that I will faithfully serve in the New Zealand Military Forces against His Majesty's enemies, and that I will loyally observe and obey all orders of the Generals and Officers set over me, until I shall be lawfully discharged. So help me, God.

It was an oath that he was to break repeatedly over the next 24 years until his death.

Costello's Medical Board Record, conducted in Exeter on 10 August 1940, was remarkable only in that it recorded under 'illness etc' 'Heart strain after exertion about 3 years ago', for which he had consulted a doctor. This was an early sign of the heart problem which would help to kill him in 1964. Notwithstanding this episode, he was ranked Grade 1, fit for active service anywhere in the world.

The Army clung on to Costello after he was discharged for the second time in March 1945. It was still writing to him (Major D P Costello) as late as July 1957, when he was still on the Reserve of Officers, Supplementary List, asking whether he wished to go on the Active List or the Retired List. No reply to the letter meant that he would be transferred to the Retired List, and as there is no reply on the file from Costello, that is presumably what happened.

In August 1950 Costello applied for his war medals. It turned out he was eligible for seven: the 1939-45 Star; the Africa Star and Clasp; the Italy Star; the Defence Medal; the War Medal; and the New Zealand War Service Medal. He was keen on wearing them, according to James Bertram. (McNeish p.365) All seven were awarded to servicemen who had seen active service and who had been in the areas specified; none was for an individual act of bravery. This raises the question of why Costello had no such awards, bearing in mind his conspicuous service in Greece, North Africa,

Italy and Poland. Dan Davin was deservedly thrice Mentioned in Dispatches, the third time in 1945 for 'gallant and distinguished services in Italy', and later that year was awarded the MBE (Military Division) with the same citation.(3) Geoffrey Cox was twice Mentioned in Dispatches and was also awarded the MBE (Military Division) (4). Comparisons in these matters can be invidious, but it is hard to see that Costello's services were any less gallant or distinguished than those of Davin or Cox.

It may have been that the long arm of Exeter reached out - directly or through McIntosh, who had influence over civilian honours at least - to move the military men who decided on such matters.

In 1943, having heard of the possibility of a New Zealand post being established in Moscow, Costello wrote to Geoffrey Cox seeking his support for a job there. Cox wrote to McIntosh (who was already on the case) supporting Costello's application but warning of 'a man whose very great ability is matched by an equal strength tending perhaps to rigidity of left wing views'; and noting that his wife's family 'have been in England for, I think, only one generation'. This time, Costello's attempt to penetrate the bourgeois apparatus was successful. (5)

Notes

- (1) A copy of the report, 'German Extermination Camps', is at pp.313-318 of McNeish.
- (2) A copy of Costello's Army file (943 Desmond Patrick Costello) was sent to me on request in 2011 by Personnel Archives, Headquarters New Zealand Defence Force, Upper Hutt, New Zealand
- (3) Keith Ovenden. 'Davin, Daniel Marcus - Biography', from the Dictionary of New Zealand Biography. Te Ara - the Encyclopedia of New Zealand, updated 1-Sep-10 URL: <http://www.TeAra.govt.nz/en/biographies/5d7/1>; also Ovenden: A Fighting Withdrawal, pp 198-9
- (4) Obituary, *The Independent*, 4 April 2008
- (5) Malcolm Templeton: *Top Hats Are Not Being Taken: A Short History of the New Zealand Legation in Moscow, 1944-1950*, Wellington 1989, p.21. Costello allowed it to be thought that the subsequent approach to him (in April 1944) via the Army to go to Moscow came out of the blue. See for example Dan Davin's letter of 19 December 1982 to Michael King: 'At that point [in 1944 when Costello was in the UK on leave] P had no idea of the Moscow project'. King Papers, ATL, Ms-Papers-8970-225

Revised 4 June 2012

V Moscow 1944-1950

Two aspects of Costello's time in Moscow - and the short preceding period he spent in London - merit closer examination in view of fresh discoveries and changed perspectives. They are his relationship with Boris Pasternak; and his reputation with the British authorities and the way they kept track of him.

The primary source of information about Costello's relationship with Pasternak - at least at this stage - is not Costello himself, who seems to have said little about it, but Isaiah Berlin (1909-1997), then a diplomat and later a professor at Oxford, who was in Moscow at the end of the war and went to see Pasternak. Berlin's account of what Pasternak said to him in 1945 is as follows (Pasternak is saying that 'he found the idea of any kind of relationship with [the Communist Party] increasingly repellent'):

Why, he wished to know, did a diplomat from a remote British 'territory', then in Moscow, whom I surely knew, a man who knew some Russian and claimed to be a poet, and visited him occasionally, why did this person insist, on every possible and impossible occasion, that he, Pasternak, should get closer to the Party? He did not need gentlemen who came from the other side of the world to tell him what to do - could I tell this man that his visits were unwelcome? I promised that I would, but did not do so, partly for fear of rendering Pasternak's none too secure position still more precarious. The Commonwealth diplomat in question shortly afterwards left the Soviet Union, and, I was told by his friends, later changed his views.

Berlin adds that when he next saw Pasternak in 1956, and was attempting to persuade him not to get Dr Zhivago published without official permission, Pasternak angrily told him that 'I was worse than that Commonwealth diplomat eleven years ago who had tried to convert him to communism'.

These quotations are taken from the essay 'Meetings with Russian Writers in 1945 and 1956' dated 1980 (1). For the sake of completeness, one should note that in another published (but shorter) version of the essay, with a different title, but also dating from 1980, in the first extract the words 'a diplomat from a remote British "territory"' were replaced by the words 'a British Commonwealth diplomat', and the last sentence was omitted. The second extract became 'I was worse than that importunate Commonwealth diplomat eleven years ago'.(2)

This seems plain enough. Costello (there is no doubt that it was Costello) was pestering Pasternak about getting 'closer to the Party'; and Costello's reputation, so far as Berlin was concerned, was such that if he complained to Costello then word of his complaint would reach the Soviet authorities and make Pasternak's position 'more precarious'. The last sentence in the first extract is in error as to Costello leaving the Soviet Union 'shortly afterwards'; and it is not the case that he 'later changed his views.' Presumably it was for these reasons that this sentence was omitted from the later extract. Berlin's knowledge of Costello's reputation presumably came from the British Embassy in Moscow.

The incident is not a matter which appears to have been followed up by any of Berlin's biographers, nor by Pasternak's. As to Berlin, see Michael Ignatieff (*Isaiah Berlin: A Life*, London 1998). It is not mentioned in a number of readily available biographies of Pasternak: by Lazar Fleishman (*Boris Pasternak: The Poet and His Politics*, London, 1990), Christopher Barnes (*Boris Pasternak: A Literary Biography*, vol 2 1928-1960, Cambridge 1998) and Peter Levi (*Boris Pasternak*, London, 1990). Nor is it mentioned in similar volumes by Guy de Mallac (*Boris Pasternak: His Life and Art*, Oklahoma, 1981) and Ronald Hingley (*Pasternak: A Biography*, London 1983) - which is hardly surprising in their cases, as they do not mention Berlin either. To this list one might add Pasternak's son and literary executor, Yvgeny, whom McNeish saw in Moscow (picture between

pp.208 and 209); had he known or remembered anything about Costello or indeed Berlin, McNeish would have presented it as another scoop (see Section VIII).

Pasternak's feelings about Costello did not prevent him from making use of Costello as a courier. In April 1948 Costello arranged for a booklet of poems by Pasternak to be sent to Maurice Bowra (1898-1971), classical scholar, literary critic and Warden of Wadham College Oxford; and in December 1948 Costello was instrumental in getting letters from Pasternak to his relations in Oxford (3). McNeish also reports (p.283) Costello in the summer of 1950 personally delivering 'letters and presents' from Pasternak to his sister in Oxford.

McNeish (p 174) puts the relationship between Pasternak and Costello at a somewhat deeper level.

...there seems no doubt that Costello's regard for Pasternak the poet was reciprocated. The two discussed Soviet nationalism, the enigma of Mandelstam's death, Costello ordered books in English for him, especially by Jane Austen, couriered poems and letters to family and friends in Oxford for him, enjoyed vodka and madeira in his company and took friends like the Lakes to see him in his Moscow apartment.

No sources are given for these claims, apart from Costello's role as courier, as noted. McNeish quotes only one of Costello's letters which mentions Pasternak (at pp.196-7) and in it he refers to discussions about Mandelstam, but nothing about the other claims made. It may of course be that Costello's letters do in fact show such a relationship. At this stage we just do not know.

So what does McNeish make of Berlin's record of Pasternak's remarks about Costello? He downplays it in two ways. The first is by claiming that 'On the first occasion [they met] he irritated the Russian poet...by criticising Pasternak's lack of enthusiasm for the Revolution and attempting "to convert him to Communism"'; whereas the record shows that Costello 'irritated' Pasternak continuously. The second is by shooting the messenger. 'But it seems the irritation may have been more on the side of Berlin himself, perceiving in (Costello) a rival for the favours of the great Russian poet.' No evidence is adduced for this assertion.

'Equally,' McNeish continues, the novelist taking over, 'sitting in the sunporch of Pasternak's dacha, sipping Russian tea, it would have been as natural for Costello to chide him for abandoning the Revolution as it would have been for a Jew to criticise the Russian poet, who was Jewish but pretended he wasn't, for denying his religious faith.' McNeish is quite unaware of the impact of his analogy: just as any reproach to Pasternak about his Jewishness would only have had force coming from a Jew, the reproach about his lack of enthusiasm for the Party would only have had force coming from a Party member.

In the notes regarding this page, McNeish writes at p 350:

A counter theory, making it conceivable that the Russians had leaned on Costello to try and persuade Pasternak to heed the Party's teachings and conform, as a condition of continued access, would - some say - confirm Isaiah Berlin's story. Berlin's recollections date from a period towards the end of his life when his recall was becoming distorted by age and prolonged eminence.

Supporters of the 'counter theory' - if any - are not identified. As to McNeish's reflections on Berlin's memory, in 1980, when the essay was written, Berlin was 71; he lived to be 88. Berlin readily concedes with regard to this essay (*Personal Impressions*, p.157, footnote) that 'I know only too well that memory, at any rate my memory, is not always a reliable witness of facts or events, particularly of conversations which, at times, I have quoted. I can only say that I have recorded the facts as accurately as I recall them.' On the other hand, he notes that what he says he has

'sometimes described to friends during the last thirty or more years', and acknowledges ten friends who have read the first draft of the essay. Berlin's memory is not questioned when McNeish quotes him at length on p.180 on 'the atmosphere in Moscow' in 1945-6. How Berlin's 'prolonged eminence' distorted his memory is not explained.

Dan Davin challenged Berlin about his comments on Costello. He wrote to Berlin on 12 November 1980, having seen the essay in question in the *New York Review of Books*, the *Times Literary Supplement* and in Berlin's latest collection, making the point that just as Pasternak had on Berlin's account been wrong about his 'inferences and guesses' concerning Berlin's feelings, then surely Pasternak may also have been wrong about Costello's feelings. He also suggested that because Costello had brought messages from Pasternak to the Russian's sisters in Oxford, and also manuscripts to Bowra (as noted), could it not be the case that Pasternak's attitude to Costello was 'more complex, or became more complex, than his conversation with you would seem to imply?'

Berlin responded on 18 November 1980, saying that Pasternak was 'perfectly explicit' and was not speculating about motives, as in Berlin's case, but 'reporting recent conversations'. Further, 'he expressed annoyance, but not dislike'. As to Pasternak using Costello as a courier, he sent messages, poems etc 'by whoever was willing to carry them', noting that the man who took the manuscript of Dr Zhivago to Milan was 'a fully paid-up member of the Communist Party, in high favour in official circles in Moscow'. (4)

They arranged to have lunch at Balliol on 9 December to take the matter further, but the indications from Davin's letter to Michael King on 4 August 1981 are that neither persuaded the other.

You may not have noticed that in Isaiah Berlin's latest collection of biographical memoirs the one about Pasternak and the woman poet there is a pejorative reference to a NZ diplomat? I remonstrated with Isaiah about this and we in the end more or less agreed to differ. My impression is that Isaiah took too seriously the expressed feelings of a mercurial poet without paying enough regard to a friendship between Paddy and Pasternak that developed more fully later. (5)

Davin presumably relied on Costello when he refers to the 'friendship between Paddy and Pasternak'. As with McNeish's assertions on the same subject, some independent confirmation would be helpful.

There are other suggestions of dubious behaviour by Costello in Moscow. When the British Ambassador was replaced in 1946, Costello on McNeish's account (although 'accounts vary') 'appears to have been struck' from the list of those from Commonwealth missions invited to fortnightly briefings at the British Embassy. (p.184) The comments by the former SIS officer Kit Bennetts are somewhat stronger:

Costello's conduct in Moscow, and in particular his relationship with the host government, created significant credibility issues for New Zealand. Our major western allies looked on askance at Costello's sycophantic behaviour with the Soviets and were troubled to find that anything passed to the New Zealand Legation very quickly found its way to the Soviets. The closure of the Legation in 1950 was in no small part due to Costello's conduct and his rather odd infatuation with Soviet Russia. (6)

No evidence is produced for these assertions, which receive no support from Malcolm Templeton, who has written the most complete account of the New Zealand Legation in Moscow and Costello's time there (7).

A more balanced and credible account of Costello in Moscow is available from Foreign and Commonwealth Office (FCO) files in the United Kingdom National Archives (8). As is already

known (Templeton, *Top Hats*, p.21), but is repeated here for the sake of completeness, Costello spent some time in the Northern Department of the Foreign Office (which was responsible for the USSR) before he went to Moscow, and in a note to the British Embassy in Moscow dated 7 July 1944 the Foreign Office said that Wellington would be grateful for the Embassy's assistance to him. It added that 'Captain C has been working in the Northern Department of the Foreign Office and has made an excellent impression in every way'. (9)

A 1950 file (see below) helpfully referred to three earlier files - two from 1944 and one from 1945. These files were not transferred to the Archives and according to the FCO 'were not considered worthy of permanent preservation and were destroyed under statute.' The 'register entries' of two of the files have survived, however, and it is possible to make inferences from them. The first file (N6590/6590G) dates from October 1944 and is entitled 'Covers details of case of Costello who is said to hold the position of Second Secretary in the New Zealand Legation in Moscow'. From the timing it is beyond doubt that this is the Security Service informing the FCO of its report on Costello, which it had sent at the same time to the Dominions Office (see above under Exeter). The 1950 file also refers to a telegram sent by the Foreign Office to Moscow at the time of Costello's appointment, but this too seems not to have survived in the Foreign Office archives. The author (or perhaps one of them) of the Security Service letter to the Foreign Office is shown as 'Mr Hollis'. This was Roger Hollis, who joined MI5 in 1938 (Andrew, p.136); during the war he was responsible for 'monitoring Communism and other left-wing subversion'. (Andrew, p.281) He was later knighted and became Deputy Director General in 1953 and Director General in 1956. He retired in 1965 and died in 1973. He was investigated on suspicion of being a Soviet agent. (Andrew pp. 516-521) and is still considered by some to have been one. (10)

The second entry (from file N9354/1546) was dated 23 July (1945) from Mr Hollis to Mr Bromley and 'Refers to his letter of 18 October. Reports that Mrs Costello has been granted an exit permit to go to the USSR'. (She arrived in August with the children).

The 1950 file, which has survived (11), is the most rewarding. It consists of five documents, including the cover sheet. The file was opened when MI5 (G R Mitchell) wrote to the Foreign Office on 2 October 1950 (classification: Secret) saying that Costello was at the time 'on leave in Exeter and is expecting to be appointed to the New Zealand Legation in Paris'. The writer suggested that the British Embassy in Paris be warned 'about the background of Costello and his wife'. He went on to say that while 'we have no additional information since our correspondence of 1945', Moscow may have more on him, and if so, MI5 would be grateful for 'the gist of it'.

Mitchell is Graham Mitchell, who became Deputy Director General in 1956 and held that post until he retired in 1963. He too was investigated (in 1963) 'on what turned out to be the unfounded suspicion of being a Soviet agent'. (Andrew, p.329)

Sir Roger Makins in the Foreign Office wrote (Personal and Most Secret) to Sir Oliver Harvey the British Ambassador in Paris, copied to the British Ambassador in Moscow, Sir David Kelly. The letter referred to (and enclosed copies of) 'a telegram which Alec Cadogan sent to Moscow at the time of Costello's appointment' and also to 'a letter about Mrs Costello sent to Moscow in 1945'. It also made the helpful comment that 'Since that time we have heard nothing further about Mr or Mrs Costello's views or political activities' which presumably meant that their activities in Moscow were not such as to warrant the British Embassy drawing them to the attention of the Foreign Office. Makins copied his letter to Kelly (but evidently not the enclosures) in the hope that he might have more up to date information. As noted, the enclosures are not on this file.

Kelly's reply (Personal and Top Secret) is also on this file. It was as follows.

27 October 1950

Dear Oliver

Roger Makins has sent me a copy of his letter WF 1905/1G to you, of October 21, about Paddy Costello, who has been appointed to the New Zealand Embassy in Paris. The telegram and letter referred to in his second paragraph are no longer in our archives, but I can make a pretty good guess at their contents; for both Costellos were generally regarded as suspect when I arrived here, and certainly gave the impression of being distinctly favourable to the regime.

On closer acquaintance with them, I came to think that they had either been judged too severely or else (like a good many others) shed most of their illusions under the impact of life in Moscow. My judgment is that Costello (a rather idealistic and academic type, with a passionate interest in Russian literature) started with an emotional leaning towards communism, found something that was good and much that was bad in the reality, but continued to air 'pink' views out of sheer esprit de contradiction long after he lost faith in Soviet communism as a political system. I suspect too that he had suffered at some stage at the hands of a Blimp-ish English superior, and was always expecting to be high-hatted by us; or perhaps he was ostracized when he first came here. At all events, he has, or had, a chip on his shoulder, and so had she - in her case, I think, the result of her East End Jewish-Ukrainian origin.

Having said that, I must add that they both became progressively more mellow and friendly; that he at least is a person of real intelligence and (when he chooses) charm; and that he attended my meetings of Commonwealth colleagues regularly and never gave me any reason to doubt his reliability.

I apologize for writing at such length, but it may help you to complete the process of plucking a worth-while brand from the burning!

I am sending a copy of this to Roger Makins.

Yours ever

David V Kelly

This first-hand report puts the claims of McNeish and Bennetts in perspective. (12)

As is also known, some of Costello's reports to Wellington on the Soviet Union were sent to the Foreign Office. A further FCO file (13) contains copies of two of Costello's monthly reports on the Soviet Union sent to External Affairs in Wellington. Wellington apparently sent them to the High Commission in London, which forwarded them to the Foreign Office in February 1946. One patronising FO minute noted that it 'contains much useful information' and 'we must welcome such reverse lend-lease from the New Zealanders'. Another minute noted 'An excellent survey. Mr Costello has certainly not allowed his Communist leanings to cloud his judgement'.

It remains to make a brief comment about two other heads of mission in Moscow in Costello's time: the New Zealand Minister, C W Boswell, and the US Ambassador, General Walter Bedell Smith. Boswell was the subject of many jokes and critical comment by Costello, McIntosh (of course behind his back) and Malcolm Templeton (see McNeish esp pp.152-56, and Templeton passim). Boswell did, however, eventually find out about Costello's real opinion of him.

In October 1950, a New Zealand Special Branch officer interviewed Boswell and his wife about Costello, who had recently visited the country. Boswell told the policeman that 'COSTELLO was a most able officer, whom he knew had Communist leanings prior to going to Moscow'. Boswell and his wife 'were fairly confident that by the time the Legation was closed, COSTELLO's conversion

against Communism was completed'. The policeman noted that it was 'confirmed by them that COSTELLO was on the most amicable terms with (them) who had every trust and confidence in him, and finally came to regard him as a most loyal servant'.

The policeman then asked the Boswells if COSTELLO had seen them during his recent visit to New Zealand. 'They were both amazed,' he reported, 'that COSTELLO had been to New Zealand and had not called on them. They considered that they would have been, outside of his family, unless he had been playing a double game, the first people COSTELLO would have contacted in New Zealand. As a result of Costello's failing to call on (them), (they) are not now so confident regarding him.' (14)

Boswell's Moscow diaries were recently (2011) given to the New Zealand National Library by his grandson Peter. (15) The Library's summary records that Boswell 'was ably assisted by Desmond (Paddy) Costello'. A future biographer will no doubt wish to consult them.

As will be seen in the next section dealing with the 1946 Paris Peace Conference, much is made by the commentators of the conflict there between Costello and Bedell Smith, particularly given Bedell Smith's later appointment as Director of the CIA. The point to be made here however is that there is no indication that Bedell Smith's supposed enmity had any effect on Costello in Moscow. Bedell Smith wrote an old-fashioned memoir about his time there, in which he referred to his wife throughout as 'Mrs Smith'. He noted that 'New Zealand was represented by Minister Boswell, a sincere, honest, likeable man' - and like Smith, not a professional diplomat. Costello does not get a mention.(16)

Notes

- (1) Isaiah Berlin: *Personal Impressions* (Oxford, 1982 edition), pp.182-3 and 186.
- (2) See 'Conversations with Akhmatova and Pasternak' in Isaiah Berlin: *The Proper Study of Mankind, An Anthology of Essays* (London, 1998) pp.535 and 538.
- (3) Pamela Davidson: 'Pasternak's Letters to C M Bowra (1945-1956)' in Lazar Fleishman (ed): *The Life of Boris Pasternak's Doctor Zhivago*, Stanford, 2009
- (4) Davin Papers ATL, MS-Papers-5079-426, Literary Papers
- (5) King Papers ATL, MS-Papers-8970-225, King's correspondence with the Davin family
- (6) Bennetts: *Spy*, p 205
- (7) Templeton: *Top Hats*; of the ten chapters, two are wholly about Costello, and a further three partly about him; of the four appendices, three are by Costello.
- (8) I am indebted to Mary Pring in the Information Management Group, FCO, for assistance in identifying these files and providing such information as the FCO still has on them. It is clear that in most cases the FCO was acting as a post office for the Security Service (MI5), and thus had no reason to preserve papers when MI5 was doing so.
- (9) The FCO file appears to be FO372/3857 Proposed exchange of diplomatic representatives between New Zealand the Soviet Union (1944); Templeton records that there is a copy of the note on the NZ Archives file PM 62/280/2.
- (10) Chapman Pincher: *Treachery - Betrayals, Blunders and Cover-ups: Six Decades of Espionage*, Edinburgh, 2011, passim
- (11) FO371/89310 'Appointment of D P Costello to the New Zealand Legation in Paris: comment on his apparently pink views by HM Ambassador in Moscow' .
- (12) It may be worth adding that there were three British Ambassadors in Moscow during Costello's time there: Archibald Clark Kerr (as noted in section III), later Lord Inverchapel

(1942-45); Sir Maurice Peterson (1946-48) and Sir David Kelly (1949-51). Each has a book devoted to him. Inverchapel's is *Radical Diplomat* by Donald Gillies (London 1999) while the other two wrote autobiographical volumes: Peterson's is *Both Sides of the Curtain* (London 1950) and Kelly's *The Ruling Few* (London 1952). Inverchapel was a very effective but unorthodox diplomat; he insisted, for example, on writing only with quill pens and kept a flock of geese on his Scottish farm to ensure a supply. Peterson appears to have been rather dull, but also eccentric; during a visit to Moscow by the British Foreign Secretary, Peterson served dog biscuits with the cheese. Kelly on the other hand comes across as a very able but normal man. The only mention of New Zealand in his memoirs occurs when he records his arrival in Moscow in 1949 as Ambassador. He was greeted by a member of the Protocol Department, Diplomatic staff of the Embassy and representatives of Canada, Australia and New Zealand, the only members of the Commonwealth then represented in Moscow.

- (13) FO 371/56872 'Review of Current Affairs in the Soviet Union (by the New Zealand Legation)'
- (14) Report of Detective Sergeant R Jones, Special Branch, Auckland, 9 October 1950, SIS 1. The Boswells' names are obscured, but it could not have been anyone else.
- (15) ATL reference MS-Group-1962
- (16) Walter Bedell Smith: *Moscow Mission 1946-1949*, London, 1950, p.97

VI The Paris Peace Conference 1946

Unlike the Paris Peace Conference in 1919, the 1946 Conference was essentially a mopping-up operation with the lesser belligerents, the big decisions about the major countries having been already taken by the Big Three (the United Kingdom, the United States and the USSR) at Yalta and the like. The Big Three were nonetheless represented in 1946, along with the lesser victors such as New Zealand, whose task was to settle peace treaties with the lesser losers: Bulgaria, Finland, Hungary, Italy and Rumania. It would have surprised many New Zealanders then, as it would surprise many now, to find that they had been at war with these five nations. Italy, yes, the famous Div having fought its way up Italy, although the opponents were mostly German. But the others?

Costello was part of the New Zealand delegation (technically, an 'adviser' as distinct from a delegate) and his champions make much of his role in the Political and Territorial Commission for Hungary, on which he was one of the three New Zealand representatives; the other two being the leader of the delegation, the Attorney General, Rex Mason KC MP, and Frank Corner, from the Department of External Affairs in Wellington, of which he would later become the Secretary. McNeish (p.190) quotes Corner as saying that 'Paddy was brilliant in argument (and) swept the floor with Bedell Smith [of the US] over Bratislava'. McNeish also claims (pp.190-1) that 'Costello's lobbying...had gained the Czechs an additional eighteen kilometres of frontier space on the Danube around Bratislava, a minor coup in the face of opposition by two of the big powers, America and Britain'. (The Czechs wished to extend their border with Hungary over the Danube opposite Bratislava.) The other contentious issue dealt with by the Commission was the proposal by Czechoslovakia for the forced transfer of up to 200,000 Magyars from Czechoslovakia to Hungary. On Templeton's account, despite 'strong objections from other Western representatives...proposals put forward by Costello which favoured the Czechoslovak demands were eventually adopted' - although when some transfers did occur, Templeton describes Costello's reaction as 'less than sympathetic'; and he finds Costello's 'apologia for what happened in Czechoslovakia' [the Communists took over in 1948] 'less than convincing'. (1)

While McNeish is a good recorder of the colour and movement at the Conference, including the role played by New Zealand Presbyterians (there was a Protestant, but hardly Presbyterian, sect in Czechoslovakia), further papers which have now become available, or more readily available, enable a more balanced view to be adopted. It brings less credit to Costello than previously thought. The US documents from the Conference are now on-line (2), while McIntosh, who was also a member of the delegation, spoke to Michael King about the Conference and Costello's role (3) and preserved in his own records two highly relevant documents (4). The Report of the New Zealand Delegation is also available (5).

To deal with the matter summarily, Bedell Smith made it plain at an early meeting of the Hungarian Commission (9 September) that while the United States was sympathetic to the Czech claim regarding Bratislava, 'there should not be inserted in the peace treaty the principle of a forced transfer of populations'. (6) A Sub-Commission was established to examine the two questions, with Costello as rapporteur (the transcriber of King's interview with McIntosh has 'raconteur', and that may have been accurate also). The Sub-Commission - eventually - reported in accordance with the wishes of the US (and other countries), as did the Commission, and the peace treaties reflected that position.

The New Zealand report is naturally more specific about New Zealand's actions on the Hungarian Commission. The Sub-Commission felt that the area sought by the Czechs around Bratislava was too large, and 'the New Zealand representative proposed a new frontier which would give Czechoslovakia almost all the increased river frontage required, while reducing by half the area and

the population to be ceded by Hungary.’ The proposal was accepted. So much for Costello gaining the Czechs more space, as claimed by McNeish; although he was instrumental, late in the day, in getting a ‘slight adjustment’ to the border.

The forced transfer question was of course most difficult. It was supported by the Russian group and Czechoslovakia - and Costello. Various influences not mentioned by McNeish, or by Templeton, were brought to bear on New Zealand. One was General Smuts, then the South African Prime Minister, who was present at the Conference and who on McIntosh’s account told him and Costello that ‘it was a terrible thing happening in Europe today - herding people around as if they were a crowd of Bantus - something like that...as if they were a herd of cattle..and as we came away, Costello and I said “We’ve had it...obviously we can’t go ahead with this”’. Later in the same interview McIntosh said that the New Zealand Prime Minister, Peter Fraser, and Smuts ‘got on very well. Very well indeed.’

Another influence - again on McIntosh’s account - was the British Labour politician, A V Alexander, then First Lord of the Admiralty and deputising at the Conference for the Foreign Secretary, Ernest Bevin. Alexander knew Fraser and faced with what he saw as the intransigence of the New Zealanders, ‘cabled him direct over our heads’ as McIntosh put it, playing the Presbyterian card - to good effect.

The matter came to a head shortly before the crucial meeting of the Hungarian Commission. The telegram in Mason’s name which went to Fraser was clearly drafted by Costello, down to the Marxist jargon (‘the Hungarian minority allowed themselves to be used by the Budapest government as an agent of their revisionist programme...’) (7). It is a remarkable document. It rehearses the Czech arguments in favour of the forced transfer and puts the best face on them - for example by arguing that what was envisaged was an exchange of populations, with Slovaks in Hungary moving the other way, in accordance with agreements already made. The Hungarian objections are also stated but the telegram comes down on the Czech side. The most extraordinary aspect of the telegram however - bearing in mind that it was drafted by a New Zealand diplomat in the name of the Attorney General of New Zealand and was sent to the Prime Minister of New Zealand - is that it nowhere mentions New Zealand’s interests, its earlier stated positions and how support for the proposals might be seen by other countries, especially New Zealand’s allies.

Fraser’s reply - addressed to McIntosh - restored the balance, with some force.

I have been consistently opposed to such inhumanity [compulsory transfer of population] and you will recall strong objection I took and serious concern I expressed to United Kingdom Government when we were informed of decision to transfer millions from the Eastern Mandates and other parts of Europe. We cannot afford in any circumstances and least of all in view of pending election to be associated with Slav Communist group in an action which would shock the conscience of humanity and would certainly in my view come as a grave shock to moral and religious conscience of our people here.

The New Zealand Report concludes the story.

The final text which the New Zealand representative submitted to the Sub-Commission on 2 October as a substitute for the original amendment did not go far towards satisfying the Czechoslovak (sic) demands. It said nothing of forced transfer of population, and merely imposed on Hungary the obligation to enter into bilateral negotiations with Czechoslovakia with a view to solving the problem of the Magyar minority in Slovakia.

The text was unanimously approved by the Sub-Commission and the Commission. So much for Costello's work favouring the Czech demands which were eventually adopted, as claimed by Templeton.

Costello's frolic understandably left a nasty taste in Wellington (and probably elsewhere). On 20 November 1946, McIntosh wrote to Costello as follows:

I have had only one talk with the Prime Minister since I returned and I took the opportunity to tell him fully and frankly the story of the Czech-Hungarian transfers from our point of view, and also the aftermath so far as you were concerned, and of my discussions with Beazley. He was in full agreement with the stand I took and I can assure you that he has the fullest confidence in you, as I have.

Further details of 'the aftermath' await discovery. (8)

Notes

(1) Templeton: *Top Hats*, pp.55-6

(2) United States Department of State: *Foreign Relations of the United States, 1946*. Paris Peace Conference : documents. U.S. Government Printing Office, 1946; online at <http://digital.library.wisc.edu/1711.dl/FRUS.FRUS1946v03>

Those unfamiliar with international inter-governmental conferences, or even meetings of departments working for the same government, should be aware that in the absence of an agreed record of the meetings, records kept by one party should be treated with caution. At the extreme, such records resemble nothing so much as a monologue by the representatives of the recording party which representatives of other parties present are occasionally permitted to interrupt.

(3) In May 1978; King Papers ATL; 77-107-14

(4) Telegram from Mason to Fraser, undated but likely to have been late in the day i.e. about the end of September; and Fraser's undated telegram in reply; McIntosh Papers ATL, 6759-040

(5) *The Conference of Paris*; Report of the New Zealand Delegation... Department of External Affairs, Wellington, 1947; I am grateful to Neil Robertson in the Ministry of Foreign Affairs and Trade for providing me with a copy of this report.

(6) A new biography of Smith (*Beetle: The Life of General Walter Bedell Smith* by D K R Crosswell (Kentucky: the University Press of Kentucky 2010) is sadly unhelpful on the question of Smith's role in Paris (as are the other biographies of Smith). As it is one of the American Warriors series, it is understandable that the biography concentrates on Smith's military career. Five of the six parts are devoted to this aspect, in contrast to the one part 'Epilogue as Prologue - Soldier, Diplomat, Spymaster' - on the rest of Smith's career (1946-61). This part occupies 100 pages from a text of 924 pages. The Paris Peace Conference is dealt with in a few sentences on page 21.

(7) It may be that McIntosh did not see it before it went. ('Mac is as good as ever but fearfully overworked', Costello told Geoffrey Cox in a letter from Paris dated 27 August 1946; Cox Papers ATL; MS-Papers-2003-005-3/04) It is plain from Fraser's telegram that McIntosh had sent him further information on the question. McNeish at p.189 quotes a telling excerpt from the NZ record of the Sub-Commission. 'Held its first meeting. Costello's view prevails'. Costello's view, note; not the New Zealand view.

(8) McIntosh Papers ATL 6759-260. 'Beazley' looks likely to have been Jack Beasley (aka 'Stabber Jack') a former Labor Party politician then Australian High Commissioner in London and a delegate to the Conference. See Nairn, Bede, 'Beasley, John Albert (Jack) (1895-1949)', *Australian Dictionary of Biography*, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/beasley-john-albert-jack-9461/text16641>, accessed 27 February 2012. No other relevant documents were found in the McIntosh papers. As it

appeared likely that Beasley would have reported to Canberra his conversations with McIntosh, a search was made of the Australian Archives, but it did not bear fruit.

Revised 27 December 2012

V11 New Zealand 1950

In June 1950 Costello left Moscow, having closed the post, and after some time in Exeter with his family, he went to New Zealand, the only visit he would pay to the country of his birth after he left in 1932. It was to be a confusing few months, not least for those trying to make sense of Costello, although McIntosh's interviews with Michael King, and police documents from 1950 - not used by McNeish - shed some light on the period.

In December 1949, Costello had told McIntosh that 'I am thinking of resigning and returning to academic life, preferably at Cambridge. I really am more interested in books than in diplomacy...I am sounding out Cambridge now, and await a reply from the Professor of Russian, to whom I have written in general terms'. (1) There were no vacancies at Cambridge and while Dan Davin had arranged an interview in Oxford, Costello had told friends in February 1950 that he was 'shy of pressing the matter' (McNeish p.219) which seems a curious attitude to take. One explanation is that he was in two minds about his future: he really was more interested in books than in diplomacy, but his Soviet masters (and, one surmises, his wife) kept reminding him of where his duty lay; and it was easier to discharge that duty in an embassy rather than a university.

In March McIntosh invited him to New Zealand, and he landed in Auckland on 20 July 1950. In Wellington, which he saw for the first and only time, Costello took up with Malcolm Templeton in External Affairs, Templeton being at that time desk officer for the Soviet Union. 'I therefore saw quite a bit of Costello,' he wrote later, but he left no impressions of him beyond saying that 'he behaved impeccably during his stay in Wellington'. (2) In discussions with McIntosh, Costello changed his mind again. A new legation was being opened in Paris and McIntosh had him in mind for that post. 'He has not got another job', McIntosh wrote to Jean McKenzie, the Charge d' Affaires in Paris, 'and he wants to stay with us and I want him to'. (McNeish p.228) As is so often the case in *The Sixth Man*, at such crucial points in the narrative, the supply of letters - to Costello's wife, to his mother, to Davin and so on - apparently dries up.

Some of what happened in New Zealand in the two months that Costello was there is recorded by McNeish, quoting official documents; more of it is recorded in Costello's Special Branch file, which is part of SIS I - see Appendix C. The file begins in 1934 with an inquiry as to Costello's possible relationship to an Agnes Costello, who had come under notice. They were not related. The pages in the file (or folios as they were then called) are numbered and there is a gap of eight pages before the next document which is dated 29 September 1950. What sparked off the Special Branch's renewed interest in Costello in 1950 is not clear; it may have been the drunken escapade referred to below (the timing is right). What is clear is that the police were warned off by McIntosh.

When Costello arrived in Auckland en route to Wellington, according to his Special Branch file, he was met by a Mr Middlemass from the Internal Affairs Department. Middlemass reported that Costello had told him that 'COSTELLO'S purpose in visiting New Zealand was to explore the possibility of obtaining suitable employment in External Affairs or the Prime Minister's Department and failing this a university appointment. If he was successful, he intended bringing his wife and two children to New Zealand.' Middlemass was in error as to the number of Costello's children (he had three then), and the possibility of bringing his family to New Zealand seems nowhere to have been mentioned previously. He had told Dan Davin in a letter in April of that year that he much preferred English austerity to New Zealand plenty. (McNeish p 222) As we will see, it is not the only example either of misreporting or misleading during Costello's stay in New Zealand.

All seems to have gone well in Wellington - Costello was issued with a fresh diplomatic passport on September 19, the Special Branch later discovered - but at the end of Costello's stay, when he was

back in Auckland en route to the United Kingdom, there was 'a very unfortunate incident'. Early in the morning of 25 September he was found drunk in the street and was arrested; then 'he was released on bail and on failing to appear in Court was fined the amount of his bail'. The Prime Minister, Sid Holland, no less, got involved and while some of his Cabinet colleagues thought Costello should be sacked, the Prime Minister on the advice of McIntosh's deputy, Foss Shanahan, allowed the posting to proceed. (McIntosh was in London with the Minister, Fred Doidge). There is absolutely no mention on the Special Branch file of this incident; a very curious omission. Templeton put the drunken escapade down to 'the strain of uncertainty about his future', but his future had already been decided upon. The strain may have arisen because Costello had been forced to make the wrong choice in his eyes - diplomacy rather than books.

McIntosh now drastically revised his estimation of Costello's future. 'I had to tell him,' he said to Michael King in March 1978, 'that as far as his career was concerned, it was finished and so he said, well give him time and he would get another job, well in the end he didn't get another, it dragged on and on and on and by that time of course, he'd gone back to his communist friends..' (3) The significance of Costello going back to 'his communist friends' will become apparent later, when he is sacked by External Affairs - see section VIII.

Understandably from its point of view, the Special Branch continued to pursue the matter, apparently on the instructions of the Commissioner of Police, who also took care to keep his minister informed. Thus as noted above an officer of the Branch interviewed the Boswells. The same officer, Detective Sergeant Jones, reported that 'a reliable person' - but who had had no recent contact with Costello - had said that 'COSTELLO was a strong Communist sympathiser, and has openly expressed himself as such in the past.'

McIntosh's deputy, Foss Shanahan, also had his ear to the ground and he saw the file too, sending it back to the Commissioner of Police with a note that McIntosh would wish to see it when he returned to Wellington at the end of October. Matters came to a head on 10 November, 1950, when Sub-Inspector Nalder, the head of the Special Branch, saw McIntosh. He made a note of the conversation; despite some words and even lines being obscured (under the Official Information Act 1982), it is not difficult to follow the drift of what McIntosh said, thus:

- * 'neither he nor the Government considered that there was a likelihood of Costello being a security risk';
- * when Costello was being considered for appointment to Moscow, 'As a result of inquiries Mr McIntosh learned that (lines obscured) and they had nothing conclusive concerning Costello';
- * 'Mr Fraser decided, while possessing the information (some words obscured) to appoint Costello to Moscow, stating that this would probably (be) the means of disillusioning him';
- * 'Mr McIntosh said he knew from his inquiries (two lines obscured). When he spoke to Costello about this, the fact that Mrs Costello was a member of the Communist Party was freely acknowledged by Costello, but he denied the suggestion that he had ever been a member of the Party';
- * Mr McIntosh said that inquiries concerning Costello (two or three lines obscured) would be misleading as Costello is not considered a security risk by the New Zealand Government'.

The best part of half a page is then obscured and the report finishes thus:

'Mr McIntosh stated that it was likely that Mr Costello would be appointed to a position of his own choice outside the New Zealand Diplomatic Service within the next few months.'

This is a remarkable document, indicating the lengths to which McIntosh was prepared to go to protect Costello. He presumably did so at that time in the belief that Costello would find an

academic position and leave External Affairs; and presumably also he did not wish the police to take any action which might prejudice Costello's chances of getting another job.

Nearly every assertion McIntosh made was economical with the truth, thus:

- * as noted above, the only inquiries McIntosh had made about Costello when the appointment to Moscow was in the offing were from Geoffrey Cox and 'people in the Division' ;
- * the information about the Costellos' membership of the Communist Party had arisen not from any inquiries McIntosh had made but from the British volunteering it in 1945;
- * Costello never denied having been a Party member;
- * in the light of the Exeter matter (about which the police were clearly unaware) it was misleading to say that he and the Government did not regard Costello as a security risk

McIntosh was at least consistent in his attitude towards the police. In 1954 several members of the Department of External Affairs came under scrutiny, and four resigned or were induced to resign (including Costello), a matter dealt with below. According to McNeish (p.262, but again there are no sources quoted) 'Some (police) reports uncovered grounds for legitimate concern but most were so inaccurate and naive that McIntosh launched an initiative to get security out of the hands of the police'. A footnote continues 'He succeeded', the Security Intelligence Service being created the following year. But even then...the footnote also records that on his retirement in 1965 McIntosh left some papers with his successor saying 'I do not want them to get into the hands of Security because I do not trust them'. (4)

Heavily the Special Branch worked, but the police were, rightly, not persuaded that Costello was as McIntosh said. The only other relevant document on the file is a letter (originally classified 'secret') dated 17 January 1951 evidently from the Special Branch to an obscured addressee - perhaps the Special Branch of the Metropolitan Police in London. It rehearsed parts of the profile developed by the Security Intelligence Bureau (see Appendix C), and also parts of the more recent reports about Costello (but not the Exeter matter, and more puzzlingly not the drunken escapade). It sagely concluded by saying that as Costello

may be likely to leave that position [in Paris] in the near future and may seek a position in the United Kingdom, the information contained herein may be of interest to you. Although he is apparently giving satisfactory service to the New Zealand Government, I have difficulty in accepting the view that he is free from security risk in all circumstances.(5)

Notes

- (1) Letter of 24 December 1949; McIntosh papers ATL 6759-260
- (2) Malcolm Templeton: book review in the *New Zealand International Review*, September 1, 2008
- (3) King Papers, ATL, 77-107-12
- (4) A future biographer might find it worthwhile checking the Shanahan papers in the ATL, both generally with regard to Costello and specifically in relation to the police; some of his letters to police officers display a rather different approach to that chosen by McIntosh - hardly surprising, as Shanahan's father was a police officer; see Ian McGibbon. 'Shanahan, Foss - Biography', *Dictionary of New Zealand Biography*. Te Ara - the Encyclopedia of New Zealand, updated 1-Sep-10 URL: <http://www.TeAra.govt.nz/en/biographies/5s11/1>
- (5) Another piece in the jigsaw emerged in November 2014, when the MI5 files on William Ball Sutch (see Appendix A) were made available by the UK National Archives, the numbers being KV2/3929 and KV2/3930. At page (or serial, as MI5 calls them) 39A on KV/3929 appears the following, identified as an extract from a letter ('secret and personal') dated 4 December 1950 from McIntosh to Roger Hollis, who appeared at that point to have been MI5's liaison with Commonwealth countries (see *Defence of the Realm*, page 327):

If the New Zealand Police now ask M.I.5 to investigate (COSTELLO), all the old story will come up again and we will have a repetition of the incident with SUTCH in New York in 1948. On that occasion the Police reported that SUTCH was in New York and wished for a report on his activities. As a result M.I.5 got into touch with the F.B.I. and reports came to New Zealand which resulted in my being sent to New York by the Prime Minister to carry out an investigation which proved groundless, but meanwhile so much damage had been done that SUTCH was never entirely trusted by the Americans or British authorities. If, therefore, a similar investigation takes place as a result of a move from New Zealand, it may very well be that people will be warned off against COSTELLO and his usefulness to the New Zealand Government will be greatly diminished if not completely nullified.

McIntosh was being consistent in trying to keep the police away from Costello. 'The old story' was presumably the Exeter episode. From the public information so far available, there is no indication that the New Zealand police did more than send its letter of 17 January 1951 quoted above.

The extract shows that the original letter was put on Costello's MI5 file: PF.43334.

The MI5 files also show that a report went from New Zealand (apparently 'the police') in 1946 to Sir Percy Sillitoe, then the Director General of MI5, concerning Sutch and his wife, evidently prompted by the fact that Mrs Sutch, known by her maiden name of Shirley Smith, was going or had recently gone to the UK.

In his reply of 31 January 1951 to McIntosh (serial 40A), Hollis noted that

The F.B.I. enquiries in this case were quite independent of any which we made and were not inspired by us. SUTCH came to the notice of the F.B.I in the first instance because he was in contact with some American suspects whom the F.B.I. was investigating.

This is apparently borne out by the MI5 files.

Revised 10 November 2014

III Paris 1950-54

(1) The Passports

Consider the following two accounts of an episode in Paris in April-May 1954, when two people calling themselves Peter and Helen Kroger applied for New Zealand passports at the New Zealand Legation. They later turned out to be KGB spies, holding forged documents, and the person said to be responsible for issuing them with passports was Costello, then First Secretary at the Legation.

On the first account, attributed to a 'private source', a 'well-dressed couple' were observed by a Legation official waiting in reception 'that morning' (no date is specified). Descriptions of both are provided, including what the man wore, drawn in part from Rebecca West's descriptions of them as they sat in the dock in the Old Bailey, seven years later, after their arrest. The couple had previously sent papers 'from an accommodation address in Vienna'. After waiting in reception, the Krogers went upstairs to meet the Minister, Jean McKenzie, and she came down from her apartment and spoke to them. Whether they collected the passports then or returned later is not known. A 'rare public statement' by the former head of the New Zealand Security Service in 1981 'effectively clears Costello' of any wrongdoing, so it is claimed.

On the second account, the Krogers do not set foot in the Paris Legation, the whole passport exercise being conducted by mail from an address in Semmering, Austria, described as 'a mountain resort favoured by the aristocracy'. Jean McKenzie, now described as Charge, is identified as the person who variously 'signed off' and 'completed' the application forms and who issued the passports. In so doing, 'she had simply followed the rules, acting in innocence'. All this is put forward as a scoop by the author: 'what has never before been made public is Jean McKenzie's part'.

Both accounts are by McNeish, the first from *Dance of the Peacocks*, and the second from *The Sixth Man*. The second account does not mention the first. The first account is clearly wrong, as the documents supporting the second account demonstrate. The 'rare public statement' turns out to be a book review, and it doesn't 'clear' Costello, although it doesn't implicate him either. The second account is also wrong, but less clearly so. Thus while Semmering may have been favoured by the aristocracy under the Hapsburg Empire (until 1918) or even the Third Reich (until 1945), it could hardly have been so in 1954, when it was part of the Soviet sector of Austria. The documents supporting the second account also show that the application forms were completed by the Krogers, not Jean McKenzie. An official investigation was conducted into the question of who issued the passports. The result was 'inconclusive'.

Perhaps no other event in Costello's life has attracted so much attention from commentators as the Kroger passports. What follows attempts to separate fact from assertion, and with the aid of a graphologist, seeks to show that if Costello was not responsible for issuing the passports, he did at least complete the particulars in Peter Kroger's passport.

In 1961 several people were arrested in London and charged with spying. Two of them were a married couple, Peter and Helen Kroger, who had been living in England for six years and who had New Zealand passports issued to them by the New Zealand Legation in Paris in May 1954. (1) Inquiries established that their real names were Morris and Lona Cohen, who had been part of a successful KGB spy ring in the US in the 1940s. They had obtained the New Zealand passports using forged documents. As noted, Costello had been the First Secretary at the New Zealand Legation in Paris in 1954 and was later accused of having issued the passports, thus in the eyes of

his accusers proving that he was a Russian spy. The accusation was first made in public by Chapman Pincher in 1981. (2)

The NZ Security Intelligence Service (SIS) kindly provided me with a copy of the file furnished to McNeish concerning the passport affair. The file - SIS 2 - in the words of the Service 'comprises forty-one papers relating to the issuing of New Zealand passports to Peter John and Helen Kruger by the New Zealand Legation in Paris in 1954'. As both McNeish and Hunt give an incomplete (and thus misleading) account of the papers, it is worthwhile setting out what they are, in sequence:

1. A letter from Kroger, in Semmering, Austria, to the New Zealand Consul in Paris dated 16 April 1954 seeking New Zealand passports for himself and his wife, in place of his British family passport which was about to expire, and asking about the 'formalities necessary' (the letter is reproduced at Hunt p.196);
2. A reply dated 20 April 1954 from the Legation above the title 'First Secretary' but bearing no indication of who wrote it or signed it, forwarding a passport application form and asking for the Krogers' present passport, marriage certificate and birth certificates for both parties;
3. A further letter from Kroger to the New Zealand Consul dated 27 April 1954 enclosing the Krogers' British passport, marriage certificate, birth certificates for both, duplicate photographs and the passport fees; Kroger asked that the British passport be returned ('as a keepsake');
4. A letter from the Legation to Kroger dated 30 April 1954 again above the title 'First Secretary' but again with no indication of who wrote it or signed it, noting that as Mrs Kroger was Canadian-born, if she was issued with a New Zealand passport and later wished to get a Canadian passport 'she may have difficulty';
5. A cabled reply from Kroger received in the Legation on 6 May 1954 saying that his wife wished to have a New Zealand passport;
6. The final letter from the Legation to Kroger dated 5 May 1954 again above the title 'First Secretary' but again with no indication of who wrote it or signed it, enclosing the old and new passports, the marriage certificate and Mrs Kroger's birth certificate, together with the change (in postage stamps) from the money sent by Kroger (this letter is reproduced at Hunt p.198);
7. A letter of thanks from Kroger dated 10 May 1954. (You have to admire the chutzpah).

Missing from the papers is Kroger's birth certificate, which was the only document not returned to him. A manuscript note, not signed or initialled, recorded that the birth certificate showed that he was born in Gisborne and also recorded a reference number. Another note in the same hand said that the money forwarded by Kroger with his letter of 27 April was being held pending a reply to the Legation letter of 30 April. The accompanying squiggle could be the letter 'M' but it could be other letters too. It does not resemble Costello's writing as reproduced on the endpapers of McNeish's book.

There are three further manuscript notes on the papers. Two, in the same hand as the two notes already mentioned, but with no squiggle, recorded 'certificate of marriage cited' (sic) and with regard to Mrs Kroger 'certificate of birth cited' (sic). The third, in a quite different hand but again not resembling Costello's, asked 'Sue' (apparently Sue Lawrence, the 'administrative secretary' according to McNeish) to send to the Krogers the balance of the money owing, in stamps. This could be in Jean McKenzie's handwriting.(3)

From my own experience as a bureaucrat, and from discussions with a former New Zealand diplomat, it appears that the bureaucratic process was generally carried out properly. McNeish records the New Zealand Department of Internal Affairs (which was responsible for passports) as saying later that the documents 'could have been used with success at any passport office within or outside New Zealand.' (p.252) There were however two exceptional events.

The first concerns the absence of any record as to who prepared and signed the correspondence. The file copy of correspondence commonly carried at the top the initials of the officer who prepared it, and the person who typed it, while the title which appeared in the signature block was that of a senior officer. That his title appeared did not necessarily mean that he signed it (or even saw it), but the officer who did sign it commonly wrote his initials on the file copy, so that his or her identity could later be traced if necessary. So the fact that Costello's title of First Secretary appeared on correspondence does not mean that he signed it, or even saw it. That it is impossible to identify from the file copy who prepared it or typed it may be deliberate; on the other hand it may be inadvertent. What would clarify all these matters would be an account of what was the custom and practice with correspondence in New Zealand overseas posts in 1954, and the instructions for issuing passports overseas; but I am informed by the Ministry of Foreign Affairs and Trade that these procedures have not survived.

The second exception is more serious, or potentially so. As noted in the chronology above (numbers 4 and 5) the Legation wrote to Kroger on 30 April raising the question of his wife being issued with a Canadian passport, and Kroger replied by cablegram which was date-stamped 5 May in the Bureau Central Radio PTT in Paris, and which is shown as having been received in the Legation on 6 May. Both passports are shown however as having been issued on 3 May (4) and the letter to Kroger enclosing them and the other documents is dated 5 May. On the face of it, it was highly irregular to have issued the passports and also to have sent them - particularly Mrs Kroger's - before confirmation was received that she wanted a New Zealand passport. Pointing out that Mrs Kroger was entitled to a Canadian passport was presumably not part of the script, or at least not the script as written by Costello and friends; but issuing and sending the passports before all the relevant documents had been received may well have been a panic reaction by Costello.

In addition to these seven documents, which relate to the issuing of the passports in 1954, the SIS provided two gratuities.

The first is copies of applications from both Krogers dated 20 April 1959 for renewal of their New Zealand passports, which had originally been issued in 1954 for five years and were thus about to expire. Both were signed by Mrs Kroger (on her husband's application form, she signed 'for Peter John Kroger'). Both showed their permanent address as Ruislip in London, where they were arrested in 1961, but their address in April 1959 was shown as Hotel de Paris. The passports were duly extended by the Embassy in Paris (as it had by now become) for a further period of five years. Again, one has to admire the Krogers' chutzpah. Bureaucratic caution might have balked at Mrs Kroger signing her husband's application, and also at renewing the passports in a place which was not the applicants' normal place of residence; but it is easy to think of a scenario (Kroger's alleged heart condition, the impending expiry date of the original passports, etc) which would have persuaded the New Zealand Consul - who had no reason to be suspicious - to renew the passports.

The second gratuity is copies of both the Kroger's New Zealand passports. Details in Kroger's passport (name, date and place of birth etc) are entered in manuscript, which appears to be similar to Costello's handwriting in the endpapers of McNeish's book. The details in Mrs Kroger's passport, however, appear to have been entered in another hand, which may be Jean McKenzie's. While there is no signature on either passport as to who issued it (there was apparently no provision on New Zealand passports at that time for the issuing officer to sign), each bears a note 'Holder has

previously travelled on UK passport C323816 dated 20-12-48 which has been cancelled', followed by a signature. The signature on Kroger's passport might be Costello, and that on Mrs Kroger's passport might be McKenzie. (5)

As both McNeish and Hunt report, and as the SIS repeated in its letter to me, 'Insofar as the issue of the passports to the Krogers is concerned, an investigation was conducted both in New Zealand and overseas; the result was inconclusive'. This was part of a statement made by the SIS in 2003 when SIS 1 was released to McNeish and others. The remainder of the SIS statement does not concern the issue of the passports and is dealt with elsewhere. The SIS statement is supported by Sir William Gilbert who was Director of Security, SIS, and its predecessor the Security Service, from 1957 to 1976, and who said in his review of Chapman Pincher's book *Their Trade is Treachery*:

Pincher's account that Costello was responsible for the issue of the passports is incorrect as Costello had no direct part in that affair. The real story of how those passports came to be issued has never been determined. (*New Zealand Herald*, 29 August 1981, SIS 1)

There are some ambiguities here. If the result of the investigation was inconclusive, and the real story is not known, then it makes no sense to say that 'Costello had no direct part in that affair'.

It is also fair to add that Sir William went on to say that

I find it hard to believe that anybody at the New Zealand mission in Paris should have issued New Zealand passports without a proper check of the validity of the supporting documents particularly, and as happened in this case, when the person making the application did so from a town in what was then part of the Soviet-occupied zone of Austria.

Neither McNeish nor Hunt accepts the SIS view. McNeish concludes that the passports were issued by the Charge, Jean McKenzie, while Hunt has no doubt that Costello was responsible. Both accounts are partial - in both senses of that word. McNeish claims that 'The only certainty appears to be that the application forms on being returned to Paris were completed by Jean McKenzie herself...' Further, 'On Monday 3 May 1954, Jean McKenzie issued the passports' (pp 250-1). Leaving aside the question of how a certainty can 'appear to be', McNeish's use of the language is idiosyncratic. The application forms were *completed* by Jean McKenzie? So far as one can tell from the forms as submitted by the Krogers, they completed them i e they answered every question. What can McNeish mean? Note also that evidence adverse to Costello is not mentioned: the entries in Kroger's passport for example.

The sources for these assertions about Jean McKenzie are two other relevant files which McNeish obtained from the New Zealand Ministry of Foreign Affairs and Trade dealing with the period January to June 1961 and containing correspondence about the passports. McNeish seizes upon a report dated 8 February 1961 by Ian Stewart, then Charge at the New Zealand Embassy in Paris. McNeish quotes Stewart as follows at page 252:

It was obvious from the handwriting on the papers that Jean McKenzie handled the application. She issued the two New Zealand passports, cancelled the British passport and returned it, and returned the birth and marriage certificates. The entry in the Passport Register appears partly in Doug Zohrab's handwriting but was completed by Jean.

From the papers in SIS 2, it seems that Stewart's conclusions are quite wrong. 'The handwriting on the papers', as noted above, was in at least two hands, while the handwriting on the passports was in different hands. At the time of writing his report, just after the Krogers were arrested, Stewart had neither the New Zealand passports nor the British passport. He was therefore unable to say who had cancelled the British passport. As to who returned the various documents, again as noted the

file copies of the correspondence contain no trace of either author or signatory. Finally, that Jean McKenzie completed part of the entry in the Passport Register is itself no evidence that Costello played no part in issuing the passports.

It should be noted here that only Jean McKenzie had the authority to issue passports in Paris. In accordance with bureaucratic practice, the delegation was made not to her personally but to the holder of the office: Charge d'Affaires at Paris.(6) It would accordingly be surprising if her name did not appear in the documents; but clearly she did not do everything connected with the issue of the passports.

The overseas and New Zealand investigation referred to by the Security Intelligence Service no doubt took Stewart's observations into account. It did not accept them. Neither should we.

Hunt is as determined to prove that Costello issued the passports as McNeish is that he did not. 'The entire transaction was handled by Costello' Hunt claims at page 195, 'not the minister, and Costello even wrote Kroger's details in his passport'. Photographs of two pages from each of the two passports are at page 197, where it is claimed that 'Peter's is in Costello's handwriting'. As noted above and below, this appears to be the case, judging from Costello's handwriting on the endpapers of McNeish's book. The letter of 5 May 1954 to Kroger enclosing the passports and other documents is referred to by Hunt as 'Paddy Costello's letter'; but as we have seen there is no way of telling who wrote or signed the letter, and that it went out over the title of Costello's position means nothing. Hunt quotes the Security Intelligence Service report that the result of the investigations was 'inconclusive' but he is clearly not bothered by it nor by the other documents which point away from Costello.

In his book Hunt did not claim to have had the handwriting in Kroger's passport compared to an example of Costello's handwriting. In an article in the *New Zealand Sunday Star Times* by Anthony Hubbard of 5 August 2007, however, Hunt claimed to have had the handwriting in Kroger's passport analysed, and the analysis had presumably shown that it was Costello's.(7) As such an analysis seemed to be a sensible course of action, I also had the handwriting in Kroger's passport compared to the endpapers of *The Sixth Man*, which contain samples of Costello's handwriting. The comparison was carried out by Margaret Webb, cde, M.BIG (Dip.) of Berkshire in the United Kingdom, Certified Document Examiner and Consultant Graphologist. Her conclusion was that 'there are far more similarities than dis-similarities when comparing the two'. (8)

While it is a reasonable inference that in its inquiry the New Zealand SIS had some professional analysis done of the handwriting in Kroger's passport - which presumably showed that it was not Costello's handwriting, thus justifying its conclusion quoted above - the fact remains that the only analyses of the handwriting the results of which have been made public showed it either to be Costello's, or that it was more likely than not to be Costello's. Arguably, this constitutes a smoking gun.

It is worth noting that in 1954 New Zealand had only five overseas posts. The KGB would reasonably have judged passport applications to Washington or Ottawa to be too risky, as the Cohens/Krogers were wanted in the US and Mrs Cohen/Kroger falsely claimed to have been born in Canada. The Petrovs had just defected in Canberra, which ruled the New Zealand High Commission there out and by the same token London, where there would also have been risks. That left Paris. (I am indebted to Neil Robertson in the New Zealand Ministry of Foreign Affairs and Trade for this observation.)

The passport affair throws up two other questions which Costello supporters may wish to ponder .

The Cohens/Krogers were important spies for the USSR. (9) They had earlier done very valuable work in obtaining atomic secrets in the US and at the time they got the New Zealand passports they were poised to do further valuable work in the UK, as in the event they did. The KGB was thus likely to be especially careful in how it went about getting them passports. So why was it that the principal forged documents purported to be from New Zealand, why was a New Zealand Legation selected, and why Paris? It makes sense if Costello were a spy and could provide inside information on the process and on the timing and treatment of the application - who would be at the Legation and thus likely to deal with it - even if he had little or nothing to do with issuing the passports, as his supporters claim. If Costello was not a spy, pointing the Cohens towards Paris looks like a shot in the dark; an approach for which the KGB was not well-known.

The second question flows from the first. If Costello was a spy, is not the outcome of the investigations exactly as he would have wished? He not only covered his own footprints but left the papers in such a state that those coming after could not work out with certainty who had issued the passports; as McNeish never tires of telling us, Costello was a brilliant man.

McNeish suggests at page 250 that Costello may have been away in Rome at an FAO conference when the passports were issued, but that 'There is some confusion about this.' The New Zealand Ministry of Foreign Affairs and Trade, however, informed me by email dated 26 July 2010 that 'there is no evidence... on file or in relevant copies of the then External Affairs Review, of any FAO conference in Rome or elsewhere, which may have involved his attendance'. Sir Geoffrey Cox told the journalist Michael Fathers in 2006 that Costello was in Brussels at the time; but he produced no evidence or source.(10)

As a final comment on the passports affair, at some point after the Krogers were arrested, according to Nigel West, Costello was interviewed either by MI5 directly or through NZSIS and '...he denied any personal knowledge of the Krogers and, as no direct link between them could be proved, no action was taken against him'. (11) West has informed me that his source was Arthur Martin (died 1996), who in the early 1960s was head of MI5's D Branch, concerned with counter-espionage. (E-mails of 11 July and 24 September 2011). In a biography of West on the web, the details having presumably been supplied by him, Arthur Martin is described as 'his mentor'. (www.worldaffairsCouncil.org/index.php?eid2703 access made 25 September 2011)

(2) The Resignation

The section deals with the events leading up to Costello's separation in 1954 from the Department of External Affairs while he was in Paris, and suggests a new explanation for the mystery and confusion surrounding that separation.

In France, 1946-58 were the years of the Fourth Republic. Although there was good economic and social progress after the war, the government remained unstable: in that period there were 21 governments. A further consequence of the war was the strong influence of the Communist Party. As Andrew and Mitrokhin explain in *The Mitrokhin Archive: The KGB in Europe and the West* (London, 1999), when discussing the fact that in this period the Paris residency of the KGB had more agents than any other KGB station in Western Europe:

The basis for Soviet penetration of France during the Cold War had been laid at the end of the Second World War. Thanks both to the leading role played by the Communist Party in the French Resistance and the presence of Communist ministers in government until 1947, the few years after the liberation had been a golden age for agent recruitment.

As one extreme example, a cipher clerk code-named Jour in the Quai d'Orsay, the headquarters of the French Foreign Ministry, was recruited by the KGB in 1945; he was still in place in the late 1970s, recruiting successors, having over the previous 30 years enabled the KGB to decode French diplomatic traffic between Paris and Moscow. Of the other 11 people as well as Costello on the 1953 'particularly "valuable agents"' list, four were in the French foreign intelligence service; one in the domestic intelligence service; and three in various ministries. (Andrew and Mitrokhin, p.600; see also Appendix B)

The task of the KGB at that time was made easier by the fact that the French intelligence services were themselves in disarray. In 1954 for example there was a series of security leaks, particularly of top-secret military reports, while peace talks with the North Vietnamese and others were in progress in Geneva. It turned out on investigation that a section of the police concerned with security had leaked the material for party political reasons, seeking to discredit the government. (12)

A hypothetical but plausible example of how Costello could have been 'very valuable' to the USSR can be drawn from the formation of the South East Asian Treaty Organisation (SEATO) - a 'collective security alliance' - in 1954, when Costello was still at the Legation in Paris. France and New Zealand both became members, as did the US, the UK and four other nations in South East Asia when the pact was signed in Manila on 8 September 1954.

While the pact was signed on that day, the details would of course have been agreed to by the eight signatories in the preceding period. Diplomatic cables would have been going to and fro, not least between the capitals of the eight countries and their embassies and high commissions in the other countries. So Wellington on the one hand and Paris (and other NZ diplomatic missions) on the other. But further: if the US as an example proposed some change to the draft pact, it or its embassies would have alerted the other seven countries, so that New Zealand would then have wished to know, as part of formulating its own response, what France thought. Having established what the French thought, the Embassy in Paris would have notified not only Wellington but also the New Zealand missions in the other six countries. In the result, the Paris Legation, like any one of New Zealand's missions in the other countries concerned, would have been in a good position to brief a country not part of this network - such as the USSR - as to what was happening, pretty much as it was happening.

Some would quote this case as a beneficial example of spying. The USSR would have regarded SEATO with grave suspicion, at least initially, and would have been reassured by Costello's reports. (13)

In the absence of some crucial documents (particularly McIntosh's letters to Costello in 1953 and 1954, which have clearly been removed from the McIntosh papers in the ATL - see Appendix A), it is not easy to get a complete understanding of the sequence of events leading up to Costello's separation from External Affairs in 1955. The separation process had been going on at least since 1953. It may have started in March of that year, as Costello wrote to Davin on 2 April thanking him for 'your activity on my behalf' which had included Davin talking to Konavalov, the Professor of Russian at Oxford. Konavalov had asked to be assured that Costello 'would really be prepared to return to academic life' to which Costello replied 'Yes, I would, definitely'. (14)

It may be, however, that this was simply one of Costello's periodic flirtations with the idea of returning to academic life, for McNeish (p.244) dates the beginning of the separation process as June 1953, when McIntosh wrote twice to Costello advising that

the British authorities had made it known to the New Zealand government that they were not prepared to have any more dealings with Costello in his Paris post. No specific charges were made. But, reluctantly, McIntosh said he was obliged to put him on notice. Costello's career was finished.

McNeish adds that the decision had been made earlier in the year by Sid Holland - before he visited Europe and had Costello accompany him around Europe for the whole of July. But during this time 'Holland concealed from Costello the fact that before leaving New Zealand he had instructed McIntosh to remove him.' McNeish gives no references for these assertions, which may account for his evident confusion by which Costello knew of his dismissal in June, but Holland kept it from him for the whole of July. The confusion is made worse confounded by McNeish quoting on p.246 from a letter about the dismissal (Costello having discussed it with her) which Jean McKenzie sent to McIntosh on 22 June 1953.

The next available letter is from Costello to McIntosh dated 23 October 1953, in which he reported on a recent visit to Oxford in an unsuccessful attempt to get a job. (His previous on-again off-again record would not have helped him). He added that 'I have no doubt that if I left this place tomorrow I could get some sort of teaching job (in a school) sufficient to keep me going until I found something better'. He concluded:

Would you please let me know what is the position? I should be really grateful for advice as to what to do. I'm not afraid of resigning, but would prefer to hold off until I had a decent job to step into. You know better than I whether such delay is now possible. (15)

The final Costello-McIntosh letter available is dated 2 July 1954. It deserves long quotation, not least because McNeish does not do justice to it.

Dear Alister

Herewith my letter of resignation, as promised. The regrets to which it makes reference are genuine.

In the cold light of six weeks' meditation the prospects ahead seem less cheerful than they did in the after-lunch glow of our last conversation. In a word, I have decided that it would be preferable that my next job, whatever it be, provided sufficient money for me to keep my family. Therefore, before resigning myself to 'an odd job in a crank school' I should like to try my luck at something better. There would be no point in my returning to New Zealand, since my qualifications are either academic (and you told me I will not get a University position in New Zealand or Australia) or linguistic (for which we have practically no market).

I am thinking of having a long shot at a job with one of the international organisations, for which, so long as I am in my present position (not after) my chances should be as good as the next man's. The problem is that of references. Could I refer to you? Before you reply 'no', I would ask you to consider carefully whether, whatever it is that the Government has against me, it would affect my value as an official of such an organisation as UNESCO or Technical Aid. If it would, your course is clear. If it would not please hesitate before you wreck my chances.

[a paragraph about Ronald Syme and the chair of Russian at Manchester falling vacant follows]

I should be very grateful for a speedy reply to my question about references, and I promise that I am not going to raise the question of my personal worries with you again.(16)

Even though we have no available record of it, McIntosh's course was quite clear: he could not give Costello a good reference.

Note again the reluctance of the man who said he preferred books to diplomacy to leave the world of diplomacy when opportunity offered (or demanded). Again the inference must be that his Soviet masters (and his wife) were determined to keep him where he would be of most value to the cause.

The final available letter in the series Costello wrote leading up to his separation was to Davin on 27 December 1954. It is reproduced with some omissions in McNeish (pp.258-9) but the major sections are reproduced here so that they can be seen against the previous correspondence, and also because they are important to what follows: the real reason why Costello was dismissed at this time. The letter reads as if there had been a gap of some time since the previous letter. McNeish has a previous letter to Davin dated 22 April 1954 (p.257) but it does not mention the dismissal.

Dear Dan

First I shall explain to you the state of my affairs.

I had known for some time that the NZ govt was nervous about keeping me in the External Affairs Department. The cause of this nervousness was not so much anything I had done since I joined External as my pre-war affiliations and even those less for their own sake than for the unfavourable prejudice they created in the mind of the Foreign Office. I understand, in fact, that the heaviest pressure against me was exercised not by the State Department but by the boys in Whitehall.

Something like a purge in the External Affairs Department took place this year. Three or four people were induced to resign. They included Doug Lake, whom you will remember. My resignation takes effect next month. None of the people concerned was charged with anything specific, so far as I know, still less found guilty of any misconduct - if they had been, they would have been expelled, not induced to resign. The whole operation was in the nature of a tidying-up.

When I say that the objection to me was not based on things I had said or done since I joined External, I am probably exaggerating. The things I said in my reports, both in Moscow and from Paris, would probably not have been said by someone with the proper Atlantic viewpoint. [He then gives examples] These statements of mine were no more acceptable for being correct...

However, New Zealand is not America, and I think that, if my only offence had been a correct analysis of the main international problems, I should not have been forced to resign.

[He has applied for a post with UNESCO..at the present time he is on 'final leave']

Reverting to the situation in the Department of External Affairs, I would say that the atmosphere there seems to have grown sharply worse over the last year. Poor Mac seems to be near the end of his tether. I have the impression that he has lost the confidence of his masters and that his place has been usurped by Foss. Without direct evidence on the point, I suspect that Catholic Action is working as indefatigably out there as in the Foreign Office in London.

I should be grateful if you didn't mention this business in conversation with anyone who may know me. Something of it is already known to more people than I would have wished. The more it is talked about, the more difficult, I suppose, it will be for me to find another job. (17)

The letter reads like an attempt by Costello to work out why he is being 'forced to resign', using such information as he has been given, presumably by McIntosh. The 'Catholic Action' allegation is presumably aimed at the Catholic Foss Shanahan in Wellington (who had supported Costello going to Paris despite the drunken episode in Auckland - see Section VII). Its target in the Foreign Office remains unidentified.

On McNeish's account (the relevant chapter is at pp.260-67, interrupted by a long digression on Costello's love of books), the US Ambassador in New Zealand, Robert Scotten, called on Sid Holland and 'demanded Costello's dismissal'. Again, no reference is given. 'The only constant', McNeish continues, 'was the Kafkaesque one of McIntosh's repeated statements to Jean McKenzie that the charges against Costello were baseless, coupled with the refusal of anyone in authority to say what the charges actually were.' McNeish argues that the prevailing climate of McCarthyism was partly to blame, and drawing on Costello's own diagnosis, his 'pre-war affiliations' - that is, 'his accidental and innocuous association with the student Fyrth at Exeter.'

This analysis is not persuasive. What the reader is asked to believe here is that at least 14 years after the relevant events occurred (Costello's membership of the Communist Party and other pre-war affiliations), and eight or nine years since they were brought to the notice of the New Zealand Government, they are suddenly warmed up again and with a dash of McCarthyist mustard used as a basis for urging the sacking of Costello. Moreover, they have suddenly become so important as to warrant a call on the New Zealand Prime Minister by the US Ambassador, and a refusal by the British authorities to have any further dealings with Costello in Paris. Despite the particulars having been revealed to Costello in 1945, these same particulars are now kept from him in 1954. Kafkaesque indeed. A more satisfactory explanation must be sought.

That explanation, shortly put, is this: the British (and through them, the Americans) had found out about Costello's spying activities in Paris, and had understandably demanded and obtained his dismissal.

No other explanation fits the facts. We know from Costello himself that he was aware of being followed in Paris by the British.(18) The discovery that he was spying was of such gravity as to warrant drastic action by the British (no further contact) and the approach at the highest level in New Zealand by the Americans. But equally the nature of the discovery was such that no details could be revealed. McIntosh could hardly have told Costello that he had been discovered in the act of spying; to have done so would have alerted the KGB. The British clearly wished to continue following Costello around - as they did also later in the UK, as we shall see. Hence also the repeated refusal to say what the charges were, and the improbable nods and winks given by McIntosh to Costello himself, which, as his letter to Davin reproduced above shows, essentially boiled down to saying that the problem was that while he had done nothing wrong, the Foreign Office didn't like him.

One irony is that Costello - still the superb intelligence officer - would have drawn the correct conclusion from his surveillance and his dismissal: he had been sprung. But he too could not disclose his knowledge. He and McIntosh were engaged in a polite bout of shadow boxing.

This thesis gets some support from Michael King's summary of what McIntosh told him about Costello (a fuller explanation is at Appendix A). After referring to the Batterbee/Machtig documents, King wrote 'he was not dismissed as a result of this discussion' (emphasis in the original). After Costello was shifted to Paris, King continued 'the alleged suspicious activities continued and he was finally persuaded to resign in July 1954 (and it was not voluntary; the letter of resignation was written for him, to avoid a wider scandal (sic) which a further investigation might bring' (emphasis in the original). (19)

There is also McIntosh's direct remark to King, noted above, after the drunken escapade in New Zealand when McIntosh told Costello that his career was finished: 'he said, well give him time and he would get another job, well in the end he didn't get another, it dragged on and on and by that time, of course, he'd gone back to his communist friends, and then he was appointed Professor of

Russian at Manchester...' (20) In this context and sequence, 'going back to his communist friends' can only mean that he had taken up his spying activities again.

What or who brought Costello to the attention of MI6 we do (yet) know. His sacking pre-dated by some years his identification by Blunt and later by the former KGB officer Golitsin. (See Appendix B)

While McNeish is right to call attention to the McCarthyist influences, what was also in play, at least in London, was an impression (perhaps more than that) of security disorder in New Zealand. In April 1954 news of the Petrovs' defection in Australia reached London, and the Director General of MI5, Dick White, informed (among others) Sir Percival Liesching, the Permanent Under Secretary of the Commonwealth Relations Office, as the Dominions Office had now become. 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. (21)

If by 'put their house in order' Liesching meant that New Zealand should establish a security service, it did so in 1956; and according to Michael Parker, the turning point was a telephone call to Sid Holland from his Australian counterpart, Robert Menzies, repeating Petrov's claim that he had a 'contact' in the New Zealand Prime Minister's Department.(22)

That department had already taken some steps to put its own house in order, having appointed in 1949 Reuel Lochore as officer in charge of security. Michael King described his duties as follows:

This entailed the vetting and surveillance of all members of that department and its sensitive twin, External Affairs, and other government agencies. These activities contributed to the sacking of at least one New Zealand diplomat, the forced resignation of two more, and inconclusive suspicion being drawn to others who subsequently completed their careers. Lochore reported primarily to the department's deputy head, Foss Shanahan, sometimes to Shanahan's boss, Alister McIntosh, and occasionally to the Prime Minister himself, Sid Holland (23)

'But he was free, free at last'. So said one of those attending Costello's farewell party in Paris in August 1954.(24) He was free of diplomacy, but not quite yet of the spying. (25)

Notes

- (1) A good account of the Krogers' arrests, what was found, the trial and their release is in Norman Lucas' *Spycatcher: A Biography of Detective Superintendent George Gordon Smith*, London, 1973 p.127 ff. Smith was in the Special Branch and was in charge of the arrests, searches etc. Two Canadian passports were also found in the names of James Wilson bearing Kroger's photograph and Jane Smith bearing his wife's photograph. Eventually seven passports were discovered, issued by Britain, New Zealand, Australia and the USA. According to Wright, however, Smith was 'a man renowned inside MI5 for his powers of self-promotion'. (*Spycatcher* p.137)
- (2) Chapman Pincher: *Their Trade is Treachery* (London, 1981), p.139. Further details are at Appendix B.

- (3) Jean McKenzie had quite distinctive handwriting, and there is a long sample of it in a letter she wrote to Ian Milner (of all people) on 27 June 1955; Milner Papers ATL 4567-002
- (4) The Quarterly Return of Passports Issued for the quarter ended 30 June 1954 likewise showed them as having been issued on 3 May 1954; Archives New Zealand, file PM 32/2/26, Part 1
- (5) According to McNeish the passports are 'retained and zealously guarded by' Scotland Yard's Black Museum in London (page 371); alternatively, they are held by the 'London Police, Special Branch' (caption on photographs between pages 208 and 209; presumably he meant the Metropolitan Police). Both organisations told me, in writing, that they did not have them. I accordingly asked the NZ SIS if it knew their whereabouts. It has them.
- (6) The delegation reads: ...'authority for the issue and renewal of New Zealand passports by the Charge d'Affaires at Paris has been granted by the Hon. Minister of Internal Affairs'. Memorandum from Internal Affairs to Prime Minister's Department, 11 August 1949; file as in footnote 4 above. Passport- and visa-issuing practices in Paris at that time met with criticism from External Affairs people in Wellington. 'Paris do funny things' one officer wrote prophetically on 28 April 1952, before identifying three types of irregularity committed there.
- (7) I am grateful to Dr Aaron Fox for bringing this to my attention.
- (8) In searching for a graphologist, I cast around on the web, looking for someone who seemed to have a reputation and who also did court work where his or her opinions on handwriting could be properly tested. I lit upon Margaret Webb, Certified Document Examiner and Consultant Graphologist who has made many appearances in court in the UK as an expert witness. In detail, her report says: 'The similarities are in the small size, slight rightward slant, occasional letter disconnectedness, letter spacing, letter linking ('t' to following letter) and some similar letter forms; e.g. 'some 'A', 'd' 't', plus the word 'and'. The letters 'G' are not similar'. (Letter of 15 February 2011)
- (9) The Cohens were sentenced to 25 years at their trial in 1961, but in 1969 they were exchanged for the British lecturer Gerald Brooke who was imprisoned in the USSR. On their return to Moscow, they were presented with the Order of the Red Star at a dinner held in their honour by the KGB, the top brass of which also attended a flat-warming party held for them in 1970 - the flat having been furnished by the KGB. After Morris' death in 1995 at the age of 90, he was by order of President Yeltsin posthumously awarded the title of Hero of the Russian Federation. Andrew and Mitrokhin, pp.536-7. According to Phillip Knightley (*London Review of Books*, 8 July 1993), a 'small London company, Walberry Productions, which specialises in natural history films,' made a documentary called *Strange Neighbours* about the Cohens/Krogers '[which] went out in November 1991.' It was a co-production with the KGB, which provided the Russian end of the material, and the proceeds were shared. My attempts to find a copy of it have been fruitless. The company has since been dissolved.
- (10) Fathers, Michael Allen, Sir Geoffrey Cox material, ATL, MSDL-0359
- (11) Nigel West: *The Illegals*, London, Hodder and Stoughton, 1993, page 168; for Arthur Martin, see Wright, pp.122-4
- (12) Douglas Porch: *The French Secret Services* (London 1995), chapter 11
- (13) On what was essentially a fishing expedition, and being uncertain of any catch, I wrote in 2011 to DCRI in Paris (Direction Centrale du Renseignement Interieur - Central Directorate of Interior Intelligence), explaining my interest in Costello and asking whether its historical records were available to researchers. The surprising reply was that Costello had never attracted the attention of the former Direction de la Surveillance du Territoire (DST) during his time in France. (The DST - Directorate of Territorial Surveillance (1944-2008) - was a predecessor organisation of the DCRI). Assuming the statement to be true - and it is hard to imagine it being otherwise - it is a considerable tribute to Costello; although as noted, he apparently did attract the attention of the British intelligence agencies while he was in Paris.
- (14) Davin Papers ATL 5079-437
- (15) McIntosh Papers ATL 6759-260
- (16) Ibid

- (17) Davin Papers ATL 5079-437; McNeish says on p.260 and again on p.372 that Costello used the words ‘whatever it is that the Government has against me’ in his letter to Davin of 27 December 1954; in fact as the letters quoted above show, he used them in his letter to McIntosh of 2 July 1954. McNeish’s confusion is sadly rampant in this chapter; he refers also to ‘High Commissioner Batterbee’s abortive attempt to have him [Costello] removed’; but as section III above shows, the British passed the 1944 material on to New Zealand simply on the basis that it seemed ‘desirable’ that they should have it.
- (18) The question arises whether given Costello’s unhappiness with diplomacy rather than books, he deliberately undertook a course of action in Paris which meant the end of his diplomatic career, precisely so that he could get back to the books - as indeed he did at Manchester. Thus at p.247 McNeish quotes Costello’s eldest son Mick as saying ‘Paddy knew he was being watched. It didn’t make any difference..He knew the British were after him. But he didn’t change his behaviour.’
- (19) Letter to Davin 24 September 1982; King Papers ATL 8752-206; see also the New Zealand SIS comments below (Appendix A, page 65,note (9)) as to what are apparently the crucial documents having originated with other agencies.
- (20) King interview with McIntosh 21 March 1978; King Papers ATL 77-107-12
- (21) UK National Archives catalogue reference KV 2/3440, pp 97-8; the file is available digitally - www.nationalarchives.gov.uk
- (22) Michael Parker: *The SIS: The New Zealand Security Intelligence Service*, Palmerston North NZ, 1979, pages 21-3
- (23) Michael King: The Strange Story of Reuel Anson Lochore, in *Tread Softly For You Tread On My Life*, Auckland, 2001; King’s Papers in the ATL include a long paper by Lochore, dated 1981, on Security in the Prime Minister’s Department and the External Affairs Department; it not only throws no light on these years, but is a sad mixture of delusion and confusion.
- (24) McNeish p.267. According to the same account, Costello began but was unable to finish the Irish song ‘The Minstrel Boy’. But Costello had the wrong song. He wasn’t ‘The Minstrel Boy’. He was ‘The Wild Colonial Boy’.
- (25) The building at 9 rue Leonard da Vinci which in Costello’s time housed the New Zealand Legation in Paris has an interesting history, well told by McNeish (pp.227-234; a sketch is at p.238). The New Zealand flag still flutters there in the walled garden, which is now sealed off from the street; and on the property a new building has been erected (7ter) which houses what is now the Embassy; no 9 appears to accommodate one or perhaps two ambassadors (one to France and the OECD; a second to UNESCO).

Revised August 2014

IX Manchester 1955-64

This section records some of Costello's obituaries which deserve wider circulation. It also seeks to dampen down the speculation about the circumstances of Costello's death.

We know little of the last nine years of Costello's life when he was in Manchester. These years occupy - nominally at least - 33 odd pages in *The Sixth Man* (pp.271-303) but when two extraneous chapters are subtracted ('A Black Eye in Oxford' pp.279-86 and 'Dinner with the Freybergs' pp.287-294, which diverges further by finishing up with a couple of pages on Dr Zhivago), what's left on Costello and Manchester is pretty slight: his children's reminiscences; what a student or two thought. No colleagues then at Manchester are quoted - a considerable omission, since there were then at least nine other New Zealanders or former University of New Zealand teachers on the staff with whom Costello was in contact. The ten of them made a statement in 1959 criticising plans by the University of New Zealand to establish new colleges in Hamilton and Palmerston North. (1)

A history of the University of Manchester records Costello thus:

A moving obituary of Desmond Patrick Costello, Professor of Russian Studies, who had died suddenly in 1964, said of him that 'his idea of happiness was and always had been to make his students see the greatness of certain great writers; if these happened to be Russian writers rather than Latin or French or Italian, it was because he felt there was room in this sphere for someone who was interested in books as books and not as documents....He never thought of himself except as an intermediary between the great and the young - between the uniqueness of solitary genius and the untrained enthusiastic minds entrusted to our care'. His motto, recalled a colleague in the Arts Faculty, recognising in him a fine classicist as well as a Slavonic scholar, was 'that if people do not enjoy what you are teaching, you may as well give up'. (2)

The same history shows that Costello's life at Manchester would have been enlivened by the activities of his eldest child Mick, who had attended an ordinary Russian school in Moscow and who was as a Communist active in student politics. In 1965, as a member of Union Council, he unsuccessfully urged upon the Vice Chancellor the need for a student nursery. Later Mick became President of the Union. Asked to comment on the election, the Chancellor, the eleventh Duke of Devonshire, 'politely declined'. (3) Mick Costello later worked for the Communist Party as the industrial organizer and in that capacity was in 1979 the subject of electronic eavesdropping and telephone-tapping by MI5. (Andrew *The Defence of the Realm*, p.672)

Other colleagues at Manchester also felt Costello's passing. One wrote thus:

The grief for the loss and for what might have been can find consolation in what in fact Professor Costello bequeathed to us. Any attempt to appraise his contribution to Russian studies inevitably begins by explaining that he came to them by way of the distinguished path of the classics, the Intelligence Corps in wartime and the diplomatic service - disciplines which marked indelible and inestimable traces on the man and his work. Perhaps the greatest legacy of his pre-professorial years was the breadth of his interests and the wide range of his experiences.

The obituary went on to note that 'It was above all the game of the dialogue he enjoyed. This love of the argument for its own sake was natural to him as a student of the classics...'; that 'No subordinate, whether student or junior colleague, was ever treated as less than equal - one took the rough with the smooth, but there was no 'talking-down'; and that in giving counsel, 'It was part of his great art that one was left often with the impression of having given advice rather than having received it'. (4)

The extracts from Costello's letters which illuminate earlier chapters no longer appear, while the man with 'the Byronic persona', the man of gaiety and spontaneity, of song and wit, appears to have become prematurely old and grey. Some things remained constant. Costello's life was topped and tailed with anti-Catholicism. He was buried at one end of the Southern Cemetery in Manchester, as far away as his wife could get him 'from the Roman Catholic sector.' (McNeish, p.309)

Costello died on 23 February 1964 at the age of 52 from a sudden severe heart attack. (5) McNeish notes that there may have been some hereditary factors at work, Costello's father having also died at the early age of 56 from a bleeding ulcer and cardiac failure. 'Yet we remain dissatisfied', McNeish concludes. 'Costello was fit, well, active.(6) He did not appear unduly stressed....' (p.287) The former SIS officer, Kit Bennetts, thought that Costello was a spy (*Spy*, p 205) but he told McNeish that he had 'deep misgivings about the timing and nature of Paddy Costello's death'. Presumably he means by this that someone - his Soviet masters? - killed Costello; it is not a question that McNeish pursues.

There is a plausible explanation for Costello's death which does involve his Soviet masters, without going so far as to suggest that they deliberately killed him. Again, it arises from the chronology. The Cohens/Krogers were arrested in January 1961, inquiries began shortly thereafter about their New Zealand passports, and Costello as noted was questioned. While he would have believed that the Cohens/Krogers, as experienced professionals, would make no admissions, as turned out to be the case, the case would have brought about a good deal of stress on Costello, as would another spy trial in 1961. The KGB agent George Blake - identified by the Polish defector Michael Goleniewiski - was put on trial at the Old Bailey, found guilty and sentenced to 42 years. While there is no evidence that Costello knew Blake, he did know Blake's older cousin, Henri Curiel, another bookseller and co-founder of the Egyptian Communist Party. Costello met Curiel in Cairo in 1942 (McNeish p.111) and they met again in Paris in the '50s, when Curiel, now described by McNeish as an 'alleged KGB agent', came to Costello's house 'quite openly' (McNeish p.247).

A further source of stress would have been Golitsin's defection in December 1961, dealt with in more detail in Appendix B. As noted, he too identified Costello, something ignored by McNeish. Golitsin paid his first visit to Britain in 1963 (Wright p.315) although he had been visited in the US earlier by MI5 officers. Costello would have been aware via his controllers of the defection and of the danger in which it placed him, not least because Golitsin knew a great deal about the KGB's activities in Paris. In January 1963 Philby went the other way.

As the extract from Chapman Pincher's book quoted in Appendix B illustrates, Costello was in the last few months of his life being followed again by MI5. As in his last days in Paris, Costello may have been aware of the surveillance. On top of all this, Costello may well have been fearful that if his activities, both in England and in Paris, were revealed to the University of Manchester, he may have been sacked, as at Exeter. How could he then have provided for his wife and his children still at home?

So stress looks likely to have caused Costello's death, combined with some genetic predisposition to heart failure.

Notes

(1) 'Protest About Two New Universities', *Evening Post*, Wellington, 4 June 1959; a copy is in SIS

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- (2) Brian Pullan with Michelle Abendstern: *A History of the University of Manchester 1951-1973*, Manchester, 2000, p 134
- (3) For Mick Costello, see Pullan and Abendstern op cit pp 91 and 169; Andrew Cavendish, eleventh Duke of Devonshire (1920-2004), had famous relatives: his widow is the former Deborah Mitford, and he was a nephew of Lady Dorothy Macmillan (nee Cavendish), the wife of Harold Macmillan, under whose Prime Ministership Cavendish served as a Minister for Foreign Affairs.
- (4) Veronica M. Du Feu: D. P. Costello (1912-1964) *The Slavonic and East European Review*, Vol. 42, No. 99 (Jun., 1964), pp. 443-446; URL: <http://www.jstor.org/stable/4205575>
- (5) The death certificate records under 'Cause of death' '1a Coronary thrombosis b arteriosclerosis'; as noted above in Section IV, Costello had when enlisting in 1940 admitted to 'heart strain after exertion'; he died intestate and left net 5604 pounds six shillings and ten pence; copies of the death certificate and the probate are in ATL (Costello, Desmond Patrick, 1912-1964, Personal documents, MS-Papers-7930), and what is curious is that they were put there in 2003 by an officer of the New Zealand High Commission in London.
- (6) As he had arteriosclerosis, Costello could hardly have been 'fit and well', although he may appeared so; arteriosclerosis (hardening of the arteries) is a progressive disease, and one of the risk factors is 'a family history of aneurysm or early heart disease', according to the Mayo Clinic website; see <http://www.mayoclinic.com/health/arteriosclerosis-atherosclerosis/DS00525>

Revised 5 June 2012

X Summing Up

This section looks at why Costello may have become a Marxist/Communist, and at the various reasons why people believe Costello was not a spy. It also attempts to make some assessment of Costello's career as a spy.

The influence of Costello's wife on his decision to become a Marxist/Communist would seem to have been considerable; her influence on him has been noted at several points in this narrative. Sir Geoffrey Cox said that 'Paddy had been seduced by a known Soviet bloc communist who became his wife and she "made him a byproduct of her ideas"...she was dour, rather humourless and not at all like Paddy.' (1) The atmosphere of the 1930s was a further influence. In the debate in the House of Commons in 1979 when Blunt's activities became public knowledge, James Callaghan - who earlier that year had been Prime Minister - had these wise words to say:

The nub of the Blunt affair is that insufficient attention has been paid today—it may have been paid by one or two hon. Members—to the atmosphere of the 1930s. That may be because not every hon. Member was alive, active or grown up in the 1930s. However, at the risk of incurring anyone's displeasure, I should point out that there was a terrible feeling in the 1930s that we were facing a prospect of either Fascism or Communism, and that people had to choose. I was never bitten by the bug, but I can understand those who were. At the risk of incurring the displeasure of Conservative Members, I must say that it was the craven attitude of the Government of the day, in the face of the Nazis, which led people to reach that conclusion. Had there been a different attitude towards the Nazis in the 1930s by the Government of the day, I do not believe that some of these people would have gone where they did.

When I watched Blunt on television last night, it was like the rustle of dead leaves underfoot. I could hear those accents of someone from the 1930s. Having said that, there is nothing that can condone his treachery, whatever his beliefs. I am sure that no hon. Member believes that I am doing anything of the sort. I am merely trying to paint the background against which these people reached that position, and I trust that we shall never reach that stage again.(2)

On pages 375-6, McNeish puts forward a number of arguments as to why Costello was not a spy. Some proceed on a false basis; none is persuasive.

Having quoted the 2002 NZSIS statement which says that the relationship between Costello and 'the intelligence service of the USSR' is 'substantiated by other records held by the NZSIS which are unable to be released at this stage' (p.367), McNeish argues that 'It seems that these records cannot amount to much or Costello would have been arrested and charged, or at the very least questioned. But Costello was never questioned or interrogated.'

As noted, Costello was questioned about the passports after the Krogers were arrested; and he was not questioned about his other spying activities in Paris because to have done so would have alerted the KGB.

Regarding Costello's activities in Moscow, McNeish argues that just as Isaiah Berlin's visits to Pasternak and other writers aroused Soviet suspicions, so did Costello's visits to such people arouse British suspicions.

It's hard to see the logic in this. Did the British become suspicious of Berlin because he visited 'such people'? McNeish goes on to say that 'As a Russian-speaking diplomat with a lively interest in Soviet affairs, [Costello] would have been approached by Soviet intelligence as a matter of course, because of his cultural contacts, and automatically given a codename'. But if Costello had

been approached, and had been as pure as the driven snow, as McNeish argues, then he would have reported it; there is no indication that he ever made such a report.

‘Had Costello been recruited as an agent’, McNeish claims, ‘one might have expected him to benefit materially and his lifestyle to take a financial lift, or series of lifts. This did not happen.’

Some people - the Cambridge group are good examples - became agents for reasons of conviction rather than cash and there is no evidence that Costello was not in that category.

McNeish’s final argument concerns an event in 1947, when British security officers inspecting the NZ Legation premises in Moscow found that a hole had been bored in the handle of the safe containing the Legation ciphers, leading to the conclusion that the Russians had taken the material away and copied it. ‘Had Costello been acting for the Russians’, McNeish argues, ‘it seems strange that they would have needed to do this.’

Not strange at all: targetting foreign missions, even friendly missions was and probably still is routine for intelligence agencies, even for the British, and the Soviets routinely targetted foreign missions in Moscow. The British Embassy in Moscow was found in 1951 and again in 1965 to have been penetrated, and the US Embassy there likewise, in 1944 and 1951 (3); so what would have been suspicious was a security sweep of the NZ Legation in those days and *nothing* found.

Dan Davin also had a reason why Costello was not a spy: ‘Costello was so often in his cups with me, and so often out of control when he was, that certainly he would have betrayed himself. I would have known’. So Davin’s biographer puts it. (4) No less an authority than Kim Philby, another enthusiastic drinker and spy, provided an interesting rejoinder to this suggestion. In his book about Philby, the journalist Phillip Knightley wrote of him that ‘It is worth noting that on the occasions he became distinctly drunk he avoided the loosening of the tongue and the indiscretions that affect normal people.’ When Knightley saw Philby in Moscow in 1988, he asked him about his reticence and Philby said ‘It often puzzled me how I could hold so much drink and never give anything away. It wasn’t a trick or anything like that. It was just that something within me seemed to be aware that there was a limit to what I could say, a limit beyond which I could not go. No matter how much I drank it was always there’. (5)

Blunt had the same self-control. Tess Rothschild had known him well for more than 30 years when he confessed to being a Soviet spy. ‘Anthony used to come back tight to Bentinck St [where they both had rooms during the war], sometimes so tight that I had to help him into bed,’ she used to say. ‘I would have known if he was a spy....’ (6) But she didn’t know. After he agreed to confess to MI5, Blunt drank large quantities of gin; but it seems to have had little effect on loosening his tongue.(7) So too with Costello?

John Le Carre might be thought to know a thing or two about spies. One of his spy characters talks of the self-control:

When we are exhilarated, or drunk - or, even as I am told, make love - the reserve does not dissolve, the gyroscope stays vertical, the monitory voice reminds us of our calling. Until gradually our very withholding becomes so strident that it is almost a security risk by itself. (8)

Sir Geoffrey Cox’s belief that Costello was not a spy was based on the fact that he was openly a Marxist. ‘If someone is spying for Russia would they openly proclaim they were Marxist?’ he asked the journalist Michael Fathers. ‘[T]he Russians were too shrewd to use him (given his known and loudly announced communist views) as an agent.’ (9) The implication in this remark is that the Russians could have used him as an agent had they wished to do so. What is one to make of that?

Spies have various covers, and although Costello's was unorthodox, it was effective; and in the end that is what counts.

A comparison with Costello's fellow-New Zealand spy, Ian Milner, is instructive. 'The first duty of an underground worker', Philby claimed, 'is to perfect not only his cover story but his cover personality'. (10) In this regard, Milner was much more successful than Costello: at the University of Melbourne, he was the typical academic; at the Department of External Affairs in Canberra, he was 'the External Affairs type'; and at the United Nations, he was 'just another international civil servant'. Milner blended into the background and did not draw attention to himself. There are no reports of Milner getting roaring drunk. The result was that no-one suspected him of being a spy until he was found out, and arguably this was the result of good luck rather than any fault of Milner's. The cable traffic which sent from Canberra to Moscow the official documents stolen by Milner (with his figurative fingerprints on them) was intercepted by the US and their agents were able to crack the codes. (11)

On the other hand, Milner carried his devotion to the cause to lengths to which it is difficult to imagine Costello going. Czech security files reveal that '...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' [the Czech State Secret Security Service].(12) Both were however spies; and it is little consolation that Costello was less odious than Milner.

In the absence of the KGB records, it is of course impossible to know how effective a spy Costello was, although he was in the top ten during his years in Paris according to the Mitrokhin records. It is however possible to draw some inferences about how much more effective he might have become from what is known about his life.

There are several episodes in his life which indicate that his foolishness and lack of self-control nearly put an end to his spying career. The two major episodes are the events at Exeter and the drunken escapade in Auckland in 1950. In Exeter as we have seen Costello was on his way to following the example of the Cambridge five and getting a job in the establishment - where he would like them have had access to classified material - when he ruined his chances by his overt Communist activities and his support for Fyrth, which led to his sacking by the university. A less foolish person would have dissembled about his beliefs and changed his activities - as Costello did later when queried by McIntosh - so as to survive in the environment and continue his progress towards the establishment.

Costello was very fortunate to have been given another chance: had McIntosh had a security check made in the United Kingdom in 1944, Costello would have remained in the army, or he may even have been sacked from there as well. He then very nearly ruined his chances again by the drunken escapade in Auckland en route to Paris. He might easily have been sacked again and was apparently only allowed to continue in External Affairs on the basis that he was looking for another job. In the absence of the drunken episode, Costello might reasonably have expected to have been appointed as the head of a New Zealand mission before too long.

As noted in Section VIII, Costello's behaviour in Paris raises the question of whether it was deliberate and designed to draw attention to himself, so that he would be found out and be able to leave the world of diplomacy and spying. The same question arises as to his behaviour in Manchester, his intention being to become a liability rather than an asset to the KGB so that it would stop using him.

So Costello might have been a much more effective spy than he was. It is our good fortune that he was not.

It is one of the curious features of Costello's life - so far as we know of it in 2012 - that he seems to have formed so few lasting friendships, apart from Dan Davin. Partly this was because he was on the move for much of his life - Auckland, Cambridge, Exeter, the war, Moscow, Paris, Manchester - which inhibits the making let alone the preserving of friendships. But at university and in the army especially one tends to find one's own level and as any number of lives show friendships are begun in those surroundings and later sustained. Evidently not, however, in Costello's case. There is no mention in McNeish's books of Costello ever going back to Cambridge after he left it in 1936; and although he was keen on 'putting his medals up' on diplomatic occasions he does not seem to have done so at any reunions of 2 New Zealand Division. Nor - again excepting Davin - does he seem to have kept alive any Cambridge or Army friendships, apart from Cox, and then only fitfully. He also lost touch with his family in New Zealand.

It is a sad reflection on Costello's life that many people remembered him as a drunk. Years after the event, Julian Maclaren-Ross (1912-64, and thus Costello's exact contemporary) recalled the 'learned but boisterous Paddy Costello' accompanying Dan Davin to the Wheatsheaf Hotel in Fitzrovia, and 'the embarrassing incident that occurred when the drunken Costello "started to bang his fist on the counter and [shout] at the top of his voice about the fucking English" ' . The landlord wanted to throw Costello out but was persuaded by Maclaren-Ross to let him stay, even though Maclaren-Ross had an 'instinctive dislike' for Costello.(13) The Australian journalist Richard Hughes, writing to Davin from Hong Kong in 1975 after the publication of Davin's *Closing Times*, reminisced about their previous meetings with 'dear Paddy Costello often pouring plonk in the background: Mareth [Tunisia, during the war], N Z embassy in Paris, Manchester.' (14)

That Costello was a spy necessarily means that he was deceitful and a liar and a traitor. He deceived and lied to his best friends like Davin and Cox, and to his colleagues in External Affairs. For so long as he spied while taking the King's or Queen's shilling, he betrayed his country.

Notes

- (1) Fathers, Michael Allen 1941-, Sir Geoffrey Cox material, ATL MSDL-0359; on McNeish's account (p.147), Cox himself nearly joined the Communist Party in England in 1937.
- (2) <http://hansard.millbanksystems.com/commons/1979/nov/21/mr-anthony-blunt> p 509; see also Andrew Boyle's *The Climate of Treason* (London, 1979)
- (3) See *Spycatcher* pp.19 and 292 and chapter 9; and also Andrew and Mitrokhin, op cit. : The KGB 'had a long tradition of bugging Moscow embassies', the first bugs in the US Embassy (more than 120) being discovered in 1944 (p.440)
- (4) Keith Ovenden: *A Fighting Withdrawal* p 365
- (5) Phillip Knightley: *Philby: KGB Masterspy* (London, 1988), p.103
- (6) Wright: *Spycatcher*, p.215
- (7) Andrew: *The Defence of the Realm*, p.439
- (8) John Le Carre: *The Secret Pilgrim*, London, 1991, p.177
- (9) Fathers, *ibid*
- (10) Kim Philby: *My Silent War* (London, 1968) p.180
- (11) Further details are in my 'Was Ian Milner a Spy? A Review of the Evidence' in *Kotare: New Zealand Notes and Queries*, Wellington, 2008; <http://www.nzetc.org/tm/scholarly/tei-LenWasI.html>
- (12) Aaron Fox: 'The Pedigree of Truth: Western Intelligence Agencies versus Ian Frank George Milner and William Ball Sutch' in Alexander Trapeznik and Aaron Fox (eds): *Lenin's Legacy Down Under: New Zealand's Cold War*, Dunedin, 2004, p.124

- (13) Paul Willetts: *Fear and Loathing in Fitzrovia - The Bizarre Life of Julian Maclaren-Ross, Writer, Actor, Soho Dandy*, Stockport, 2003, pp 169-170; the reference given is a letter Maclaren-Ross sent to Davin on Sunday 21 November 1954, at a time when he had had an argument with Davin and written him the letter giving examples of what he saw as Davin's bad behaviour dating back to the war. (p.258)
- (14) Letter of July 21, 1975, Davin Papers ATL (MS-Papers-5079-008); the letter was addressed to 'Dear Monsignor Davin' and signed in the manner of a bishop '+Ricard Episcop Hong Kong'.

Revised 20 December 2012

Appendix A

(i) King, McIntosh and Costello

The aim of this appendix is to set out in some detail the exchanges between Michael King and Alister McIntosh, and King and Dan Davin, concerning Costello. So far as is known, not all of these exchanges have previously been made public, although some of the sources have been in the public arena for some time. The object of making them public is to enable future Costello scholars to take them into account in their consideration of him.

The circumstances of King's first meeting with McIntosh are set out in the Introduction to the biography of Peter Fraser by Michael Bassett and Michael King.(1) McIntosh had been intending to write a book on Fraser and was uniquely well-placed to do so, having been in effect deputy secretary of the Prime Minister's Department from 1936 to 1945, secretary of that department from 1945 until 1966, and simultaneously secretary of the Department of External Affairs from 1943 until 1966. He was not well enough to do so however and in 1977 found a collaborator in King, after which 'the two men spent the best part of a year recording McIntosh's recollections on tape and annotating relevant sections of his considerable collection of papers'. (2) Transcripts of the recordings (or some of them) and the McIntosh papers (with some omissions) are now in the Alexander Turnbull Library, and are available for public access. (3)

Michael King in turn fell ill and in 1996 asked Michael Bassett to take over the project and complete it, which he did. King did however maintain his interest in Costello and in New Zealand spies generally, about whom he proposed to write a book. That he did not do so seems to have been due primarily to his inability to obtain from the New Zealand Security Intelligence Service its information on Costello and also on William Sutch, the absence of which would have made any such book seriously incomplete. This will become clearer below.

In what follows, discussion of the McIntosh/King transcripts concentrates on the exchanges concerning Costello, which are considered chronologically. It is only fair to record that on 3 July 1978, McIntosh told King with regard to the interviews that 'this is really a very meretricious method of recording history. If it's treated as it's meant to be treated, as subjective recollections, it's O.K., but...' [going on to give an example of a particular incident involving a former Prime Minister being wrongly believed because people kept repeating it]. (4)

The first exchange (it is not clear how it arose) seems to have occurred on 21 March 1978, and began with McIntosh observing that 'Paddy Costello was one of the most remarkable men of his time'. He went on to speak of Costello's career (making an error when he has Costello going to Spain during the civil war). The striking comments are that Costello was originally envisaged for Moscow as an interpreter; 'the mistake we made [in taking him on] was not getting him vetted for security'; 'being sent to Moscow cured Costello to a very large extent [of his Communism]'; and after the drunken escapade in Auckland, 'I had to tell him that as far as his career was concerned, it was finished and so he said, well give him time and he would get another job, well in the end he didn't get another, it dragged on and on and on and by that time of course, he'd gone back to his communist friends..'; 'his wife is a Communist. She was a much tougher Communist than Paddy'; and referring to the British 'revelation' (not otherwise described, but presumably the Exeter incident) 'Fraser wouldn't have dismissed him on that ground alone'. (5)

Over the next few months (McIntosh died on 30 November 1978) Costello's name came up on three occasions for which there are records available. When talking about other staff at the Legation in

Moscow, McIntosh was asked whether two in particular were ‘openly and committedly Marxist at that point’, and he said in reply

Well, we didn’t know when we appointed Costello, he certainly was. He was definitely a member of the Communist Party and he had been heavily involved in the Spanish Civil War. I forget it all now. I’ve got a whole lot of papers about it which will have to be destroyed...Paddy of course was a terrific personality and he influenced the whole of the staff [in Moscow] except Patrick (6)

The question of Freyberg and the bombing of Monte Cassino came up on another occasion, and McIntosh had Costello as the intelligence officer who advised Freyberg to bomb the monastery as the Germans were using it as an observation post. He went on

..people often said ‘Oh, well, that was just Paddy’s anti-clerical feeling’ but it wasn’t - he would have judged this purely on a military plane but the decision to attack would have been cleared with Mark Clarke. Well Mark Clarke was a very firm Catholic and of course, he went back on the decision and blamed Freyberg.(7)

The final mention of Costello was in connection with the Paris Peace Conference in 1946. The new elements in that part of the interview - the discussion with Smuts and Alexander’s intervention - have been dealt with in Section VI above dealing with the Conference. (8)

It is plain from later evidence however that McIntosh discussed Costello with King on other occasions and also gave him documents. On 31 March 2000, King wrote to Prime Minister Helen Clark in her capacity as Minister in Charge of the Security Intelligence Service seeking the Service files on Sutch and Costello for use in a scholarly book on the pair. He explained that in 1978 McIntosh had spoken with him ‘at length’ about Costello and Sutch, and the conversations were recorded ‘at Sir Alister’s insistence’ as ‘[h]e wanted what he knew and what he believed about the two men to go on record; and he provided me with supporting documentation. But at the same time he asked me to embargo use of the material “for at least twenty years” ‘.

King went on to say 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’. He also said that while he had honoured the embargo.

In the years that followed I did pursue the topic discreetly, however. I had a further confidential interview with Sir Guy Powles after his review of the Security Intelligence Service in 1980; I corresponded in 1981 with Costello’s widow Bella, who was then living in Manchester; I further discussed Costello’s life and career with his friend Dan Davin; and I collected all the relevant literature published over two decades in the United States and the United Kingdom.

King also enclosed with his letter ‘sample copies of documents I already hold (and have, up this point, withheld) as a result of my discussions with Sir Alister McIntosh’. (9)

The Security Service declined to provide King with the documents he sought, and gave him only a few old police documents which form part of my SIS 1. He continued his pursuit - even inviting its comments on a draft section of his Penguin History of New Zealand - but without success. (10)

There is no trace in the King papers in the Alexander Turnbull Library of any other records of discussions with McIntosh, no record of the interview with Powles, and only tantalising glimpses of other possible relevant records such as his discussions with the former MI5 officer Peter Wright, then living in Tasmania.(11) His surviving correspondence with Bella Costello is about Peter Fraser. His correspondence with Dan Davin, most of which is about Costello, is considered below.

In that Davin correspondence, to anticipate and digress, is a summary of what McIntosh told King about Costello, and a clue to some of the documents King had (which were presumably given to him by McIntosh). King refers to 'anonymous letters to Nash and Paddy Webb' (12) early in 1945 which 'denounced Costello as a communist'. He then mentioned the Machtig-Batterbee material about Exeter (see section III above) and enclosed 'the relevant documents' some of which were of poor quality, while others would enable Davin 'to sort out...McIntosh's and Costello's reaction'. The Machtig letter and the accompanying MI5 report are of poor quality, which identifies them, while the other documents are clearly McIntosh's letter to Costello concerning the Exeter material, and Costello's reply. King stressed that he had been 'slipped' the documents and asked for their return after Davin had 'extracted what you want'.

King continued that Costello was not dismissed as a result of this discussion, as we saw earlier in section III, but his intelligence reports from Moscow were so good as to arouse suspicion that he was working for the Russians. As well, nearly all the staff 'seemed to fall under his spell' and 'all were later investigated for allegedly subversive activities in the 1950s'. The next part of the letter is rather confused and has the US Ambassador, Robert Scotten, visiting Sid Holland about Costello before the drunken escapade rather than after. The 'alleged suspicious activities' continued and Costello, as noted earlier, was 'persuaded to resign in July 1954' when his resignation letter was written for him. King did not seem in that letter to believe that Costello was a spy, and noted that 'McIntosh believed only that Costello was irreverent and indiscreet'.(13)

As to the missing King/McIntosh documents mentioned earlier, several possibilities exist as to their whereabouts, the most probable being that King stored them at a place other than his home, and they are still there. King had already agreed with Penguin New Zealand in 1986 to write a book on the Security Intelligence Service (14), but by 2000 he was evidently sufficiently worried by the nature of his material to consult Penguin as to the desirability of storing some of it away from home. Penguin agreed. (15) King's daughter and literary executor, Rachel, was unable to help as to its whereabouts and asked Penguin, which was likewise unable to help.(16)

(ii) King, Davin and Costello

Michael King first met Dan Davin in 1976 and their friendship thereafter is set out in a short memoir he wrote for Janet Wilson's collection of reminiscences about Davin (17). As King notes in that memoir, their initial mutual interest in Peter Fraser (King had begun the biography, as noted above) turned to a mutual interest in Costello, about whom Davin had completed the first draft of a memoir. (18) Costello was the subject of their correspondence between August 1981 and December 1982, with King telling Davin some of what McIntosh had said and sending him documents, and Davin reacting to this and other information which was then coming to light - some of it new to him. Not all of King's letters seem to have been preserved, and there are six letters from Davin to King. (19) Material from the letters which has been already mentioned will not be repeated here.

The first letter refers to publicity about the allegation of Costello being a spy being given its first public airing in Chapman Pincher's book, *Their Trade is Treachery*. Davin refers to 'Paddy, who was perhaps my closest friend and for whom my feeling is in no way modified by this sort of allegation.' Further, 'I do not for a moment believe Paddy was a spy' but..'he was openly and often indiscreetly pro-Russian throughout the war'. Again, 'The CIA kept chasing the NZ Govt to sack him because of his CP associations and because he did not conceal his Russian sympathies and his contempt for much that was American...'

I am certain he wd never have betrayed his country. Indeed, both Winnie [Davin's wife] and I remember a conversation in which he drew the line very clearly and firmly between 'treason' and a desire to change the character or policy of your own government.

King then sent Davin a review of Pincher's book by Brigadier Sir William Gilbert, the first head of the NZ Security Intelligence Service, which appeared in the *New Zealand Herald* and is referred to above in section VIII. Davin in his reply called the review 'typically hostile' (he and Costello had known Gilbert during the war) but was intrigued by the reference to Costello having been involved in an official secrets case before the war ('new to me'). Davin was tempted at the time to write to the *New Zealand Listener* about the book but in the end did not do so.

In the final 1981 letter, Davin referred to a piece in the *Sunday Times* about Leo Long - 'the latest repentant mole to come up for air' (20) - in which Long was quoted as saying 'None of us advertised our beliefs'. 'This squares with my own impression' Davin observed, but 'Nothing in Paddy's behaviour after leaving Cambridge up to the time of his death conforms to this pattern' as Costello never made any secret of his left-wing views.

There is then a long gap in the correspondence until August 1982; in the following month, as noted above, King sent Davin a long and misleading letter about McIntosh's views on Costello, together with the documents about Exeter. Davin was 'a bit surprised at what you say of P's final resignation as not being voluntary'. His view of Costello did not change: 'None of the fresh material alters my view that P wd never have acted as an agent while he was in the employ of the NZ Govt'.

King then sent to Davin a copy of the relevant pages of his interview with McIntosh about Costello's departure from External Affairs (referred to above), and also the bombing of Monte Cassino. In his reply Davin noted that

the British appeared to have interpreted [Costello's] liking for the Russians - he used to say they were like the Irish in their fondness for alcohol and song - and his friendly relations with many of them, and his power to make inferences from casual bits of information, as a kind of proof that he was a Russian agent or at least a tool of theirs for disinformation.

He added that 'What people don't understand is that P was very black in his cups, not a good drinker: I had many a physical struggle with him as well as argumentative - he was a master at detecting what to say which wd hurt your feelings most.'

Davin also said that he didn't believe that Costello had gone back to his communist friends, if by that was meant he had rejoined the Party. If it meant people like him, Davin said, it was certainly not true. Finally, [Costello] 'knew of the [CIA and MI5] attempts to do him down'.

In writing to McNeish in August 1998, King said that 'I did think after Dan's death that I would write something on Costello. But it seems unlikely now'. (21)

Some of Davin's correspondence with Costello's widow, Bella, has also survived. He wrote to her on 24 November 1987 saying that he would be in Leeds for Christmas and might come over to Manchester to see her and some of Costello's papers. A note in his handwriting says:

17 Jan 88 Rang her from Leeds, said I cdn't come, was minded to do without seeing P's letters (illegible) on my own resources. Real reason, not yet disclosed, that I can't face or stay in that pious Marxist atmosphere and feel that it, if seeing the letters, wd put me under too (illegible) an obligation. (22)

Notes

- (1) Michael Bassett with Michael King: *Tomorrow Comes the Song: A Life of Peter Fraser* Auckland, 2000. The book is dedicated 'To the memory of Alister McIntosh who did so much to make this book possible.'
- (2) Ibid, page 12
- (3) The transcripts of the recordings are in the King Papers 77-107-12 to 14 and 16, and MS-Papers-2096-1; the McIntosh papers - MS-Group-1120 - comprise 481 folders and occupy 7.80 linear metres.
- (4) King Papers ATL 77-107-16
- (5) Ibid 77-107-12
- (6) Ibid MS-Papers-2096-1; Patrick was R T G Patrick, the First Secretary.
- (7) Ibid 77-107-14; for Cassino and the aftermath, see Matthew Wright: *Freyberg's War* Auckland, 2005, Chapters 13 and 16; Costello is not mentioned; McNeish inexplicably broadens McIntosh's comment about Cassino to include Costello and Davin - 'both militant atheists' (pp.131 and 343)
- (8) Ibid 77-107-14
- (9) Ibid 8752-204; the 'sample copies' not being identified, and if they had been attached to the file copy, having become detached, I inquired of the Security Intelligence Service if it could furnish me with copies or at least identify what they were. The Service declined to do so, thus: 'The NZSIS is aware of four documents related to Costello that were in the possession of the late Michael King. They are regarded by the NZSIS as official documents improperly in private hands. Three are still classified and since all originated with agencies other than the NZSIS they cannot be released without the originators' permission. This has been sought but not yet received'. Letter of 26 February 2012.
- (10) Michael King: *The Penguin History of New Zealand*, Auckland, 2003; pp.425-9 deals with 'the appearance of McCarthyism in Wellington' and its effect on Sutch, Costello, Milner and others, and it was these pages that he sent to the SIS. (Letter of 27 May 2003; King Papers ATL MS-Papers-8752-203) He is curiously equivocal on the subject of Costello being a spy (unlike the Fraser volume, which says flatly on page 261 that Costello was 'suspected to be, and subsequently confirmed as, a Russian spy'). King was also behind the play in saying that the strongest evidence against Milner was Petrov's 'confession'. See my 'Was Ian Milner a Spy? A Review of the Evidence' in *Kotare, New Zealand Notes and Queries*, <http://www.nzetc.org/tm/scholarly/tei-LenWasI.html>
- (11) Wright was the author with Paul Greengrass of *Spycatcher: The Candid Biography of a Senior Intelligence Officer* Melbourne, 1987, and the source of Chapman Pincher's statements in *Their Trade is Treachery* as to Blunt identifying Costello as a spy. King wrote to the Editor of the *New Zealand Herald* on 7 January 1987 concerning an appointment with Wright (King Papers ATL MS-Papers-8752-205). King telephoned from Sydney to Wright in Cygnet Tasmania on 30 January 1987, when Wright said that he was prepared to help but could not do so at that time because of an injunction about his book; he suggested that King speak to him again in March or April. Ibid, MS-Papers-8752-206. In a letter to James McNeish on 1 January 2002, King mentioned having spoken to Wright in 1988 (King Papers ATL Ms-Papers-8752-203?). I could find no other records concerning Wright, who did not attract the attention of the ATL summary writers.
- (12) Nash was then Minister of Finance, and Webb Minister of Labour and Mines.
- (13) King Papers ATL MS-Papers-8752-206; as noted above, King reported McIntosh's views differently to Helen Clark in 2000; it is not clear why he was being economical with the truth in writing to Davin. Was it because of the embargo on the McIntosh material? But in giving the Machtig/Batterbee material and associated documents to Davin, he was already breaching the embargo.
- (14) King Papers ATL MS-Papers-8752-203

- (15) Only Penguin's reply appears to be in the King Papers ATL MS-Papers -8752-204
- (16) Emails of 24 January and 19 March 2012; the Penguin representative said 'I do recall discussing with Michael the possibility of storing Costello material away from home, but it didn't get lodged at Penguin. I'd have remembered if it had'.
- (17) Michael King: 'Unofficial High Commissioner' in Janet Wilson (ed): *Intimate Stranger - Reminiscences of Dan Davin* Wellington, 2000, pp 177-184
- (18) It was never finished and thus never published; there is a draft in the Davin Papers ATL MS-Papers-5079-426; McNeish's comment (at page 292) deserves repetition: 'Colleagues of Davin put this down [not finishing the memoir] to failing health and energies after he retired. Keith Ovenden, his biographer, however, is convinced that in the case of Costello it was Davin's inability to rebut the charges of spying and rescue his friend from his detractors which defeated him, robbing him of the will to complete the portrait'.
- (19) Davin's letters are in the King Papers ATL MS-Papers-8970-225; King's letter of 24 September 1982 is at King Papers ATL MS-Papers- 8752-206
- (20) Long was another Trinity College old boy, recruited in the '30s, and identified at this time, by Blunt (Wright: *Spycatcher* pp 218-222)
- (21) King Papers ATL MS-Papers 8970-225
- (22) Davin Papers ATL MS-Papers-5079-426; in his letters, Davin mentioned several times the spying allegations then being made about Costello; Mrs Costello's letters made no mention of them.

Revised 10 June 2012

Appendix B

The Spying Allegations

The purpose of this appendix is to set out the allegations of spying made against Costello, in chronological order. They are dealt with in summary fashion at best by McNeish - in one case not at all - as he does not believe that Costello was a spy and is thus dismissive of those who suggest the contrary.

In 1981 the British journalist Chapman Pincher (1914-2014) (1) published *Their Trade is Treachery*, which as noted earlier contained allegations about Costello and also about the British secret service organisation MI5, including that its Director General from 1956 to 1965, Sir Roger Hollis (1905-73), had been investigated as a possible Russian spy. It turned out later that Pincher got the information in his book from Peter Wright (1916-95), who had worked in MI5 from 1955 to 1976. The allegations about Costello in Pincher's book were as follows:

Blunt also pointed the finger at another Cambridge acquaintance whom he knew as a Communist and who might have been recruited as a spy. This was the late Paddy Costello, a New Zealander who became Professor of Russian at Manchester University. He had come under special suspicion in 1961 when it was discovered that, while serving in the New Zealand Consulate in Paris, he had signed New Zealand passports for Peter and Helen Kroger, the spies in the Navy Spy Ring. It was on these false passports that they had entered Britain for, in fact, their true name was Cohen, and they were American citizens.

Costello was known, too, Pincher added, to have provided an accommodation address in London for the wife of a Swedish diplomat spying for Russia. He was also observed meeting with a Soviet agent only shortly before his death in 1964. (p.139)

Blunt was Sir Anthony Blunt (1907-83), one of the famous spy group the Cambridge five, who had himself been fingered as a Russian spy in 1963 and confessed in 1964. He was given immunity from prosecution on the basis that he would name names, but as discussed below, he was reluctant to do so. He was fingered by the American Michael Whitney Straight (1916-2004) who was also at Cambridge in the '30s where he joined the Communist Party; his parents ran a school at Dartington Hall, and Costello was invited to stay there in 1935 (McNeish p.35).

Pincher went further in another book published in 1984 - *Too Secret Too Long* (London) - adding the following two allegations about Costello:

The discovery of [Costello's] complicity with the Krogers, however, led to inquiries in New Zealand where it was found that the K.G.B. had built up a network of informers after it had suspended operations in Australia following the Petrov defection, and two Soviet 'diplomats' were expelled. (p.255)

In a footnote on p.605, Pincher identified the two 'diplomats' as Andreev and Shtykov.

The other allegation was as follows.

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) (2)

As to the first allegation, Nikolai Shtykov, second secretary and cultural officer, and Vladislav Andreev, commercial counsellor at the Soviet mission in Wellington were each declared persona non grata on 10 July 1962, the Prime Minister claiming that the Government had 'conclusive proof'

that they 'engaged in espionage'. (Hunt, pp.234-5). Pincher does not name Costello's friend the subject of the second allegation; because he had spent so little time in New Zealand as an adult, Costello could hardly have had many friends there.(3) Although he is clearly aware of them (p.253), McNeish does not detail these two allegations, much less make any attempt to deal with them.

McNeish does however pour great quantities of cold water on the Wright/Blunt allegations about Costello, suggesting that MI5 (or at least Wright) wished to incriminate Costello and thus added his name to those supplied by Blunt, who 'hardly knew' Costello. 'Blunt's 1964 confession,' McNeish states without naming his source, 'nowhere names Costello'. He concludes 'So it may be doubted whether Blunt ever mentioned the name Costello at all'. He quotes Philip Knightley as saying that Blunt 'wouldn't name names' and describes Wright's own 1987 book *Spycatcher* as 'discredited'.

Given that the Blunt-Wright-Pincher axis was the source of the Costello-as-spy allegation, McNeish might reasonably have said more about it and let his readers make up their own minds as to where the truth lies. Wright describes in *Spycatcher* (chapter 15) how he became primarily responsible for debriefing Blunt and how he interviewed him 'every month or so' for six years (from 1964) in Blunt's study at the Cortauld Institute:

Sometimes we took tea, with finely cut sandwiches; more often we drank, he gin and I Scotch; always we talked, about the 1930s, about the KGB, about espionage and friendship, love and betrayal. They remain for me among the most vivid encounters of my life. (p.224)

All the interviews were covertly recorded. After a promising start (he 'swiftly named' two former spies, who 'swiftly confessed'), Blunt dried up. 'After I had been meeting him for a year', Wright records, 'an obvious pattern emerged...although Blunt, under pressure, expanded his information, it always pointed at those who were either dead, long since retired, or else comfortably out of secret access and danger'. (p.251)

Costello having died in 1964, it is thus entirely plausible that Blunt fingered him in the discussions with Wright.

As to Blunt hardly knowing Costello, how can McNeish reach that conclusion? As noted above, Blunt's closest friend at Cambridge was Guy Burgess; and as McNeish has Costello and Burgess as fellow members of the Socialist Society, it would have been remarkable had Costello not known Blunt.

As to Wright being a 'fantasist', McNeish might also reasonably have told his readers something about the efforts of the British Government to prevent the publication of Wright's book, *Spycatcher* - notwithstanding that a good deal of the material in it had already been published in Chapman Pincher's book *Their Trade is Treachery*. It was proposed in 1985 to publish *Spycatcher* in Australia to avoid the Official Secrets Act (UK) but the British Government got wind of the move and commenced proceedings in the Supreme Court of NSW to prevent publication ('Her Majesty's Attorney-General in and for the United Kingdom v Heinemann Publishers Australia and Peter Maurice Wright'). The case failed spectacularly there, again in the NSW Court of Appeal and finally in the High Court of Australia. A similar case also failed in New Zealand, where *The Dominion* published extracts from the book. The case did however succeed in Hong Kong, thus showing that while the mother country's writ no longer ran in the ex-colonies, it still prevailed in the few remnants of empire. The Thatcher Government was made to look foolish, and when the book was eventually published, its sales around the world were enormous. This was an awful lot of trouble to take for a discredited book by a disgruntled fantasist.

Finally, McNeish might have noted that Wright was closely involved in the MI5 operation (*Spycatcher*, chapter 10) which led to the arrests in 1961 of Lonsdale and the Cohens/Krogers and the discovery of the NZ passports issued in Paris while Costello was there. Wright thus had good reason to remember Costello.

The second KGB source to finger Costello was Major Anatoli Mikhailovich Golitsin (or Golitsyn), who defected in Helsinki in 1961. 'His debriefing', according to John Costello (no relation), 'revealed that it was 'Paddy' Costello who had provided New Zealand passports for Peter and Helen Kroger...'. John Costello adds that 'Further confirmation that Paddy Costello was a long-term Soviet agent was provided to me on a nonattributable basis by a senior American intelligence source who cited his own debriefing of Golitsyn'. (4) Golitsin went initially to the US where he began 'singing like a bird', as Wright put it. (*Spycatcher* p 163) He paid his first visit to Britain in 1963 (ibid p.315) although he had been visited in the US earlier by MI5 officers. Golitsin knew a great deal about the KGB's activities in Paris. 'Some of his best intelligence', Wright observed, 'concerned Soviet penetration of SDECE, the French equivalent to MI6'. (ibid p.239).

McNeish deals with this allegation by ignoring it. There is no reference to Golitsin in *The Sixth Man*, and the only two references to John Costello are in the select bibliography and in a footnote on p.364 where he is listed in a rogues' gallery of those 'falsely charging Paddy Costello with providing passports'. (5)

The third KGB source who identified Costello as a spy was Vasili Nikitich Mitrokhin, another defector, whose claims are contained in the book referred to earlier by Christopher Andrew and Mitrokhin entitled *The Mitrokhin Archive: The KGB in Europe and the West*. Costello is mentioned twice in the book, the first time on p.534 where it is said that 'In May 1954 the Cohens were issued with passports in the name of Peter and Helen Kroger by a Soviet agent at the New Zealand consulate in Paris, Paddy Costello (codenamed LONG) who later became professor of Russian at Manchester University'. There is a reference in a footnote (no 73 on p. 864) to the specific part of the Mitrokhin documents, and the same footnote records that 'A KGB file for 1953 describes LONG as a "valuable agent" of the Paris residency'.

Costello is mentioned again under his codename LONG on p 600, where he appears in an incomplete list of ten 'particularly "valuable agents" ' in Paris in 1953, most of them in the French intelligence community. The relevant footnote (no 1 on p.878) states that 'The only codenames which can be identified on the basis of information in Mitrokhin's notes are..... and LONG (Paddy Costello)'

McNeish deals with this material in an awkward and unconvincing way. As early as p 16 he raises the matter and refers to meeting 'the author' (by which he means Andrew) in Cambridge. After 'an extended and entirely amicable discussion', McNeish records,

I was unconvinced. Professor Andrew readily admitted that beyond a codename and a brief reference found in Vasili Mitrokhin's notes, he knew nothing more about Costello. After further checking I decided that through no fault or design of his own, he too had become part of the myth-making process.

On p 241, when dealing with Costello's time in Paris, McNeish writes:

This is the period when Costello was under surveillance by the British and allegedly active, according to a book published in 1999, *The Mitrokhin Archive*, as a Soviet agent. The author of the book, Christopher Andrew, cites a KGB file for 1953 listing Costello, codenamed LONG, as 'a valuable agent' of the Paris residency. The Paris resident is not named. Professor Andrew has no further details, he says.

In the relevant footnotes at pp 364-5, McNeish accuses Andrew of ‘falsely charging Paddy Costello with providing passports’ and having reproduced the extracts quoted above from pages 534 and 864 of *The Mitrokin Archive*, continues as follows:

The KGB rezident is anonymous. Professor Andrew has no further information about Costello, he says. Without this information, the statement must be taken with a large dose of salt. Just as journalists try to justify big expenses, so ‘agents’ try to inflate the extent and importance of their ‘sources’ and rezidents their networks. Had Costello been of any value to the Russians, it seems unlikely that they would have given him a codename by which he could be easily identified. Costello was almost 6ft 4in tall.

It should be noted that *The Mitrokin Archive* was written by both Andrew and Mitrokhin, based on notes made by Mitrokhin when he worked for the KGB (see below). So that when McNeish says that he decided that Andrew was wrong about Costello, this has little force, for clearly the information came not from Andrew but from Mitrokhin. As well to cross-examine the postman about the contents of the mail, and then to complain about his ignorance. McNeish says that he came to his conclusion ‘after further checking’. What form did this take? Was another ‘private source’ consulted, as with the imaginary visit of the Krogers to the New Zealand Legation in Paris in 1954 ? (See Section VIII) Such claims can plainly have no persuasive value unless further and better particulars are furnished, as lawyers would say.

McNeish notes twice that the KGB’s Paris rezident is not named. What bearing this has on the matter is not explained. As to Costello’s codename, a little research would have shown McNeish that such transparent codenames were often used by the KGB. Thus the Hungarian Theodore Mally had one codename of HUNGARIAN, and the code name of the Australian author Katherine Susannah Prichard was ACADEMICIAN. (6)

McNeish’s attack on Andrew and Mitrokhin becomes all the weaker when the background to Mitrokhin’s information is known, McNeish having failed to deal with it adequately. Mitrokhin (1922-2004) joined a precursor of the KGB in 1948 and served in a number of overseas countries, including - briefly - Australia, when as a member of the KGB escort he accompanied the Soviet team to the 1956 Olympic Games in Melbourne. Later in 1956 Mitrokhin was moved from operations to foreign intelligence archives, where he remained until his retirement from the KGB in 1984. Increasingly disenchanted with the Soviet system, Mitrokhin began in 1972 to make notes of the files to which he had access, with a view to publishing his notes at some future date. In that year the foreign intelligence files began to be transferred to a new location outside Moscow, so Mitrokhin’s opportunities to make notes grew. He became particularly interested in the files of the so-called ‘illegals’ - ‘KGB officers and agents, most of Soviet nationality, working under deep cover abroad disguised as foreign citizens’. In 1992, Mitrokhin, his family and six cases of his notes arrived in London. The full story is set out in Chapter 1 of Volume 1 of *The Mitrokin Archive*, and in Andrew’s foreword to Volume 2, where he notes among other matters that in 2003 Mitrokhin ‘went for a walking holiday in New Zealand.’ (p.xxxi)

Mitrokhin’s notes and Andrew’s narrative fill two large volumes, with many pages of end notes. As Andrew says in the foreword to Volume 1 (p xix), ‘The end notes and bibliography provide full details of the additional sources used to place Mitrokhin’s revelations in historical context. These sources also provide overwhelming corroborative evidence for his genuineness as a source and the authenticity of his material.’ (7)

The other two sources of allegations that Costello was a spy were in New Zealand. The first as noted was Sir Alister McIntosh, who told Michael King in 1978 that Costello ‘had been working for the Russians at times when [he was] employed by the New Zealand Government’, as King put it.

Finally, the NZ Security Intelligence Service in releasing material on Costello in 2002 said that (McNeish p 367):

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 statement was cleared by the Chief Ombudsman.

In February 2012 the SIS responded as follows to a request from me as to whether it could now release any further information about Costello:

Such information about Paddy Costello as can be released by the NZSIS is already in the public domain. Other information was provided to the NZSIS in confidence, and the originator must give permission before it can be declassified and made public. This permission has been requested but not yet granted.

Notes

- (1) The historian E P Thompson described Pincher as 'a kind of official urinal in which, side by side, high officials of MI5 and MI6, Sea Lords, Permanent Under-Secretaries, nuclear scientists, Lord Wigg, and others, stand patiently leaking in the public interest.' See his *Writing by Candlelight*, London, 1960, p 116.
- (2) It is a nice question why the allegations about Costello did not appear in Wright's own book, *Spycatcher*; many other allegations appeared in both books.
- (3) There has of course been much speculation as to the identity of this friend. One plausible candidate on some grounds, but not others, is Sir Alister McIntosh. He might reasonably have been described as a friend of Costello's, at least until 1954 when Costello left External Affairs, and he was a candidate for the post of Commonwealth Secretary-General in 1965, but withdrew his nomination at the last minute either on security grounds or because of an alleged homosexual episode 15 years previously. While McIntosh told Michael King in 1978 that he had 'terrible trouble with the security people over the staff' he wished to appoint to Moscow in 1944 and 'I was held very suspect by them' (King Papers ATL 2096-1), it seems prima facie improbable that in 1966 the New Zealand Government would appoint McIntosh as Ambassador to Italy if either of the 1965 allegations were true.
- (4) John Costello: *Mask of Treachery* London, 1989, Preface; although he gets the main facts of Costello's career right, there are many minor errors.
- (5) On Wright's account (*Spycatcher*, p 316), Golitsin was a star attraction at the first international conference of senior counter-intelligence officers held in Melbourne in November 1967; while there - so Evdokia Petrov told Robert Manne in the winter of 1996 - he had dinner with the Petrovs and Sir Charles Spry (the Director General of ASIO) at the Beachcomber restaurant in Brighton; and Golitsin flirted openly with her, arousing her husband's jealousy. Robert Manne: *The Petrov Affair* (revised edition, Melbourne, 2004) pp. 290-1
- (6) For HUNGARIAN, see Igor Damaskin with Geoffrey Elliott: *Kitty Harris, the Spy with Seventeen Names* (London, 2002), p 139; and for ACADEMICIAN, see Desmond Ball and David Horner: *Breaking the Codes: Australia's KGB Network 1944-50* (Sydney, 1998), p 212 There are further examples at Andrew: *The Defence of the Realm*, p 351
- (7) The two volumes by Andrew and Mitrokhin are: *The Mitrokhin Archive - The KGB in Europe and the West* (London, Allen Lane, The Penguin Press, 1999); and *The Mitrokhin Archive II - The KGB and the World* (London, Allen Lane, 2005) For UK views on Mitrokhin, see the UK Parliamentary Security and Intelligence Committee Report (<http://www.archive.official->

[documents.co.uk/document/cm47/4764/4764.htm](http://www.archive.official-documents.co.uk/document/cm47/4764/4764.htm)) and the Government Response
(<http://www.archive.official-documents.co.uk/document/cm47/4765/4765-01.htm>)

Revised 10 June 2012

Appendix C

Acknowledgements, Notes on Sources and Bibliography

(a) New Zealand

In Wellington, the Security Intelligence Service released to me copies of the same papers as they had previously released to McNeish (pp 367-8), in two bundles. The first, comprising 54 pages, is made up of three parts: Security Intelligence Bureau papers, NZ Police Special Branch papers; and a 'representative selection' of newspaper cuttings about Costello, amounting to 12 in all. This bundle has been referred to above as SIS 1. Some further details may be useful.

On Graeme Hunt's account (pp.140-3), the Security Intelligence Bureau (SIB) was created by the New Zealand Government in 1941, partly as a result of pressure from the United Kingdom, and was staffed mainly by army officers and NCOs under the control of a former MI5 officer, Major Kenneth Folkes. Because of the Bureau's incompetence - aided perhaps by police influence - Folkes was sacked in 1943 and replaced by a superintendent of police. Most of the non-police staff left and the Bureau was merged with the police force in 1945, the Commissioner of Police also being designated as Director of Security. In 1949 the Special Branch of the police force was created, as it was in all Australasian jurisdictions at that time. (1)

An improbable and reluctant Bureau recruit was Terry McLean (1913-2004), later Sir Terry, and the country's most renowned rugby writer. He described Folkes thus: 'He was a sleazy bounder of the sort the Brits breed in profusion. He had a quick, alert mind and, if I may be forgiven the vulgarity, a quick, alert cock.' (2)

The Bureau papers on the file are wholly concerned with developing a profile of Costello, and while most are not dated, there seem not to be any beyond 1943. The profile is quite a substantial document, the fullest draft (there is no final version in these papers) running to seven typed pages. Friends and acquaintances of Costello's in Auckland with whom he corresponded after he left New Zealand were approached and provided information. The names have been deleted (the hand wielding the white-out missed one, in tiny manuscript) but the occupations of those consulted include Costello's army company commander in England who had also seen a great deal of him in the Middle East, and who was by then back in New Zealand; 'school and university contemporaries', including 'Public Accountant of Auckland and for many years President of the Auckland University College Students' Association'; 'a master at the Auckland Grammar School who had been at school and University with COSTELLO'; and 'a master at Otahuhu Technical High School [who] had been a close personal friend of COSTELLO'. There is useful background on Costello's family.

There is no indication on this part of the file as to who or what prompted the profile. The most likely candidate is MI5, which as noted in section III had had an interest in Costello since 1934, an interest which was heightened in 1940 by the Exeter case. Hunt describes Folkes at page 142 as 'determined to be MI5's man in New Zealand... and [to] make the bureau an integral part of MI5's imperial network'. So it is a reasonable inference that the profile was put together at MI5's request.

The Special Branch part of the bundle begins in November 1934 but there are 24 pages missing before that date, presumably including the December 1934 report, a copy of which ended up with MI5 (see section III). It ends in April 1951 and shows correspondence passing between police officers, civil servants and politicians. As noted in section VII, a version of the profile (then classified Secret) developed by the Security Intelligence Branch was sent on 17 January 1951,

presumably by the Special Branch, to an unidentified agency - likely to have been its counterpart - in the United Kingdom. That part of the file dealing with Costello's visit to New Zealand in 1950 is discussed in more detail in section VII above.

The third part of the bundle is a collection of clippings about Costello taken from New Zealand newspapers, covering the period between 1944, when Costello was posted to Moscow, and 1999, when the Andrew and Mitrokhin book, *The Mitrokhin Archive*, named Costello as a spy for the KGB (see Appendix B).

As noted in section VII, two notable omissions from the profile and the file are the Exeter matter; and any mention of Costello's arrest by the New Zealand police in September 1950, having been found drunk in an Auckland street during his only visit to New Zealand after he left in 1932 to go to Cambridge.

The second bundle of papers furnished by the SIS concerns the issue of the Kroger passports in Paris. It is discussed in some detail at section VIII.

The Alexander Turnbull Library, part of the National Library of New Zealand, is a rich source of Costello material, as the quotations from its holdings throughout this paper demonstrate. The standard of the indexing and summarising of individual documents, and the retrieval system, are such that one can enter 'Desmond Patrick Costello' in the Tapuhi database (Manuscripts and Archives) and be confident about getting access to the Library's holdings. Further, the summaries of individual files can be retrieved online. I had great help at the Turnbull from Jocelyn Chalmers, Research Librarian, Manuscripts, and also from my friend Andrew Pozniak who did much of the preliminary spade work and copied a good deal of relevant material.

As noted below, all the papers I collected during my research - with the exception of those already there - are being transferred to the Turnbull for the use of future Costello scholars.

Sadly, what is true of the Turnbull is not true for Archives New Zealand, where one has to work quite hard (with the ready assistance, one should add, of helpful staff) to get relevant material. Partly it is the way the material received from departments etc is ordered; but there is something wrong with a system which in the hard copy *Research guide 7, Government Employment*, fails to include the Prime Minister's Department, which is also notably reluctant to appear when searched for electronically. A specific file in that Department (7/2/85) said by McNeish (p.345) to have been consulted by him could not only not be located by staff but was said by them not to exist under that number.

The Ministry of Foreign Affairs and Trade was also very helpful, in particular Neil Robertson of the Knowledge Services Division, who patiently responded to my many questions and where possible provided copies of documents. He also commented on parts of the draft.

The New Zealand Defence Force Archives provided a copy of Costello's original file.

Paul Aubin of Dunedin helpfully traced from the relevant street directories the movements of the Costello family around Auckland from 1914 to 1933.

Dr Aaron Fox in Invercargill has shared my interest in Costello and other spies over many years and I am grateful to him for his help with this paper and also for getting the website established.

My wife, Bridget Armstrong, my daughter, Siobhan Lenihan and my late brother Peter have all put up with Costello and me for some years; they have read all or most of various drafts and provided helpful comments. I owe them more gratitude and thanks than I can easily express.

(b) United Kingdom

The National Archives at Kew yielded Foreign Office and MI5 documents relevant to Costello's time in Moscow, and a useful police document concerning the Fyrth case in Exeter. I suspect that there are other relevant documents there if only one could discover the key. The Foreign and Commonwealth Office (Mary Pring, Information Management Group) provided helpful leads to the Moscow documents.

At the University of Exeter, Christine Faunch, Acting Head of Archives and Special Collections, Library and Research Support, kindly located and copied relevant records from the Devon Record Office; and also provided further information about Hubert Fyrth.

Nigel West (Rupert Allason) provided useful information on Costello's encounter with the security services in the UK.

The Security Service (MI5) was unhelpful. By way of preliminary, MI5 works within the UK; security work overseas is undertaken by MI6 (The Secret Intelligence Service). Signals intelligence is the responsibility of GCHQ. In the US, the corresponding agencies are the FBI and the CIA, with the National Security Agency/Central Security Service looking after signals intelligence.

MI5 regularly releases files to the National Archives which publishes details of them on its website (www.nationalarchives.gov.uk), but so far at least none has concerned Costello. An entry on the Cabinet Office website (www.cabinetoffice.gov.uk/National Intelligence Machinery) says that 'In practice, the (Security) Service follows a programme of releasing records in excess of 50 years old'. An approach was made to MI5 on 16 April 2010 seeking information on Costello, not invoking the Freedom of Information Act. The reply of 22 April was brief and is worth quoting in full. Sir Humphrey Appleby of *Yes Minister* would have been very proud.

Dear Mr Lenihan

I refer to your letter dated 16 April 2010. We have treated this as a request for information under the Freedom of Information Act 2000 (FOIA).

The Security Service is not a public authority subject to FOIA, and we do therefore do not process requests for information of this nature.

Further information regarding FOIA is available via our website at www.mi5.gov.uk.

Yours sincerely

A little research revealed that the Security Service is subject to the *Regulation of Investigatory Powers Act 2000* and thus to the Investigatory Powers Tribunal constituted under that Act. A complaint was accordingly made to that body on 24 April 2010. On 3 September 2010 the Tribunal responded, quaintly, by saying that 'no determination has been made in your favour on your complaint', and went on to say that under the provisions of the Act it could say no more.

The Cabinet Office website at that time also referred to an 'Advisory Group on Security and Intelligence Records', established in 2004, and comprising various bureaucrats and 'members of the

academic community'. Its remit was 'to facilitate scholarly development and use, by historians and other researchers, of security and intelligence records that are already available, and identify other security and intelligence records which might be made publicly available'. An approach was therefore made to the Cabinet Office seeking the counsel of the Advisory Group so far as records concerning Costello were concerned.

After some to-ing and fro-ing, the Cabinet Office responded by referring to another document which governed release of Security Service records, and also by indicating that the name and role of the Group had been changed - the last notification was conveyed by the somewhat unorthodox method of sending me a copy of the minutes of the Group's meeting of 11 September 2009, at which its revised terms of reference had been discussed and adopted. It was henceforth to be the Consultative Group on Security and Intelligence Records and there was markedly less emphasis on identifying other records which might be made publicly available. I was also reminded that the Group cannot answer queries about specific records.

So the approach to MI5 had reached a dead end.

As noted in section II, a subsequent approach seeking access to the Cambridge University Socialist Society minute book for the period 1928 to 1935 was equally unsuccessful.

As for the Secret Intelligence Service (MI6), its website (www.sis.gov.uk) notes that

Because of the secret nature of our work, it's been the policy of SIS and successive Governments not to comment on operations, staff, agents, or relations with foreign intelligence services.

There accordingly seemed little point in approaching it.

(c) USA

As for the US security agencies, the CIA responded much as MI6 might have done had it been approached. A request of 16 July 2010 was smartly rejected on 29 July 2010: 'the CIA can neither confirm nor deny the existence or non-existence of records responsive to your request'. An appeal was however possible, and lodged on 27 August 2010. It was accepted and considered but it 'sustained the determination'. As with the original decision, the refusal rested upon Freedom of Information Act exemptions (b)(1) and (b)(3), which read:

#exempts from disclosure information currently and properly classified, pursuant to an Executive Order;

#exempts from disclosure information that another federal statute protects, provided that the other federal statute either requires that the matters be withheld, or establishes particular criteria for withholding or refers to particular types of matters to be withheld. The (b)(3) statutes upon which the CIA relies include, but are not limited to, the CIA Act of 1949.

This response did however seem to indicate that the CIA did hold 'records responsive to your request'.

The FBI was more forthcoming and in fact provided some records (see below); as they added little to our knowledge of Costello, they were not mentioned in the text. An appeal seeking further disclosure was refused by letter dated March 18 2011 from the US Department of Justice, Office of Information Policy (OIP), which did however mention the Office of Government Services (OGIS) which 'was created to offer mediation services to resolve disputes between FOIA requesters and federal agencies as a non-exclusive alternative to litigation'. The request was renewed in 2012 with

further information about FBI holdings but denied again and was unsuccessfully appealed to OIP. A further request was made to the FBI in 2011 seeking records on the late Mrs Bil Costello, but was mishandled and renewed in 2012. This too was denied and unsuccessfully appealed to OIP. Some documents were released out of the blue in November 2012; they were much the same as those provided earlier concerning Costello, and are also considered below. Both matters were appealed to OGIS.

My experience with OGIS was wholly unsatisfactory. Part of my appeal was based on the fact - the known fact - that the FBI had a file on Costello. A copy had been obtained some time ago by my friend and colleague Dr Aaron Fox, who has since misplaced it. He had however shown it to McNeish (page 323) who described it (page 306) as 'some 200 pages long...declassified in 1999', but [Davin's obituary notice] 'like almost everything else in the file, is blacked out'. In response to my appeal on this point, OGIS claimed that 'it is not possible to know whether Mr Fox received records that you did not' as FOIA requests are kept for only six years, the statute of limitations in this case. It seemed pointless to respond along the lines that it was open to OGIS to confirm (a) that the FBI had or had had a large file on Costello; and (b) that it not been made available to me. My appeal from the decision of the OIP not to deal with my request concerning Bella Costello (which the OIP had confused with the appeal concerning Costello himself) was ruled out of court by OGIS on the basis that I was one day late in appealing. One matter remains outstanding after some years but I hold out no hope that it will be successfully resolved.

The NSA was approached on 24 January 2011 and replied on 7 February 2011 saying that it had looked only at the Venona material (decrypted Soviet intelligence messages from the World War II era sent via diplomatic channels) and had located no relevant records. An appeal was lodged on 18 February 2011 asking that other records be examined. On 15 May 2012 the Agency notified me that 'Although not reflected in our initial response to you, a search of our records beyond the VENONA collection was in fact conducted...the response to your request was correct and proper.' The only further avenue offered was a judicial review by the US District Court.

The US State Department was also approached in 2010 and records sought concerning in particular Ambassador Scotten's approaches to the New Zealand Prime Minister concerning Costello - see Section VIII. The response was 'the records you seek are no longer in the possession of the Department of State' and referred me to the National Archives and Records Administration (NARA). An approach to them later in 2010 revealed some records concerning Costello. Subsequently I engaged a Washington search firm (Westmoreland Research) to examine these NARA records but they turned out to be only formal: Costello's name on diplomatic lists and the like.

The FBI material provided in December 2010 concerning Costello comprised 11 documents amounting to 22 pages, much of it 'redacted', that is, obliterated. The material provided in November 2012 concerning Bil Costello comprised 12 documents amounting to 19 pages, most of them the same as the material on Costello, again much of it redacted - but some of the redactions on the same document differed. The documents range between 10 February 1964 and 18 December 1964, and are all internal FBI documents, many between the FBI officer in London and FBI headquarters. There is no indication as to what started the correspondence. The subject is often shown as 'DESMOND PATRICK COSTELLO BELLA COSTELLO nee Lerner ESPIONAGE'. Details of the lives of both are recorded, including that at the time of their marriage in 1935 'BELLA was a member of the Communist Party'; and that

COSTELLO himself was reported to have subscribed to Communist Party funds in 1934. According to [redacted, but presumably MI5], there were some subsequent traces of Communist activities but neither subject has come to [redacted, but again presumably MI5] attention in that connection since 1944.

The main focus of attention was Bil Costello's two brothers and their wives: Abba Lerner (the economist) and his wife Dalia, and Arthur Lerner and his wife Edith. (The details of a third brother have been redacted). When it turned out that only Abba and Dalia were living in the US, attention was concentrated on them. It was alleged that both were 'self-admitted former Communist Party members in England', and that Abba was arrested by the FBI in 1943 for aiding and abetting an individual in evasion of the draft. A Yugoslav was also mentioned. His name was redacted from the earlier papers but it eventually appeared: Vladimir Dedijer.

Vladimir Dedijer (1914-90) was a Yugoslav partisan, politician and historian. Of particular significance so far as Costello was concerned is that he was a member of the Yugoslav delegation at the Paris Peace Conference in 1946, which Costello attended as a member of the New Zealand delegation. Dedijer was in the 1950s associated with the Yugoslav dissident Milovan Djilas and in 1957 was dismissed from his academic posts. He was however able to leave the country and taught at a number of universities abroad, including Manchester in 1959. It seems possible - to put it no higher - that Dedijer and Costello met at the Paris Peace Conference in 1946 and that Costello was instrumental in getting him to Manchester. (3)

The FBI case was closed because the whereabouts of Abba Lerner and Dedijer were established, and because 'in absence of specific allegation that Lerner or Dedijer is cooperating with Soviet intelligence, no additional investigation appears necessary'.

My experience with the US agencies - there were other instances of obfuscation, and inexplicable and unexplained closing of my requests while they were still current - strengthens my suspicion that Costello is a more prominent spy than is currently understood. Westmoreland Research also expressed surprise at the unresponsiveness of the agencies, given that in many other cases in its experience previously classified information had readily been made available.

Notes

- (1) See also Parker, Chapter 1; although no sources are quoted, Parker says at page 8 that Sir Alister McIntosh 'was an important source for the early chapters of this book'.
- (2) Paul Lewis with Jock McLean: *TP: The Life and Times of Sir Terry McLean*, Auckland, 2010, p 77. While this has nothing to do with Costello, my admiration for Terry McLean and his perception and his prose compel me to take the opportunity to protest about this appalling book. In contrast to McLean's prose, the writing is flaccid; and the book is full of cliches and ponderous jokes, with an excruciating number of paragraphs consisting of one sentence, like the worst of the tabloid press. Beyond that, it manages to conceal McLean rather than to reveal him. We are given no clue, for example, of how that marvellous style began and developed, despite the fact that its author began his journalistic career on such stylistically barren newspapers as the *Auckland Sun* and the *Hawkes Bay Herald-Tribune*.
- (3) See the obituaries of Dedijer in *The Times* of 4 December 1990 and *The Guardian* of 5 December 1990.

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Revised 15 June 2012

Paddy Costello also features in McNeish's multiple biography *Dance of the Peacocks: New Zealanders in exile in the time of Hitler and Mao Tse Tung* (Vintage, 2003) [5] about five exceptional New Zealanders, four of them Rhodes scholars, who became caught up in the turmoil of their time. Costello was the sixth man. References. ^ McNeish, J. *The Sixth Man: the extraordinary life of Paddy Costello* (Random House, 2007). ^ Hunt, Graeme. *Spies and Revolutionaries - A History of New Zealand subversion* (Auckland: Reed, 2007), p. 171. ^ McGibbon, Ian. Another late arrival was Paddy Costello, second in command in the New Zealand Legation in Moscow, summoned to report to the Prime Minister and to accompany him on a visit to West Berlin, at the time under Soviet blockade. Paddy was a man of great charisma, and his wife, who came with him, struck me also as a person of considerable charm. What I did not know at the time was that Paddy was already under suspicion by the British Security Services because of his pre-war communist associations, still less that his wife had been a Communist Party official in Britain during the early days in the marriage. Costello first came to the attention of MI5 while studying at Cambridge in 1930s, the era when Kim Philby and the other future Cambridge spies were recruited by the Soviets, for his openly left-wing views. In 1940, his political sympathies cost him a teaching post at Exeter University, but that did not stop him getting a job four years later with New Zealand's Department of External Affairs as second secretary at the Legation in Moscow. In a blog post on the National Archives website, Dr Dunley said Costello was reputed to have informed the New Zealand prime minister he was "a little