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30 May 1974

W.B. SUTCH - Target Assessment

1. The attached assessment was prepared by \* from more than one thousand folios on the four TOP SECRET files and one SECRET file on subject, plus certain \* and other material which is relevant. Although the assessment is a long one, I consider it a very valuable distillation from the mass of raw information available.
2. The parts of particular interest are probably Part III a, b, c (pages 6-9), Parts IV and V.
3. A possible connection with RAZGOVOROV in Egypt in 1958 (page 7 and page 22 (for 18 April 1974)) has come to light.
4. The suggestion that SUTCH's role can be assessed as a China Watcher (foot of page 23) is an interesting one and will bear further examination.
5. Our present requirement is to determine the nature of SUTCH's involvement with the Soviets and current operations are designed to solve this difficult problem.

\* Initials removed under  
S.13A of the NZSIS  
Act 1969 and S.6(a)  
of the OIA.

Copy No. Two to file 34/2/82

\*  
File. Please keep Index with this.  
v.

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20.7.78.

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C.E. TARGET ASSESSMENT

Dr William Ball SUTCH

PART I - Reason for Targetting

1. Since 1932, when SUTCH first visited the USSR, he has been the subject of security interest and assessment both in New Zealand and overseas. This current target assessment has been called for as a result of the observation of a meeting between SUTCH and Dmitriy Alexandrovich RAZGOVOROV (First Secretary, Soviet Embassy, Wellington and known KGB) on 18 April 1974, at approximately 2025 hrs., under circumstances which strongly suggested a clandestine relationship.

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PART II - Biography of Target

2. (a) Name: William Ball SUTCH  
k.a. "Bill"  
nickname: "Greasy" (when teacher at Nelson College)  
pseudonym: W.H. HEARD
- (b) DPOB: 27 June 1907, Southport, Lancashire, England  
Arrived N.Z. May, 1908.
- (c) Nationality and Race: British, European
- (d) Address: 79A Todman Street, Brooklyn, Wellington Tel: 57.653  
Previous Addresses: June 1934 - 9 Orchard St. Wgton  
: 1940 - 2 Easdale St. Wgton  
: 1948 -  
: 1954-55 - 359 The Terrace, Wgton  
: Feb-Aug - 39 Glenbevie Tce  
1967 (electricity consumer)  
Jan 1969 Rona BAILEY (PF)  
said SUTCH owned this house.
- (e) Marital Status: Married twice (first marriage ended in divorce)
- (f) Persons Residing with subject: Wife - Shirley Hilda Stanley SUTCH (nee SMITH)
- (g) Physical Description: Apparent age: mid-'60s  
Height: Approx 5'10"  
Weight: Approx 10 stone  
Build: Slim  
Hair: Short, straight, dark brown but going grey and balding  
Eyes: Brown (?)  
Complexion: Pale, but not unhealthy looking.
- Other identifying features: Dark moustache; sharp features.
- General Appearance: Neat, dapper. Walks swiftly.
- (h) Health: Believed to be in poor health while in New York (1947-50) and has had two spells in hospital in Wellington - in 1958 reason unknown; 1963 heart attack.
- (i) Education: Brooklyn School  
Wellington College  
Wellington Teachers' Training College (1925-26) ?  
Victoria University of Wellington -  
1927 M.A. (with Honours in Economics)  
1930 B.Comm.  
Columbia University, U.S.A. - 1931-2  
Awarded Fellowship in Economics and Banking, Ph.D.

(j) Languages:

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(j) Languages: German (proficiency unknown)

(k) Military Service: 27.2.20 - Applied to join Army Reserve  
7.11.28 - Commissioned 2nd Lieut. Territorial Force

1931 - Lieutenant

1934 - Posted to Reserve of Officers

27.8.39 - Resigned Commission, 1 week before outbreak of war, because of his ministerial duties.

24.6.42 - Entered Army

11.7.42 - to O.C.T.U.

30.9.42 - Commissioned 2nd Lieut., Heavy A.A. on pay and administration duties.

30.9.43 - Promoted Lieutenant

Oct. 1943 - demobilised because of collapsed left metatarsal arch.

There was a suggestion that SUTCH resigned his commission in 1939 because of the Non-Aggression Pact that had just been signed between Germany and the Soviet Union.

(l) Court Record: None known

(m) Employment: Private economic consultant.  
Consultant on industrial development to ANZ Bank Bldg. Governor of Reserve Bank.  
104 Customhouse Quay Consultant on economic matters to the N.Z. Steel Co. and N.Z. Textile and Woollen Mills Association.  
Tel: 49.500

(n) Income: Not known

(o) Property: SUTCH and wife are joint owners of 79A (1965) Todman Street, Brooklyn, which had a capital value of £7,500 in 1963. SUTCH also owns 101 and 103 Mitchell Street. This land gives him road access to his Todman Street property. 103 Mitchell Street is divided into two flats. In 1958 it was determined that SUTCH spent £14,500 on his property.

(p) Past Employment: (?) 1924-25: Teaching probationer

Approx. 1927-30:

Nelson College: Teacher

Approx 1930-mid 1931

Wanganui Technical College: Teacher

Approx Feb-May 1933

Palmerston North Boys' High School: Teacher

1933-40 Ministry of Finance:

Advisory economist, member of COATES' "brain trust" advising on the economic problems of the Depression.

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2. (p) contd:

1941-2

Ministry of Supply: Economist

1944

Ministry of Supply: Advisory Economist

March 1945-Jan 1946

UNRRA, S.W. Pacific: Deputy Director and  
Director of Supply  
based in Sydney

Jan-Feb 1946:

Assigned to Washington  
to assist in organising  
Commodity Accounting &  
Shipping Records.

Mar 1946-31 May 1947

UNRRA: European Chief of Economics  
Analysis Branch

Regional

Office:

Operational  
Analysis Division, later  
Director of Division,  
based in London.

1947-50

U.N. New York:

Secretary-General of  
N.Z. Delegation  
(Seconded to External  
Affairs)

1951-6

Department of  
Industries & Commerce: Economist

1956-8

Dept. of Industries  
& Commerce:

Assistant Secretary

Sept 1958-31 Mar 65

Dept. of Industries  
& Commerce:

Secretary

(a) Special professional assignments:

1934:

Advisory and consulting expert to  
Parliamentary Committee on Monetary  
Questions (Monetary Commission).

1936:

Member of Guaranteed Prices Commission.

1936:

Member of Standards Institute

1937:

Member of Social Sciences Research Bureau.

1937:

Member of New Zealand delegation to the  
Imperial Conference (London).

1937:

Substitute delegate to League of Nations  
Assembly (Geneva).

1938:

Member of New Zealand Council of Institute  
of Pacific Relations.

1938:

Delegate to British Commonwealth Relations  
Conference (Sydney).

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2. (q) contd:

86 1944: Member of Railways Appeal Tribunal.  
677 1948  
" 1949: Chairman of ECOSOC at the United Nations.  
1949  
1950: Vice-Chairman, then Chairman, of United Nations Children's Fund.  
1958: Member of New Zealand Trade Delegation to London  
1958: Member of New Zealand delegation to Commonwealth Economic Conference in Montreal.  
317 1958: Member of New Zealand Gas Council.  
459 1960: Director of State Iron & Steel Investigation Company.  
763 1965: Consultant to Reserve Bank and N.Z. Steel Co.  
885 1970: Visiting Fellow in N.Z. History at Victoria University, Wellington.

688-9 (r) Travel abroad:

25 Aug 1931: P.P.No.54397 issued Wellington for travel to USA (Columbia University).  
mid-1932 -  
Dec 1932: From USA through Europe and USSR, via India to Australia and New Zealand.  
13 Oct 1936: To London, with wife, for Imperial Conference, then Geneva for League of Nations Meeting and USSR.  
1938: Sydney, as delegate to British Commonwealth Relations Conference.  
March 1945: To Sydney, UNRRA assignment.  
31 May 1945: To New Zealand  
13 June 1945: To Sydney (P.P.No.10110 issued 11.6.45)  
Jan/Feb 1946: To Washington, UNRRA  
Mar/May 1946: (UNRRA assignment) 3 months tour of European Missions (France, Italy, Greece, Yugoslavia, Austria, Germany, Poland, Hungary, Ukraine, Byelorussia) P.P. No.512849 issued London 28.4.1947.  
June 1946 -  
31 May 1947: London - UNRRA  
5-16 June 1947: London to Wellington  
Sept 1947 -  
late 1950: New York - UN assignment (Dip.PP No.17571 issued Wellington 8.9.47).  
April -  
12 Aug 1958: Via San Francisco and New York to London as member of NZ Trade Delegation to review the Ottawa Agreement with the UK.

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2. (r) contd:

Returned via Egypt. (PP No.B.1018  
20.3.68).

Sept.1958: Montreal  
as member of NZ Trade Delegation to  
Commonwealth Trade and Economic Conference.

23 Feb -  
16 Mar 60: Australia, to study administration in  
Department of Trade.

25-27 Mar  
1961: Papeete on inaugural flight of TEAL service.

12-28 Nov  
1961: Australia, leader of NZ Trade Delegation.

? - 4 Nov  
1963: Ex Sydney

? - 12 Apr  
1964: Ex Sydney

? - 4 Oct  
1964: Ex Sydney

16-23 Dec  
1965: Australia

? - 25 May  
1966: UNHQ for 1 month re possible assignment as  
technical assistance expert; particularly  
interested in assignment as Industrial  
Economist in Iran.

? - 4 Sept  
1968: Australia for a week.

15-22 Oct  
1973: Australia for opening of Sydney Opera House  
at invitation of Prime Minister.

(a) Personality, Character and Habits:

SUTCH's personality has been a dominant influence throughout his career in that it has often been as much the cause of friction between him and his superiors as his leftist, socialistic beliefs and policies. While no-one has questioned his ability as an economist, this ability was at times overlooked because of his personal defects. In the 1940s and 50s remarks were proffered that SUTCH had become soured by failure to attain positions commensurate with his ability, and this was a contributing factor to the rather unbalanced form of his activities in the 1940s.

He is generally regarded as one who is impatient of the conventions of NZ Society and intolerant of those who are intellectually his inferiors. However, his own opinion of his intelligence and capabilities is such that it would not be surprising if he considered no-one to be his equal, let alone his superior. For

/these reasons....



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3 (a) contd:

these reasons, one source considered SUTCH would be unsuited for any position involving acceptance of higher direction. The highest standard and the top position are the only goals as far as SUTCH is concerned.

Close associates of SUTCH said he is hypocritical in his personal relationships, and sometimes dishonest. He can be a confidant, e.g. he was prepared to listen to the personal difficulties of his staff, and a flatterer, but wherever possible will manipulate his associates to his own advantage. Personal loyalty is apparently outside his scope. Whilst teaching at Nelson and Wanganui, he undermined the authority of masters by criticising them to his pupils. An unconfirmed report stated that in 1937, when in London with Walter NASH, he delivered an address over the BBC, which amounted to a criticism of the N.Z. Labour Government for its failure to implement a total socialisation programme. When considered for the Chair of Economics at the University of New Zealand, he was not accepted because of numerous reports which indicated flaws in his character, and suggested his disloyalty to any institution or employer with whom he had been associated. SUTCH was suspected of the leakage to a prominent and active communist, of details of the 1940 Government Compulsory Loan Bill, three months before it was made public. (Declassified 1963)

Although SUTCH has held a considerable number of responsible positions and assignments to date, he has at times been his own worst enemy in seemingly being unable to resist discrediting himself. In addition to the instances of disloyalty mentioned above, he is reported to have been dismissed from Palmerston North Boys' High School for teaching Marxist thought to pupils. In Egypt in 1958 (when Assistant Secretary, I & C) he exceeded his instructions by conducting negotiations which resulted in his bringing back to NZ an outline Trade Agreement between NZ and Egypt. In April 1959 (when Secretary, I & C) his action in giving a Press Conference, at which he commented on many of the issues likely to come before the Trade Practices & Prices Commission the following day, was objected to by the NZ Manufacturers' Federation as unethical. In an address to the Economic Society in Christchurch in July 1959, official TV plans were leaked as his personal opinion (see also para.3 (c)).

\*\* Paragraph removed under  
S. 4(2)(c) of the OIA

In 1948, SUTCH was described as thrifty, one who gets all the money he can and saves it while living frugally. In 1951 he was suspected of using I & C official envelopes and stamps for his own private use. During the waterfront strike of that year, it was learnt that one such envelope, which was addressed to a woman in the UNO, New York, contained some Strike Bulletins that were being issued to strikers.

/SUTCH has ...

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3. (a) contd:

SUTCH has impressed as an individualist who does not readily accept discipline and obedience, but expects these qualities to be displayed by his subordinates. However, he undoubtedly has a disciplined, ordered mind, and appears to have retained some of the virtues taught him by his North Country parents, e.g. thrift, skill, independence, hard work, deploring the waste of talent, resources and intellectual and physical energy. He does not drink, smoke or gamble. In 1959 he forbade the consumption of liquor at a Departmental social. When asked to revise his decision, he is understood to have told the staff member concerned that he did not expect his decision to be questioned, and that those who opposed his will would lose their jobs.

When SUTCH's house was still new, certain articles in it had to be replaced. SUTCH refused to pay for these. The two companies involved suggested by innuendo to source that SUTCH had made it clear that if he were forced to pay, their import licences would be reduced.

He is described as a shrewd and polished individual: a cold man, probably incapable of any truly profound emotion.

~~\*\* Sentence removed under  
S 4(2)(a) of the OIA~~

One close associate summed up SUTCH as follows:-

Throughout their relationship SUTCH had displayed one outstanding characteristic, namely that "he is an accomplished actor of many parts, all of which he can play with confidence and ability". Each role that SUTCH assumes is for the purpose of achieving mastery of every situation. "He enjoys being an enigma, probably not intentionally, because his attitudes of mind appear to be adopted with one end in view: to gain admiration for every action undertaken".

Similarly, another associate stated that SUTCH's greatest gratification came from nourishment of his ego and thus flattery probably is a weapon to which he is most likely to be vulnerable.

3. (b) Interests (Other than in (c) below):

SUTCH has a wide range of interests to which he applies himself to the extent of invariably becoming a recognised authority on the subject, or attaining an executive position in the organisation to which he belongs.

He is proud of his collection of art objects from all over the world, particularly those which in his opinion represent some contribution by man to the evolution of the world. In 1958 it was reported that SUTCH and J.C. BEAGLEHOLE (PF) had for many years promoted a movement apparently designed to educate opinion in favour of modern art. It is said that SUTCH designed his present home and in 1957 was Chairman of the Wellington Architecture Centre Gallery. He was a member of the Art Advisory

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3 (b) contd:

Committee of Wellington Technical College in 1960, the Festival of Wellington Arts Committee in 1961, and the N.Z. Academy of Fine Arts until appointed by the Government in April 1973, to Chairman of the Queen Elizabeth II Arts Council.

SUTCH is interested in landscape gardening and has apparently developed his hillside section in Brooklyn Mediterranean style. Other interests include high quality ceramics, textiles, food and philosophy.

SUTCH was a keen tramp. After completing his Ph.D degree at Columbia University in 1932, he travelled from the Arctic Ocean to the Indian Ocean, mainly on foot through the USSR from Leningrad to the Afghan Border. (Judging by the speed at which he walks today, he may well still enjoy this past-time.)

In 1965 SUTCH was admitted as a member of the Wellington Chamber of Commerce.

SUTCH has been described as a political, social and economic historian. He has been a prolific writer in these fields and some of his themes are discussed in (c) below.

3(c) Political, Social and Economic Beliefs

In 1931-32 SUTCH saw the economic and social conditions of USA and Europe in the depression, and those experiences, together with the poverty he had known all his life formed the basis of his constant drive to improve social, economic and political institutions in NZ, so that no individual is hindered in achieving those goals of which he is capable. When discussing his 1932 visit to the USSR, he is quoted as saying in 1970 that "while I had studied the Soviet system of economics I don't think this contact with it had any influence on my attitudes to life". In a recent book "The Responsible Society in New Zealand" he states that "the most important economic asset of any country should be its people"; "The quality of the economic growth depends on the quality of the people; the two are inseparable".

On his return to NZ from New York (1950) he prepared a series of radio scripts for NZBC on the subject of Eastern Europe and the social revolutions which had taken place there. He was obviously impressed by the activity, enthusiasm, hard work and learning of the people who had overthrown feudalism, and were in charge of their country. He noted how these people were prepared to deprive themselves of luxuries for materials and labour to rebuild their countries. (These talks were not permitted to be broadcast.)

His attitude to the population in general is one of caring for the underdog; supporting the rights of women ("Women with a Cause" 1973), and generally attempting to remove all

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inequalities. He has been concerned about education, particularly the provision of pre-school education, and education for industry. He sees the rapid changes wrought by television, radio and high speed travel as tearing down our framework of behaviour and thought so that "there is no steady environment in which to grow".

SUTCH himself has said he is deeply grateful for what NZ has given him throughout his life. He considers that New Zealanders are entitled to their country if they can make a marked contribution to the welfare of man by evolving systems of education and health which are in advance of others, with the emphasis on social, spiritual and intellectual attainment, human quality and dignity.

SUTCH has a long history of pro-communist and pro-Soviet leanings, but no-one has been able to prove that he has ever been a Communist Party member. In fact, there is no evidence that he has ever belonged to a political party. In 1934, he was described by the Provisional Committee of the Communist Party as a CP sympathiser, and has subsequently been described as a Marxist, an independent radical, and as merely another worker for economic progress. Once SUTCH described himself as a "Stalinist".

In the mid-1930s SUTCH arranged at least three public meetings, attended by some communists, to discuss the Spanish Civil War. SUTCH lectured at one of these, and some of the material he used, including a film, was reported to have been acquired from the Communist Party. (Shortly after these meetings a prominent member of the Labour Party instructed him to cease such activities.)

At a meeting of the Wellington North Branch of the Labour Party in November 1939, he was reported to be a supporter of the following motions:

- Opposition to any interference with civil liberties;
- Opposition to any form of military/industrial conscription;
- War costs must be paid by those who are able to pay;
- A Peace Conference should be held as soon as possible;
- No support whatever should be given for war.

\*\* Name removed  
under  
S 6(a) and  
S 4(2)(ba)(i)  
of the OIA

(In 1957 our source, \*\* denied that he could have supplied this information, and could offer no explanation as to how the Police had obtained it, other than that they must have confused him with someone else.)

At times SUTCH has taken pains to prevent his being publicly associated with a communist dominated group. When in the "Left Book Club" in the early 1940s, SUTCH is reported to have instigated most of the pro-communist activity undertaken by the Management Committee, but it was noticeable that he personally avoided the lime-light and instructed others to

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speak for him in public. During this period he also seemed to be content to exercise his abilities in a strong position behind the scenes of the communist party. It was considered that either SUTCH was too much of an individualist to accept leadership of others, or he acted from more sinister motives, in which case he was of more use as a non-party member.

SUTCH established his Russophile reputation on his return to NZ in December 1932, when he gave lectures on the Soviet Union. After his second visit there in 1937, he reported that he was pleased with the progress achieved by the Soviet Union since 1932. It was apparently noticeable that SUTCH was opposed to the War until the entry of the Soviet Union in 1941. In his radio scripts, previously mentioned, SUTCH described the Soviets as liberators, and generally welcomed the advent of communism in Eastern Europe. In the 1940s, it was common knowledge that SUTCH placed the Soviet Union in the forefront of countries engaged upon interesting economic experiments. In mid-1940, SUTCH described as 'pitiful' a comment by a former MP who, after his visit to the Soviet Union, had decided that conditions there were greatly over-rated by the champions of the Communist Party, and found it difficult to believe that the British way of life could be improved upon.

It has been considered that his Marxist/Leninist approach to problems, coupled with his independence of mind and acceptance of the policies of the Soviet State, have led SUTCH in his official work, to judgments and actions which have been unacceptable to his employers, and have generally been interpreted by them as indicating disloyalty to themselves and as the denial of their policies. For example:

- When in New York in 1948, his political attitude was regarded as that of a communist fellow-traveller. He tended to slant his views, and his advice <sup>was</sup> therefore considered unreliable and unacceptable. He "disobeyed instructions" in that he voted in ECOSOC on a particular issue with the Soviet Bloc, and was always with the Soviet delegation.
- An I & C official at the ECAFE Conference in Tokyo in 1955 was briefed by SUTCH to favour Inter-regional Trade Consultations, whereas the UK, USA and Australian delegations were opposed to such consultations on the grounds that they were being engineered by communist countries. The inference was that SUTCH was a party to a communist-inspired plan.
- Early in 1957, as Assistant Secretary, I & C, SUTCH was reported to be advocating bilateral trade agreements with East Germany, which he knew to be contrary to Government policy.

\*\* Information  
removed under  
S. 6(b)(i) of  
the OIA

- In 1961, \*\* advised that in recent discussions

*\*\* Information removed under  
S. 6 (b) (i) of the OIA.*

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SUTCH gave an address on the Korean conflict in 1957, after which a source commented that SUTCH, in posing as an objective historian giving both sides of the Korean question, succeeded in giving an able apologia for Soviet policy. His technique was one of selection of those facts which best suited his purpose, silence on those which were most damaging to his argument, distortion of the facts selected, and careful use of innuendo against Western policies, particularly those of the USA. He derogated any motives of protecting a country because it was attacked, and derided the idea of collective security.

In 1963, a source who had known SUTCH since 1936, and was a former CP member, said that SUTCH was still pro-Soviet, and probably always would be because of his admiration for the way in which the Soviet Union had raised itself to become one of the most impressive economic powers in the world. However his general sympathy with the Soviet Union did not necessarily mean that he wished to apply Soviet ideals to New Zealand. When KRUSHCHEV's report on STALIN's crimes was published, SUTCH inclined to the defence of these on the grounds of economic necessity.

Unfortunately, there is no record on file of SUTCH's views on the 1968 Czech crisis.

SUTCH's politics appear to be determined largely by his economics, rather than the reverse being the case. He has criticised writers of history and communism for not seeing these in terms of economic forces or theories.

Since 1930, SUTCH has been a constant critic of New Zealand's economic policy, describing NZ as a 19th Century colonial economy. He has advocated the following:

- Regional development;
- Development of manufacturing with national targets for industry to ensure against not meeting agricultural targets and to narrow the foreign exchange gap.
- Increased processing for export;
- Expansion of secondary industry for import replacement purposes; retention of import controls;
- Development of specialised industries so that NZ could be the "Switzerland of the South Pacific";
- Positive neutrality (again like Switzerland) because NZ's military alliances are economically harmful. They are not necessary for, nor do they guarantee access to overseas markets. NZ should trade with everyone on the basis of mutual benefit "without shackling ourselves to the rules of GATT and the IMF".

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SUTCH has always been against foreign investment in NZ industries and New Zealand's dependence on other countries particularly Britain; as early as 1941 SUTCH was quoted as saying he wished to "cut the painter from Britain". From 1965 onwards, he stated his objection to the NZ/Australia Free Trade Agreement, yet in 1960, when he was Secretary I & C, the Government concluded a Most Favoured Nation Trade Agreement with Yugoslavia.

SUTCH's planning of NZ's economic growth has been described as rigid and socialistic. His theories have envisaged Govt. control with departmental supervision. In July 1963 he was accused of manipulating attendance at the national Export Development Conference, so that no-one who was against the proposed NZ Design Council being controlled by the Department of Industries & Commerce was invited.

Examples of SUTCH's writings, generally esteemed by communists in NZ are: "Poverty and Progress in NZ"; "Price Fixing in NZ"; "Recent Economic Changes in NZ"; "Quest for Security in NZ"; and "Takeover in NZ". By virtue of his training as an economist, SUTCH has concentrated on the material factors of existence as the compelling elements in conditioning the people and the individual in NZ, and in this respect he has been described as an advocate of radical materialism.

3(d) Association With Organisations of Security Interest

1937-8 Member of Spanish Medical Aid Committee - noted for number of Communists as members; dealt more in propaganda than medical aid.

Late 1930's  
Early 1940s contributor to "Woman Today", a Communist magazine. SUTCH sent anonymous communications to be published through the Secretary, who was a member of the National Executive of the Communist Party.

1940-41 Member of Left Book Club.

1941 NZSCR - at inaugural meeting on 21.7.41 SUTCH elected to temporary executive.

1941-51 Wellington Co-operative Book Society, shareholder (Modern Book Club).

1941 - part-time lecturer at Workers' Education Association which has in the past had a strong "left-wing element" amongst its committee and lecturers. HQ Trades Hall.

Progressive Publishing Society printed several of SUTCH's publications. Society said to possess Communist influences.

1951 Elected Vice-President VUW Socialist Club, but declined position immediately.

USSR included by  
January 22.6.41

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- 1954 The Lower Hutt Branch of the SCR named SUTCH as a possible sponsor of exhibitions to be sent to the USSR.
- Feb 1958 The National Executive of the SCR named SUTCH as a possible contact in forming 'Helping Committees' to assist the SCR in the selection of delegations (presumably to visit the USSR).
- 1961 NZ China Society - P.J. ALLEY (PF) said SUTCH should be approached for token import licences so that the goods for the Chinese Art Exhibition could be kept in NZ. ALLEY described SUTCH as "a bloody good communist".
- 1964 Christchurch Branch of the NZ China Society nominated SUTCH as a member of a delegation to China, organised by the Chinese People's Association for Cultural Relations with Foreign Countries (KNOKS).
- 1966 NZ-USSR Society - Minutes of meeting - SUTCH to be asked if he would like to visit the USSR.
- Mar 1968 Main speaker at NZ Peace Council Seminar - NZ and Neutrality.
- Dec 1973 National Executive of the NZ-USSR Society decided to contact SUTCH regarding the history of NZ-USSR relations.
- NZSUP } See Parts III and IV  
CPNZ }

3(e) Miscellaneous Activities

(PF) (December 1964)

December 1953. SUTCH wrote to Miss Jean MacKENZIE, the NZ Charge d'Affaires in Paris, ostensibly about the Pascal String Quartet. He also referred to an unofficial chore of asking her to act "as a post office". It appeared that SUTCH and \*\* wished to communicate with someone in Paris and required the comparative safety of NZ's consular offices for this purpose.

\*\* Name removed  
under

S. 4(2)(a)  
of the OIA.

1958 a syllabus of an R.N.Z.A.F. Staff Course was sent to the Secretary of I & C requesting SUTCH to make available a speaker from the department to talk on NZ's trading position. The Commandant of the Course received no reply and wrote again. SUTCH replied that the syllabus and covering letter had been mislaid and asked for another copy.

This occurred about the time that SUTCH was overseas. He had instructed I & C staff that all mail and cables which were addressed to him by name should be passed to his wife during his absence. This was to be so even if correspondence was official.

It was noted at the time that the syllabus would have been of interest to the Soviets.



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\*\* Four paragraphs removed under  
S. 6 (a) of the OIA

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November 1970.

\*\* Sentence removed under

S. 9 (2) (a) of the  
OIA

4. Family

(a) Wife

- (i) Morva Milburn <sup>nee</sup> WILLIAMS, born July 1906. Married  
SUTCH 12 January 1934 in Wellington. \*\*

As above

Granted Decree Nisi 21 October 1943 and Absolute  
February 1944. No children. Library Assistant in  
National Library. Possibly retired. Address: 2 Easdale  
Street. Telephone 40964.

/(ii) Shirley Hilda ...

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- (ii) Shirley Hilda Stanley SMITH, born 10 October 1916, daughter of Justice David SMITH, Supreme Court of NZ, later Sir David SMITH, Chancellor University of NZ. Reported to have visited USSR once. Married SUTCH 2 June 1944, Auckland, but retained her maiden name.

Her interest in communism apparently began in the 6th Form at Nga Tawa College, when she was asked to take the side of communism in a debate. In 1937, she joined the Communist Party at Oxford University having left NZ in 1931 to study in the UK. She was at St Hugh's College Oxford from 1935-9 graduating with O.A. 2nd Class Hons. in Classics. When the Non-Aggression Pact was signed in 1939, she was in a sanatorium in Switzerland.

SMITH was employed as a lecturer in Classics and Latin at Auckland University prior to August 1944, when she was appointed Asst. Vocational Guidance Officer, Wellington.

SMITH was a C.P. member until 1945 and lectured fellow members on "Dialectical Materialism". She was active in the Wellington Branch of the Peace Council and SCR. She did not renew her party membership on her return to NZ in 1950, apparently on the advice of fellow communist H.J. McLEOD (PF) and, it was thought, in order to protect her husband's official position. She remained a Party sympathiser until the Hungarian uprising in 1956 when she actively opposed Soviet intervention in Hungary, whereas SUTCH appeared to consider this was justified and necessary. In 1954 she was elected a Vice-President of the VUW Socialist Club, and in 1956 qualified in Law at VUW.

SMITH is now an avowed socialist, opposed to war in any form and continues to sympathise and affiliate with local protest organisations such as the Campaign for Nuclear Disarmament, Committee on Vietnam and is Vice-President of the NZ Council for Civil Liberties. Rona BAILEY described SMITH in 1965 as one of the Party's most bitter opponents, who would like every Communist out of the C.N.D.

SMITH is a barrister and solicitor practising in her own name. George ROSENBERG (PF) is employed in her firm.

From 15 June to 6 August 1970 SMITH was on holiday overseas visiting USA, Britain, France and Italy.

- (b) Daughter (by Shirley SMITH)

Margaret Helen OVENDEN (PF) nee SUTCH, born 15 November 1945 in Sydney, Australia. Elected to executive committee of Wellington Campaign for Nuclear Disarmament whilst at High School in 1961. Active in C.N.D. and student politics at VUW. Represented NZ-USA at 4th Asian Regional Co-operation Seminar in Manila in May 1966. On Executive of Committee on Vietnam from 1966 - October 1967 when departed NZ for Europe.

- (c) Father - Edward Ebenezer SUTCH, born in Lancashire. Joiner. Died 1956 or 1955.

- (d) Mother - Ellen SUTCH (probably deceased) (nee BALL) born in Lancashire.

/(e) Brother ...

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- (e) Brother - Thomas Ball SUTCH, born about 1905 in Johannesburg, South Africa. Plumber. Last address 19 Moffitt Street, Wellington. Died 4 February 1961.
- (f) Brother - Edward John SUTCH, born May 1911. Address: 171 Muritai Road, Eastbourne. Telephone: Eastbourne 8557. Trade Commissioner, New York, prior to his retirement.
- (g) Sister - Margaret Shirley SUTCH, born 12 November 1918 at Wellington. Single. Senior Psychologist, Dept of Education, Lower Hutt. Active in NZ Peace Council and NZSCR. Address: 103A Mitchell Street, Brooklyn, Wellington. Telephone 58.676.
- .....

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PART III

Contact with known espionage/subversive targets

5.A - Overseas:

1932: Although SUTCH first came to security notice because of his travels through the USSR in 1932, there is no record of his contact with any particular individual in that country, nor are we aware of his associates at Columbia University in 1931-32.

1937: \*\* Information (3 paragraphs)  
Removed under S. 6 (b) (1)  
of the CIA

SUTCH travelled on to the USSR but again there is no knowledge of his contact with Soviets. On his return to New Zealand he was reported to be pleased with the progress made by the Soviet Union since 1932, and became involved with propaganda on behalf of Spanish Medical Aid, and in favour of the Soviet Union.

1948: While in New York (1947-50) on a U.N. assignment,  
SUTCH

\*\* As above, one paragraph removed

At the U.N. his political attitude was considered to be that of a communist fellow-traveller (see para 3 (c)).

On SUTCH's return to New Zealand from New York, he wrote a series of radio scripts on Eastern Europe which he had visited in 1946 on a UNRRA assignment prior to his term in New York. SUTCH regarded the Soviets as liberators and generally welcomed communism in Eastern Europe. Again there

/is no record ...

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is no record of any contacts made by SUTCH in the USSR or in any other I.C. country at this time.

1958: As a member of the New Zealand Trade Delegation he visited New York en route to London in April 1958.

*\*\* Three paragraphs removed under  
S. 6 (b) (i) of the CIA.*

1959: Information was received that SUTCH was in correspondence with *\*\* as above, remainder of paragraph removed.*

B. New Zealand

1940-41

P.W.G. McARA

*Name removed under S. 6 (a) and S. 4 (2) (b) (i) of the CIA.*

*\* told a source during an interview in Warsaw in October 1958, that SUTCH supplied the CPNZ with statistical information re New Zealand's war effort and similar material for communist use during 1940-41.*

SUTCH was reported to be friendly with McARA about this time, McARA being a prominent and active communist. McARA knew the details of the 1940 Compulsory Loan Bill three months before it was made public, and SUTCH was suspected of this leakage. In 1965, McARA said that SUTCH was not a Marxist but used to hold such views. SUTCH appears to have maintained contact with McARA through to the 1970s, to keep himself informed of developments in the CPNZ. When SUTCH wrote "Takeover New Zealand" in 1972, he apparently asked McARA and his comrades what they thought of the book. V.G. WILCOX (PF) was very derogatory about SUTCH, saying that he had given away any secret given him; had never written an article for "PV" or "CR", and had never done anything for the Party.

/I.F.G. MILNER (PF) ...

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I.F.G. MILNER

A New Zealand lecturer in English at Prague University, Czechoslovakia, who was adversely reported on by the Royal Commission on Espionage in Australia (1954-55). In 1957 MILNER's first wife said she knew the SUTCH's well; they met while SUTCH was in Sydney in 1946, and when he was with the N.Z. Delegation to the U.N. in New York. MILNER was reported to have moved the Motions passed at the meeting of the Wellington North Branch Labour Party in 1939 (previously mentioned). In 1941 MILNER quoted SUTCH as wishing "to cut the painter from Britain".

Wolfgang ROSENBERG Described as a Communist Party theorist. Reported to be close friends, certainly since the 1950s.

In 1958 ROSENBERG nominated SUTCH as a referee in his application for the Chair of Economy at VUW. SUTCH instructed S.H. DATSON to draft a eulogistic report on ROSENBERG. Shortly before ROSENBERG made an announcement on the advantages of establishing a New Zealand Trade Commission in Moscow at an SCR Meeting in December 1958, ROSENBERG visited SUTCH and DATSON at I & C, and was shown several files, presumed to be on policy re a Trade Commission in Moscow.

J.P. LEWIN

An ex-Communist and close associate of SUTCH. In 1962 a Communist Party member said that SUTCH and LEWIN were superior to the Party. From 1969 to 1973 when LEWIN was Government Statistician, SUTCH was reported to be a constant visitor to his office. In SUTCH's book "Quest for Security in New Zealand" LEWIN is described in a foot-note as a leading spirit in the New Zealand Fabian Society.

LEWIN was appointed Secretary, Trade & Industry in 1973, and is due to retire in October 1974, after 40 years service.

Rona BAILEY

The relationship between SUTCH and BAILEY apparently developed in early 1970, and they had several meetings throughout 1970-72 (often at the Colonial Coffee Lounge). SUTCH gave her his Box Number in February 1970. SUTCH asked about the Communist attitude toward the Commission on Social Security Services, and the line of the "People's Voice" (said a friend of his had gone to the U.S.A. and found the same situation there - the Party was jumping on the band wagon.)

SUTCH obtained information for BAILEY on companies and industrial matters, some of which concerned shipping and transport questions. (Articles on this and other subjects were later on sale in the Thrift Bookshop.)

BAILEY commented that SUTCH appeared genuine in wanting to help the Party, but on another occasion stated that SUTCH maintains contact with CPNZ members to keep himself informed on developments in the Party.

/At the time ...

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At the time of public discussion of SUTCH's 'retirement' from I & C, BAILEY remarked that SUTCH had played the role of having nothing to do with the political 'left'.

### Soviet Officials

SUTCH attended the October Revolution celebrations at the Soviet Mission, Wellington, regularly from 1953 to 1969. Dates of his visits to Soviet functions are attached. All visits were considered to be in keeping with his position as a senior official of the I & C Dept.

313, 321  
Vol.1(a) f.14

15 Oct 58: E.GERGEL \* Information received under s.6(k) of the OIA  
(Commercial Counsellor) (and next page)  
Paid an official call on SUTCH at I & C. SUTCH reported their conversation to his Minister

439

21 Mar 60: I.I.FEDOROV \*  
(Sovexportneft Representative)  
Was reported as having an appointment with SUTCH the following day.

572

Mar 1962: A source asked V.S.ANDREEV \* (Commercial Counsellor)  
if he had met SUTCH. ANDREEV said he had but did not like the man.

581

14 Jun 62: V.K.AHUJA  
(High Commissioner for India)  
Gave a cocktail party at which ANDREEV, N.I. SHTYKOV, L.V.SUCHERBAKOV \* and SUTCH were amongst those present.

706

18 Jul 63: Members of a visiting Soviet Trade Delegation were guests of SUTCH at the Royal Oak Hotel.

Soviet Mission staff present were N.V.IVANOV, A.G.SHCHENLOKOV and L.A.PILATOV \*.

881

July 69: E.A.POZDNYAKOV \*

893

7 Nov 69: At the October Revolution celebration. A.I. IVANTSOV and I.E.ONISHCHENKO \* appeared to be very friendly with SUTCH. They introduced him to a young Soviet, believed to be S.S.GUROV \* who had graduated in economics prior to coming to NZ. SUTCH spoke with him at length, and suggested they get together to discuss economics in detail. It was not known whether they had any subsequent meetings.

955

Oct. 73: Galina NAROVCHATOV \*  
(Secretary, Union of Soviet Writers)

Met the Minister of Internal Affairs with SUTCH in Wellington and discussed the exchange of Soviet and NZ authors.

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18 Apr 74: SUTCH was observed speaking with D.A. RAZGOVOROV \* in a suburban street in Wellington in circumstances which suggested a clandestine association. RAZGOVOROV was Second Secretary (political affairs) and Press Officer, Soviet Embassy, Cairo from March 1955 to about 1960. Thus, he was stationed in Cairo when SUTCH passed through in 1958. SUTCH exceeded his instructions by conducting negotiations which resulted in his bringing back to NZ an outline trade agreement between NZ and Egypt. It is therefore possible that SUTCH and RAZGOVOROV met in Egypt.

#### Other I.C. Officials

##### Czechs:

225

Sept 57: SUTCH and wife attended a reception held by the Czech Consul General for the Smetana Quartet.

424-8, 430

Late 1950s: SUTCH seemed to be involved with the promotion of Czech business interests, particularly the assembly of a Czech motor cycle in NZ. This project was called "Proposition X" amongst those in the know. Apparently the General Manager of a Company on the periphery of this deal received a violent reaction from SUTCH when he made a guess at what the proposition involved.

483

Nov 60: SUTCH attended a Czech Legation farewell for Trade Officials A. DRHA \* and J. TICHACEK \*.

491, 495

Dec 60: Plans were reported to be well under way for the assembly of Skoda cars in NZ. J.P. LEWIN was also involved with the Czech Legation in this respect.

799

May 69: F.J. KOPECNY \*  
An Export Manager for Skoda intended approaching SUTCH for assistance with a thesis on the NZ economy which KOPECNY was producing for a degree in economics.

##### Poles:

948

Aug 73: The Q.E. II Arts Council sponsored the visit of Jerzy GROTOWSKI \*, Polish Theatre Director, to NZ. SUTCH was the spokesman for this visit.



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6. Our Assessment Of These Contacts:

Whether or not SUTCH was recruited by the RIS is discussed in Part V of this paper. For the purpose of this section however, it is assumed that he was recruited and is still working for the Soviets. While his contacts do not prove that he is, or was a communist, they are additional evidence of his pro-communist and pro-Soviet leanings, and have led to our assessing him in the past as a grave security risk. \*\*

\*\* Information  
removed  
under  
S. 6(b)(i)  
of the OIA.

His meeting with RAZGOVOROV, whether pre-arranged or coincidental, is evidence of a current association with the Soviet Mission in New Zealand.

In addition to the opportunity for contact with the RIS during his three trips to the USSR, SUTCH's overseas contacts show that he frequented circles in Western countries in which he could have communicated with the RIS and its agents. His value to the Soviets, while posted overseas and while travelling as a member of various delegations, would not have been in what he could tell them about New Zealand's policies, but his access to information on international politics, economics, trade, defence and security. It is possible that up to 1950, SUTCH did not have contact with an RIS Officer in NZ, as the first Soviet representatives arrived in NZ in November 1945, and SUTCH was out of New Zealand from June 1945 to June 1947, and from September 1947 to late 1950.

SUTCH's overt contact with the Soviet Mission in Wellington appears to have begun in 1953 when he was an economist with I & C (He did not become Assistant Secretary, a more satisfactory overt reason for associating with the Soviets, until 1956). After 1950 he did not have any more tours of duty overseas, and it would probably have been necessary for the RIS to send someone to NZ to handle SUTCH. \*\*

Even if SUTCH had not risen to Assistant Secretary, and Secretary of I & C, his position as economist would have been of considerable value to the Soviets, particularly as the 1950s were still the early years of their Mission in NZ.

His attendance at a Soviet function in 1969 shows that SUTCH remained a contact of the Soviets after his 'retirement' from I & C. He would still have been an Agent of Influence with his close associate LEWIN as Government Statistician and his own position of Consultant to the Reserve Bank, not to mention the many spheres in which SUTCH had, and still has, influence.

More specifically however, SUTCH's role in the 1970s is assessed as that of a "China Watcher" for the Soviets.

- His association with Rona BAILEY to learn of developments within the CPNZ is particularly noticeable in this respect;
- Again, his association with LEWIN (now Secretary of Trade & Industry) is of value in that a trade post has been opened in Peking.

/- In March 1966 ...

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- In March 1966, we received a report from,

*\*\* paragraph removed under  
S. 6 (b)(i) of the CIA*

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PART IV

Overall Assessment of Target

In determining whether SUTCH was recruited by the RIS, it is necessary to consider -

(a) How the RIS could have appealed to him:-

Two avenues are suggested - first his susceptibility to flattery, supported by his supreme self-confidence, and his need, not only to be master of every situation, but also to receive public acclaim that this is so. Probably the worst fate, as far as SUTCH is concerned, would be the complete fall from grace and ostracism that could accompany his successful exposure as a Soviet agent, especially if this was done by the Soviets themselves. Although he has had several set-backs in his career, his own capabilities have seen him through to the top. Even the final blow of being 'retired' after 40 years of service in the Government, resulted in his being accredited as much, if not more, publicity than if he had retired normally. He certainly did not lose any standing in the community as is illustrated by his being offered two important consultative positions in 1965.

The second avenue is of course compromise, duress, blackmail. Only the Soviets could know what SUTCH did during his three visits to the Soviet Union, and they are probably far better informed of his activities and associations in Western countries than Western Intelligence Services. Whether fact or fiction, they could undoubtedly present a well documented case against SUTCH.

It is doubtful that this latter course was used. It is considered, from our knowledge of SUTCH as a person, that an appeal to his ego, probably accompanied at some stage by monetary offers, would be more attractive to him, and prove more fruitful to the Soviets.

SUTCH impresses as a person who would be extremely delicate to handle, and whilst some of his weaknesses have been recognised, the only word to describe him is "enigma". There is no reason to believe that he would present himself differently to the Soviets. On the other hand, there is the disturbing description given by a close associate that SUTCH is an actor of many parts, all of which he plays equally well. It could be that only the Soviets know the real SUTCH.

(b) When a recruitment might have occurred:

1931-32 and 1947-50 appear to be the most likely periods for his recruitment. He may have been talent spotted at Columbia University in 1931-32, and approached there, or while wandering virtually penniless through the USSR, when monetary assistance may have been offered. It can be interpreted from his past employment, that he was instructed to leave teaching and to enter the Government in the field of economics, aiming for the policy-making level. His academic qualifications

/ would have ....

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would have been recognised by the Soviets, as they were subsequently recognised by the New Zealand Government. He would have been a valuable agent because of his access to information on New Zealand's policies at a time when there was no Soviet Mission in the country. Later his access when employed by UNRRA and with the U.N., would have been more valuable against more important Soviet targets than New Zealand.

However, preference is given to the idea that SUTCH was merely talent-spotted in 1931-32, and watched closely throughout the 1930s and 1940s, particularly when he was overseas. The Soviets had his sympathy at this time, and through agents he could have been easily guided into activities and associations which would determine his political beliefs and loyalties, and which could later be used to compromise him if necessary. By the time he arrived at the U.N. in 1947, he would have been ripe for recruitment, with the Soviets in possession of a dossier containing not only his background of activities and associations, but also personality data, none of which they would have had in 1932.

It is also considered that this was the most vulnerable stage of his career, where the prospect of ruin from exposure would have been more real than in the 1960s and 1970s, when an established figure in many influential circles in New Zealand, and with a lifetime of working for the improvement of the New Zealand economy and society behind him; almost in the form of a guarantee against such an exposure.

Assuming then that he had formal contact with the RIS some time between 1947 and 1950, a likely approach would have been to employ him as an advisory economist. In this role he would not see himself working for a higher authority, but rather as enjoying an exalted position of advisor to a State which he already admired, possibly because he approved of the way in which it had progressed economically (in 1937 he was apparently pleased with the way in which the Soviet Union had progressed since his 1932 visit).

(c) His value to the Soviets:-

In the 1930s and 40s, SUTCH spread propaganda on behalf of the Soviet Union whether under instruction or of his own volition. His value to the Soviets while with UNRRA has already been discussed, in para.6.

At the U.N., SUTCH was probably an invaluable source of intelligence on the major Western powers, and their post-war policies. In addition, he would also have been in close touch with New Zealand foreign policy, which would have been of assistance to the Soviets in the early years of their Mission in New Zealand. If successful in his post at the U.N., it could be expected that SUTCH would be appointed to an influential position in the New Zealand Government on his return. With all these factors in their favour, together with their knowledge of SUTCH's ego and ambition, it is considered the Soviets would

/not have ...

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not have needed to resort to duress in their handling of SUTCH.

His value as an agent of influence from 1950 to the present day is obvious both in his professional and non-professional activities. In the political sphere, one can assume that he has many contacts within the Labour Government, including the Prime Minister and Dr A.M. FIELLAY (PF). This, together with his associations as an economist; his friendship with J.P. LEWIN, and his membership of the Wellington Chamber of Commerce, would give him access to all aspects of the economy. In short, SUTCH must have virtually limitless resources in every sphere of interest to the Soviets. In this context, it is probable that SUTCH has influential people working for him behind the scenes in such areas as Government Departments; the NZ-USSR Society; the NZ China Society and in private companies. Our knowledge of his personality and character indicates that SUTCH would not be averse to forcing co-operation from an unwilling contact.

Although no longer head of a Government Department, SUTCH's main value to the Soviets still lies in the extent of his influence on Government policy decisions, particularly in the areas of New Zealand's relations with, and dependence on other Western nations, as in SEATO, GATT and NAFTA.

In Part III it was suggested that SUTCH has the more specific role of 'China Watcher' for the Soviets. From limited research into his other associates listed in Part V, it is apparent that these activities may have begun in the 1950s. Several of his contacts in New Zealand at that time were members of the NZ China Society, and it was in 1959 that he contacted \*\* in New York.

Name removed under  
S. 6(b)(i) of the  
OIA.

Conclusion:

It is considered that SUTCH has worked, and is still working for the Soviets, although it is difficult to explain every known action taken by him over the past 40 or so years, in the light of such an assessment. However, this would be the case no matter how SUTCH was assessed. In his association with the Soviets, it is doubtful that he was ever forced to work for them. If he had been approached in the correct way, he would not have been SUTCH if he had refused to co-operate. It is assumed that the Soviets would have struck a balance between his personality, conscience and ideology. While he must have considered that the Soviets could expose him, he probably would have satisfied himself that he had the ability to succeed in both worlds; despite his knowledge of the FBI's interest in him in New York, and the warning given by the Public Service Commission when he was appointed Secretary, I & C, in 1958, that many people had doubts about where he stood politically, and that as Secretary, he would have to keep his hands clean. If so, he has proven himself, in that during his 66 years, we have accumulated six files on SUTCH, and yet can prove nothing of which he is suspected.

If SUTCH is being controlled by an RIS officer in Wellington, this officer is probably RAZGOVOROV. Apart from being the most appropriate candidate of the known KGB Officers at the Soviet Mission, there is the possibility that he and SUTCH met in Egypt. If not, Egypt provides common ground between them as does RAZGOVOROV's previous posting to North Korea, and his attendance at a UNESCO Conference in 1961. Korea and U.N. organisations have been amongst SUTCH's interests in the past.

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APPENDIX 'B'

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SUTCH's attendance at Soviet Functions

126	7.11.53	Revolution celebrations
147	8.11.54	" "
148	7.11.55	" "
150	27.1.56	Film evening - SUTCH and wife
476	Nov 60	Revolution celebrations
543	14.6.61	Film evening - SUTCH, wife and father-in-law
723	7.11.63	Revolution celebrations - SUTCH well received and friendly with everyone but no particular activities
772	7.11.64	Revolution celebrations
778	26.3.65	Unconfirmed report
800	8.11.65	Revolution celebrations
835	18.8.67	Cocktail Party at International Trade Fair
893	7.11.69	Revolution celebrations
953	Oct 73	Attended reception after performance of Soviet Ballet Coy. (as did J.P. LEWIN)