

# Dr H.V. Evatt — Part II: The question of loyalty

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This article<sup>1</sup> focuses on a question that haunted Evatt's political career during the Cold War — his loyalty to the Labor Party and, above all, his loyalty to Australia and its national security interests. Despite his tactical and opportunistic rejection of selected communist policies, there are indications that he believed a form of communism was inevitable, although he never publicly professed this belief.<sup>2</sup>

## Evatt and the case of Egon Kisch

In November 1934, the Lyons Government's Attorney-General, Robert

Menzies, declared the visiting Czech Comintern agent Egon Kisch<sup>3</sup> to be an "undesirable" migrant and prohibited him from landing.<sup>4</sup> Kisch jumped from the ship to the wharf at Melbourne dock, breaking his leg.

His "jump" was a political stunt recommended to him by Joan Rosanove, a Melbourne barrister engaged by the International Labour Defence (ILD), an organisation based in Western Europe which was part of the legendary communist propagandist Willi Münzenberg's apparatus to promote pro-Soviet causes around the world.<sup>5</sup>

According to Australian historian Peter Cochrane:<sup>6</sup>

1. Part one was Andrew Campbell, "Dr H.V. Evatt: A Question of Sanity", *National Observer*, No. 73, Winter 2007, pp.25-39.
2. Evatt's view was that "Communism illustrates the gradualness, the extreme gradualness, of inevitability". *R v. Hush* [1932] HCA 64; (1932) 48 CLR 487 (8 December 1932), High Court of Australia.
3. *Report of Royal Commission Inquiring into the Origins, Aims, Objects and Funds of the Communist Party of Victoria and Other Related Matters* (Melbourne, 1950), p.37, usually known as the "Lowe Report".
4. Deportation order: Egon Erwin Kisch, Czechoslovakian: Declared to be a prohibited migrant. Passport Control, Commonwealth Immigration Department, Series No. A446, File No. 34/9807 (13 November 1934).
5. Heidi Zogbaum, "Egon Erwin Kisch", *Perspective*, ABC Radio National, 11 November 2004.

The ILD had a long reach. Its Australian branch was able to come to Kisch's assistance, engaging the Sydney legal firm of Christine (*sic*) Jollie-Smith, a member of the Communist Party of Australia....

At the time no one in the government realised that Kisch was being defended with the assistance of ILD funds. But the ILD's role was exposed, some six months after Kisch left Australia.

Christian Jollie Smith (1885-1963) was one of the foundation members of the Australian Communist Party. In 1917, she was briefly employed at the Commonwealth Crown Solicitors Office and came to adverse notice for leaking information concerning a deportation case to a defence counsel. In 1934-1935, she secured a writ of habeas corpus for Egon Kisch and briefed A.B. Piddington who acted for Kisch. (In 1951, Smith briefed Evatt for the anti-Communist referendum.)<sup>7</sup>

On 15 and 16 November 1934, Evatt, sitting on the High Court, ruled that he was not satisfied that the informa-

tion on which the Commonwealth Government's decision on Kisch had been based on section 3 (gh) Immigration Act had been received through official channels, and directed that Kisch be released from the ship in which he arrived in Fremantle, the SS *Strathaird*.<sup>8</sup>

According to Evatt's most recent biographer:<sup>9</sup>

Such was his fervour that he [Evatt] could not maintain even a façade of impartiality. Evatt neglected his judicial responsibilities by calling Parsonage [counsel for Kisch] to explain that a different kind of approach would be more persuasive.... Evatt's allegiance was patent. Kisch was accorded the distinguished title of 'alien friend'.

The Australian Government was constrained from revealing its confidential British sources of information, which, predictably, Evatt demanded. Evatt used their unavailability to find in Kisch's favour.<sup>10</sup>

In his second appeal and affidavit to the High Court, signed on 16 Novem-

6. Peter Cochrane, "The big jump: Egon Kisch in Australia", *The National Centre for History Education* (Canberra: Australian Government Department of Education, Science and Training), 2002. URL: <http://www.hyperhistory.org/index.php?option=displaypage&Itemid=730&op=page>
7. Joy Damousi, "Smith, Christian Jollie" (1885-1963)" *Australian Dictionary of Biography* (Melbourne University Press, 2000), Vol.11, pp.641-642.
8. *R v. Carter* [1934] HCA 50; (1934) 52 CLR 221 (16 November 1934), High Court of Australia.
9. Peter Crockett, *Evatt: A Life* (Melbourne: Oxford University Press, 1993), pp.84-85. Kisch's dedication to Stalin and the Soviet Union was expressed in his boast "I don't think. Stalin thinks for me" (cited in Don Watson, "Anti-Communism in the Thirties, *Arena*, Vol.37, 1975, p.64). The most recent biographer of Kisch interprets his visit as part of Stalin's united front strategy of building unity with progressives and labour movements against "Fascism". See Heidi Zogbaum, *Kisch in Australia: The Untold Story* (Melbourne: Scribe Publications, 2004), pp.22-23.
10. *R v. Carter* [1934] HCA 50; (1934) 52 CLR 221 (16 November 1934), High Court of Australia.

ber 1934, Kisch claimed he “was he was not a communist or a member of a communist organisation”.<sup>11</sup> Both claims were patently false.<sup>12</sup> Kisch’s most recent biographer described them as a “pack of lies”, and added: “Kisch learned quickly that he could get away with fabricating the truth in Australia.”<sup>13</sup>

The Kisch affair ended in a compromise. Kisch agreed to abandon further appeals and left Australia, forbidden ever to return.<sup>14</sup>

Upon returning to Europe, Kisch

wrote a letter to the ILD in Amsterdam, thanking them for their generous backing.<sup>15</sup>

Evatt’s pro-Kisch judgement established his reputation as a “progressive” amongst pacifists, fellow-travellers, leftist members of the legal fraternity and the Labor Party,<sup>16</sup> including Evatt’s future friend, the ubiquitous Communist Party member and Soviet agent,<sup>17</sup> the writer Katharine Susannah Prichard, who was prominent in the Kisch Defence Committee in both Perth and Melbourne.<sup>18</sup>

11. Zogbaum, *op. cit.*, p.56.

12. Egon Irwin Kisch (1885-1948) joined the Austrian Communist Party in 1919 and the German Communist Party in 1925. See: James M. Skidmore, “Egon Irwin Kisch”, *The Literary Encyclopaedia*, 29 November 2007. His wife, Giesl, worked for the GPU (Soviet secret police). See: Carolyn Rasmussen, “Kisch, Egon Irwin (1885-1948)” *Australian Dictionary of Biography* (Melbourne University Press, 2000), Vol.15, pp.34-35.

13. Zogbaum, *op. cit.*, p.48.

14. *Ibid.*, pp.112-3; Carolyn Rasmussen, “Kisch, Egon Irwin (1885-1948)” *Australian Dictionary of Biography* (Melbourne University Press, 2000), Vol.15, pp.34-35.

15. Zogbaum, *op. cit.*, p.42.

Commonwealth of Australia: Attorney-General’s Department File of Papers, No. 35/894/4, which refers to the International Labour Defence (ILD) role in publishing a pro-Kisch booklet and to the ILD’s link to the Comintern. The report notes: “We have definite proof of its relationship to the international body.... Such proof, however, is not available for use in evidence.” (Memo D/445 to Secretary of the Attorney-General’s Department, 24 October 1935).

16. Evatt’s personal and political relations in the communist and progressive milieu were inspired by his wife’s interest in modern art; but he also accepted political advice and was “friendly” with progressives and professional fellow-travellers such as Brian Fitzpatrick and *Meanjin* editor Clement Christesen (Lynne Strahan, *Just City and the Mirrors: Meanjin Quarterly and the Intellectual Front 1940-1965* (Melbourne: Oxford University Press, 1984), pp.104, 120, 152, 161, 164, 174, 176, 181, 185, 203, 213, 235). Crockett notes that Evatt “associated modern art with political progressiveness” Crockett, *op. cit.*, p.22.

17. Desmond Ball and David Horner, *Breaking the Codes: Australia’s KGB Network, 1944-1950* (Sydney: Allen & Unwin, 1998), pp.233-40.

18. Ric Throssell, *Wild Weeds and Windflowers: The Life and Letters of Katharine Susannah Prichard* (Sydney: Angus and Robertson, 1975), pp.77-79.

## Evatt's staff and associates

On 1 February 1943, the United States Army's Signal Intelligence Service (USASIS) launched the code-breaking exercise codenamed "Venona", which focused on decrypting Soviet diplomatic codes from Moscow to Soviet spy residences and agents throughout the world and which, after World War II, succeeded in identifying many Soviet agents worldwide.<sup>19</sup> Many Australians mentioned in the Venona cables who were Soviet agents remain unidentified. Only five per cent of the Canberra-Moscow Venona link has been deciphered. Between 1943 and 1948, nearly 5,000 coded messages were sent between Moscow and Canberra. Only 189 have been published.<sup>20</sup>

During his time as Minister for External Affairs (1941-49), both Evatt's department and his personal staff — due to his gross ministerial irresponsibility or approval — were penetrated by Soviet agents.<sup>21</sup> Venona-decrypting messages from Canberra to Moscow from mid-1943 to 1948 eventually led to the identification of Ian Milner (codenamed Bur/ Dvorak), Katharine Susannah Prichard's son Ric Thros-

sell (Academician's Son/ Ferro), Jim Hill (Khill/ Tourist), Frances Bernie (Sestra/ Sister), Allan Dalziel (Denis), Fergan O'Sullivan (Zemliak),<sup>22</sup> and others as yet unidentified.

Many of Evatt's other associations remain to be traced, notably one with Sergeant Alfred Thompson Hughes (codename Ben), a New South Wales-based intelligence officer charged with monitoring Communist Party and Soviet officials. Hughes was a Soviet agent,<sup>23</sup> and a friend of Evatt's in the 1930s, and possibly as early as the 1920s.<sup>24</sup>

## Evatt warns Katharine Susannah Prichard of surveillance

Evatt's friendship with Australia's leading pro-Soviet communists has been well documented.<sup>25</sup> A long-standing confidante of Evatt's was Katharine Susannah Prichard (code-name "Academician"), who was a foundation member of the Australian Communist Party and a key identity, if not the founder, of a major Soviet intelligence network in Australia.<sup>26</sup>

19. Ball and Horner, *op. cit.*, pp.177-8, 188-193.

20. *Ibid.*, p.205.

21. *Ibid.*, p.177.

22. *Ibid.*, *passim*. (The Soviet codenames are in brackets).

23. *Ibid.*, pp.240-244. Hughes was reportedly a secret member of the Communist Party and was talent-spotted by Walter Seddon Clayton ("Claude"/ "Klod") in the early 1940s. By 5 May 1945, Hughes was "working secretly" on an assignment for his case officer Clayton, according to a Canberra KGB Residency report to Moscow (*Ibid.*, pp.242-3).

24. Ball and Horner, *op. cit.*, pp.333-334.

25. *Ibid.*, *passim*.

Her novel *Working Bullocks* (1926) was the first work of Australian fiction translated in the Soviet Union since the Revolution.<sup>27</sup> Writing provided Prichard with cover and legitimacy and a source of funds in the form of royalties from the Soviet Union. Her polemical pamphlet *The Real Russia* (1934) was a glowing account of her guided tour of Stalin's Soviet Union from July to November 1933.<sup>28</sup>

Prichard was a lifelong and committed Soviet propagandist and agent of influence. She was also a talent-spotter and courier for Soviet intelligence officers. She was integral to the running of the important Walter Clayton (codename Klod/ Claud) espionage network, targeted at the Department of External Affairs,<sup>29</sup> and provided operational support for Clayton and his network who used her flat (a "conspiratorial apartment", to use Soviet jargon) in Darlinghurst, Sydney. The official historian of ASIO has noted, "The full extent to which she has assisted the cause of international Communism will probably never be known."<sup>30</sup>

Evatt regarded Prichard as a confidante and informed her of his intention to resign from the judiciary in 1940 and enter federal politics.<sup>31</sup> In October 1941, the Curtin Labor Government came to power, and Evatt was made both Attorney-General and Minister for External Affairs. A couple of months afterwards, in December, Evatt invited Prichard to dinner with his wife. At the dinner Prichard started to explain to Evatt where she had been and what she had been doing. According to her son's account of the conversation, Evatt stopped her. "You needn't tell me.... I've been kept informed by the Security lads of all your movements; had an almost hourly report on where you were going and what you've been saying. I told them I don't want information about Mrs Throssell."<sup>32</sup>

Evatt's disclosure to a dedicated Soviet agent undoubtedly assisted her and her Soviet contacts to adopt counter-measures to avoid surveillance in Sydney, her base of espionage operations.<sup>33</sup>

26. Ibid., pp.233-40.

27. John McNair, "Visiting the future: Australian (fellow)-travellers in Soviet Russia", *Australian Journal of Politics and History*, Vol.46, No.4, December 2000, p.468, note 30.

28. Ibid., pp.467-470 and note 36.

29. Ball and Horner, *op. cit.*, pp.233-40.

30. R.A. Swan, *History of ASIO*, 47/2/170, Vol.1, p.20 in original ASIO copy (p.113 National Archives of Australia CRS A6122/48, Annex A).

31. Kylie Tennant, *Evatt: Politics and Justice* (Melbourne: Angus and Robertson, revised edition, 1972), p.101.

32. Katharine Susannah Prichard, *Straight Left: Articles and Addresses on Politics, Literature and Women's Affairs Over Almost 60 Years, from 1910 to 1968*, ed. Ric Throssell (Sydney: Wild & Woolley, 1982), p.107.

Ball and Horner, *op. cit.*, pp.152, 236-7.

Prichard used her influence on Evatt to ensure that her son Ric Throssell was (in her son's words) removed "from the war zone to the security of External Affairs",<sup>34</sup> a decision which was relayed by the Clayton espionage network from Canberra to Moscow. Moscow Centre was puzzled at Throssell's subsequent appointment to Moscow in November 1945,<sup>35</sup> as the Australian Communist Party wanted him to take a posting in Europe:<sup>36</sup>

Claude [Walter Seddon Clayton], in a conversation with Prichard, clearly hinted to her that, from the point of view of the [Communist] Party, it would be better if he went to a post in Europe.... Prichard, however, very much wanted her son to go to the Soviet Union and had her way.

Moscow Centre commented:<sup>37</sup>

Throssell's appointment is rather strange in... that Evatt is well aware who Prichard is. It may be possible abroad to establish clearly the significance of Evatt's move. 'Claude' [Klod] has been given the task of discovering

the real ulterior motive for Throssell's appointment...

However, even Moscow Centre underestimated Prichard's devotion to the Soviet Union and her plan that her son could be of future use to the Soviet Union. The most revealing phrase here is Moscow Centre's assessment that "Evatt is well aware who Prichard is".

Prichard introduced her son to visitors to her Sydney flat, stating: "Ric will be the first foreign minister of Soviet Australia".<sup>38</sup> From 1943-1947, he was "being used unwittingly by his mother" as a source of information which was passed to Clayton, and hence to Moscow.<sup>39</sup> In 1948 he also provided information to Clayton. From 1949, when he was stationed in Brazil, he was "an active agent for the Soviet".<sup>40</sup> However, he lacked the ruthlessness to be a long-term penetration agent, although the Soviets still regarded him as an agent of great promise as late as 1954. In 1952, the MVD (later KGB) tasked one of its officers in Australia to make Throssell operational again.<sup>41</sup>

33. Ball and Horner, *op. cit.*, p.237.

34. Ric Throssell, *My Father's Son* (Melbourne: William Heinemann Australia, 1989), p.6.  
Ball and Horner, *op. cit.*, pp.239 and 269-271.

35. Ball and Horner, *op. cit.*, pp.237, 271.

36. VENONA from Canberra to Moscow, No. 363, 30 September 1945, "Claude reports on Throssell".

37. *Ibid.*

38. Throssell, *op. cit.*, p.201.

39. Ball and Horner, *op. cit.*, pp.268-70.

40. *Ibid.*, p.325. Quotation is testimony of Soviet defector to Australia in 1954, Mrs Evdokia Petrov

## Evatt's relationship with Soviet intelligence officer Viktor Zaitsev

A key identity in Soviet espionage operations in Australia was Colonel Viktor Sergeivich Zaitsev, GRU (Soviet Military Intelligence) Rezident in Australia from 16 March 1943 to 11 April 1947. ("Rezident" is Soviet jargon for "secret director of espionage in an area in a foreign state"<sup>42</sup>). He was loquacious, had a wide circle of acquaintances and a spy's greatest operational asset: access.

Before coming to Australia, Zaitsev served in the Soviet embassy in Tokyo during 1940-41. His responsibility was to provide clandestine operational support for the Soviet undercover agent Richard Sorge, one of the greatest spies of the 20th century.<sup>43</sup> Sorge, a German communist who masqueraded as a Nazi sympathiser, ran a highly successful espionage operation for Red Army intelligence before he was arrested in Tokyo on October 18, 1941, and hanged.<sup>44</sup> Sorge's handler, Zaitsev, was therefore a Soviet intelligence officer of the very highest standing. His professional training

included providing operational support for Soviet agents or "Illegals" operating in foreign target countries under deep cover. His 1943-47 posting demonstrated the priority the USSR attached to intelligence operations in Australia.

Desmond Ball and David Horner observe that Zaitsev "evidently maintained some form of contact with [Evatt]". He was involved in the establishment of the Soviet legation in Canberra and its relations with the Department of External Affairs. A leading public servant recalled how "Zaitsev would just walk in" to the Department of External Affairs and "knock on the doors of people he wanted to talk to". He visited the Department of External Affairs every two to three weeks and was a frequent visitor to the West Block of the department and sometimes to Evatt's ministerial offices, "both in Parliament House and in Sydney".<sup>45</sup> Was Zaitsev, as Ball and Horner suggest, possibly "running a very high-level agent somewhere in the Australian government"?<sup>46</sup>

At the time, Australian intelligence authorities were unaware of Zaitsev's agents, contacts and operations in

41. CRS/A6119/2[96]. Richard Prichard Throssell, Vol.2. Annex E, p.82. Debriefing summary. Statement of Vladimir Petrov. 21 May 1954, f.99.

42. Venona, US National Security Agency (NSA), 10 April 1945, S/NBF/T34: TN [Translator Notes] (a).

43. Christopher Andrew and Vasili Mitrokhin, *The Mitrokhin Archive: The KGB in Europe and the West* (Harmondsworth, UK: Penguin Books, new edition, 2000), pp.48, 56, 366-7.

44. Ball and Horner, *op. cit.*, pp.138-9.

45. *Ibid.*, p.143.

46. *Ibid.*, p.145.

Australia. Zaitsev left Australia in 1947. ASIO, which was formed in March 1949, was not aware of his significance until 1952.

### **Allan Dalziel, Evatt's personal secretary**

Zaitsev's first and most important Australian contact was Allan Dalziel (Soviet codename Denis<sup>47</sup>), who served as a member of Evatt's personal staff during Evatt's entire period in federal politics (1940-1960),<sup>48</sup> first as his electoral secretary and later as his personal secretary. Of all Evatt's staff, Dalziel had the longest history of operational contact with Soviet intelligence officers.

Dalziel once disclosed that he had met Zaitsev on his arrival in Sydney in March 1943, and that, on the infrequent occasions when Zaitsev came from Canberra on official business, he would call at Evatt's Sydney ministerial offices. According to a 1949 ASIO report, "Dalziel showed secret papers to [Zaitsev, during his time in

Australia from 1943 to 1947] whilst the latter was in his office".<sup>49</sup>

Dalziel kept in close contact with another Soviet intelligence officer, Vladimir Mikheev, a suspected member of the GRU who served in Australia from September 1942 until August 1943 as the country's first TASS representative. Before leaving Australia, Mikheev introduced Dalziel to Feodor Andreevich Nosov, on the latter's arrival in Australia.<sup>50</sup> From 1943 until 1950, Nosov was a TASS correspondent co-opted by the Soviet KGB to serve as contact man with the Walter Clayton (Klod) espionage network in Sydney.<sup>51</sup> Dalziel became "Nosov's closest friend",<sup>52</sup> and referred to Nosov as "brother", as ASIO surveillance teams and telephone-intercept reports noted.<sup>53</sup>

Nosov's tasks involved co-ordinating clandestine meetings with Walter Clayton, the leader of the spy network, at Katharine Susannah Prichard's Sydney flat, and visiting Canberra to report to the Soviet KGB Resident at least a dozen times a year.<sup>54</sup> Nosov's

47. *Ibid.*, p.131.

48. Allan Dalziel, *Evatt the Enigma* (Melbourne: Lansdowne Press, 1967), p.ix.

49. CRS A6119/79 "Allan John Dalziel", 29 December 1949, ff 129, 134. See also "B. Phillpott" CRS/A6119/79 item 854, ff. 129, 134

50. Ball and Horner, *op. cit.*, pp.126-7.

51. *Ibid.*, 135.

52. *Ibid.*, p.131.

53. CRS A6119, "Allan John Dalziel", Vol.4 (n.d.). Summary of Dalziel case for *Royal Commission on Espionage*. Entry no. 13 refers to Dalziel addressing Nosov as "brother", which was picked up by audio surveillance, in ASIO Operation Grout, on 6 March 1950.

54. Ball and Horner, *op. cit.*, pp.131-2.

most important agent was Evatt's long-standing friend, Alfred Hughes (codename Ben). In September 1945, Moscow Centre assessed Hughes's operational potential and advised the Canberra Resident to "release Tekhnik [Nosov's codename] from all tasks with other contacts".<sup>55</sup>

After its formation in March 1949, ASIO launched "Operation Grin", which targeted Nosov and his contacts, and a lengthy report concluded: "We have incontrovertible evidence that not only is [Allan] Dalziel friendly with Nosov, but also his colleague [Albert] Grundeman [another Evatt staffer] is equally friendly."<sup>56</sup> Dalziel's professional counter-surveillance measures on many occasions challenged ASIO surveillance, although he could not conceal all of his contacts with Nosov.<sup>57</sup>

After his 1954 defection to Australia, Vladimir Petrov recalled that Dalziel "as secretary to Dr Evatt... had access to a lot of interesting information. Further, he was sympathetic to the Soviet Union".<sup>58</sup>

Nosov's development of Dalziel, however, was terminated after he was reportedly most likely alerted by the New South Wales police officer and Soviet agent, Alfred Hughes (code-name Ben), that he was the target of a large security operation in Sydney. Nosov left on 11 August 1950.<sup>59</sup>

### **Mrs Jessie Street**

Soviet apologist and agent of influence Mrs Jessie Street was a close friend of the Evatt family.<sup>60</sup> (In corresponding with Evatt, Street bypassed Evatt's staff, by posting letters to his wife and asking her to forward the contents to her husband).<sup>61</sup> Street is commonly depicted as a naïve ex-socialite driven by moral compassion; but no other Australian public identity worked so effectively and for as long to promote Soviet interests. After visiting Stalin's Soviet Union in 1938, she underwent a conversion process and, like other fellow-travellers of her generation, returned to Australia determined to "tell the truth about the Soviet Union",<sup>62</sup> although she ritualistically denied she

55. VENONA: Moscow to Canberra, "Ben 'Klod-Technik'", 15 September 1945.

56. CRS A6119, "Allan John Dalziel", 1938-1950, D/99/1, Top Secret.

57. CRS A6119, "Allan Dalziel", ASIO personal file, Vol.1 includes 10 ASIO surveillance reports dating from 2 February 1950-8 March 1950.

58. ASIO's interview with Petrov at safe house, commencing Tuesday, 6 April 1954, attached to ASIO Personal File Allan John Dalziel CRS A6119: D/99/1, v.4, f.1.

59. Ball and Horner, *op. cit.*, p.135.

60. Peter Sekules, *Jessie Street: A Rewarding but Unrewarded Life* (Brisbane: University of Queensland Press, 1978), p.58.

61. *Ibid.*, p.144.

62. John McNair, *op. cit.*, pp.463-479.

was a communist.<sup>63</sup> After World War II, she made trips to Soviet-sponsored “peace” conferences. From 1950 to 1953, she visited the USSR twice and Eastern Europe six times.<sup>64</sup> She and Australia’s powerful communist figure Ernie Thornton were the only Australians selected by the Soviets to attend Stalin’s funeral in Moscow in March 1953, which she described as fulfilling Stalin’s wish “to be close to the working people”.<sup>65</sup>

In 1945, Jessie Street was appointed by the Curtin Government as an Australian delegate to the San Francisco conference, which was held from 25 April to 26 July 1945, to establish the United Nations Organisation.<sup>66</sup>

### **Evatt leaks secret British document to Soviet foreign minister Molotov**

At the inaugural UN Conference, Evatt leaked a secret UK document to the Soviets. Paul Hasluck, who accompanied Evatt, claimed Evatt believed that the Soviet Union was “more enlightened than the British on questions

affecting human welfare”.<sup>67</sup> Evatt told Hasluck that he had an appointment with Molotov at his hotel. He ignored Hasluck’s cautionary warning and was “boyishly happy when he went and obviously pleased when he returned”.<sup>68</sup>

The following morning, British Foreign Secretary Anthony Eden expressed his wish to raise a “grave matter” and coldly and precisely claimed he had reason to believe Evatt had handed a cable marked secret — Eden quoted the number — which had been sent from the British delegation at San Francisco discussing the colonial question, possible courses of action and the British response. Eden correctly claimed the cable had been handed by Evatt to the Soviet delegation, and challenged him. Evatt did not deny he had leaked the document to the Russians and appeared nonplussed at the rage of the British, including Lord Cranborne, the Dominions Secretary, who gave him a verbal lashing.<sup>69</sup>

Australian diplomat Walter Crocker was informed by Evatt’s staff that, at the San Francisco UN Conference, “he got the Russians interested in the

63. Sekules, *op. cit.*, p.96.

64. *Ibid.*, pp.155, 158.

65. Jessie Street, CRS A 6119, Vol. 3 (1950-54) p.37. CAU/53007 dated 8 April 1953, f.137.

66. Sekules, *op. cit.*, p.209.

67. Paul Hasluck, *Diplomatic Witness: Australian Foreign Affairs 1941-1947* (Melbourne: Melbourne University Press, 1980), p.196.

68. *Ibid.*, p.196.

69. *Ibid.*, p.196.

70. Walter R. Crocker, *Australian Ambassador: International Relations at First Hand* (Melbourne: Melbourne University Press, 1971), p.113.

tremendous possibilities in anti-colonialism for hurting the West European states, above all Britain; twisting the tail of the British lion was a delight to Evatt".<sup>70</sup> Alan Renouf, an Evatt admirer, points out that Evatt had a life-long admiration for the USSR, which he could not repress despite counter-evidence, and believed that Australia should have a special relationship with the Soviet Union as a Pacific power.<sup>71</sup>

### Evatt seeks Ernie Thornton's advice

Evatt repeatedly sought and accepted advice from Australia's leading communists, whom he regarded as a legitimate part of the democratic system,

to the extent of taking policy advice from Australia's most influential communist, Ernest ("Ernie") Thornton.<sup>72</sup> A Venona-decrypted message from Canberra to Moscow, dated 8 March 1946, contained a report from the Soviets' primary agent in Australia, Walter Clayton (Claude/ Klod).<sup>73</sup> The text reads:<sup>74</sup>

Claude [Klod] reported that Evatt called in Thornton... member of the local Fraternal [Communist Party], leader of the Ironworkers' Union for a talk. Evatt asked Thornton his opinion on the person whom he was expecting could be appointed as the new Australian Minister to the Soviet Union.... T. [Thornton], as Claude recounted, did not answer E. [Evatt] at once and promised to [think] about it.

71. Alan Renouf, *Let Justice Be Done: The Foreign Policy of Dr H.V. Evatt* (Brisbane: University of Queensland Press, 1983), pp. 111-13.

72. Thornton's political activities were constantly monitored by security authorities who assessed him as one of most dangerous communists in Australia. His dominance of the Federated Ironworkers' Association by 1949 ended after the Commonwealth Court of Conciliation and Arbitration found that the ballot had been rigged (*Australian Dictionary of Biography* (Melbourne University Press, 2002), Vol.16, pp.388-389).

73. Walter Seddon Clayton, codenamed Klod (Claude) in Venona messages, was a key figure in the illegal apparatus of the CPA. He was a member of its central committee and in charge of its control commission. The function of the control commission was to protect the party, by counter-intelligence, against penetration. He was most likely recruited into Soviet intelligence after being talent-spotted by Katharine Susannah Prichard in 1942-1943 and was assigned the codename Klod (Claude) in April 1945. From his experience in running the Communist Party's illegal network, he constructed an espionage network targeted at the Department of External Affairs. He operated as a case officer, talent-spotter and courier, and his agents included Frances Bernie in Evatt's Sydney office, Alfred Hughes, and Ian Milner and Jim Hill in the Department of External Affairs. Clayton used to meet contacts and agents at Prichard's flat in "Gwydir Flats", off William Street, in Darlinghurst, Sydney. See "Katharine (*sic*) Susannah Throssell", ASIO Personal File No. T/2/6, Vol.4, Part 1 (ff.78 and 101 in copy of National Archives of Australia CRS A6119).

Katharine Susannah Prichard was one of the most important members of his espionage net. As the official historian of ASIO has noted, "The full extent to which she has assisted the cause of international Communism will probably never be known." (R.A. Swan, *History of ASIO*, 47/2/170, Vol.1, p.20 in original ASIO copy (or p.113 in copy of National Archives of Australia CRS A6122/48, Annex A).

Evatt did not think it inappropriate to consult Thornton, Australia's leading trade union and communist leader, on the question of a prospective diplomatic appointment to Moscow.

### **Evatt's and Dr John Burton's "open diplomacy" with the Soviet Union**

In February 1947, Evatt appointed Dr John Wear Burton, Jnr, then 32 years old, as Secretary of the Department of External Affairs. From 1941 to 1945, Burton had been Evatt's private secretary and departmental liaison officer, before working in the department itself. Like Evatt, he was committed to a new postwar international order based around the UN,<sup>75</sup> and shared Evatt's hostility to intelligence organisations, especially those dedicated to countering Soviet espionage.<sup>76</sup>

Burton, when aged 19, had visited the Soviet Union in 1934 in a personal capacity, and again in August 1939. His wife's sister, Pamela Howard Beasley (née Nixon), was a communist sympathiser, and her husband Harold John

(Jack) Beasley, a Communist Party functionary.<sup>77</sup> As Secretary of the Department of External Affairs (March 1947–December 1949) and Evatt's closest adviser, Burton also believed "the spread of Communism in China, Korea and throughout other Asian areas must be regarded as inevitable".<sup>78</sup>

Most significant of all, however, was the tightly-knit network of known communists who operated in the Department of External Affairs during this time. Burton was a personal friend of one of them, James Frederick ("Jim") Hill (codename Khill/ Tourist)<sup>79</sup> and, at one time, defender of another, Dr Ian George Milner (Bur/ Dvorak).

Jim Hill was an undercover member of the Communist Party (of which his older brother Edward Fowler "Ted" Hill was Victorian state secretary). He joined the Department of External Affairs in 1945 on his discharge from the army, and worked closely alongside Milner, Burton and Ric Throssell (Burton became Hill's chief mentor). Hill regularly supplied confidential material to Walter Clayton.<sup>80</sup>

74. Venona-deciphered message entitled "Evatt's conversation with Thornton on the prospective appointment of new Australian minister to the Soviet Union". To "Victor" of the 8th Department of the Soviet intelligence service, from Canberra to Moscow, No. 100, dated 8 March 1946. Ref No: S/MBFT 232, issued 7/8/1952.

75. Ball and Horner, *op. cit.*, p.150.

76. *Ibid.*, pp.151-153.

77. Burton's 14 security files, in the possession of ASIO, cover the years 1938-1962.

78. Cited in Ball and Horner, *op. cit.*, p.151.

79. ASIO surveillance and telephone intercepts from 1949 revealed Burton's close personal relationship with Hill.

80. Ball and Horner, *op. cit.*, pp.262-266.

Soviet intelligence officers must have been bemused and gratified when, in the late 1940s, Jim Hill set out to brief Soviet officials (i.e., intelligence officers) in accordance with Burton's and Evatt's policy of "open diplomacy".<sup>81</sup> This policy provided the Soviets with natural cover to meet their intelligence-collection requirements.

At least three of Evatt's staff were ordered by Evatt and Burton to "share" classified information with the Soviets in order to increase international understanding. On 22 March 1955, Dalziel, in an affidavit written for the Petrov Royal Commission, declared: "I knew a number of Russian officials from the time of their first coming to Australia in 1942 until 1949, and briefly, one of them, in 1950.... With full knowledge and approval of my Departmental superiors and members of the Ministry... I met a number of Russian officials including Mikheev, Soldatov, Vlasov and Nosov...". Since his first contact with Mikheev, in 1942, he "would welcome and place at their disposal my own services as well as that of the office staff and such facilities that may be required".<sup>82</sup>

John Burton, in his testimony to the Royal Commission, claimed he had instructed the counsellor at the So-

viet Embassy to visit his office "once a week so that I could tell him what our policy was and the policy of some other countries". Burton added that it was the duty of Jim Hill — identified by Venona and ASIO as a Soviet agent, and Burton's close personal friend and other officers in External Affairs — "to give certain information to overseas representatives", including the Soviets.<sup>83</sup>

### **Burton clashes with Clement Attlee**

From the very start of the Cold War, Evatt and Burton were hostile to the emerging American-led Western alliance aimed at countering the growing Soviet military threat to the free world. On 14 January 1948, British Labour Prime Minister, Clement Attlee, proposed a Western defence system (the future NATO) to counter this threat. Burton drafted Australia's refusal to Attlee, to which Attlee replied: "This would be repeating the mistake of appeasement."<sup>84</sup>

On 3 May 1948, Burton advised Evatt that the Attlee proposal was contrary to the UN charter and would be interpreted by Moscow as "another move to encircle Russia".<sup>85</sup> On May 14, Britain's

81. *Ibid.*, pp.153, 349.

82. Allan John Dalziel: statutory declaration, CRS A6119, Vol.14, dated 22 March 1955, ff.52-55.

83. Ball and Horner, *op. cit.*, p.153.

84. Message from Clement Attlee (London) to Ben Chifley, marked "top secret and personal", document no. 317, 2 February 1948 (Australian Government: Department of External Affairs).

85. David Horner, *Defence Supremo: Sir Frederick Shedden and the Making of Australian Defence Policy* (Sydney: Allen & Unwin, 2000), p.269.

Foreign Secretary, Ernest Bevin (a central figure between the wars in Britain's trade union movement), judged Burton to be a "fellow traveller".<sup>86</sup>

## Burton's defence of Ian Milner

In April 1948, Burton defended the Soviet agent, the New Zealand-born External Affairs officer and academic, Dr Ian Milner, after Venona intercepts identified Milner as having passed "top secret" British postwar strategic planning papers to the Soviet KGB in Canberra.

British intelligence had discovered, from decrypted Venona material, that these papers had been conveyed by Australian sources to the Soviets. An investigation by the Australian Defence Department had shown that Milner was the only person outside that department who had possessed one of these British documents, *Security in the Western Mediterranean and the Eastern Atlantic*. On 7 April 1948, Australia's Defence Secretary, Sir Frederick

Shedden, wrote a top secret/ personal letter to Burton. He informed him that the Director-General of Britain's state security service (MI5) had recently visited Australia, at the direction of British Labour Prime Minister Clement Attlee, to inform Australian PM Chifley that a copy that had been obtained from an agent in Australia<sup>87</sup> "had come into the possession of the USSR".<sup>88</sup>

Milner had requested a copy on 6 November 1945 and had the document from 15 November to 16 February 1946 which he obtained again and had it from 6 March to 28 March 1946.<sup>89</sup> Burton, however, defended Milner, claiming that departmental officers who knew Milner well "all maintain that there is no reason to believe the papers held by him would not be in safe-custody". He asked that no report should contain any suggestion "that Mr Milner was an officer to whom secret information could not safely be entrusted" and further that any report should contain a "firm assurance regarding the safe custody of any secret information forwarded to the

86. Ernest Bevin's minute, 14 May 1948, FO 371/70202A, W3330/3024/68/G, PRO [London], cited in David Lowe, *Menzies and the 'Great World Struggle': Australia's Cold War, 1948-1954* (Sydney: University of New South Wales Press, 1999), p.42 (see fn.116 at p.195).

87. Ball and Horner, *op. cit.*, pp.280-6.

88. Shedden to Burton Letter, Canberra, 7 April 1948: top secret and personal DFAT Documents.

89. Letter headed "control of Documents received from the United Kingdom Government Shedden to Burton, Canberra 7 April 1948, marked "top secret and personal". Australian Government Historical Documents.

90. Horner, *Defence Supremo*, *op. cit.*, p.267.

[Control of Documents from the United Kingdom Burton to Shedden Canberra, 22 April 1948, marked "top secret and personal". Australian Commonwealth Government Department of External Affairs.]

Department”.<sup>90</sup> Burton later alleged that the suggestion of espionage in his department was a “frame-up” by the Defence Department, and he opposed any vetting of Department of External Affairs staff with access to secret information.<sup>91</sup>

However, the regional director of ASIO in Canberra examined a top secret file memo, prepared by the assistant secretary (administration) of the Department of External Affairs, and informed ASIO headquarters on 11 November 1954:<sup>92</sup>

A cursory examination of the file discloses that it would appear that Dr John Wear BURTON, as secretary of the department at that time, made little or no effort to have an investigation effected and that the memoranda and minutes virtually aimed only at protecting MILNER’S ability to safeguard the information under reference.

In June and July 1948, as a result of Australian security breaches, the United States and Britain placed an embargo on Australia receiving any further signals intelligence and accorded it “a security grading equivalent to that of India and Pakistan, if not of the Soviet Union”.<sup>93</sup> This and the subsequent prospect of the scrapping of the Woomera Rocket Range

research led Australia’s Labor Prime Minister Ben Chifley to establish the Australian Security Intelligence Organisation (ASIO) in 1949 as Cold War tensions increased.

### **Lapstone: Burton’s and Evatt’s opposition to Australian intelligence**

Dr Burton shared Evatt’s hostility to intelligence organisations, especially those dedicated to countering Soviet espionage.

The recently (May 2008) declassified documents of the Hope Royal Commission on Intelligence and Security (1974-77) disclosed, “Evatt was extremely obstructive during the... discussions relating to the establishment of ASIO, and that real progress was made when Evatt was out of the country”.<sup>94</sup>

In 1948, Burton devised a plan purporting to demonstrate to Prime Minister Chifley that Australia did not need an intelligence service. He arranged for Australian security coverage of the November–December 1948 meeting of the United Nations Economic Commission for Asia and the Far East (ECAFE), held at the

91. *Royal Commission on Intelligence and Security (1974-77)*, chaired by Justice Robert Hope (hereinafter referred to as the “Hope Royal Commission”), 7th Report, Vol. 2, declassified and released by the National Archives of Australia on 27 May 2008, pp.316, 328.

92. Top secret internal ASIO memorandum, Regional Director Canberra to DDG Operations and Royal Commission Section ASIO Headquarters dated 12 November 1954. *Royal Commission on Espionage* CRS A6119 Annex B: Ian Frank George Milner, p.47.

93. Horner, *Defence Supremo*, *op. cit.*, p.271.

94. Hope Royal Commission, *op. cit.*, p.325.

Lapstone Hotel in the Blue Mountains in New South Wales.

Burton defended “the Lapstone experiment” in a top-secret report in which he argued that Australia did not need a national intelligence organisation with power to intercept telephones and mail, as Australia’s foreign affairs policies and defence interests were “in many ways incompatible with the policies and interests of other Western countries and, in particular, the United Kingdom”.<sup>95</sup> Consequently, Australia’s security interests could be served by a group of a mere two or three officers and support staff, who would not be expected to undertake surveillance or security field work.<sup>96</sup>

During the conference, the Soviets appeared to refrain from engaging in espionage — as Burton had fortuitously predicted — mainly because they did not need to. Evatt staffer and Communist Party member Frances Bernie (née Scott), codenamed “Sestra” (who had been appointed to Evatt’s staff by Allan Dalziel<sup>97</sup>), had already supplied Walter Clayton, her Soviet

case-officer, with classified information from 1944-46 with “lots of work on Lapstone”.<sup>98</sup>

As Desmond Ball and David Horner note: “Some of the material, such as the copies of encrypted cables from Canberra to Sydney, would have been of inestimable value.”<sup>99</sup> Bernie provided the encrypted cables and documentation which enabled the Soviets to take counter-measures.<sup>100</sup>

According to the Hope Royal Commission, in US Administration circles, “distrust of Burton (and of Evatt) was total, and not to be allayed by the mere establishment of a new security organisation”.<sup>101</sup>

### **Evatt’s treachery towards Chifley during the 1949 coal strike**

Before Chifley retired, however, Evatt attempted to subvert his chief’s non-negotiation policy with the Communist Party and its leaders during the great Coal Strike of 1949. During the protracted industrial conflict, which

95. Burton Report, 4 January 1949, cited in Laurence W. Maher, “The Lapstone experiment and the beginnings of ASIO”, *Labour History*, No. 64, May 1993, p.109.

96. Maher, *op. cit.*, p.109.

97. Ball and Horner, *op. cit.*, pp.244-5.

98. CRS A6119. Frances Ada Bernie (née Scott), Personal File. RCIS: official transcript of Proceedings, 22 October 1954, at p. 1335, 22 October 1954.

99. Ball and Horner, *op. cit.*, p.319.

100. Burton’s argument concerning Lapstone was publicised by Nicholas Whitlam and John Stubbs in their sensationalised account, *Nest of Traitors: The Petrov Affair* (Brisbane: Jacaranda Press, 1974), pp.22-26, which relies on interviews with Burton, and more recently resurrected by Laurence W. Maher, *op. cit.*, pp.103-18.

101. Hope Royal Commission, *op. cit.*, p.330.

lasted from 27 June to 15 August, a group of Communist Party members planned to immobilise trains and dynamite the Hawkesbury railway tunnel to prevent “scab coal” from reaching Sydney.<sup>102</sup> The newly-formed Australian Security Intelligence Organisation (ASIO), however, had its own agents within the Communist Party and was able to keep Prime Minister Chifley informed, on an almost daily basis, of development in the strike.

During the crippling seven-week strike, at Evatt’s suggestion, the General-Secretary of the Australian Communist Party, Ernie Thornton, contacted John Burton, and they met at Burton’s farm 10 miles outside Canberra. Evatt was faced with the problem of informing Chifley of his secret meetings and negotiations with Australia’s leading communist. According to Burton’s account, Evatt devised a cover story: he would “tell Mr Chifley that Thornton is a personal friend of yours [Burton’s] and was staying with you, and I happened to call out and I met him”.<sup>103</sup>

Chifley instructed ASIO officers not to inform Evatt of developments and to commit as little as possible to paper to prevent Evatt gaining access.<sup>104</sup> Chifley asked one of ASIO’s most senior officers, Bernard Tuck, to tell him of Evatt’s comments during his (Tuck’s) meeting with Evatt the previous day. He also requested Tuck to keep him informed of everything that Evatt was saying to ASIO’s first Director-General Justice Geoffrey S. Reed, and to anyone else in ASIO.<sup>105</sup> Tuck recounted: “I then asked the Prime Minister whether he considered it necessary for a formal written instruction to be given on the subject of vetting. The Prime Minister said, “No, I don’t think that’s necessary.”

ASIO’s official historian Mr Robert Swan revealed many damning features of Evatt’s career and Chifley’s “off-the-record” distrust of Evatt to ASIO that could not be included in the official history and were sanitised for publication.

The statement “I don’t trust the bastard” summarised Chifley’s attitude to

102. Phillip Deery, “Communism, security and the Cold War”, *Journal of Australian Studies* (University of Queensland Press), Issue 55, 1997.

103. Burton, cited in Whitlam and Stubbs, *op. cit.*, p.36-7.

104. “Significant Events in the History of Internal Security Organisations in Australia” (The “Swan history”), CRS A 6122 File No 47/2/170 Volume 9, Annex C. F 202: Record of conversation between PM Chifley and B. Tuck, Regional office ASIO Canberra, on 15 May 1949. Mr R.A. Swan was an internationally recognised historian, poet and scholar in many fields and leading ASIO analyst.

105. David McKnight, *Australian Spies and their Secrets* (Sydney: Allen & Unwin, 1994), p.304, footnotes 15. Information from late ASIO historian R.A. Swan.

106. Interviews with the late Robert A. Swan conducted by the present author.

107. Clyde Cameron, *The Confessions of Clyde Cameron, 1913-1990* (Sydney: Australian Broadcasting Corporation, 1990), p.82.

Evatt.<sup>106</sup> After suffering a severe heart attack, Chifley was asked to retire and replied: “Bert [Evatt] is my Deputy, but I honestly don’t think he could do it.”<sup>107</sup> Underlying this assessment was his distrust of Evatt in relation to security.

Many key decisions concerning Australian re-organisation of intelligence and security in the Cold War, especially SIGINT (signals intelligence), were made in Evatt’s absence.<sup>108</sup> At the highest levels of the British, US and the Australian defence community remained the question of Evatt’s loyalty.

On 11 December 1949, the day after the federal election in which the Robert Menzies-led Liberal-Country Coalition defeated the Chifley Labor Government, an ASIO surveillance team observed Evatt’s personal secretary Allan Dalziel enter the flat and office of Soviet agent Nosov in Darlinghurst, New South Wales.

Dalziel and other visitors sometimes used the rear entrance to avoid surveillance. The leader of the ASIO surveillance team, Ray Whitrod, recalled, “Evatt was in our frame. We saw Evatt as a source, unconscious or otherwise, of espionage material.”<sup>109</sup>

## **ASIO repeatedly briefed Evatt about staff security risk: 1950-1953**

After the defection on 3 April 1954 in Australia of the Soviet diplomat-spy Vladimir Petrov, Evatt continuously claimed for the following two years that ASIO had not briefed him on the security risk of his key staffers. Evatt lied. From 1950 to 1953, ASIO had briefed him.

As early as 5 June 1950, ASIO discussed with Evatt his private secretary Allan Dalziel’s relationship with Soviet KGB agent Nosov (codename “Technician”). In that meeting, Evatt vouched for Dalziel’s loyalty. Senior ASIO officer Bernard Tuck interviewed Evatt who assured him that Dalziel had legitimate reasons for his contacts with Soviet agent Nosov.<sup>110</sup>

On 5 August 1953, ASIO Director-General, Brigadier Charles Spry, briefed Evatt at his office in Parliament House, at Evatt’s own instigation, on his staff member Albert Grundeman’s drinking habits and indiscretion, and on his press secretary Fergan O’Sullivan’s drinking and close relationship with Communist Party journalist Rex Chiplin (codename Charlie<sup>111</sup>), and its security implications.<sup>112</sup>

108. Ball and Horner, *op. cit.*, p.162.

109. Transcript of interview with Ray Whitrod, *Timeframe*, ABC, 1997 season, episode 8: “The Door Never Closes”. URL: <http://www.abc.net.au/time/episodes/ep8.htm>

110. H.V. Evatt to Attorney-General Senator John Spicer, 2 March 1955; Attorney-General Spicer to Evatt, 23 December 1955. (National Archives of Australia).

111. Ball and Horner, *op. cit.*, p.133.

On 18 August 1953, Evatt had a follow-up briefing by a senior ASIO officer, W.N. Phillips, regional director for the ACT, at the Denham Chambers, Sydney, and was provided with a summary of ASIO information relating to Fergan O'Sullivan.<sup>113</sup>

On 16 November 1953, Evatt held a meeting at his Canberra residence, at his own request, with Spry. The security status of Allan Dalziel was discussed. Spry pointed out that his assessment of Dalziel was dependent on Evatt's personal assurance that Dalziel's Soviet contacts were, as he had claimed in 1950, legitimate.<sup>114</sup>

In October 1953, even ALP parliamentarians had been concerned at the lack of security in Evatt's office.<sup>115</sup> After an office telephone review revealed that Fergan O'Sullivan (appointed Evatt's press secretary in April 1953)<sup>116</sup> had telephoned and reported to Communist Party headquarters in Sydney each evening at 6pm, senior Labor politicians agreed that Evatt should be confronted. Frank Rooney, the northern regional adviser for the New South

Wales branch of the ALP, was chosen to inform Evatt. Rooney later recalled Evatt's startled reaction:<sup>117</sup>

Evatt's reaction was extraordinary. For a few minutes there was deadly silence and then Evatt requested Rooney to stop the car. He then alighted from the car and told Rooney to 'drive on', saying that he would not drive any further with him.... Evatt then requested a cigarette, something which [Rooney] had never seen him do previously. Rooney lit the cigarette and gave it to Evatt whose hands were trembling. Evatt put the cigarette to his lips then threw it away [even though] the grass around the [parked] car was tinder dry ... Evatt then got back into the car and they continued on to Moree with not another word spoken for the rest of the journey. Rooney said that the next day Evatt... conducted himself as if nothing had happened.

O'Sullivan had stayed at Evatt's house whilst Evatt was travelling overseas in 1953 and had been talent-spotted by Soviet intelligence. At their request, he was approved as a "progressive" by Soviet agent Rex Chiplin, and

112. Charles Spry, ASIO Director-General: letter (classified secret) to Prof. Kenneth H. Bailey, Solicitor-General, dated 7 February 1955, p.2. (National Archives of Australia).

113. Reported by W.M. Phillips, ASIO regional director (ACT), in his letter to K.H. Bailey, dated 7 June 1955, p.1. (National Archives of Australia).

114. Spry: letter (classified secret) to K.H. Bailey, dated 7 February 1955, p.3. (National Archives of Australia).

115. Gavan Duffy, *Demons and Democrats: 1950s Labor at the Crossroads* (Melbourne: Freedom Publishing Co., 2002), pp.81-2.

116. *Ibid.*, p.67.

117. *Ibid.*, p.82.

118. *Report of the Royal Commission on Espionage* (Commonwealth Government of Australia, 22 August 1955), p.199: letter from Moscow Centre to Canberra Rezidency, dated 7 July 1952.

given the codename “Zemliak”. In July 1952, Moscow Centre had ordered its Canberra staff to “bring him gradually into our work” and not meet him at the Embassy, “all the more so as he [had] already secretly met [Ivan] Pakhomov [the temporary MVD (later KGB) Rezident]”.<sup>118</sup>

O’Sullivan had passed to Pakhomov a three-page summary concerning 45 journalists and possible security connections, which was praised by Moscow Centre for its significant operational interest.<sup>119</sup>

Pakhomov’s successor, E.V. Kovalenok, assessed that O’Sullivan “was never so important to the MVD as he is now in view of his position and the coming elections which may result in Dr Evatt becoming Prime Minister”.<sup>120</sup> O’Sullivan had now been compromised.

At the subsequent Royal Commission into the Petrov defection, three members of Evatt’s staff — Allan Dalziel, Fergan O’Sullivan and Albert Grundeman — were implicated as having had clandestine links with Soviet intelligence.

Evatt came to their defence, and even denied that ASIO had ever briefed him on their Soviet links. In May 1955, the regional director of ASIO showed

Evatt the briefing papers ASIO had shown him in 1953 concerning Fergan O’Sullivan; but Evatt denied ever having sighted them and insinuated that the papers had been detached with sinister intent, a claim he repeated during the Royal Commission into Intelligence and Security.<sup>121</sup>

### Evatt’s Czech-funded visit to Prague in 1956

In May 1956, Australia’s leading communist identities converged on Prague to discuss the problem of Milner. If Milner were positively identified as an agent, there could be the risk of adverse consequences. Ted Hill (older brother of Soviet agent Jim Hill), a member of the Central Committee of the Australian Communist Party, was sent by Australian Communist Party leader Lance Sharkey to Czechoslovakia and to the Soviet Union, and Rex Chiplin, Soviet agent and editor of the Australian Communist newspaper *Tribune*, also visited Czechoslovakia at the same time. The most intriguing visitor was the leader of Her Majesty’s Opposition, Dr H.V. Evatt, who arrived in Prague with his wife, at the invitation of the Czechoslovak Government, all expenses paid, at a cost of 30,000 crowns.<sup>122</sup>

119. *Ibid.*, pp.35-6, 201.

120. *Ibid.*, p.201, para 731.

121. Robert Manne, *The Petrov Affair* (Sydney: Pergamon, 1987), p.244.

122. Archive of the CC CPCz (Communist Party of Czechoslovakia) International Department, file 25, a.j. 91. Cited by Peter Hruby, “Paddy’s initiative and some of its results”, *Amity* (Perth, WA), June 2003, p.19.

123. Spry to Menzies, 18 May 1956, CRS/ Personal File: I.F.G. Milner, pp.22-23.

On 18 May 1956 Charles Spry, Director-General of ASIO, wrote to Prime Minister Menzies:<sup>123</sup>

... Edward Fowler [Ted] Hill, who represented Communist Party of Australia interests during the Royal Commission proceedings, departed from Australia by air for the USSR on 26 January, 1956, and has not returned. It is quite possible that he has already visited Prague, since Czechoslovakia was listed as a country of destination in his official notification of travel.

It is also significant that Rex Chiplin, Communist journalist, and who was described in the Royal Commission as being asked to execute certain enquiries in connection with the possible return of Milner to Australia, has made official travel application to visit Czechoslovakia, departing Sydney, 24th May, 1956, for a period of three weeks....

We have now received advice that Dr and Mrs H.V. Evatt have been invited by the Czechoslovakian Ministry of Foreign Affairs to visit that country for two weeks.

This invitation was transmitted through the Czechoslovakian Consulate in Sydney early in May, 1956....

I feel that this visit could also be connected with the activities of Milner, if not the primary reason.

## Evatt's gift for deception

Numerous commentators, historians, biographers — sympathetic and hostile alike — have referred to Evatt's secretiveness and passion for intrigue and deception. Paul Hasluck, himself an archivist and historian, notes:<sup>124</sup>

When the archivists and the editors of Australian documents on foreign policy are working on this period they will be handicapped by the fact that some of the activities of Evatt when overseas were not reported in any formal way.... Furthermore, he worked through so many channels and used so many roundabout methods of communicating his instructions that much of his conduct of foreign affairs was probably never recorded in any form.

Hasluck referred to the "irregular habits of Evatt in respect of official documents and the need for the historian to look critically at any report Evatt made or any collection of documents he compiled".<sup>125</sup> Referring specifically to the Secretary of External Affairs, John Burton, Hasluck noted: "Burton... would break [files ] up, remake-them and discard papers to suit whatever he was doing at the moment".<sup>126</sup>

While Hasluck was researching for the official Australian war history in 1948, Burton attempted to block access, and Hasluck had to appeal to the then Prime Minister Ben Chifley.

124. Hasluck, *op. cit.*, p.31.

125. *Ibid.*, p.233.

126. *Ibid.*, p.234.

127. *Ibid.*, p.234.

He recalled that “many files and official reports which I personally knew existed in the departments in the war years could not be found anywhere in 1948. Eventually I had to abandon research in External Affairs”.<sup>127</sup>

Evatt puzzled his associates by refusing to sign many documents whilst he was Minister for External Affairs. Hasluck remarked, “Evatt distorted the record both by what he reported and what he did not report.... He did not scruple to destroy or withhold papers which might contradict his own story.”<sup>128</sup> Sir Walter Crocker, a former diplomat, noted, “The full truth about him is not likely to be known... unless two or three survivors in the know, and one in particular, set it down on paper, for he systematically covered his tracks.”<sup>129</sup>

W. Macmahon Ball, a former admirer and later bitter critic of Evatt, noted in his diary: “Evatt... takes infinite care to ensure that his personal beliefs and ambitions shall never be put down in writing. His public statements are calculated to obscure rather than to re-

veal what he is really up to”.<sup>130</sup> In 1954 Ball described Evatt as “completely untrustworthy”.<sup>131</sup>

### **Evatt: a security nightmare**

Evatt’s chaotic office arrangements and mishandling of classified documents reflected his disorganised psychic state. His private secretary Allan Dalziel recalls that “cleaning up Evatt’s office... was a job in itself”.<sup>132</sup> Paul Hasluck noted that Evatt was not only “an untidy worker”, but also “conspiratorial and distrustful” and, although “secretive in some of his ways, was very careless over the custody of his secrets”.<sup>133</sup>

While Evatt served as Minister for External Affairs. Ric Throssell described his office as a hive of activity, with visitors coming and going without escort and “armfuls of official papers [dumped] on the girls’ desks”. Highly sensitive documents, including the fortnightly Political Intelligence Summaries, prepared by the Department of External Affairs and marked “to be

128. *Ibid.*, *op. cit.*, pp.31-32.

129. W.R. Crocker, *op. cit.*, p.114.

130. W. Macmahon Ball, *Intermittent Diplomat: The Japan and Batavia Diaries of W. Macmahon Ball*, edited by Alan Rix (Melbourne: Melbourne University Press, 1988), p.234.

131. *The Age* (Melbourne), 26 June 1980.

132. Allan Dalziel, *op. cit.*, p.21.

133. Paul Hasluck, *Diplomatic Witness: Australian Foreign Affairs 1941-1947* (Melbourne: Melbourne University Press, 1980), pp.29-30.

134. Ball and Horner, *op. cit.*, p.152.

135. *Ibid.*, p.152.

destroyed by burning ... after perusal”, were kept by Evatt in his personal papers.<sup>134</sup>

The distinguished naval officer and author Paul McGuire “found Evatt’s office open and vacant while secret naval documents lay on the desk”.<sup>135</sup> Paul Hasluck, in charge of the Australian mission to the United Nations, recalled, that after any visit to New York, he had to appoint someone to “ransack” Evatt’s rooms “before the hotel housemaids got in”. He recalled: “We always retrieved a fair-sized bundle of top-secret material....”<sup>136</sup>

### **The question of loyalty**

Soviet penetration of the Department of External Affairs whilst Evatt was minister, his leaking of a sensitive British document to the Soviet delegation in London, his warning to a leading member of a Soviet espionage network in Australia that she was under surveillance, his history of support for communist causes and legal conflicts under the pretext of “civil liberties”, his social and political milieu which included Soviet agents, communists and communist sym-

pathisers, his documented personal hostility to intelligence and security, and his psychological vulnerabilities – all these aspects of Evatt’s character and conduct raise the questions: *Was Evatt ever part of a strategic plan of a hostile foreign intelligence service to influence Australia’s foreign and defence policy? And was he, wittingly or unwittingly, ever under the influence of a foreign intelligence service, foreign intelligence officers, assets or agents?*

The question of Evatt’s loyalty to colleagues, party and nation was the leitmotif of his political career. However, during the Cold War, Evatt demonstrated he could not be trusted. The defence, security and intelligence communities of Australia’s allies did not trust him, nor did their countries’ leaders. A large section of his own party did not trust him. The electorate did not trust him sufficiently to elect him prime minister. In the end, Evatt was destroyed by the question of loyalty.

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136. Hasluck, *op. cit.*, p.30.