

Spying on New Zealand's 'Vegetable Club': A Cold War Episode¹

When Secretary for Justice Samuel Barnett took up the task of modernizing the New Zealand Police in 1955, an urgent priority was reviewing Special Branch, the secretive arm of the force responsible for domestic security. A tough-minded mandarin remembered for his heavy whisky consumption, Barnett was in part reflecting concern in the highest levels of government and the civil service about the recent performance of Special Branch.² On Barnett's recommendation, the New Zealand Police were stripped of the authority and responsibility for running a domestic security service and a new civilian agency, the New Zealand Security Service (NZSS), was formed in 1956 to take on this role.³ It is known today as the New Zealand Security Intelligence Service (NZSIS).

This article explores a set of events in Wellington between 1951 and 1954 that contributed to the *coup de grâce* to the Special Branch. In particular, it examines a Special Branch surveillance operation of the 'Vegetable Club', a left-leaning social group in Wellington whose membership included two diplomats. Security reports on remarks made at the club by a Special Branch informer in 1953 had savage professional consequences for Richard Collins and Douglas Lake, both employed at the Department of External Affairs. The story of the Vegetable Club emerges as a messy, inglorious and ultimately tragic chapter of domestic Cold War politics, defying straight lines, simple explanations and reflexive right/left standpoints.

Exactly what was said at the Vegetable Club and the way in which security police communicated it to government has been a recurring subject of speculation by writers and historians.⁴ The recent declassification by the NZSIS of Special Branch assessments of the club and related documents allows for a clearer and more authoritative understanding of Special Branch's surveillance activity at the club.

It is now hard, in the post-Cold War era, to comprehend paranoia about Communism in the decades after the Second World War. However it is not difficult to understand that, like others in the west, New Zealand's political leaders were shocked by the defections of senior British diplomats Guy Burgess and Donald Maclean to the Union of Soviet Socialist Republics (USSR) in 1951. Ensuring that infiltration of the New Zealand public service by Soviet agents or sympathisers became such a central concern that the loyalty of civil servants handling state secrets became an obsession. Historian Aaron Fox has canvassed an 'officially-sanctioned purging of the Public Service' from the late-1940s, although noting that the Government response tended to be 'implacable rather than hysterical'.⁵ Anxiety heightened further when in 1954 the Australian-based Soviet defector Vladimir Petrov famously claimed that 'the Soviet has some very good agents in New Zealand.'⁶

The Special Branch's bailiwick was, among other things, to ensure foreign agents did not penetrate the state sector. In a country with a population of two million people, that activity had its own special challenges. Within his review of security duties, Barnett observed:

‘Security work is very much more difficult and trying in New Zealand in some important aspects than it is in bigger and more densely populated countries. The concealment of agents and penetration of enemy ranks is an infinitely more intricate business ... Everyone knows everyone else in this country and, not only has one to be singularly astute to lead a double life but, should one succeed in doing so, it is exceedingly trying to be misunderstood by family and friends.’⁷

The Vegetable Club

The entity that became known as the Vegetable Club was an informal grouping of friends and kindred spirits who gathered on Friday evenings at the legal offices of Duncan, Matthews and Taylor in the McCarthy Trust Building on Lambton Quay, in the administrative heart of the city. The club operated regularly but fairly loosely between 1951 and 1954. Its hosts, Keith Matthews and Nigel Taylor, were solicitors at the firm: both former graduates of Victoria University of Wellington law school, they were, as with nearly one third of the core group, former schoolboys of Wellington College in the 1930s. Richard Collins, a diplomat at the Department of External Affairs, was also among this group. The New Zealand Parliament, where External Affairs was housed within the offices of the Prime Minister, was situated few hundred metres away.

Up to 25 attendees, chiefly male, visited the premises to collect cheap vegetables bought in bulk that day from city markets by office staffer Roy Coutts. But the main focus of habitués, mostly talkative and opinionated intellectuals in their early 30s, was to drink beer in the company of their peers, hotels having by law to shut their doors at six o’clock. On any Friday evening, Communist Party members, including identities like Conrad Bollinger, George Goddard, Jim Delahunty and Gunter Warner, could be seen engaging in lively conversation with each other and the majority of those present who were not in the party. But according to Keith Matthews it was ‘by no means’ a political club: ‘It was a friendly social occasion at week’s end. Doug Lake came. [Sir] Frank Holmes popped in. An accountant, a tailor in the building, a land agent or two.’⁸

Security police, however, saw the coming together of diplomats like Collins with known Communists and other leftists as a worrying development. A released dossier of Special Branch surveillance reports on the Vegetable Club indicates that during 1953, with the presence of Collins and Lake detected, the club became the subject of a counter-subversion operation. Matthews recalled that ‘it was because of the diplomats that the spooks got worked up. We were billed “a dangerous spy organization”’.⁹

The files make for comical reading at times. They show the spies as sometimes flummoxed by the Friday night gatherings:

‘The actual distribution of vegetables is certainly not the type of business which one would expect to find organized from the offices of a reputable legal firm ... the question is posed as to whether the VEGETABLE CLUB may be a cover for other activities, although there is no positive evidence to show that this is the case. Observation has shown that the distribution of the vegetables is an excuse for a social

evening where a fair amount of liquor is consumed, resulting in members leaving the premises in various stages of intoxication.’¹⁰

Another file labours the point that even a seemingly innocuous gathering of New Zealanders may have a sinister motive. Communists were known to meet under the guise of drama groups, discussion and debating clubs, it notes. One local group of Communist Party members reportedly met weekly while pretending to be a religious group. ‘In the event of detection by the Police, members were to claim that they were a Bible Study group and the necessary Bibles and other sacred literature was on hand to corroborate this assertion.’¹¹

By the start of 1953, the Special Branch had informers inside the club, debriefing case officers on a regular basis. Two files released to Matthews in 2007, headlined ‘Vegetable Club, Associations and Activities of Members’, are dense with detail. They contain attendance records of all meetings during 1953, along with detailed descriptions of alleged conversations between participants. Importantly, they disclose for the first time exactly how the Special Branch viewed the club and what it conveyed to its political masters. The distaste is at times palpable.

One of those who infiltrated the club was George Fraser, a casual informer for the Special Branch. He wrote in later life of the logistical headaches of the job: ‘Details of those I had encountered ... were held in my mind until I had found a safe spot to scribble them in a notebook. Pages of the book were then destroyed after these and other details were methodically transferred to a weekly report of my activities ...’.¹² The Vegetable Club’s customary alcohol consumption posed a special challenge for informants and Fraser complained of the difficulty of recalling details ‘after a bellyful of booze and the camaraderie of the occasion. Who was to remember?’¹³

The centrepiece of the Vegetable Club files is a list of 18 club members identified as either ‘actual [Communist] Party members or [as having] sympathetic association with the Communist Party.’¹⁴ Well known names like Bollinger, Goddard and Delahunty, are listed, but many of those identified are less well known, including a rare woman, Ellen Rita Ruben. While Douglas Lake’s name is not included in the list of alleged Communist Party members and sympathisers, that of Richard Collins is.

Omitted from the list, Matthews and Taylor are nonetheless said to be ‘in sympathy with Communism.’¹⁵ Both are alleged by the Special Branch to have made themselves available to Party members in need of legal assistance. Keith Matthews’ wife Jacqueline, an occasional Friday night visitor, is identified as a ‘leftist’.¹⁶

Under surveillance

In 1953, Collins and Lake became a focus of attention for security police. This reflected both some aspects of their background and their presence at the Vegetable Club.

The files refer to ‘a suspicion that [Collins] had been an undercover member of the

Communist party in 1948 (he had been a member of the Victoria University Socialist Club) and more particularly knowledge of his continued association with “leftists” at the Vegetable Club’.¹⁷ Speaking to writer James McNeish, Collins maintained that the only ‘indiscretion’ he could recall had been his student membership of the University Socialist Club, probably in the late 1940s.¹⁸

Born in 1921, Richard Collins was the son of one of the founders of a prominent Wellington law firm. His father died when he was an infant. In 1941 he interrupted his university studies to serve in Italy and the Middle East with the New Zealand Expeditionary Force. In 1948, the Secretary of External Affairs, Alister McIntosh, had recruited Collins as part of an elite group of officials within an intellectually sophisticated department whose atmosphere has been likened to ‘that of a good university’.¹⁹

Douglas Lake, the more seasoned diplomat with experience in the inaugural New Zealand legation in Moscow (1944-1950), never had Collins’ alleged links with the Party. His wife, Ruth Macky, whom he met in Moscow, was also in the department and remained so after their return to New Zealand in 1948.²⁰ Her admiring articles about life in the Soviet Union apparently ruffled feathers within External Affairs in 1950.²¹ But Lake came under suspicion in 1953 chiefly because he was one of the two diplomats in the Vegetable Club.

The files indicate that by March 1953 surveillance went beyond the Friday night meetings, extending to phone tapping of the two diplomats’ private residences and monitoring of the men’s movements. Report details indicate that Collins and Lake were suspected of potentially contacting and meeting with communists:

‘On the evening of 27 March 1953, COLLINS left the “CLUB” at 7.30 pm and went home where he remained until 9.50 pm. He and another man (believed to be DOUGLAS WILLIAM LAKE) then left in Collins’s car ... DOUGLAS WILLIAM LAKE telephoned two different persons, one of whom he addressed as “GEORGE” and advised or reminded them of a meeting to be held on the following Sunday at 9am. “GEORGE” may be “GEORGE GODDARD, a Communist – vide attached note.’²²

Surveillance notes from an agent at two April 1953 Vegetable Club meetings portray Collins as apparently raging against the foreign policy of the United States. Sensitivity on this subject was heightened given that the United States and New Zealand at the time were defence allies, along with Australia, under the 1951 ANZUS pact. The undercover agent claimed in his report:

‘In the course of a conversation concerning the proposed exchange of prisoners-of-war in Korea, COLLINS stated that there could be immediate peace in Korea, but the bloody American bastards had so many rotten dollars tied up in armaments that they would see to it that there was no peace there. He said “Those bastards are so involved in it financially that they will see to it that the Communists don’t get peace.” He also said to JOSEPH “It’s the same with that f...n cobbler of yours Cardinal Spellman. It seems to me he’s going to be the next Pope, because of those same f...n

stinking dollars.” LAKE said that he didn’t object to a decent non-American Pope, but he objected to a Fascist Bastard like the Yank Spellman.’²³

At a second April 1953 meeting, police brutality towards leftists was reported as the chief topic of discussion among those present. The files record remarks attributed to Collins and Lake during a discussion with Nigel Taylor about a policeman who had admitted to a solicitor that he had used violence:

‘DOUGLAS LAKE then asked “What happened to the cop?” and TAYLOR replied “Nothing ever happens to the cops – you should know that”. COLLINS then said that the Police deliberately incited people to be recalcitrant so that they could bundle them into the Police Station to beat them up and he added “The bastards always get away with it.”’²⁴

At this point the tone of the file perceptibly hardens. The Special Branch case against Collins and Lake is set out, and a judgement is apparently reached:

‘The above resume shows that apart altogether from a “security” viewpoint, RICHARD GRAY COLLINS and DOUGLAS WILLIAM LAKE show by their contemptuous references to the Catholic Church, the Government of the United States of America and the Police Force in New Zealand, that they are disloyal and have no respect for the present system of society, and are therefore ill-fitted to represent New Zealand in the Diplomatic field. This, added to their continuing voluntary association with subversive elements in the community, shows that they are security risks whilst they remain in their present employment.’²⁵

Collins came in for particular rebuke:

‘The contemptuous references by COLLINS to the Government of the United States of America, which are completely in accord with the dictates of the Kremlin, show him in his true colours and are of particular significance in view of the fact that he maintains a strictly neutral attitude in his employment, and has refused to comment adversely on the Government of the United States of America, when given the opportunity to do so in a private conversation with one of the senior officers in the Prime Minister’s Department.’²⁶

Consequences

Exactly how the Vegetable Club file was circulated, and to whom, remains unclear. External Affairs head Alister McIntosh was, however, soon forced to take it extremely seriously. There is some evidence that McIntosh was previously aware of Special Branch surveillance activity at the club. According to writer James McNeish, McIntosh collared diplomat Tom Larkin, an occasional club visitor but never named in the files, and warned him not to attend further meetings: ‘McIntosh said to me one day, “I hear you like cheap vegetables”. I said, “Yes”. He said, “Buy them somewhere else.”’²⁷

It is not known whether Collins or Lake were similarly accosted. After being notified of the Special Branch report of April 1953, McIntosh told Collins that his career as a diplomat was going nowhere.²⁸ Collins refused to take up a less sensitive departmental role, and elected to resign instead. Lake, after taking up a transfer to the aid section of External Affairs, quit to return to journalism. Lake later took his family to China, working as a storeman on his return.²⁹ Distressed at the loss of valued staff members, McIntosh wrote to a colleague, as Collins departed, of 'an appalling staff situation.'³⁰ Aaron Fox also makes reference to 'the best efforts of Alister McIntosh ... to protect his staff'.³¹

While the case mounted against Collins and Lake had enough force to dislodge them from their positions, the attack on them also carried the seeds of the destruction of the Special Branch itself. The case against the pair might have been persuasive enough in official eyes given the atmosphere of the times, but its framing was clumsy and unsophisticated. Remarks attributed to the Collins and Lake sounded like dialogue from a Hollywood film. The use of a phrase like 'dictates of the Kremlin' may have been acceptable to police, but was a departure from the formal and dispassionate tone expected of an internal civil service document.

There is evidence that the affair turned McIntosh into an adversary of Special Branch. McNeish claims it also influenced Sam Barnett, and that the two mandarins henceforth worked together to get security out of the hands of the police.³² It is tempting to speculate that the well-connected McIntosh decided to enlist a powerful ally: as Collins departed, the Special Branch came under withering criticism from the British Security Service (MI5), its big brother counterpart. An assessment by MI5 liaison officer A.F. Burbidge stated in August 1954: 'there appear to be no persons of the right calibre in Special Branch at present'.³³ He suggested that in the absence of a new director and qualified staff, 'a small security secretariat within the Prime Minister's Department [be established] to perform those security functions of Special Branch of which the latter is incapable as at present constituted'.³⁴

In making the case against the New Zealand Police being unsuited to security work, the Burbidge report made direct reference to its activities with regard to the Vegetable Club: 'This has been borne out recently by the unsatisfactory Special Branch cases made against a number of officials in the Department of External Affairs.'³⁵ It was an influential assessment. In 1955 Barnett would repeat aspects of it when recommending the disbanding of the Special Branch. His report to Prime Minister Sidney Holland described security police as 'leaderless', with 'no charter, or as the modern phrase has it, no directive', and lacking 'the personnel to cope with its real functions'.³⁶

The inaugural NZSS Director of Security Brigadier Gilbert also privately stated his opinion that the Vegetable Club affair had been 'badly handled at all levels'.³⁷

A continuing shadow

In 1954, Collins left the civil service to take up law, joining his father's firm, then Leicester, Rainey and Collins. Today the firm continues as a prominent legal practice, Rainey

Collins. It would be the beginning on a lengthy and distinguished career that saw him hold posts such as President of the Wellington District Law Society and chairman of the forerunner of Television New Zealand, along with a range of other top governance roles.

Collins never formally contested the assessment that he was a security risk. In his last months at External Affairs, he turned down the option of a review of his security history under a dedicated tribunal set up under the Public Service Amendment Act, and nor in later years did he avail himself of an offer from Gilbert to clarify matters. According to a later Director of the NZSIS, Dr Warren Tucker:

‘In 1957, the first Director of Security Brigadier Gilbert, who knew Mr Collins, asked an intermediary, a mutual acquaintance of the two men, to ask Mr Collins to meet him in order to (in the Brigadier’s words) “discuss his case with me so that the record could be put straight if at all possible. This seemed desirable to safeguard his position in connection with possible appointments later in his career”. The intermediary agreed to do this, but although Brigadier Gilbert subsequently met Mr Collins on a number of occasions, the latter never raised the issue with him.’³⁸

However, at the time of the original incident Collins received legal advice that the terms of the security tribunal did not allow him to know the source or nature of the allegations and evidence against him, nor to question any witnesses. Given such unfavourable terms, and their implications that contestation of the allegations or further discussion with the security agency was futile, he appears to have considered his diplomatic career as irrecoverable and to have decided to concentrate on the future rather than the past.³⁹

And so the shadow of the Vegetable Club remained. McNeish quotes George Laking’s account of a call received from Deputy Prime Minister Jack Marshall during his time as Deputy Secretary of External Affairs in the 1960s:

‘Marshall sent me a message saying, “Cabinet is considering Dick Collins for a judicial appointment. But wasn’t there something in his background?” “You see, this is 10 or 15 years later,” says Laking. “They’d remembered. I had to look into it. Result: Dick Collins wasn’t appointed. All because of an incautious remark. Dick would have become a High Court judge, not a doubt about it.”’⁴⁰

Conclusion

In 2007, Keith Matthews initiated a lengthy correspondence with the NZSIS, seeking, and obtaining, several historical files on the Vegetable Club. Further correspondence arose from his 2009 effort to secure an apology for the Collins family, Richard Collins having died in 2007. However, no apology was forthcoming. Dr Tucker wrote that: ‘While we may argue that although such remarks as generally – and if accurately – described, would seem in hindsight to be hardly “disloyal”, they were certainly not diplomatic, especially coming from a high flyer in the Department of External Affairs, which at the time was part of the Prime Minister’s Office.’⁴¹ Tucker also confirmed that Special Branch concerns that Collins was a security risk were based on suspicions that he ‘had been an undercover

member of the Communist Party in 1948'.⁴²

Matthews also sought to ascertain the identity of the informers who penetrated the Vegetable Club and provided what he and others recalled as overblown and inaccurate reports on Collins and Lake. It was this very issue, given the NZSIS standard policy of never revealing the names of confidential sources, that prevented one file from being released to him. Director Tucker explained that: 'The source's reporting style leaves it in no doubt to any habitué of the Vegetable Club exactly who the source was.'⁴³

George Fraser, who later self-identified as a regular informer for the Special Branch, is one source, though the files show he was not at the meeting where Collins reportedly made the most intemperate remarks. Keith and Jacqueline Matthews, among others, held suspicions about other possible sources. These included the fervently Catholic and anti-communist haberdasher whose rooms adjoined the law firm's, and more particularly a man who was a sometime visitor to the Vegetable Club through 1952 and 1953. The latter, later a prominent New Zealander, is omitted from all surveillance reports despite his known presence at a number of them.⁴⁴ Jacqueline Matthews notes that their friend and erstwhile club member John McCreary told Keith and herself that this man's secretary once informed him that she had regularly typed reports from her employer to Special Branch in the 1950s.⁴⁵

For more than half a century after these difficult events, Matthews continued to cross paths with this particular man in their home city of Wellington, the latter reportedly often openly uncomfortable.⁴⁶ The very nature of clandestine operations of this kind of course, carries the unfortunate, perhaps inevitable, risk of wrongful suspicion, as Jacqueline Matthews has noted. In 2007, without disclosing the suspects' identity, Keith Matthews summed up the challenge of living with suspicion of this kind in the same, still relatively small, New Zealand which Sam Barnett referred to in the 1950s: 'I think I saw the blighter at the orchestra last week.'⁴⁷

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- ¹ This article was originally published in March 2016. It has been subsequently amended and was re-uploaded in May 2017.
- ² Susan Butterworth, *More than Law and Order: Policing a Changing Society, 1945-92* (Dunedin: Otago University Press, 2005), p.42.
- ³ For further reading see Miriam L. Wharton, 'The Development of Security Intelligence in New Zealand, 1945-1957' (Master of Defence Studies thesis, Massey University, 2012).
- ⁴ See Michael King, *The Penguin History of New Zealand* (Auckland: Penguin, 2003), pp.428-429; James McNeish, *The Sixth Man: The Extraordinary Life of Paddy Costello* (Auckland: Vintage, 2007), pp.262-263; and McNeish, 'Hidden History', *North & South* (October 2007), pp.86-92.
- ⁵ Aaron Fox, 'The Price of Collective Security: State-Sponsored Anti-communism in New Zealand in the Cold War Era', in Ian McGibbon and John Crawford (eds), *Seeing Red: New Zealand, the Commonwealth and the Cold War 1945-91* (Wellington: NZ Military History Committee, 2012), p.95.
- ⁶ Report of UKSS liaison officer, 31 August 1954, Security Papers Collection, Victoria University of Wellington, first tranche, p.120.
- ⁷ Barnett to Prime Minister, 13 March 1956, Security Papers Collection, Victoria University of Wellington, first tranche, p.95.
- ⁸ McNeish, 'Hidden History', p.89.
- ⁹ Ibid.
- ¹⁰ Report of 30 April 1954, 'Vegetable Club, Association and Activities of Members', NZSIS, released to Keith Matthews, 24 August 2007.
- ¹¹ Ibid.
- ¹² George Fraser, *Seeing Red: Undercover in 1950s New Zealand* (Palmerston North: Dunmore, 1995), p.31.
- ¹³ Ibid, p.96.
- ¹⁴ 'Vegetable Club, Association and Activities, 30 April 1954'.
- ¹⁵ Ibid.
- ¹⁶ Ibid.
- ¹⁷ Dr Warren Tucker, Director of Security, to Keith Matthews, 29 June 2009.
- ¹⁸ McNeish, 'Hidden History', p.89.
- ¹⁹ Ian McGibbon, 'McIntosh, Alister Donald Miles', in *Dictionary of New Zealand Biography: Te Ara - the Encyclopedia of New Zealand*, updated 19-Nov-2013.
- ²⁰ For further reading see Malcolm Templeton, *Top Hats Are Not Being Taken: A Short History of the New Zealand Legation in Moscow, 1944-1950* (Wellington: New Zealand Institute of International Affairs, 1988), pp.18-19.
- ²¹ McNeish, 'Hidden History', p.88.
- ²² Report of 6 May 1953, 'Vegetable Club, Association and Activities of Members', NZSIS, released to Keith Matthews, 24 August 2007.
- ²³ Ibid.
- ²⁴ Ibid.
- ²⁵ Ibid.
- ²⁶ Ibid.
- ²⁷ McNeish, 'Hidden History', p.90. Further details of McIntosh's views on anti-communist measures are available in Ian McGibbon (ed.), *Undiplomatic Dialogue: Letters Between Carl Berendsen and Alister McIntosh 1943-1952* (Auckland: Auckland University Press, 1993), pp.264-265.
- ²⁸ McNeish, 'Hidden History', p.89.
- ²⁹ Ibid.
- ³⁰ Ian McGibbon (ed.), *Unofficial Channels: Letters between Alister McIntosh and Foss Shanahan, George Laking and Frank Corner, 1946-66* (Wellington: Victoria University Press, 1999), p.169.
- ³¹ Fox, p.107.
- ³² McNeish, 'Hidden History', p.91.
- ³³ Report of UKSS liaison officer, 31 August 1954, Security Papers Collection, Victoria University of Wellington, first tranche, p.124.
- ³⁴ Ibid.
- ³⁵ Ibid.
- ³⁶ S.T. Barnett, The Minister of Police, 'The New Zealand Security Service', 13 March 1956, Security Papers Collection, Victoria University of Wellington, first tranche, p.95.
- ³⁷ Tucker to Matthews, 29 June 2009.
- ³⁸ Ibid.
- ³⁹ Jacqueline Matthews, personal communications with author, 2017.
- ⁴⁰ McNeish, 'Hidden History', p.89.
- ⁴¹ Tucker to Matthews, 29 June 2009.

⁴² Ibid.

⁴³ Tucker to Matthews, 17 December 2007.

⁴⁴ Jacqueline Matthews, personal communications with author, February 2017.

⁴⁵ Keith Matthews, handwritten notes, 2007, kindly made available by Jacqueline Matthews.

⁴⁶ Jacqueline Matthews, personal communication with author, January 2016.

⁴⁷ Keith Matthews, comment to author, 2007.