

*Two Memoirs***British Intelligence Activity in Riga, 1934-1940 (U)**

Donald P. Steury

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Between the two world wars, the three Baltic states assumed an importance in international events out of all proportion to their size, strategic potential, and location on the periphery of Europe. At the end of World War I, Latvia, Estonia, and Lithuania had emerged as newly independent states from the wreckage of the Russian Empire. These three tiny countries were unshakably Western in outlook, but they remained at the center of rail and riverine lines of communication that extended deep into Poland, Belarus, and Ukraine, the legacy of 200 years of Russian domination. To Western business interests—and especially to those in Germany—this made the Baltic states ideal locations for “springboards” from which to establish economic contacts with the Soviet Union. To Western intelligence services, these same ties to Northern and Eastern Europe made the ports of the Baltic states ideal bases from which to mount clandestine intelligence operations against Nazi Germany and the Soviet Union.

This was especially the case with Riga. Then, as now, the capital of Latvia, Riga was home to a small, economically powerful minority of Baltic Germans, to which the Bolshevik Revolution had added a large community of Russian emigres. Both groups retained extensive ties to their home countries, and both were rife with conspirators who were often only too eager to cooperate with Western services. This made Riga a hotbed of espionage, in which Western intelligence agents operated side by side with revolutionaries, counterrevolutionaries, and adventurers

from all over Europe. As if to cater to this burgeoning espionage trade, Riga was also the home of the Minox Corporation, producers of the famous miniature camera, first manufactured there in 1938 and soon to become the favorite of spies everywhere.<sup>1</sup>

Britain’s “man in Riga” at the outbreak of World War II was Secret Intelligence Service (SIS) officer Leslie Nicholson, posted there in 1934. In 1966, Nicholson published *British Agent*, an account of his SIS experiences in Riga and elsewhere, under the pseudonym “John Whitwell.” His memoirs were reissued in 1997 with a new introduction by Canadian scholar Wesley Wark.<sup>2</sup> Wark’s model introduction evaluates Nicholson’s career as an intelligence officer, tells a bit about Nicholson himself, and puts the whole story in perspective.<sup>3</sup> This is useful, because Nicholson’s memoirs are often maddeningly vague. They reveal little about the SIS, apart from the fact that it did exist and that Nicholson worked for it. Wark’s introduction enhances the value of the current edition of Nicholson’s memoirs by clearing up Nicholson’s fuzziest passages and by adding much-needed information. To complete the picture, Nicholson’s memoirs should be read in conjunction with *Baltic Countdown*, the 1984 published account of these same years in Riga written by Peggie Benton, wife of Nicholson’s assistant, SIS veteran Kenneth Benton.<sup>4</sup>

Peggie Benton had no official function at the British legation until after the outbreak of war. Her account

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thus is primarily that of an intelligence officer's wife. Throughout the book, Benton maintains her husband's cover as a consular official, but there is an underlying subcurrent that conveys the tensions and strain of living a double life in a small foreign country.<sup>5</sup> At the same time, Benton provides the living context for Nicholson's narrative of his experiences as an intelligence officer. Her brief narrative is an engaging account in its own right.

The SIS, also known as MI-6, was founded in 1909, after it was realized that the Foreign Office was formulating policy with little knowledge of the outside world, apart from bits of India and perhaps Wales. Although it quickly acquired an exotic reputation, SIS operated on a limited budget. It arguably survived World War I only by becoming virtually synonymous with the Passport Control Office (PCO), widely perceived in British ruling circles as serving a useful function. Almost all SIS officers operated under PCO cover abroad. By the 1930s, however, it had become little more than a fiction, especially after former SIS officer Compton Mackenzie revealed his own PCO cover in his memoirs, published in 1932 in violation of the Official Secrets Act.<sup>6</sup>

SIS officers generally did not collect intelligence on the countries in which they were based. In fact, they frequently cooperated with the local service. Because the primary targets for SIS officers abroad were Nazi Germany, Fascist Italy, and the Soviet Union, SIS stations tended to be concentrated on the peripheries in places like Prague, Vienna, and Riga.

The SIS's principal interwar recruiting ground was the British Army of

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the Rhine, disbanded at the end of the 1920s as Britain's partial occupation of Germany came to an end. The SIS sought young, single men who could speak a foreign language, had lived abroad, and could supplement their meager pay with a small pension. Nicholson was virtually archetypal: at 27, he had served as a corporal in the intelligence corps and could speak French and German. After being recruited in 1930, he attended a communications course. He then left for his first assignment, in Prague. En route, he stopped in Vienna, where, in the course of a conversation with his predecessor, he received what he said was the sum total of his training in tradecraft:

*"Could you give me some idea of how to begin?" I asked him imploringly. "Are there any standard rules? . . . or could you give me some practical hints?"*

*He thought for a bit. "I don't think there are really; you'll just have to work it out for yourself. I think everyone has his own methods, and I can't think of anything I can tell you."*<sup>7</sup>

This scenario strains the credulity of the reader. Although both Wark and SIS historian Christopher Andrew have taken it at face value, Nicholson's story seems far more likely to

be his way to avoid going into operational details than a true statement of the intelligence training he received. Elsewhere in the book, he avoids the PCO issue by claiming to have worked under cover as a businessman. He also describes the use of cutouts in contacting his agent networks, which suggests that he was given some instruction or at least inherited established procedures that could serve as a practical guide.<sup>8</sup>

Having said that, it is true that perhaps the most interesting aspect of Nicholson's memoirs is the way they seem to epitomize Britain's lackadaisical approach to intelligence matters in this period. Apart from his language ability, it is difficult to see why SIS hired Leslie Nicholson. Described by Benton as, "ex-Black-Watch, . . . with the most incredibly polished shoes,"<sup>9</sup> Nicholson reveals little affinity for people who are not British, although he apparently moved easily through Riga's high society.<sup>10</sup> Nicholson himself recounts being told that he was conspicuously English and stood out as such in a crowd.<sup>11</sup> He also seems to have been quite gullible at times. While in Prague, a confidence trickster persuaded him that he was developing an atomic bomb in the basement of his castle.<sup>12</sup> In Riga, he appears to have been the object of a failed blackmail attempt resulting from his relationship with "a very beautiful White Russian girl called Nina," who may or may not have been a Japanese or Soviet spy, or perhaps both.<sup>13</sup>

All in all, it is difficult to judge Nicholson's effectiveness as an intelligence officer from his memoirs. Writing in the mid-1960s, Nicholson was understandably reticent about the agents in his employ, many of whom would have been

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living under a Communist regime. Moreover, the prewar SIS archives were closed, as they still are.

The contacts Nicholson does mention by name tend to be colorful characters with exotic backgrounds who did not survive the war or could be tracked down later in the West—Artur Schmidkoff, for example, head of the Latvian secret police, who used a skull as an ashtray and introduced himself as “the most feared man in Latvia”,<sup>14</sup> or the enigmatic “Uncle Sabastian,” a former Tsarist cavalry officer from an old Baltic German family with close connections to the White Russian emigre community.<sup>15</sup> Typically, Nicholson uses Schmidkoff to spin a tale about the Zinoviev letter, and he makes no attempt to characterize the working relationship he must have had with him—Schmidkoff surely was aware of Nicholson’s actual status as an intelligence officer, barely concealed by his PCO cover. Nor does he more than hint at the basis for his relationship with “Uncle Sabastian” and his White Russians. This last is part of a much larger omission in the book; Nicholson does not describe any collection against Soviet targets, even though the Soviet Union was the number-one priority for SIS until well into the 1930s.

The effectiveness of the Soviet security apparatus precluded operations from within Soviet territory (there was no PCO in Moscow), so SIS collected Soviet intelligence from its stations in Finland and the Baltic states.<sup>16</sup> Nicholson’s silence on the subject notwithstanding, collection against the Soviet target must therefore have dominated operations out of Riga until at least the summer of 1938, when the Gestapo’s crack-down on networks run out of Austria and (later) Czechoslovakia enhanced

Riga’s value as a base from which to collect intelligence on Nazi Germany.

It was against the German target that Nicholson ran the one major network described in his book, which he refers to as the “Alex” group (Alex 1, Alex 2, and so forth). The Alexes concentrated on German rearmament (Alex 1 was a disgruntled former employee of Krupp’s armament works), and they submitted reports from Prague, Kiel, and East Prussia.<sup>17</sup> In addition, Nicholson used a cabaret singer who toured German ports with her bandleader husband and a prewar copy of *Jane’s Fighting Ships*, picking up what had to have been pretty low-grade information on German naval dispositions.<sup>18</sup>

Perhaps Nicholson’s most interesting source is the one about which he says the least—his liaison relationship with the Latvian director of military intelligence. Nicholson says only that his contact with this source ended with the appointment of a new, pro-German director on the orders of the Army chief of staff.<sup>19</sup> Nicholson hints at a dark conspiracy and does not specify a date, but this probably occurred on or about 7 June 1939, when Latvia and Estonia each signed a mutual nonaggression pact with Nazi Germany. The two countries subsequently adopted a pro-German stance, which included changes of personnel, in a vain effort to escape Soviet domination.

On the counterintelligence side, Nicholson’s record was rather good, apart from the incident with the “very beautiful White Russian girl.” He proudly records obtaining the code used by German agents in the Baltic, and he reports one of the Alex network taking a sample of German secret ink off the body of an agent. He also obtained the blueprint of a simple, but effective, model of telephone tap from a “down-and-out Czech technician.”<sup>20</sup> Of course, Nicholson’s agents were subject to the usual risks, and he relates how one of them was doubled. On this occasion, he was saved by the double agent’s chance encounter with a source reporting to “Daniel,” an agent under nonofficial cover, identified by Wesley Wark as working for SIS officer Col. Claude Dansey.<sup>21</sup>

Nicholson complains bitterly about the “seemingly inconsistent way in which London evaluated reports.” He records that intelligence compiled with great difficulty frequently received “scant recognition.” Agents were rewarded only occasionally for their efforts, and sometimes they were treated harshly, apparently on a random basis. Once a decision about a network or an agent was made, it was hopeless to try to get it reversed.<sup>22</sup>

Perhaps the low point of Nicholson’s relations with London was reached on 21 August 1939, when he received the following cable:

*Ribbentrop [the German foreign minister] believed talking to Hitler 9 p.m. tomorrow night from the old Austrian embassy Moscow stop Arrange tap land line and record conversation stop Top priority Ends.*

Nicholson rushed to comply. After considerable effort, however, he discovered that the task was impossible.

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The land lines between Moscow and Berlin ran through Poland, and there was no way he could tap them from Riga. If he had been able to record this conversation, he would have learned of the nonaggression pact being negotiated between Nazi Germany and the Soviet Union. By secret protocol to this pact, Stalin and Hitler agreed to a fourth partition of Poland and delineated “spheres of influence” in the Baltic states. Lithuania went to Germany; Latvia and Estonia went to the Soviet Union. At a stroke, Latvia was condemned to Soviet occupation, while thousands of Latvians were consigned to imprisonment and death in the *Gulag*.<sup>23</sup>

Knowing the terrible destiny that awaited Latvia and its people, it is difficult to read about these years without a sense of the tragic fates that lay ahead for many of the persons that one meets in accounts of the period. The years 1938 and 1939 were a time of crisis for the Baltic states as their leaders tried to concoct some kind of security arrangement that would protect them in the time of troubles they knew was coming. The League of Nations proved to be worse than useless. A military alliance, the so-called Baltic Entente, founded on the endemic hostility between Poland and Lithuania on the one hand and the stubborn neutrality of Sweden and Finland on the other.<sup>24</sup> The Soviet Union had signed nonaggression pacts with all the Baltic states, but their leaders were not foolish enough to attach any value to them. Great Britain and France, aware of their own limitations, refused to offer any hope of support. Finally, one by one, Estonia, Latvia, and Lithuania signed nonaggression pacts with Nazi Germany, in the vain hope that German support would be a lesser evil than Soviet annexation. But Hitler

betrayed the Baltic states, trading them to the Soviet Union for half of Poland and a free hand in the West.

In the West, these events had to be viewed in perspective with the much larger dramas being enacted in Spain, Austria, Czechoslovakia, and Poland. The bloodless German conquests of 1938 and 1939 created a two-fold dilemma for the SIS, in part because they gave the Gestapo the opportunity to roll up the painstakingly created networks run from those countries, in part because the tenuous SIS cover arrangements meant that the Gestapo entered the newly acquired territories with nearly complete knowledge of the identities of the British intelligence officers they would find there.

A further problem was that German expansion created a surge in visa applications as the victims of the Nazi terror sought desperately to escape. Sympathetic to the plight of these refugees, SIS officers in Central Europe found themselves swamped by their PCO duties and barely able to carry out their responsibilities as intelligence officers.

The new Nazi regime in Austria allowed the British intelligence apparatus to remain in place over the summer, but then moved to expel known SIS officers before the planned invasion of Czechoslovakia that autumn. Capt. Thomas Kendrick, the Passport Control Officer in Vienna (and before then, in Prague) was the first to go.<sup>25</sup> Arrested on trumped-up charges on 17 August, he

was released after two days of interrogation. Fearing that they might soon be arrested, London recalled its intelligence staff in Central Europe. All volunteered subsequently to return.<sup>26</sup> The mood of crisis continued to escalate, however: in October, Kenneth Benton, then acting PCO in Vienna, was ordered to Riga on 24-hour notice.<sup>27</sup>

The Bentons arrived in Riga on 12 October 1938. Kenneth Benton's transfer brought Nicholson some sorely needed support, and it also signaled a shift in British policy and a consequent reordering of intelligence collection priorities.<sup>28</sup> The Soviet Union probably was Nicholson's primary intelligence target until 1938, when, with Benton's arrival, collection efforts out of Riga shifted to Nazi Germany. Benton, however, minimized Nicholson's efforts in this direction. “We only had two intelligence sources,” he recalled, “One was a Latvian and the other was not an agent but a liaison with the head of the Latvian military intelligence service, which was useful...most of my time was spent in visa work...”<sup>29</sup> With the outbreak of war, however, the Passport Control Officers retreated into the depths of the consulate to concentrate on their more important intelligence work, the task of handing visa applications being turned over to nonprofessional staff.

Peggie Benton's account of two years in Riga is a bittersweet memoir of a city on the edge of disaster. Her compelling depiction of Riga and its inhabitants conjures up a world that is almost unknown in the West. At the same time, she inevitably was in the center of events at the British Embassy—including covert activity—and describes life in diplomatic circles with humor and verve. For example, she recounts delivering the

sealed diplomatic pouch ("the bag") to Thomas Preston, charge d'affaires in Kaunas, then the capital of Lithuania:

"And what about the bag," I asked. "Everything all right?"

"I suppose so," Kenneth replied a little flatly. "As a matter of fact, Preston didn't even open it. He just said, 'Thank goodness my laundry's back from Riga. There's no one here who can iron a dress shirt properly.'"

Preston then spent the next two days giving the Bentons an impromptu performance of a ballet he was writing, before sending them on their way.<sup>30</sup>

With the outbreak of war, Peggie Benton joined her husband in the PCO, ostensibly to help process visas, but also on cipher work. As she was conversant in Latvian and German and had taken the trouble to learn Russian, she also was used for translations. Somewhat disingenuously, she describes sessions spent with an unknown "semi-overt" agent referred to as "our friend," who read aloud from the Soviet newspapers, translating them into German as he did so.<sup>31</sup>

Meanwhile, the conquest of Poland left the Baltic states surrounded by Nazi- and Soviet-occupied territory, with attendant police measures and wartime controls. Direct communication by sea with Great Britain also was cut off, the more so when Germany occupied Denmark and Norway in April 1940. Thus isolated, Riga's value as an intelligence base must have been considerably diminished, although Nicholson continued to receive intelligence from Kiel through the Alex network. He also smuggled refugee Polish soldiers to Britain and made a vain effort to

set up a network in German-occupied Poland.<sup>32</sup>

The situation deteriorated rapidly, however. In October 1939, the Soviet Union forced the Baltic states to sign "mutual assistance" treaties that permitted Soviet troops to be stationed on their territory at selected strategic points. Soviet interference in Baltic internal affairs began almost immediately. That same month, the Baltic Germans were "recalled to the Reich," or rather to Poland, where they were settled on farms appropriated by the German Government from their Polish owners as part of a deal struck with Stalin. Over the winter, the Soviet Army was preoccupied with its bungled invasion of Finland, but, in June 1940, as German troops completed their conquest of France, the Soviet Union occupied all three Baltic states after fabricating a series of diplomatic "incidents." Puppet Communist governments were established that immediately applied for membership in the Soviet Union. Arrests and executions began.

The position of the British legations in Riga, Tallinn, and Kaunas quickly became untenable. Diplomatic personnel were evacuated early in July, with the PCO's intelligence personnel remaining somewhat longer. With the Baltic isolated from Great Britain by Nazi territory, Nicholson and the Bentons had to return home via the trans-Siberian Railway—an epic journey that both Nicholson and Peggie Benton describe in some detail. After home leave, the Bentons went to Madrid, while Nicholson remained in London. Nicholson's memoirs, like Peggie Benton's, effectively end with his return from Riga.

Peggie Benton writes perhaps with a greater sensitivity than Nicholson, but each has left a singular account of a

singular time and place. Ultimately, however, both memoirs are unsatisfactory for the same reason: for security reasons, they leave too much unsaid. In 1966, when *British Agent* first appeared, the Cold War was at its height, and this was understandable. In 1984, when *Baltic Countdown* went to press, the Soviet Union was teetering, and it was tolerable. But the incompleteness of these accounts remains frustrating, the more so because Riga has emerged from 50 years of purgatory to remind us of how much of that world is forever lost. Eventually, the prewar SIS archives may be opened, and at least one dimension of that time and place will be further revealed.

## Notes

98. H. Keith Melton. *The Ultimate Spy Book*, (New York: DK Publishing, 1996), pp. 70-71.
99. John Whitwell, *British Agent*. Introduction by Wesley K. Wark. London: Frank Cass, 1996; 224 pp. (Classics of Espionage). Original edition: "John Whitwell," *British Agent* (London: William Kimber, 1966).
100. See also Wesley Wark's "Our Man in Riga: Reflections on the SIS Career and Writings of Leslie Nicholson," *Intelligence and National Security* (1966), which contains the substance of the introduction published with Nicholson's memoir. I am grateful to this article for pointing out the existence of *Baltic Countdown*.
101. Peggie Benton. *Baltic Countdown*. London: Centaur Press, 1984. In 1995, Kenneth Benton contributed a brief memoir of his own, "The ISOS Years: Madrid, 1941-43" (*Journal of Contemporary History*, 1995). As might be expected from the title, however, this article discusses his wartime experiences in Madrid and touches only briefly upon his prewar career as an intelligence officer.

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102. In the Library of Congress, Peggie Benton's book is filed under the interesting category, "Memoirs: diplomats' wives—British." There are only two other entries, both dating from the 19th century.
103. Christopher M. Andrew, *Her Majesty's Secret Service: The Making of the British Intelligence Community* (New York: Viking, 1986) pp. 351-52. Mackenzie published numerous volumes of memoirs. The relevant one is *Greek Memories*. (London: Chatto and Windus, 1932; 1939).
104. Whitwell, p. 26.
105. *Ibid.*, pp. 32-33, 60-62.
106. Peggie Benton, *Baltic Countdown*, p. 12.
107. Nicholson makes a revealing statement in his memoirs when he passes off the "Balts" (by which he means the Baltic Germans) as "the only minority of any importance" in Latvia. In fact, the Baltic Germans, although economically powerful, comprised only 3 percent of the population at the time; even before World War II, they were vastly outnumbered by both resident Russians and Jews. Baltic Germans did, however, dominate society in Riga itself. To someone who spent all his time in Riga, in certain limited social circles, the Baltic Germans might have appeared to be more important as a group than they actually were in interwar Latvia.
108. Whitwell, p. 111.
109. *Ibid.*, pp. 37-40.
110. *Ibid.*, pp. 212-13.
111. *Ibid.*, p. 63. Nicholson records that Schmidkoff disappeared when the Soviets occupied Riga (p. 134).
112. *Ibid.*, pp. 58-59, "Uncle Sabastian" apparently escaped to Sweden (pp. 219-20).
113. Andrew, p. 285.
114. Whitwell, pp. 70, 71, 114.
115. *Ibid.*, pp. 100-101.
116. *Ibid.*, p. 74.
117. *Ibid.*, pp. 113-14.
118. *Ibid.*, pp. 107-110; Wesley Wark, "Our Man in Riga," p. 634.
119. *Ibid.*, pp. 69-70.
120. *Ibid.*, pp. 95-96. Germany later exchanged its interests in Lithuania for additional Polish territory. Among those who died in Soviet labor camps was Kārlis Ulmanis, then President of Latvia and great-uncle of Guntis Ulmanis, the current president.
121. Poland was the only militarily significant power in a position to help the Baltic states. In 1923, the great Marshal Josef Pilsudski, then President and later de facto dictator of Poland, engendered the eternal hatred of the people of Lithuania by annexing Vilnius (Wilno), Lithuania's historical capital and the city of his birth. Whatever hopes may have existed previously for a Polish-Lithuanian rapprochement, compromise thereafter became impossible.
122. It was from Thomas Kendrick that Leslie Nicholson supposedly received his two-sentence briefing on tradecraft. Andrew, p. 347.
123. Nigel West, *MI 6 British Secret Intelligence Service Operations, 1909-45* (London: Weidenfeld and Nicholson, 1983), pp. 58-59. Christopher Andrew (pp. 395-97) makes the connection between the impending German attack on Czechoslovakia and Kendrick's arrest. Although there is no documentary evidence for this, it seems logical. Also, Andrew points out that the Gestapo could have arrested Kendrick any time after March 1938; delaying the arrest until August ensured that Kendrick could report on the German sword-rattling that began in May.
124. Peggie Benton, p. 11.
125. Historians are now generally agreed that British Prime Minister Neville Chamberlain's confrontation with Hitler in Munich spelled the end of his policy of appeasement. However much they might dither over the next year, from that point on the British Government was moving inexorably toward war with Germany. For the most readable, authoritative account, see Donald Cameron Watt, *How War Came. The Immediate Origins of the Second World War, 1938-39* (New York: Pantheon Books, 1989). For the relevance of Munich to the SIS operations, see Andrew, pp. 395-97.
126. Kenneth Benton, p. 367. It is difficult to reconcile this statement with Nicholson's description of his activities. However, presumably Benton counts the Alex network as one "source"; Alex 1 was German, but Alex 2 was a Latvian—since he continued to work for SIS after the Soviet occupation (and apparently was picked up by the NKVD) he may have stuck in Benton's mind more than his German colleague. See Wesley Wark's analysis of these discrepancies in his introduction, pp. xxvi-xxxii.
127. Peggie Benton, pp. 26-28.
128. *Ibid.*, pp. 102-03. Because Soviet newspapers were available in Great Britain, it is unclear what purpose this may have served. Wesley Wark identifies "Our Friend" Alex 2—he does not indicate on what evidence. Wark, p. xxx.
129. Whitwell, pp. 114-15.