

of 1989, Herrhausen wanted to establish a Development Bank for eastern Europe in Warsaw, Poland, and that would have stepped on the toes of the World Bank, International Monetary Fund, and the Anglo-American banks, which were hoping to loot eastern Europe's industry as it became privatized. In this respect also, Herrhausen had made himself into an enemy of Anglo-American banking circles.

3. Herrhausen was killed three days after signing the purchase-contract for Deutsche Bank to take over the London investment bank Morgan Grenfell. With that move, Deutsche Bank was penetrating the world investment market, previously dominated by the Americans and Japanese, and threatened to achieve a dominant position in that market.

The beginning of the real debate

The three hypotheses presented by the DLR journalists finally situate the discussion about what truly lies behind the Herrhausen murder, the way it ought have been discussed, before the banker's body was cold, back in 1989. Since the mid-1980s, and especially in the weeks of the first large stock market crash in October 1987, Herrhausen had, in fact, argued for a broad debt moratorium for developing countries. Herrhausen's motivation for proposing such a policy would hardly have been the "free market competition" stratagems insinuated by DLR, for buying up bankrupt American banks. It was obvious, for an intelligent banker like Herrhausen, to warn against continuing unbridled financial speculation, with its utterly unreal demands for debt repayments. Such warnings were voiced at that time by other prominent bankers, including Roland Leuschel.

The crucial point at which Herrhausen was no longer "tolerable" for the Anglo-American world of financial speculation, was not the takeover of Morgan Grenfell by Deutsche Bank, as such; it was the proposal he launched in the summer of 1989 for an East European development bank, dedicated to the real economic reconstruction and infrastructural investment in eastern Europe. A number of Herrhausen's ideas at that time also appeared in a remarkable speech by Chancellor Helmut Kohl on Nov. 28, 1989, on the "10 Point Plan," a speech fiercely attacked by monetarists, free marketeers, and neo-liberals of all colors. That was the threat to the dominant world financial system, which has no interest in real physical investments or appropriate new financial institutions for such investments, and stakes its claim on every penny, which previously flowed into the real economy, for its speculative deals. The battle over money continues down to this day.

But, fortunately, there are apparently also those among the German elites who see no other way out of the global economic depression than to return to the year of optimism, 1989, and to the ideas Herrhausen had at that time. That is the explanation for the fact that the four public radio stations, which are all under tight political control, were given a green light to broadcast this special report.

India, Bangladesh lay basis to integrate East Asia

by Ramtanu Maitra and Susan Maitra

Indian Prime Minister H.D. Deve Gowda was in Bangladesh for two days on Jan. 5-6, to lay the foundation for a developmental hub which will encompass Bangladesh, northeast India, Nepal, and Bhutan, and work toward integrating South-east Asia with the subcontinent through a rail and road transportation network.

Prime Minister Deve Gowda's visit to Bangladesh, his first bilateral state visit since he became premier last July, was of vital importance strategically for the region and politically for Bangladesh Prime Minister Sheikh Hasina Wazed.

The Bangladesh prime minister just concluded a 30-year agreement on the thorny Ganga River water-sharing with India (see box). Earlier, Indian Minister for External Affairs Inder K. Gujral, who played an important role in bringing about the agreement, had announced that India's relations with its smaller neighbors will not be based upon "reciprocity," but on "New Delhi's generosity." The signing of the water agreement with Bangladesh—which opened the sluice gates to the Farakka barrage on the Ganga River, a step long demanded by Bangladesh—is acknowledged as a major success of the new-found "Gujral doctrine."

Even so, forces in Bangladesh hostile to India were in the process of orchestrating political unrest against her government, in the wake of the water agreement. Deve Gowda's visit assured a large section of Bangladeshis that the water-sharing agreement was signed by Delhi not simply as a sop to Dhaka, but as part of an overall economic development in the region which includes Bangladesh, northeast India, Nepal, and Bhutan.

Subsequent to the signing of the water-sharing agreement between Dhaka and New Delhi, the king of Bhutan has responded positively to the Indian proposal to join a sub-regional plan for sharing river water and power with India and Bangladesh. The sub-regional approach, Sheikh Hasina said, is "necessary to achieve faster cooperation in areas such as trade and commerce, production and transmission of power, and harnessing vast natural resources."

Aside from the water dispute, the relationship between Bangladesh and India has been severely impaired by the geopolitical manipulations of major powers in the area. As a result, a hostile Bangladesh, financially and economically de-

India, Bangladesh sign water-sharing treaty

On Dec. 12 in New Delhi, just four days before the 25th anniversary of the liberation of Bangladesh, visiting Bangladesh Prime Minister Sheikh Hasina Wazed and Indian Prime Minister H.D. Deve Gowda penned a 30-year historic pact which will ensure Bangladesh its required amount of water from the Ganga (Ganges) River. The issue had been a major obstacle to the improvement of relations between the two nations, especially since 1988 when a two-year treaty expired.

The 30-year treaty spelled out clearly that the two republics have reached the agreement "determined to promote and strengthen their relations of friendship and good neighborliness, inspired by the common desire of promoting the well-being of their people." Asked by a Bangladeshi journalist what India sought "in return for water," Indian Prime Minister H.D. Deve Gowda replied, "Peace and friendship with our neighbor."

The treaty became necessary when India inaugurated a barrage at Farakka on the Ganga in 1975 to augment the flow in the Hooghly River, with the purpose of desilting the port of Calcutta. An unintended result of the Farakka barrage was a reduction in the flow of water in the Padma

River (the Ganga becomes the Padma once it enters Bangladesh), which in turn caused the drying up of the fertile northwestern districts of Bangladesh. The problem has festered for 20 years, during which regional geopolitical equations prevented a solution.

Under the new water treaty, the sluice gates of the Farakka barrage were reopened on Jan. 1, 1997, to ensure the required supply of water to Bangladesh.

It is envisaged under the new regional development plan to build a dam some 25 kilometers into Bhutanese territory, so that the water of the Sankosh River can be discharged into the Tista River canal system. From there, a 143-kilometer-long feeder canal will be built which will end at Farakka. The funds for the project will be provided by Delhi under the Ninth Five-Year Plan. The additional water of 12,000 cubic feet/second provided by this diversion will be crucial during the "leanest of lean seasons" in April each year. The plan also calls for India to purchase power from Bhutan. Roughly 4,000 megawatts of electrical power are proposed to be added to the Indian national grid for the benefit of the power-starved northeastern region.

Sheikh Hasina's triumphant return to Dhaka following the signing of the agreement indicated that despite efforts by disruptive forces within and outside of the country, the water-sharing agreement has strengthened her government.

pendent on distant donor nations and the World Bank-International Monetary Fund duo, had blocked infrastructure contacts between the sparsely populated, and decidedly independent, mountainous northeastern states and mainland India. Lack of railroad and highway connections with northeast India, which led to poor economic development, made the area a breeding ground for secessionists and terrorists trying to carve out independent nations.

Development on the agenda

From the very outset of the visit, both prime ministers kept the focus on larger issues. The Indian prime minister, who was accompanied by a high-level delegation that included External Affairs Minister Gujral and Home Minister Indrajit Gupta, told newsmen that he had not come with "a bagful of demands or concessions," but to develop "a long-term partnership between our two countries" and to look at the "nuts and bolts of establishing a better infrastructure and ways to encourage commerce."

On infrastructural linkages, better transportation and telecommunications were given priority. Bangladesh welcomed India's backing for the Trans-Asian Railway and Trans-Asian Highway, plans that have been under consideration by the

Economic and Social Council for Asia and the Pacific (ESCAP) for decades, which would integrate East and South-east Asia with South Asia, providing an opportunity to boost the economic activity of a sub-region consisting of Bangladesh, northeast India, and Myanmar (Burma). "We intend to take further steps to facilitate trade and economic contacts between Bangladesh and the contiguous parts of India. To this end, better transportation facilities covering all modes need to be extended and improved upon. Both the countries acknowledge this need, and in this context, the two countries will also support construction of a regional transportation network under the aegis of the Asian Highway and the Asian Railway," the Bangladesh prime minister said.

In tune with the transportation and telecommunications linkages, both prime ministers pushed ahead with the concept of a sub-regional development zone, consisting of Bangladesh, northeast India, Nepal, and Bhutan. This concept had first emerged during Sheikh Hasina's recent visit to India, but questions were raised by some about the bottlenecks arising from its weak financial status. Sheikh Hasina has proposed possible financing from the World Bank and the Asian Development Bank for the arrangement.

"Bangladesh, Nepal, Bhutan, and the region of India im-

mediately contiguous to us could very fruitfully and meaningfully enter into immediate cooperation. . . . A Bangladesh delegation visited Guwahati [the largest city in Assam, a northeastern state of India] recently and we expect a return visit from the Indian northeast," Sheikh Hasina said at a press conference in Dhaka.

Joint attack on terrorism

The two sides also discussed ways to limit terrorism in the area. Over the years, a number of armed secessionist groups in northeast India, such as the United Liberation Front of Asom (ULFA), the Bodoland Security Force (BDSF), and the National Socialist Council of Nagaland (NSCN-Muivah), among others, have set up camps within Bangladesh close to the northeast India borders.

There are indications that Sheikh Hasina's government has not only ceased providing support to the northeast insurgents, such as the ULFA, NSCN-Muivah, BDSF, and the People's Liberation Army (PLA) of Manipur, but it is willing to drive out those insurgents seeking shelter on Bangladeshi soil. Replying to a question in the Parliament on Dec. 3, Indian Home Minister Gupta said that apart from the Pakistani Inter-Services Intelligence (ISI), Bangladeshi intelligence agencies were also behind the insurgents in the northeastern Indian states. Gupta identified the Directorate General of Field Intelligence as the concerned Bangladeshi agency in this regard.

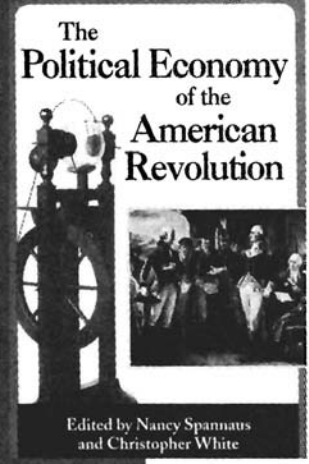
A few days later, Indian External Affairs Minister Gujral announced that the Bangladesh prime minister had acknowledged the existence of camps for training and providing logistical support to insurgents on Bangladesh soil. Gujral said that Sheikh Hasina "has promised to throw them out." At the official-level talks, "better management" (which means stopping the movement of insurgents and establishing better communications between the security forces of the two countries) was stressed, and the delegation recommended "strengthening security cooperation so that insurgents no longer have the scope of operating in these areas." Sources claim that a joint action by the Bangladeshi and Indian armies against the insurgents on Bangladeshi soil is not out of the question. The gravity of the situation is underlined by the recent sabotage of the Brahmaputra Mail train by one of the terrorist groups, which killed about 50 passengers in Assam.

Also discussed during the Indian prime minister's visit to Dhaka was a solution to the Chakma refugees' problem in the Chittagong Hill Tracts in Bangladesh and the adjoining Indian state of Tripura. The Chittagong Hill Tracts, where 98% of the inhabitants are Buddhists and Hindus and only 2% Muslims, was made a part of Pakistan by the British cartographers on Aug. 17, 1947, almost 48 hours after the subcontinent was formally partitioned. The decision, which violated the very basis for the partition, was strongly resented by the locals, who immediately set about to offer resistance.

The problem was aggravated when Pakistani soldiers moved into the area and began to settle East Pakistani Muslims in the Hill Tracts. There were also reports of large-scale violence against the Chakmas by Pakistani troops. Subsequently, a large number of Chakmas, as the Hill Tracts' people are identified, moved across the border to Tripura and began their armed insurgency campaign against the then-Pakistani rulers under the banner of "Shanti Bahini" (Peace Force).

There have been continuing allegations that India provided arms and financing to the Chakmas earlier, to make trouble for the Pakistani troops. The situation did not improve significantly after East Pakistan was liberated and became Bangladesh. At one point in the mid-1980s, Bangladesh contacted the British Special Air Services (SAS) to deal with the Chakma insurgents operating mostly from Indian soil. As a result, a large number of Chakmas continue to live in Tripura, organizing periodic violent raids against the Muslim settlers along the borders. The Chakma issue had become another knot in the deteriorating India-Bangladesh bilateral relations over the last two decades. The solution to the Chakma problem, as recognized now by both Delhi and Dhaka, is in rehabilitating the tribals, giving back their homes and properties. It is understood that better India-Bangladesh relations would ensure the Chakmas of security and the safety of their property.

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