

LIFE & ARTS

## Summer of nostalgia

Drive-in cinemas, barbecue classics and Janan Ganesh on why the sun is indeed God



## Goldman pays \$4bn to end 1MDB scandal

- Billions plundered from Malaysia fund
- US lender draws line under legal fight

STEFANIA PALMA — SINGAPORE  
LAURA NOONAN — NEW YORK

Goldman Sachs has struck a \$3.9bn settlement with Malaysia over losses the country suffered in a corruption scandal when billions of dollars were plundered from 1MDB, its state investment fund.

Under the terms of the agreement, Goldman will make a cash payment of \$2.5bn to the Malaysian government. The US investment bank has also agreed to guarantee that Malaysia will receive at least \$1.4bn from the sale of seized assets that were acquired with proceeds misappropriated from 1MDB. "This settlement represents assets that rightfully belong to the Malaysian people," said Zafrul Aziz, Malaysia's finance minister, yesterday. "We are confident that we are securing more money from Goldman Sachs compared to previous attempts."

The deal ends a fraught legal battle between Goldman and Malaysia, which has sought to recoup billions of dollars funneled out of 1MDB to buy luxury property, expensive art and to finance the film *The Wolf of Wall Street*. The US Department of Justice, which is also investigating the scandal, alleges a total of \$4.5bn was misappropriated.

At the heart of the scandal is Jho Low,

a Malaysian financier accused of masterminding a fraud that US officials labelled "kleptocracy at its worst".

Kuala Lumpur has filed criminal charges against Mr Low, who remains at large and denies wrongdoing.

In 2012 and 2013, Goldman arranged three bond sales for 1MDB, raising \$6.5bn, much of which was ultimately stolen, and received \$600m in fees — a sum that Malaysia has said was excessive.

US authorities in 2018 indicted two former Goldman bankers, Tim Leissner and Roger Ng, accusing them of working with Mr Low to siphon billions of dollars from a fund established in 2009 by Najib Razak, former Malaysian prime minister.

Goldman said that the settlement was "an important step towards putting the 1MDB matter behind us and will help enable the Malaysian government to move forward". Goldman chief executive David Solomon said that the bank was deceived by Mr Leissner, who has pleaded guilty to US criminal charges of conspiracy to commit money laundering and breaching the Foreign Corrupt Practices Act. Mr Ng has pleaded not guilty and is due to face trial in the US early next year.

Goldman hails trading gains page 13

## Gallery view Tate Modern reopens but face coverings will be mandatory



A staff member poses in front of Henri Matisse's "The Snail" at the Tate Modern, London, which reopens on Monday. Visitors to the art museum will be required to wear a face covering after Britain yesterday made their use mandatory in enclosed spaces — NIEL HARVEY/EPFL/EPFL

### Office politics Can bosses bear free speech?

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### Race in America Why data matters

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### Sarah Gilbert Vaccine scientist and saviour

PERSON IN THE NEWS



### Escaping Covid From private jets to private islands

COMPANIES



### Lloyds' diversity goals deemed 'credit positive'

Moody's has described plans by Britain's top bank by current accounts to promote more black employees to senior roles as 'credit positive', the first time the rating agency has explicitly linked a company's stability to ethnic diversity measures. Lloyds announced a race action plan last week after a promise to 'do more' to promote equality in response to global protests that erupted following the killing by police in the US of George Floyd. Report » PAGE 10

## Short seller Chanos bags \$100m after Wirecard numbers 'didn't make sense'

HARRIET AGNEW — LONDON

Renowned short seller Jim Chanos made almost \$100m betting against fraudulent German payments company Wirecard.

Kynikos Associates, the New York-based firm that Mr Chanos has run for more than three decades, executed the trade across several of its funds, according to people familiar with the matter.

"If you're a fundamental short seller, the Wirecard story was a classic," Mr Chanos said in a Lunch with the FT interview. "The buzzwords, the numbers that didn't make sense, the business model that seemingly didn't make sense."

A self-professed "forensic financial statement junkie", Mr Chanos initiated a small short position in Wirecard last year. He increased the wager after the Financial Times published documents

in October that appeared to show profits at Wirecard's subsidiaries were fraudulently inflated and that customer names provided to its auditor EY did not exist.

Mr Chanos, still best known for predicting the collapse of US energy giant Enron almost two decades ago, said a further sign that "something was very wrong" at Wirecard came in April when the payments group failed a forensic audit it had commissioned from KPMG.

Last month Wirecard filed for insolvency after admitting that €1.9bn of its cash probably did "not exist". Markus Braun, the group's former chief executive, was this week accused by Munich prosecutors of committing a multiyear fraud. He has denied any wrongdoing.

EY is also under intense scrutiny after signing off Wirecard's accounts for more than a decade.

"When people ask us, who were the

auditors, I always say 'Who cares?'," said Mr Chanos. "Almost every fraud has been audited by a major accounting firm."

EY has said third parties had provided the firm with false documentation in connection with Wirecard's 2019 audit.

After whistleblower allegations of fraud emerged, Wirecard became one of the biggest targets for short sellers. Hedge funds including Chris Hohn's TCI Fund Management and Paul Marshall's Marshall Wace collectively made more than €1bn of profits from their bets, according to data group Breakout Point.

Short sellers borrow shares in a company and then sell them, hoping to buy them back at a lower price and profit from the difference. But if the share price rises, losses can rapidly accumulate.

Germany tightens rules page 2  
Lunch with the FT Life & Arts

### World Markets

STOCK MARKETS				CURRENCIES				INTEREST RATES			
	Jul 24	prev	%chg		Jul 24	prev			price	yield	chg
S&P 500	3220.83	3235.66	-0.46	\$ per €	1.163	1.160		US Gov 10 yr	108.73	0.58	0.00
Nasdaq Composite	10399.42	10461.42	-0.59	\$ per £	1.279	1.275		UK Gov 10 yr		0.14	0.02
Dow Jones Ind	26526.15	26552.33	-0.47	€ per €	0.909	0.910		Ger Gov 10 yr	105.10	-0.45	0.03
FTSEurofirst 300	1429.74	1455.10	-1.74	¥ per \$	105.855	106.995		Jpn Gov 10 yr	101.05	0.01	0.00
Euro Stoxx 50	3310.93	3371.74	-1.80	₹ per ₹	135.369	136.360		US Gov 30 yr	118.25	1.24	-0.02
FTSE 100	6123.82	6211.44	-1.41	SFr per €	1.073	1.073		Ger Gov 2 yr	104.69	-0.66	0.02
FTSE All-Share	3394.85	3441.55	-1.36								
CAC 40	4956.43	5033.75	-1.54	COMMODITIES							
Xetra Dax	12638.06	13103.39	-2.02								
Nikkei	22751.61	22894.22	-0.58								
Hang Seng	24705.33	25263.00	-2.21								
MSCI World \$	2308.12	2327.76	-0.84								
MSCI EM \$	1077.60	1077.78	-0.02	Oil WTI \$	40.88	41.07	-0.46	Fed Funds Eff	0.08	0.05	0.03
MSCI ACWI \$	552.47	556.59	-0.74	Oil Brent \$	42.98	43.31	-0.76	US 3m Bills	0.12	0.13	-0.01
				Gold \$	1878.30	1852.40	1.40	Euro Libor 3m	-0.44	-0.44	0.00
								UK 3m	0.08	0.08	0.00

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# Spectrum

Life&Arts

LONG READS | INTERVIEWS | IDEAS

Technician Frits Veerman first warned Dutch authorities in 1975 that Abdul Qadeer Khan — who duly set up Pakistan's nuclear programme — might be passing on secrets. So why was he ignored? By *Simon Kuper*

## How the Dutch enabled Pakistan's bomb

In the early 1970s, the Dutch technician Frits Veerman shared a large desk in a lab in Amsterdam with a charming Pakistani scientist named Abdul. One day, Veerman mentioned that he'd like to visit Pakistan. He asked if he could stay a few nights with his colleague's family. Abdul — full name Abdul Qadeer Khan — replied that Pakistan's government would pay for his entire trip. That's when Veerman began to suspect Khan was stealing Dutch nuclear secrets.

The evidence was everywhere. Veerman's job was photography, and he'd once spent days with Khan snapping ultracentrifuges, the devices used to enrich uranium. He saw drawings of centrifuges and classified reports lying around Khan's living room. And he says Khan once confided that his large gold ring was "my pocket money for if I ever need to leave somewhere quickly".

How did Veerman feel when he realised the truth? "Frightened," he replies. Now in his seventies, with short dark hair and rimless glasses, he is eating pasta on a restaurant terrace in Antwerp, Belgium, where we have arranged to meet. If you had to guess his profession, you'd say: retired technician. He's a provincial Dutchman whose life was derailed by nuclear espionage.

Veerman first tried to report Khan to the Dutch authorities in 1975. He didn't make it past a secretary. Had he been heard, then or later, the world might have been spared a nightmare. The Dutch allowed Khan to leave their country in 1975 and to keep visiting European suppliers. The US Central Intelligence Agency didn't stop him either. Khan ended up building Pakistan's nuclear bomb and selling the technology to Iran, North Korea and Libya.

This January, the Bulletin of Atomic Scientists moved its Doomsday Clock to 100 seconds to midnight, the latest it has stood since its creation in 1947. The clock symbolises the risk of human extinction. The Bulletin cited threats including "a renewed nuclear arms race... the proliferation of nuclear weapons and... lowered barriers to nuclear war", potentially involving Khan's clients North Korea and Iran.

After Veerman blew the whistle, he lost his job. A report this month by the Huis voor Klachten, the new Dutch Whistleblowers Authority, finally absolves him. It also helps explain why he and not Khan was punished.

**Khan is now 84, and living under** unofficial house arrest in Pakistan, where he has long had an up-and-down relationship with the authorities. He is escorted by security officials during his restricted movements, while visitors to his home are screened in advance.

He was born in Bhopal, British India, in 1936, the son of a Muslim headmaster. He has said that as a child, during India's partition in 1947, he saw trains carrying corpses of Muslims killed in sectarian fighting, write Douglas Frantz and Catherine Collins in *The Nuclear Jihadist*. Khan left India for Pakistan in 1952, after finishing high school. On the train journey, an Indian policeman stole his gold pen. "Hindus are crooks and mischievous," the young Khan told a friend. "They are dreaming of destroying Pakistan to create a united India."

In 1961, he went to study in Berlin, and in 1963 switched to the Dutch technical university, Delft, to study metal-

lurgy. Looking back, he said: "Whatever I learnt, and whatever I know, I owe a great deal to Delft." After Delft, he did his doctorate in Louvain, Belgium. In 1971, Pakistan lost a war with India, and Bangladesh was carved out of Pakistani territory. Khan wept, write Frantz and Collins. A year later he joined FDO, the in-house lab of the VMF industrial company, as a metallurgical scientist.

FDO was designing ultracentrifuges to enrich uranium. The Dutch didn't have atom bombs, and the enrichment was intended for peaceful nuclear energy. But if the uranium was enriched further, it could be used to make bombs.

FDO had specified Khan wouldn't work on ultracentrifuges and noted that his wife's family was Dutch. The Dutch intelligence service, then called the Binnenlandse Veiligheidsdienst (BVD), cleared him for secret work. And so, in 1972, Khan and Veerman — by then a

technical photographer — became office mates. FDO was based in an old storehouse of the Dutch East India Company. Veerman had recently emerged from four years' working alone in his cellar, perfecting details of the ultracentrifuge, which consisted of six cylinders on top of each other. It took art to keep them spinning, he recounts lovingly.

Veerman was born in 1944 in Huizen, a village where families had known each other for centuries. He still lives there: he can see his childhood home from his garden. His mother, a German, moved to the Netherlands before the war. Hitler's occupation made her ashamed of her nationality. Each May 5, Dutch Liberation Day, "wasn't a happy moment in the Veerman family", he recalls. His paternal grandmother called him "a rotten Muff", a pejorative for German.

Joris van Wijk, a TV producer who is planning a series around Veerman, says: "The Netherlands after the war was an unfriendly place for kids with a German mother. Frits will have had a hard time. It must have impacted the development of his social skills. He ended up living with his parents into his thirties."

On visits to his mother's family, Veerman would hear about relatives stuck in East Germany and meet others who seemed to have dubious wartime pasts. Earlier than most Dutch people, he learnt that terrible things happened in the world. This made him very cautious when he began handling nuclear secrets. He had always had a gift for science. As a working-class boy, he attended technical schools. FDO was his dream job, the university he'd never had, "a playground for hobbyists of a



Above: Abdul Qadeer Khan addressing a gathering in Islamabad after inaugurating a model of Pakistan's surface-to-surface Ghauri-II ballistic missile, 1999

Below: from Frits Veerman's personal collection of FDO photographs, including Veerman at his desk working on a test set-up of a centrifuge, c1970; and, left, a replica of the Huygens microscope with a grid electron microscope in the background — Getty Images, AP, Frits Veerman



high technical level", he says. He built his own telescope at work. He loved learning from graduate colleagues. But they expected him to fetch coffee.

Khan was different. Abdul, as Veerman still calls him, was friendly, handsome, smiled easily and spoke good Dutch. A Pakistani in the 1970s Netherlands was an exotic creature. Veerman brought Khan cheese from Huizen. On quiet afternoons they played tennis at the FDO's courts by the river. They visited each other's homes: Khan lived in a brick terraced house, the epitome of Dutchness, near Schiphol airport.

FDO made ultracentrifuges for Ureco, a company with a plant in Almelo, a small town in the eastern Netherlands whose dullness was famously encapsulated by the comedian Herman Finkers: "A traffic light turns red, another green. In Almelo, there's always something to do." Khan found something to do there.

FDO was proud of its ultracentrifuges and it often sent Veerman to Almelo to take photos that could be displayed at trade shows. He says he didn't want to photograph something he felt should be secret, but FDO insisted. Khan himself once commissioned him to take pictures at Ureco, and tagged along.

When Veerman's suspicions about Khan crystallised, he initially didn't know what to do. Khan was his senior. Veerman's boss had known Khan since Delft. Eventually, Veerman went to a phone booth on Amsterdam's Czaar Peterstraat and rang the director of Ultra-Centrifuge Nederland, which oversaw Dutch ultracentrifuges. The man's secretary answered. She wouldn't put Veerman through to the director, so he told her his suspicions. She said she'd pass it on. Later, having heard nothing more, he called again, fruitlessly.

Looking back, he muses, "I should have gone there and rung at the door and told the directorate, and it would all have ended differently. But I wasn't that mouthy then." He says he mentioned

"I should have... told the directorate and it would all have ended differently. But I wasn't that mouthy then"

his suspicions to senior people at FDO, but they didn't seem interested.

Meanwhile, Khan had begun doing work at Ureco, roaming the plant undisturbed despite lacking the right security clearance. Nobody seemed to mind. It was the cold war and the Dutch were looking out for snooping Soviets, not Pakistanis.

Yet the Indian subcontinent was hotting up. In May 1974, India tested its first nuclear weapon. Khan wrote to Pakistani officials, offering to help build the "Islamic bomb". In September, the prime minister, Zulfikar Ali Bhutto, decided to gamble on him. Pakistan's embassy in The Hague contacted Khan. Just then, Khan had another breakthrough, write Frantz and Collins: his employers asked him to translate German documents describing a new centrifuge into Dutch. He did the work at the "brain box" in Almelo, where the plant's most sensitive information was kept. He was assembling quite a package. But others now suspected him. A Pakistani diplomat had begun ordering parts from suppliers of Ureco and it was noticed that some orders had the same specifications as those used by Ureco. In October 1975, at a nuclear trade show in Basel, Dutch BVD agents trailed Khan as he questioned vendors about nuclear weapons.

This is the moment when Khan could have been stopped. The BVD made plans to arrest him at FDO when he arrived for work, write Frantz and Collins. The Dutch foreign ministry approved. But Roud Lubbers, then minister of economics, was opposed: a scandal could damage the high-tech sector.

The Dutch briefed the CIA on Khan, Lubbers told Japanese TV in 2005. The Americans opposed the nuclear ambitions of their Pakistani allies. Nonetheless, the CIA stopped the BVD from arresting Khan. The Americans wanted to watch him, so as to track Pakistan's nuclear procurement and Europe's secretive nuclear suppliers. The CIA's failure to stop him in 1975 "was the first monumental error", Robert Einhorn, who worked on nonproliferation in the Clinton and Obama administrations, told Frantz and Collins.

The Americans asked the Dutch "to inform them fully but not take any action", Lubbers recalled, laughing. He said he "found it a bit strange", but also thought, "OK, it's American business. We didn't feel... safeguarding the world against nuclear proliferation as a Dutch responsibility." The business of the Netherlands was business. The CIA would watch Khan for decades.

FDO didn't tell Khan he was under suspicion. It gave him a new job, calling it a promotion, and said he could stop visiting Almelo. He may have realised



## Why the time is ripe to tax the rich



Simon Kuper

### Parting shot

the game was up. On December 15 1975 he flew to Pakistan on leave, taking his wife, daughters and blueprints of centrifuges. Soon afterwards, from Pakistan, he resigned from FDO.

On January 15 1976, Khan sent Veerman a handwritten letter in Dutch from Karachi that began:

*Dear Frits, It's now almost a month that we're out of the Netherlands and gradually I'm starting to miss the tasty chicken. Every afternoon I think: let's ask Frits if he feels like eating chicken!*

The letter asked him to help Khan's wife Henny (presumably back in the Netherlands to pack up the family's possessions) empty his locker at FDO into a cardboard box one Saturday morning. Veerman didn't. He knew the locker was full of drawings and parts of ultracentrifuges. Khan's letter also urged him to request a Pakistani visa. It seemed Khan needed his help in completing Pakistan's Project 706: getting the bomb. Van Wijk, the TV producer, says: "I think Khan recognised Frits's brilliance."

In September 1976, FDO held a meeting about Khan. Veerman told his colleagues that he thought Khan was a spy. FDO doesn't seem to have launched an investigation or taken measures, says the Dutch Whistleblowers Authority.

Later, Veerman detailed Khan's actions to BVD agents. But his speaking out was unpopular. There had been rejoicing within FDO when an executive returned from a visit to ex-employee Khan in Pakistan with orders of work. Pakistani technicians began visiting FDO for what Veerman calls "a course in 'how to build an ultracentrifuge'".

Whistleblowers are commonly punished. The Dutch authority's report is cautious, given the time that has elapsed, but says it is "plausible" that this is what happened to Veerman. Soon after he spoke out, FDO demoted him to photocopying work. When he wrote to Khan, complaining about his treatment and sending cheese, Khan commiserated. In 1977, Khan wrote again:

*Dear Frits, Strictly confidential I am requesting your help. I urgently need the following information for our research programme:*

1. Etches of axes
  - (a) Potential how many volts?
  2. Lower absorber. Can you arrange for an entire CNOR lower absorber?
- Will you please give my affectionate greetings to Frencken and try to get [one] for me. [Etcetera]*

Khan added that there was "lots of photo-work" for Veerman in Pakistan, promising: "You'll surely have a lot of fun and won't regret it. . . . When you write me, please do not write your own address on the envelope please. Instead of my name just put 'Mrs Khan' or even just Henny and then the home address."

Veerman didn't reply to the letter. He showed it to his bosses, who told him to destroy it. He kept it in his safe instead. In 1978, the day Veerman returned from his honeymoon, a postman handed him a telex from FDO informing him of his redundancy. The stated reason was that photography work had dried up.

Why was Veerman sacked? A former Dutch security investigator, who handled the Khan case from 1979, told the whistle-blowers authority that Veerman was "sacrificed" because he wouldn't stop talking. FDO's security had been lax, the Netherlands and its high-tech sector were embarrassed, those involved didn't want the story to reach the media or other countries, and the junior employee had to shut up. This is

blaming immigrants is so 2016. Now society's favourite scapegoats are rich people. More in Common, an NGO that combats polarisation, has polled people in six European countries about the social impact of Covid-19. Which of 17 groups emerged from the pandemic deserving praise? "Medical staff" came first, "wealthy people" came last.

Which groups did governments care too much about? "Wealthy people" came first, then "big business owners". Support for caps on executive pay ranged from 73 per cent in the Netherlands to 90 per cent in Italy. Even higher numbers wanted big business to forgo tax havens.

Taxing the rich may now be the most consensual proposition in politics. It looks like the next political trend. Surveys for Rainer Zitelmann's recent book *The Rich in Public Opinion* found much the same: large majorities in the US, UK, France and Germany backed "substantially" higher taxes for millionaires. Even most US Republicans support a wealth tax – even if it's not called that. In France, Emmanuel Macron's presidency has never recovered from his early slashing of the same tax. He's since been known as "president of the rich".

The right traditionally derides such taxes as Soviet socialism. By page six of his preface, the conservative Zitelmann is on to the Bolshevik extermination of wealthy peasants, the "kulaks". In fact, though, the rich should welcome higher taxation. It could save their children from opprobrium and Trumpian decadence.

Various trends have created unprecedented wealth: the end of



Harry Hayson

communism; 75 years of accumulation during the west's "Long Peace"; the surge in inequality after 1980, and greater ease of tax dodging. The wealthy appear recession-proof: since 2007, the Dow Jones has approximately doubled, whereas US median incomes had risen only about 9 per cent until the pandemic hit.

To borrow from rhetoric about the poor, let's distinguish between the "deserving" and "undeserving" rich. The deserving are self-made types such as Jeff Bezos and Bill Gates. They should get large rewards – though \$100bn seems unnecessarily high.

The economist Thomas Piketty told me: "People who use this argument, 'He's great' – therefore what? Therefore he should pay zero tax? Therefore we should subsidise him so

that he's even richer?" Piketty proposes taxes to cap individual wealth at \$1bn.

I suspect most rich people would survive that. Famously, many just treat wealth as a way of keeping score. Joris Luyendijk, author of *Swimming with Sharks*, says the London bankers he observed would accept being paid bonuses in bananas, as long as they got the most bananas.

But the burgeoning category today is the undeserving rich: heirs. Think of the Trumps. Donald Trump himself is widely seen as a first-generation heir masquerading as a self-made man. In fact, he's a second-generation heir.

His grandfather Frederick, owner of hotels and brothels, died in the Great Flu of 1918, leaving a canny widow and son who invested his insurance in real estate. Now Frederick's great-granddaughter Ivanka goes around lecturing the unemployed.

In the US, inheritances "account for about 40 per cent of household wealth", according to the Center on Budget and Policy Priorities. Fewer than two in 1,000 estates paid the federal estate tax even before Trump cut it in 2018. Trusts and other tax havens abound. Trump's own Treasury secretary, Steven Mnuchin, has placed assets worth at least \$32.9m into his "Dynasty Trust I".

Taxing wealth is often derided as little more than "the politics of envy". But I don't envy the heirs I've met. Many seem bored and aimless. While their working peers grow more accomplished and interesting with age, heirs become less so.

Many suffer from both superiority and inferiority complexes: they have private planes yet feel undeserving, as Rachel Sherman recounts in *Uneasy*

“Taxing wealth is often derided as ‘the politics of envy’ – but in the heirs I’ve met I see nothing to envy”

*Street: The Anxieties of Affluence.* They invest vast energy keeping their mitts on their tribe's money-pot, which often means sucking up to the family patriarch or battling siblings – see Mary Trump's new book.

Heirs are surrounded by people trying to fleece them. They are mocked behind their backs as useless, their children as spoiled. They struggle to impress their patriarchs.

One billionaire's son told me that he wrestled with the impossibility of emulating his dad. A self-made father who found his daughter a prize internship in New York was aghast when she got to the office late on her first Monday, stuck in traffic back from the Hamptons.

Heirs have only one incontestable life advantage that I've seen: they end up better-looking because they have custom-made clothes, plastic surgery and time to exercise.

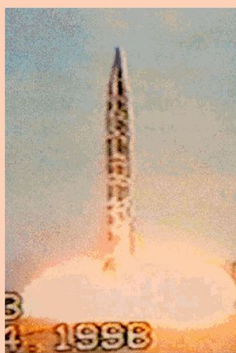
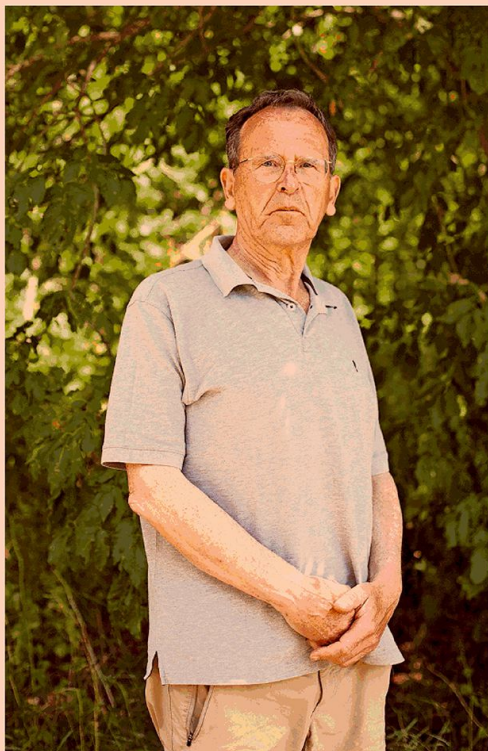
Imagine that most of their fortunes got taxed away. They would still start off slightly richer than everyone else. Their door-opening advantages of accents and ancestral surnames would persist: high earners in Florence in 2011 included many of the same families as in 1427, according to economists Guglielmo Barone and Sauro Mocetti.

There are no Bolsheviks at the security gate today. But there is a widespread desire to wear heirs off their handouts and restore their dignity by putting them to work. The alternative for rich families is decadent pariahdom.

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‘A great injustice was done to me, but I don't think about it much. When something like that happens, you have to make an assessment – maybe I am too sober – and go on’

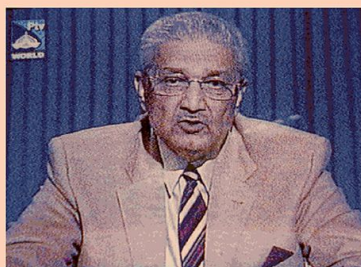
what Veerman had always suspected.

No other Dutch tech company would hire him. Is Veerman bitter? The question seems to surprise him. He doesn't have a large emotional vocabulary. "I don't cry about it all day. A great injustice was done to me, but I don't think about it much. When something like that happens, you have to make an assessment – maybe I am too sober – and go on."

Now, with the whistle-blowers' report, Veerman plans to seek compensation from the Dutch state and the present incarnation of FDO's former holding company, VMF-Stork (FDO closed in 1992). The current Stork, which now consists of a very different set of operating companies, says it "has fully cooperated with the investigation [by the Dutch Whistleblowers Authority], even though this question is from a very long time ago. . . . The current Stork cannot be regarded as Mr Veerman's employer, as the Authority's report confirms."

Veerman continued to receive lucrative offers. "I could have got 500,000 guilders from Abdul if I'd wanted," he muses. He says diplomats from Iran, Iraq and other Middle Eastern countries called him at home, offering him visitors' visas. In the end, he requested a secret phone number.

His life took a different path. When he went to apply for unemployment benefit, he found his local social security agency a mess. He asked to see the manager, who ended up offering him a job paying less than half what he'd earned at FDO. Yet, he says: "It was the biggest luck of my life that I could land there." He stayed in the Dutch social security



Clockwise from main picture: Frits Veerman at his home in Huizen in June, photographed by Xiaoxiao Xu; protests against the government in Karachi in February 2004, with placards in support of Khan; Khan on state TV the day before, taking responsibility for leaking nuclear data to Iran, Libya and North Korea; a urged Ghauri missile during a test launch in April 1998

Getty Images/AP

territory since the second world war. The ministry of justice later admitted that Khan's legal file had gone missing.

Lubbers, who became prime minister in 1982, wanted Khan arrested but was told to "leave it to the [intelligence] services". Looking back, he told the Argos radio show: "The last word is Washington. There is no doubt they knew everything, heard everything. There is an open line between The Hague and Washington. . . . It was very dumb." Khan was allowed to return to the Netherlands repeatedly, including to visit his dying father-in-law in 1992.

The CIA's former director of central intelligence, George Tenet, once boasted: "We were inside [Khan's] residence, inside his facilities, inside his rooms." Yet the Americans missed a lot, partly because they expected Pakistan to pursue a bomb made with plutonium rather than uranium. They were also late to realise that Khan had opened a nuclear supermarket, offering starter kits to many countries including Syria and Saudi Arabia. Decades after leaving the Netherlands, he was still selling Dutch knowledge. He grew rich. In 1998, he also became celebrated as "Mohsin-e-Pakistan" (Saviour of Pakistan), after the country detonated six nuclear bombs at a test site.

Proof of his sales emerged in 2003, when the US Navy intercepted a ship carrying nuclear technology from one of his factories to Libya. Later, the Libyans handed the Americans two plastic bags

‘We didn't feel safeguarding the world against nuclear proliferation was a Dutch responsibility’

administration until retirement – not "the glittering career I had dreamed of", he says. But he enjoyed the work.

In his first weeks there, BVD agents kept coming to see him. "What's this about?" his boss asked. "Nuclear bombs," said Veerman. Agents also visited his house, once interrogating him in his bedroom while his family was celebrating his birthday. The BVD suggested he could be prosecuted as Khan's accomplice. (Veerman's request to see his BVD file has been denied.)

Meanwhile, Khan regularly flew into Brussels, then drove to nearby countries visiting suppliers and scientists. The BVD took no action, even when Dutch businessman Nico Zondag reported in 1977 that Pakistan was seeking products to build a nuclear bomb. A Dutch foreign-ministry official wrote in a memo in 1984 that exports to Pakistan continued, "including essential bomb components that for whatever reason couldn't be blocked."

Khan said in 1987 that Europeans were keen sellers: "People chased us with figures and details of equipment they had sold to Almelo and Capenhurst [the British site of another Urenco plant]. They literally begged us to buy their equipment." There were few restrictions on such exports in those days. If an item seemed particularly problematic, the trick was to conceal its destination by routing it through an inoffensive third country.

A small country with an impenetrable language can generally keep national embarrassments secret. The Dutch government commissioned a report on Khan only in 1979, after the German TV channel ZDF – using sources other than

Veerman – revealed Khan's espionage to the world. Nobody then thought Pakistan was close to getting the bomb and the CIA believed it had the matter under control, but the Netherlands – a vocal supporter of the Nuclear Nonproliferation Treaty of 1968 – was humiliated in front of its allies.

In 1983, Veerman was summoned to a meeting at the Bijlmer prison. There, he later told the whistle-blowers authority, government officials ordered him to keep quiet about Khan "because the Netherlands' international relations and reputation were at risk, and the interests of Dutch industry". When he said he'd keep speaking out, an executive from FDO snapped that speaking out had got him fired – thereby blowing the company's cover story.

Veerman went straight from the meeting to a Dutch newspaper, but afterwards retreated into his social security job and was hardly heard of again in public for decades until now. He was also put on an international watchlist and for many years was questioned by the authorities when he travelled abroad. On one family holiday in Italy, his car was stopped by armed police.

In 1983 the Netherlands sentenced Khan in absentia to four years in jail for seeking secret information. The main evidence was his letters to Veerman. Khan was offended by the verdict and his biographer Zahid Malik would record his complaint that two of the judges were Jews. Later, his sentence was overturned because he hadn't been served the summons. The Dutch then abandoned prosecution of the most consequential crime committed on their

(bearing the names of an Islamabad tailor and a dry cleaner) that contained bomb designs. In 2004, Khan confessed on live television to transferring the technology to Libya, Iran and North Korea. By then, the US couldn't demand his punishment, as Pakistan was an ally in the "war on terror".

Meanwhile, the Dutch government admitted in 2004 that Iranian centrifuges had been seen that used "Urenco technology from the 1970s". Pakistan's centrifuges were similar. The Dutch foreign ministry told the FT: "The Netherlands attaches great importance to the Non-proliferation Treaty and the prevention of proliferation. The Netherlands did not actively contribute to unwanted proliferation of knowledge."

Khan later withdrew his confession. Some years ago, an American documentary-maker arranged for Veerman to phone his old friend. Khan, who resents being painted as a common spy, told him, "Frits, you are the biggest liar around." Khan is now out of favour with Pakistan's government. Security forces personnel installed in the house next door block him from meeting his relatives, friends and lawyers, he complained in an appeal to Pakistan's Supreme Court last month.

How does Veerman view him now? Veerman reflects, then says: "He has performed great services for his country. He became a spy, in my view. That doesn't mean I'm hostile towards him. When we spent time together, I thought he was a nice man."

Veerman is harsher about his own country: "If Iran ever manages to destroy Israel, they could put on the weapons, 'Made in Holland'."