

# Police reform Imperative for improvement of law and order

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RECENTLY renewed debate and discussions on reforms of the police as a vital state institution have been taking place. The government has shown interest in the matter and agencies like the UNDP and the World Bank have come forward with offer of help. The Bangladesh State since its inception has struggled, rather unsuccessfully so far, to perform its basic duty to protect the rights of its citizens to life, liberty and property. National development is a cherished agenda pursued by government aimed at meeting people's aspiration for a better life. It is agreed on all hands that a secure and peaceful environment is a basic necessity for development to take place. Inability to establish a desirable state of law and order providing basic security to its citizens is counted as one of the Bangladesh's failures so far. The reasons are many.

Police dishonesty and inefficiency however feature most prominently in public perception for the prevailing situation. Many despair that these are irremediable features of our police establishment. Given the situation prevailing for so long, such despair may be understandable. But the attributes of corrupt, inefficient and ineffective, need not be the permanent characteristics of an institution provided the roots of the maladies that afflict it are properly identified and the right kind of remedies are applied. The reform needs of the police and the areas of reforms have been well identified. Expert Committees have reported, seminars have debated and high-ranking police officers have pronounced themselves on the necessity and contours of the area of reforms. I may not add anything to the work already done. Yet as a citizen I felt like airing myself on the subject. One fundamental obstacle to reform, that of lack of finance seems to be no longer an obstacle with donors coming forward with offers of generous assistance. The need of the hour may be a reinforcement of the will to reform.

Let it be pointed out that to be effective, police reform must be supplemented by reform of the relevant laws and the judicial system. Laws that are easy for the citizens to understand and abide by are easily enforced and the maintenance of law and order is that much easier. It is recognised that many of our civil and criminal laws are ancient, are obscure in many instances, are confusing to both abiders and the enforcers, and are therefore fit subjects for reform. The court system is part of the enforcement machinery. The job of the police is prevention, detection and investigation of crimes and other violations of the law. They prosecute the violators where appropriate. The courts adjudicate on the basis of evidence produced. One major flaw in this process has been the lack of independence and hence of impartiality (real or perceived) of the lower echelon of our judiciary that exercises both executive and judicial powers. The lower judiciary thus becomes subservient to the executive hierarchy and is likely to be subject to executive fiat and to lose its impartiality. The separation of the executive and judicial powers of the lower echelon of the judiciary has been a long pending reform.

The above issues are highlighted to put the role and functions of the police and their performance in some perspective so that the failure of the police is not viewed one sidedly. As stated above, consensus has been reached on the vital areas in which police reforms are called for. Training of police personnel, providing the police force with modern equipment and logistics, separation of investigation and prosecution through the formation of an independent public prosecution service, and general policing and crime control are

among the most important areas identified. Mr MN Huda, an ex-IGP has added to and elaborated the list further pointing, among other things, to the lacunae in recruitment process at the lower ranks of the police force (DS, December 20). As a life time practitioner and finally in overall charge of the whole establishment for a period of time he knows best. He has not explained however why he could not implement some of his ideas when he was in charge. He has attributed the inadequacy of police training to lack of finance even within the available police budget. Inadequacy of finance has been frequently cited as the reason for the inadequacy of personnel strength, modernisation of their operational modes, and the poor pay and welfare benefits of police personnel and their families.

Mr Huda has however pointed out one very pertinent fact. That is that "for a long time we have failed to treat the policeman as a human

being. It is time to restore his dignity." I remember scenes at the Dhaka stadium of police personnel patrolling innocently round as a measure of preventing any untoward incidents and the public throwing banana peels at them totally unprovoked and uncalled for. The police bore it with equanimity. Such public behaviour may be seen as an expression of the adversarial attitude to the police as an agent of colonial oppression. That is also how police often behaved in colonial days. Unfortunately the image and perception persist even today.

While on the subject of dignity of the force I wish to dwell a bit on the uniform our police wears and the ranking and designation of our police personnel. These may appear to be trivial matters in the context of police reform. In my view these are important matters. The Police Department has recently announced that it will change the khaki uniform that our police personnel have been wearing since the British colonial days. A correspondent in the letter column of the Daily Star (8<sup>th</sup> December) has opined in a despairing tone that this cosmetic change will do nothing to improve the effectiveness of the force that is inherently inefficient and corrupt to the bone. According to him the black will take no other hue however one may wash its surface. This need not be so. Human beings are capable of responding to the right kind of stimuli. The need for more substantive changes is undeniable. The change of the uniform can be an important useful part of the reform process at relatively small cost. If the Police Department has added the private security guards wearing similar uniforms as a reason for the announced change, as the letter writer points out, that is rather naive. There is truth however in saying that the existing uniforms contribute to public perception of corruption and inefficiency. The Department should know better.

A child who has been nurtured in tattered rags and worn out outfits can never develop self-respect and command respect of others. It is unnecessary to invoke that Shaikh Sa'adi story of him being poorly dressed and poorly served at a feast and putting food in pockets after being smartly dressed and deluged with the goodies. As

work environment one may find a lot of precepts and preaching of honesty but little of practice. In such an environment it may be too much to expect angelic behaviour from the policeman, but that is not condoning him for dishonesty.

Efficiency is a function of ability of the physique and the intellect. The lower ranks, especially the jawans, are generally born poor and grow up poor physically and perhaps mentally also. The recruitment process seeks to pick up the physically and mentally best-equipped ones unless of course the process is unduly interfered with about which Mr Huda seems to be complaining. Once recruited, the building up of the physical and mental faculties further is a matter of training. Nutritional food, comfortable housing and proper medical facilities with the exercising of the physique are ingredients of physical abilities. Imparting skills and motivating to honestly use both the physical and intellectual skills are vital areas of training. There seems to be a serious dearth in most of these areas.

There may be other fault lines in the organisational and command structure of the police force. Our politics is a spoiler of many things including the law and order and its guardian, the police. The police performance have to obey the political command at many levels for good or for bad. Within the bureaucratic structure there may be needs also for improvement of the systems of command and control with degrees of decentralisation of responsibilities with accountability. In federal states policing is a provincial (state) function that also percolates at least partly to local level. In unitary states like Bangladesh, police function is often performed at some level of local government. In our present state of social and political development such decentralisation of police function may be far too much to expect. Our local government system has been a nonstarter even with more than a century of experience and experimentation behind it and voracious current demand for reinvigorating them as instruments for the delivery of vital public services close to people's home with opportunities for community participation.

Now that there is assurance of finance from the donor agencies, to hopefully remove one of the most critical bottlenecks to implement reform, let us look forward to reforms to begin in earnest within the current milieu. Let us hope that a visible improvement of law order will come about sooner than later that will ensure a peaceful environment for development that we as a nation aspire.

# Outlook 2004 World economy: Calm before the storm

JEFFREY E. GARTEN

THE global growth engine is finally moving into high gear. Driven by the United States, fueled by soaring demand in China and boosted by reform in Germany, France and Japan, the world seems poised for expansion in all its major economies. The next four to eight months look very promising, according to forecasters just about everywhere.

Yet an undercurrent of worry remains. In the past two years, the rare simultaneous downturn in all the major economies produced uncertainties that still haunt the recovery. For different reasons -- overheating in China, rising deficits in the United States, runaway spending in Europe -- there is a strong possibility that central banks will be compelled to raise interest rates and choke the recovery. While emerging markets are enjoying a stock-market boom, it is driven largely by a perceived shortage of opportunity in major markets, and could quickly dissolve in capital flight. Threatening everything are political tensions among the major countries over issues ranging from terror to trade and currencies. No major country is content with the value of its currency, and there is no mechanism to satisfy them all -- a situation that could easily lead to crisis in 2004.

So my New Year's message is: Enjoy the moment, but be skeptical about rosy long-term projections.

**The United States:** There is lots of good news -- 8.1 percent growth in the last quarter, the highest levels of productivity in 20 years, expansion of manufacturing, an unemployment rate that has declined from 6.4 to 5.9 percent. Corporate profits have soared, business investment is beginning to revive and the Dow has risen to pierce the symbolic 10,000 mark on more than one occasion. All this is happening with low levels of inflation, too. The Organisation for Economic Cooperation and Development (OECD) projects U.S. GDP growth in 2004 of 4.2 percent, compared to 2 percent in 2003, and some forecasters are even more optimistic.

There is no mystery why this recovery has occurred. The economy is inundated by stimuli -- the lowest interest rates in 40 years, the largest tax cuts in memory and consumers who just can't stop buying big-ticket items. Companies have streamlined for fierce competition. Nevertheless, in pushing massive new tax cuts combined with big spending hikes on everything from military readiness to health insurance for seniors, Washington has almost guaranteed unprecedented fiscal deficits for many years to come. Goldman Sachs sees this red ink going as high as \$500 billion in 2004, a 20 percent increase over the

unprecedented 2003 levels. At the same time, Uncle Sam has been running trade deficits so large that it needs to borrow about \$2 billion per day from foreign lenders. HSBC, the global bank, says that amount could easily double in a few years. The single biggest danger to the U.S. recovery is that these two deficits will drive up interest rates and thereby choke off growth.

There is a good chance rate hikes will come by the end of 2004, when a number of factors could converge. Economic growth will be strong. President Bush will be making new spending commitments to assure his re-election. In this situation, the Federal Reserve could move to tighten credit to ward off the spectre of inflation, or the bond markets could act on inflation fears and drive up long-term rates. Economic activity abroad will be picking up, too, and

some time. In 2004, however, Tokyo could experience a mild rebound, with growth of 1.8 percent, according to the OECD. The economy has grown for seven straight quarters, and the stock market is up about 25 percent since March. The threat of serious deflation seems to be subsiding, and at last Tokyo is cleaning up its debt-burdened banks. Nevertheless, Japan has had many false starts, and there is a good chance that, once again, powerful farm and construction interests will obstruct reform. Export dependence also makes Japan hostage to the fortunes of the Chinese and the U.S. markets. Don't hold out too much hope for this one.

**Germany and France:** The European Union constitutes about 30 percent of global GDP, and France and Germany account for about half of that. The OECD is

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forecasting EU growth on the order of 1.8 percent in 2004, compared with 0.5 percent in 2003. This projection assumes reforms begun in 2003 will continue. Germany will implement significant tax cuts, reform the state pension system, reduce unemployment benefits and allow more part-time work, and France will move in similar ways to cut social programmes and create more flexible work rules.

Even if such reforms gain momentum -- a big "if" -- there is a more immediate challenge. Fiscal discipline in the European Monetary Union was shattered when Berlin and Paris violated the stability-pact commitment to hold fiscal deficits under 3 percent of GDP. Unless a new disciplinary mechanism is found soon, odds are that the European Central Bank will raise interest rates to offset uncontrolled spending and defend its credibility as an inflation fighter. The major constraint on the ECB: raising rates would further strengthen the rising euro, which hurts European exports and slows economic growth.

**Emerging markets:** At the end of 2003, these countries were likely to have raised twice as much in the global bond markets as they did in either of the previous two years. Emerging-stock-market indexes are up on the order of 30 percent in 2003, too, with countries such as Brazil and Argentina up more than 100 percent in dollar terms. The question is, how long can this bonanza continue?

The good news is that since the financial crisis of the late 1990s that engulfed Asia, Latin America and Russia, reforms have made another crisis less likely. Many emerging markets have established more flexible exchange rates, higher levels of financial reserves and more transparent accounting. Even after deep recession in Argentina, political meltdown in Venezuela, or the jailing of Russia's top CEO, the problems in one emerging market have not spilled over into another, as they used to.

On the other hand, a huge portion of investing in emerging markets has occurred because of the lack of profitable opportunities in the industrialised world. In this environment, emerging-market investors are chasing the highest possible yield, while lowering their guard against risk. As growth and

interest rates pick up in the industrial world, emerging markets could see a slowing down of capital inflows, if not a reversal. Many have high debt levels and could be forced to rein in their economies.

**Currency crisis:** As we begin 2004, no major country is comfortable with where its currency is vis-a-vis the others, either because it would like it to be lower or because it is under serious political pressure from others to revalue. However, very few good options exist for changing the status quo.

In mid-December the dollar was testing record lows against the euro and the British pound, and was also quite low vis-a-vis the yen. Washington wants the dollar to continue to slide, because that would make U.S. exports more competitive, raise import prices and take some of the pressure off the trade deficit. But it naturally wants this to happen very gradually to prevent the world's leading currency from setting off a major financial crisis. Controlling depreciation is no easy feat, however, as once markets tend to move in one direction, they often gain momentum that is hard to stop.

In 2004, moreover, the United States will continue to pressure China to allow its currency to float upwards. Beijing is resisting, for fear that the Chinese economy could be destabilised. The United States will press Tokyo to stop artificially depressing the yen, but Japan fears that doing so would kill its modest recovery. Meanwhile, the result of cheap dollars, yuan and yen will put upward pressure on the euro, which, as noted above, will distress European exporters and undermine European growth.

It wouldn't take much to create a crisis in this tense environment. Suppose China, with its nearly \$400 billion in reserves, decided to move part of its funds out of dollars into other currencies, simply as a prudent diversification strategy. Other countries might decide to follow Beijing's lead, causing the dollar to decline at a rapid rate. Or suppose OPEC countries, which now price their oil exports in dollars, switch to charging buyers in euros -- or some combination of dollars and euros -- thereby damaging confidence in the U.S. currency and also driving it down at a rapid rate.

The management of all of these issues is less about economics than about international political cooperation. On the global scene, every country is now out for itself -- to a degree we have not seen in generations. There is ample evidence of this beggar-thy-neighbour mentality in the breakdown of global-trade negotiations and the diminishing enthusiasm for international organisations. The kingpin of the system, the United States, has turned unilateralist and is flirting with trade protection, most recently by excluding opponents of the war in Iraq from bidding on big reconstruction contracts. Europe is preoccupied with internal challenges, from the ratification of its constitution to incorporation of new members, and has shown a high level of disregard for the international economy by maintaining sky-high farm subsidies that hurt developing nations. Japan has never made much of a conscious international contribution and shows little sign of change. China is focused on its own growth and social stability.

If there is an economic setback or a crisis of any kind, the current state of global politics could become a big problem. In 2004, this should be our biggest concern.

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# Low growth to prosperity: Do we have any human resource development strategy?

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THE condition of endogenous growth may have a strong link with basic foundation of human capital. This human capital may be defined by different grades that enter the production function differently and affect, in turn, the rates of return to physical capital. Thus the development of human capital may be defined in two ways, one with basic education and the other with the knowledge, skills, competence and other attributes embodied in individuals that are complementary according to the structural condition of the country. Accordingly, human capital may also be viewed as a factor of production just like -- but distinct from -- physical capital and labour. The physical capital may provide a necessary, but not sufficient condition for the production of goods and services. Developing economies suffer not only from a shortage of physical capital but also from a severe shortage of human capital, although they might simultaneously have an abundance of labour with basic education. This is also borne out by studies reporting higher rates of return on investments in human capital in developing economies than in developed ones.

Development of human capital in the form of basic education may be considered as a primary requirement for achieving eco-

nomic development. Economists' stress the importance of human development for societies to prosper economically and also for sustainable development. It is often argued that human capital in the form of basic education can make economic transactions more efficient by providing economic participants with access to more information, thus enabling them to coordinate activities for mutual benefit.

Many experts point to a number of possible benefits of knowledge, human skill development for developing countries. It is often argued that incentives that are built into the institutional framework for skill development and accordingly play a decisive role in shaping the kinds of skills and knowledge are more effective. In the East Asian context, for example, it is the egalitarian education policies, which have played a pivotal role in their economic growth. It is further argued that the increased equality has led to enhanced political and social stability, thereby creating a better investment environment. The lack of complementary factors such as non-availability of skilled labour further added to the problem of capital flow to the capital-poor countries such as Caribbean economies with all features of successful intervention in the basic education.

There is a strong relationship between investments in human

capital and economic growth. The need to improve the quality of human resources is particularly important for developing nations, given its importance in the attraction of foreign direct investment. Although the developing world accounts for a steadily increasing share of world manufacturing (partly driven by lower wages and costs), competitive advantage

**The need to improve the quality of human resources is particularly important for developing nations, given its importance in the attraction of foreign direct investment. Although the developing world accounts for a steadily increasing share of world manufacturing (partly driven by lower wages and costs), competitive advantage based on low wages is inherently a transitory phenomenon: sooner or later, developing countries will face the need to improve their skill as other lower cost producers emerge.**

based on low wages is inherently a transitory phenomenon: sooner or later, developing countries will face the need to improve their skill as other lower cost producers emerge. This has led the researchers to understand the structure of human capital development of a country. This is particularly true in the context of Bangladesh where the country failed to exploit her vast population into human capital. Needless to mention that primary education generates the highest rates of return, secondary level has lower returns while tertiary level has higher returns than

the secondary level. Many have argued that the level of education is below the performance required to integrate entrants to the labour force. They emphasised the need for a well-educated work force as the key determinant of development in the developing economies with particular reference to Bangladesh. According to them part of the low

productivity levels is partly explained by ineffective education. A significant number of population has been at the highest risk of low academic achievement. The group in addition to rural children is vulnerable to the inequities in the structure of some education systems. The fact that the poor have low levels of education in all countries highlights the need to address educational issues.

It is true that there is a strong connection between the key achievements of human development in the form of basic educa-

tion and the importance of the investments made in this respect in developing economies. Of late, the quality of service is declining. The studies (for example World Bank 1996) find that real expenditures on education and health have fallen in many countries over the past decade. As a consequence, physical structures have deteriorated, equipment is lacking, and

of public and private training programmes in Bangladesh in order to address issues such as low skill levels and high rate of unemployment rates among youth. In some economies, ineffective training schemes impede an effective labour market for growth. This is due to limited labor market information systems and weak dialogue between public educational insti-

tutions and employers. Government programmes in particular have found it difficult to respond to the changing needs of the labour market, and to provide up-to-date equipment because of bureaucratic and fiscal pressures. A recent example of call centre (BPOs) may be cited in this respect. In recent time millions of jobs are being transferred to India and China from developed economies. Unfortunately, Bangladesh so far has failed to exploit the changing scenario in this respect. Because there are very few computer literate English speaking finance grad-

uates in the country. Here lies the famous argument: government failure leads to market failure. It is useful to cite the example of Singapore in this context due to the fact that Singapore's growth has largely been driven by larger inputs of capital and labour rather than productivity growth. It is often argued that Singapore's acclaimed skills development system may be considered as an example of a concerted national and integrated effort, given its multilevel focus and private sector collaboration. It is successful because it is linked to other national policies (e.g., economic development, technology transfer), and various institutions appear to work together. One can examine several key actors and institutions in this respect. The Ministry of Trade and Industry (MTI) played a key role for broad economic development policies. A range of semi-autonomous agencies played an active role. For example the Economic Development Board (EDB) has the primary function of attracting foreign direct investment and foreign investor's demands for the required skilled personnel.

Likewise the Productivity and Standards Board (PSB), are there the Institute of Technical Education (ITE), and other industry-specific bodies such as the Precision Engineering Institute (PEI), to meet the skills demands of foreign investors. The National Manpower Council (NMC) of Singapore as a

second key institution consults MTI and Ministry of Education (MoE). Polytechnics and Universities in order to prepare the intake and output targets of ITE. The council for Professional and Technical Education (CPTe) has over all responsibility for matching the demand and supply for skills in the economy. Based on existing levels and estimated future needs, this body works together with different parts of the education system (Universities, polytechnics and schools) and skills development institutions (ITE, and other industry specific training institutes) to ensure the supply of sufficient numbers of workers with the desired level of skills for industry requirements. A third key actor is the MoE, which has direct jurisdiction over schools, polytechnics, universities and the ITE.

The above may be considered as powerful ingredient of development. The education and the skill development strategy of the country needs to be reexamined. The institutional aspect of Singapore model may have strong relevance in this context. The system may play an important role in enhancing long-term growth. Unfortunately, our existing structure is too weak to transform. Such transformation should be the only way to move our economy from low growth to prosperity.

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