

Policemen's pay and all that

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Of late, our policemen's pay and the reported inconsistencies have been the subject of media attention. Beyond the police headquarters and the Home Ministry the matter has received the personal attention of the Honourable Prime Minister of the country who, while inaugurating the highway police outfit at Rajarbag on 11th June last has said that the rationalisation of policemen's pay is receiving urgent attention of the government. She has also said that for good work the policemen would be immensely recognised by non-monetary rewards in addition to financial incentives. The fact remains that the subject of policemen's pay and its rationalisation is not a popular topic although in the late 1940s and 1950s while facing the aggressive

policemen in political demonstrations mostly led by leftist organisations, one used to hear slogans like "Police Tumi Jotoi Maro, Maine Tomar Ekshobaro" (However much you may assault, oh policemen, your salary is rupees one hundred and twelve). The reality as of now is that the reactive and aggressive postures of policemen have not undergone any change for the better but equally true perhaps is the fact that the pay and emoluments of the policemen have not experienced meaningful increase for the over-all good of the society. However, significant change has been felt elsewhere, particularly in the rising expectations of the general population. In an independent polity, the policemen are expected to be respectful towards the democratic values. They have to behave gently and be sensitive and compassionate to the women and children. The important question is whether the currently approved pay and allowances contribute to the inculcation of the right attitude on the part of our policemen in our democratic society.

Distinguishing factor

A policeman is expected to have a physical constitution which is sound in every way. The duties the police have to perform are varied and exacting. These duties are increasing and will still increase in variety and complexity. A persons, therefore, cannot make a good policeman unless his general intelligence, memory and powers of observation are distinctly above the average. He should be of good character, humane and courteous and should possess moral, mental and physical qualities not ordinarily required in other employees.

When a policeman is appointed he is entrusted with powers which may gravely affect the liberty of other people and therefore, he must at all times be ready to act with tact, caution, discretion and on his own initiative and responsibility in different contingencies. The burden of individual discretion and responsibility placed upon a constable is much greater than that of any other public servant of subordinate rank.

The policeman stands in a special relationship to the community. He claims to be and is the principal agent in the prevention and detection of crime of all kinds and generally holds a position of trust. This trust has to be maintained. Therefore, it is considered essential that the sense of obligation to the public should be preserved in the police at all costs. These considerations are fundamental to the status of the police and the pay they should receive. The report of the police post-war committee of the UK, 1949 observed that they were "satisfied that a policeman has

responsibilities and obligations which are peculiar to his calling and distinguish him from other public servants and municipal employees." The same committee considered the police "entitled thereby to special consideration in regard to their rate of pay and pensions."

In various ways a policeman is subject to social disabilities by reason of his employment. He has to impose upon him certain restrictions which do not exist in ordinary employments and hardly apply in the same degree even in the case of other public servants. On account of his nature of duty a policeman is often restricted in his

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PHOTO: AFP

Our police force: Deserving a better deal

choice of a residence. In view of the special temptations to which policemen are exposed his remuneration should be such as will not add to his temptations the difficulties and anxieties incidental to an inadequate rate of pay.

The policeman incurs certain special expenses by reason of his employment. He requires good and sustaining food and the cost of his house-keeping is increased by the irregularity of the hours at which he has to take meals. The police responsibilities are more exacting now than they were in the yesteryears and are not likely to become less. The submissions made in the foregoing paragraphs must be in the forefront of the minds of the government in deciding about the emoluments of the policeman.

Job description, pay and discretion

There is a feeling that in the past due consideration was not shown to policemen, particularly the lowest rank (constable) with regard to his pay vis-a-vis equivalent position in other services. Despite the fact that the constabulary forms the cutting edge of our police administration and is the foundation and base of the entire police structure (75% of the total force) the constable has always been accorded a relatively low status in public service in terms of pay and otherwise. The undeniable fact, however, is that in the past as always the constables have displayed utmost loyalty and dedication to the call of duty even in

the most trying conditions. While there is no rational basis for comparing the services rendered by equivalent positions in other government departments, the ground reality is that the constables continue to be equated with the unskilled labour in our national pay structure and also in people's mind. Against this backdrop, let us see for a while the duties of constable as stated in the Police Regulations of Bengal and a significant power conferred on him in the criminal procedure code of the country.

As per regulation 208(a) "Constables at police stations may be employed in the execution of warrants, for escorts and guards, for the patrolling of dangerous roads or

the constable is the visible symbol of authority and they expect him to use the authority for safeguarding their rights and rendering assistance in the solution of their problems.

The conditions of service of constables were found to be so demanding that the Bangladesh Police Commission of 1988-89 reiterated the need for giving a day off to the police personnel in subordinate ranks once in a week in the interest of health, vigour and efficiency of the force. The commission found out that due to exigencies of public service and more so on occasions of religious and others festivities police personnel cannot enjoy most of the government holidays because they have to be deployed in large numbers to maintain peace and order on such occasions.

Rationale for better pay

If we do not want inefficient and irresponsible policemen with sloppy and slovenly manners then it is high time that their rates of pay record manifold increase to attract the appropriate personnel. What we need is a trim and skilled force as distinct from the present adhoc labour-intensive approach. We may not require more personnel but we definitely need better service conditions made possible through large injection of fund for pay and allowances. While pay is not the exclusive determinant of honesty and efficiency, it is a primary contributor towards the attainment of such qualities. The daily rigour of service throughout the year takes its toll and we have to be cognisant of that.

In order for our constable to be humane and respectful towards the human rights of others it is necessary to ensure a decent living for him so that he does not stoop low and performs his duties with a high head and in an upright manner. The life style of majority of our policemen is like that of the ordinary folks of the country. They deserve a better deal at the earliest.

Let us remember that of all the public services, the police alone can exercise direct influence on the individual citizen. The police have been given discretion in order that they can be effective and responsive to the needs of the public. Their role calls upon them to make quick, perceptive judgements in the thick of conflict and in the glare of public scrutiny and errors of judgement on their part can cause irreparable harm. Law enforcement involves constant interaction with human beings. Human nature itself is very complex and has no set pattern. Policing in modern society, therefore, calls for a deep insight into human behaviour and pragmatic approach.

The job analysis conducted by the Productivity Council of India has shown that the average working hours of the subordinate police officers are usually from ten to sixteen everyday, seven days of the week. What our leaders should bear in mind is that the police, due to the inherent nature of their duties, cannot be allowed to form trade unions for collective action for the expression of their grievances and thus it remains the responsibility of the government to keep in touch with the feelings and difficulties of the members of the force in order to provide timely redress as and when called for.

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INTERVIEW WITH RON CHEPESIUK: THE CALI CARTEL, DRUG TRAFFICKING AND TERRORISM

'The war on terrorism is being fought much like the war on drugs'

This past December and March, brothers Gilberto and Miguel Rodriguez Orejuela became the biggest organised crime figures ever extradited to the US. The brothers were godfathers of Colombia's notorious Cali cartel, the most powerful crime syndicate in history. Daily Star columnist Ron Chepesiuk has just published the first book about the Cali Cartel and its remarkable legacy titled Drug Lords: The Rise and Fall of the Cali Cartel (Milo Books, \$13.95 U.S.). Chepesiuk's book, which reads like a thriller, chronicles law enforcement's 30 year effort to take down the cartel, which came close to turning Colombia into a narco-democracy. The Daily Star recently interviewed Chepesiuk to learn more about his book and to get his views on the significance of the Cali cartel takedown, the cartel's impact on the international drug trade and the lessons learned from the investigation for the War on Terrorism. Here are highlights from that interview.

Daily Star (DS): How did you come to write about the Cali cartel?

Ron Chepesiuk (RC): I've been writing about the Colombia drug trade since 1987, when I first visited Colombia, met my wife, who is from Bogota, and got married. At that time and into the early 1990s, Pablo Escobar and the Medellin cartel grabbed most of the media's attention because of their violence and high profile. I knew, though, that the Cali cartel, the biggest drug trafficking combine of all time, was the real story. The Cali cartel's two primary godfathers, Gilberto and Miguel Rodriguez Orejuela, were captured in 1996. Five years later there was still no book about the Cali cartel in English, and I knew it was time to write it myself.

DS: How did you go about researching such a complex story?

RC: It was challenge organising the research for *Drug Lords*, but the Cali cartel's history and impact makes for a great story, so the book was fun to research and write. Many of the government and law enforcement officials, both in the US and Colombia who worked the case were eager to talk because they viewed the investigation to be tremendous success story. So I had plenty of sources to interview.

DS: What was the major breakthrough that brought about the downfall of the Cali cartel?

RC: There is really no one real breakthrough. Chronologically, the discovery of a huge shipment of drugs being smuggled in concrete fence posts from Venezuela in 1991 was the beginning of the end for the Cali cartel. The bust led to the investigation known as Operation Cornerstone.

A number of factors really led to Cali's demise. Killing Escobar and dismantling the Medellin cartel meant the Cali cartel would now be the big target of law enforcement. The cartel could run but it couldn't hide. By the early 1990s the Cali cartel had become too big, making it vulnerable to mistakes. The cartel's management style, while effective earlier in its history, had become a liability. They were a crime multinational that tried to run their international operations from Colombia. Imagine what would happen to Toyota if it ran its company from Japan. Also there was a bribery scandal in Colombia in 1994 in which the Cali cartel financed the election campaign of Ernesto Samper to the tune of a little more than \$6 million. The scandal forced Samper to prove that he was honest and to do more to take down the Cali cartel than he probably wanted.

DS: How did the Cali cartel revolutionise the international drug trade? How were they different to other drug cartels?

RC: The Cali cartel operated more like a multinational business

than a crime syndicate. The cartel showed that if you want to succeed in drug trafficking, you need to keep a low profile and focus on business. It showed the importance of using technology, building strategic alliances, setting up the crime syndicate on a business model, manipulating the system through bribery, and gathering business intelligence on your rivals and enemies. While the Colombian cartels are not nearly as big today as they were 10 to 20 years ago, they've learned from the Cali experience. Let's hope that other criminal groups don't learn as well.

DS: Pablo Escobar is the most famous drug trafficker out of Colombia. Yet the Cali cartel got the best of him and he was killed in 1993. What was the Cali cartel's role in the downfall of Pablo Escobar?

RC: As former Colombian President Ernesto Samper told me: "The Cali cartel was the key element in taking down Escobar." The cartel gathered intelligence on Escobar's movements as he sought to hide from the authorities, and they helped finance the group called the PEPES (People

Persecuted by Pablo Escobar), which was instrumental in Pablo's takedown. Ironically, the Cali cartel had sealed its own takedown, but it was in a life and death struggle with Escobar and had no choice. I describe this vicious struggle in a chapter titled "War of the Cartels."

DS: What does the takedown of Pablo Escobar and the Cali cartel mean for the war against drugs?

RC: It was important to take down the Cali and Medellin cartels because their wealth and power threatened to turn Colombia into a narco-democracy. But in reality, the Colombian drug trade is thriving. The drug traffickers have learned well from the demise of the Cali and Medellin cartels. They've gotten smaller. There are now an estimated 300 baby cartels or cartelitos operating in Colombia. Interdiction is not the prime way to fight the war on drugs. The key to victory, if there can be one, doesn't lie in the coca fields of Colombia but on the streets of the US and the UK, where the demand is.

DS: What links did the Cali cartel forge with drug gangs in the UK and to what extent did they control the European drug market?



PHOTO: INTERNET

Brothers Miguel Rodriguez Orejuela (above) and Gilberto Rodriguez Orejuela

RC: The Cali cartel was largely responsible for introducing cocaine to the European market in the late 1980s. Curtis Warren, the UK's biggest drug trafficker, was linked closely to the Cali cartel. The source of Warren's cocaine was Arnaldo "Lucho" Botero, a high ranking Cali boss who, like Warren, was arrested and jailed. The Cali cartel was ingenious in its ability to build strategic alliances with other criminal groups to help them move their product to market.

DS: What is the current legal situation with the trials of the Rodriguez Orejuela brothers in Miami?

The Rodriguez Orejuela brothers face indictments in Miami and New York. It is expected that the Rodriguez Orejuela brothers will first go on trial in Miami in the late fall or early 2006. It's not decided yet whether the brothers will also be tried in New York. Like everything Cali cartel, the trial is complicated, so the legal process will be slow. The trial is expected to start this fall or early 2006.

DS: Is this the end of the Cali cartel?

RC: Yes, I would say so, although its legacy will continue and other drug trafficking mafias based in Cali will organise. Given current US policy, the names of bad guys in the war on drugs will change, but the script they follow will be the same.

DS: What comparisons can be drawn between the war against drugs and the current war against terror?

RC: The war on terrorism, unfortunately, is being fought much like the war on drugs -- in both cases, law enforcement is primarily focused on interdiction and supply. You get can get rid of the Bin Ladens and Al Zarqawis and the Pablo Escobars and the Rodriguez Orejuelas brothers, etc. But the supply of drug traffickers and terrorists will not diminish. More attention needs to paid to the demand side of both drug trafficking and terrorism. The demand for being terrorists, the questions of why people use drugs and grow the crops that are used for illegal drugs, and why people become terrorists and support them should be addressed. For instance, both wars can better be served by stopping the spraying of coca crops with herbicides in Colombia and with the closing down of Uncle Sam's Guantanamo Bay detention center in Cuba.

DS: Are there lessons the US government can learn from the takedown of the Cali cartel?

RC: The Cali cartel takedown shows that law enforcement can only be successful against criminals when its agencies cooperate and share and when the US government pursues a multilateral policy of honesty.

DISCIPLINE IN BANKING SECTOR

Dealing with non-performing assets

ALI AHMED

SINCE the inception of sovereign Bangladesh in 1971 we have seen unprecedented rise in non-performing financial assets in our banking industry. Especially during the past few decades the magnitude of ever increasing non-performing assets has reached such a proportion that has raised the question of capability of the existing asset management infrastructure of the country.

Before going into the depth of the problem, let us first define what are non-performing financial assets? According to experts, non-performing assets are debt instruments whose obligors are unable to discharge their liabilities as they become due. Here the term debt instruments refers to both loans and bonds. Now another question could be asked: what is the typical situation that breeds non-performing assets? The answer is: non-performing financial assets are by products of financial crises. Rising interest rates (raising the burden of debt service), economic slowdowns (eroding the viability of borrowers) and exchange rate depreciation (increasing the liabilities of borrowers with unhedged positions in their foreign currency borrowing) can all severely undermine the capacity and sometimes the willingness of borrowers to continue

servicing and to repay their debt. Also in an environment like Bangladesh where regulation is ineffective and enforcement is weak there are a lot of politically dominant borrowers who are not willing to pay their debt intentionally.

The financial crises of 1997 to 1999 witnessed a more than three-fold increase in the nonperforming assets in most Asian crisis countries. If not given proper attention to resolve the problem of non-performing assets it could deepen the severity and duration of financial crisis. It can also complicate macro economic management by tying up resources and impeding the resource allocation process, thereby prolonging the economic stagnation. In addition to it nonperforming assets can thwart economic recovery by weakening the financial system, whose dynamic financial intermediary role is critical for the resumption of economic activities.

Against the backdrop of unprecedented rise in the volume of non-performing assets, widespread failures in both the corporate and the financial sectors, and the largely underdeveloped asset markets and inefficient legal system how, can Bangladesh resolve the problems of non-performing assets? At present there are only two directives that are often given on the part of our central bank to the banking sector regarding non-performing assets. Firstly,

writing off the bad loan through the loan-loss provisioning and secondly, settling the issue in the court. As the credit management framework of our banks are weak most banks are unable to invest considerable resources in the review of loan performance. As a result there is improper loan valuation and loan-loss provisioning and weakness in our legal system make it difficult to ensure rights in foreclosing and

disposing of collateral thus obstructing quick settlement in the court.

In an economy where non-performing assets have accounted for 30 percent of the total banking assets the above mentioned two directives have long been proved ineffective in reducing non-performing financial assets in our banking industry.

Where old approaches have failed in containing non-performing assets new approaches could be tested to resolve them. For the policy makers there are two such approaches to consider. One is the creation of asset management companies, another is out of court

centralised corporate debt workout frame works.

Asset management companies are public or private entities whose main function is to take over the nonperforming assets of distressed financial institutions. Asset management companies are generally founded on the supposition that they can help facilitate financial restructuring and maximise the recovery of the nonperforming assets at the

same time. The Asian crisis of 90's saw an expansion of the traditional mandates of asset management companies, particularly with respect to the types and the number of institutions they were designed to deal with. By April 1999, government-owned asset management companies in Indonesia, Malaysia, Korea and Thailand had taken over assets whose face value was equivalent to 20, 17, 10 and 17.5 percent of the GDP of these respective countries.

Definitions

Broadly defined asset management is the process whereby non per-

forming assets are first identified and organised into one of the four categories of action (selling, recovering, restructuring and writing off according to their individual characteristics) and then resolved. Asset management policies are any institutional arrangements or techniques that facilitate this process:

a) To sell a non-performing asset, the market for such an asset must exist and if no such market

exists it must be organised. The sale of non-performing assets facilitates diversification of risks and reallocation of resources.

b) To recover a non-performing asset, the holder of the asset initiates a process, often legal, by which a part or the whole of the value of the asset can be recouped.

Out-of-court corporate debt restructuring

In most countries, when a debtor has failed to meet its liabilities as they become due, the insolvency system provides the creditor with the option to initiate either liquidation or rehabilitation procedures.

Creditors often opt for rehabilitation when the restructuring of the operations or of the balance sheets of the debtor will enable them to recover more than they would expect through liquidation.

There are three different approaches to the rehabilitation of corporate debt: (i) Court supervised company reorganisation or liquidation -- seizure and liquidation of its collateral or sale of other assets in the

possession of the assets obliger. (ii) To restructure a non-performing asset, the holder of the asset enters into negotiation with the assets obliger with the aim of strengthening the ability of the obliger to service and eventually to repay the principal. (iii) To write off a non-performing asset, the holder of the asset takes a loss equivalent to its book value and removes it from the balance sheet.

Objectives: Successful asset management policies are guided by well defined objectives i.e. facilitation of financial restructuring, high rate of recovery, prompt resolution, normalisation of asset markets etc.

Prerequisites: Critical to the

success of asset management policies is the supporting environment, whose design should be aimed at strengthening the ability of the market to carry on the asset resolution process and reducing dependence on government-led initiatives.

The most famous of the centralised out-of-court work out methodologies is the "London Approach," named after an informal framework developed by the Bank of England during the recession in the early 1990 to help steer corporate work-outs in the United Kingdom. This framework has been the basis for the development of similar frameworks in Korea, Thailand, Indonesia, and Malaysia, despite very important departures in each of these new frameworks from the original London Approach. The London Approach is a framework that is flexible and adaptable and rest entirely on voluntary acceptance by the banking community. The main elements of the London Approach are:

λ Banks should remain supportive on hearing that a company with which they have a lending arrangement is in a financial difficulty.

λ Decisions about a company's longer-term future should be made only on the basis of comprehensive information which is shared among all the banks and

other parties to a workout.

λ Banks should work together to reach a collective view on whether and on what terms a company should be given a financial lifeline.

λ The seniority of claims continues to be recognised and there has to be an element of shared pain-equal treatment for all creditors of a single category.

Conclusion:

Non-performing assets are a manifestation of weakness in the corporate sector and an immediate source of problem in our financial sector. The phenomenon of nonperforming financial assets has a deep negative effect on macro economic stability of the country. So, instead of ineffective approaches new approaches must be formulated in the context of a comprehensive framework to deal with the difficulty. Before testing new approaches for the restructuring of the financial and the corporate sectors policy makers must remember that our existing politico-legal system is not equipped to deal with the problems of the nonperforming assets. It needs urgent overhauling. With an inefficient judicial system both approaches are likely to lead to outcomes that are neither the most efficient nor the most optimal in a supportive environment.

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