

## CHAPTER I

### INTRODUCTION

#### Importance of the Fishing Industry in Malaya

The importance of fishing in Malaya cannot be overemphasized. Part-time fishing and the main occupation of padi farming form the traditional basis of the subsistence economy of the rural and coastal dwellers. It is extremely difficult to say exactly what proportion of the total population is engaged in fishing because the majority of the rural people in Malaya have "dual occupations" i.e. they are sometimes engaged jointly in fishing as well as farming. Because of this "dualism" it is very difficult, at times, to say whether a person is a farmer or a fisherman. However, on the whole, we can confidently say that the fishermen in this country form a significant portion of the total population. It is estimated that there are about 54,000 fishermen in this country.

Furthermore, living in an environment which does not encourage livestock rearing, the diet of the rural people, especially the Malays, is essentially vegetarian. The main source of animal protein is fish. Fish - fresh or salted - form the second staple food not only of the Malays, but also the Chinese and Indian population. The per capita consumption of fish is between 60-70 lb per annum.

Because of its cheapness and relative abundance compared with meat, fish has always been a popular food with the people of all races.

The importance of the fishing industry is illustrated by the fact that the gross value of fish production is nearly equal to that of rice - the staple food of the Malaysians. After an initial period of post-war rehabilitation, production rose to 105,000 tons in 1949, and annual production has since then varied from 108,000 tons to 120,000 tons. Production has increased in recent years to 139,000 tons in 1960 and 151,000 tons in 1961.

The rapid growth of population in this part of the world has generated an increasing demand for more and cheaper fish. It has been recognized that the use of the traditional craft propelled by sails and oars would never succeed in coping with such demand. The use of old-fashioned sailing boats restricts fishing to a narrow zone and reduces the quantity and variety of fish caught. In spite of this it is only in recent years that

mechanization of fishing boats has become important. In 1960, 60% of the 14,658 boats were powered. But the mechanization of fishing boats is something beyond the reach of the majority of the fishermen who are too poor. It is the general opinion of the development authority in this country, as well as in other developing countries that it is in the field of credit provision that the government can play its part in uplifting the standard of living of the fishermen.

### The Need For Financial Assistance In The Fishing Industry

In a developing country like Malaya, there is a heavy competition for capital resources from the more lucrative industrial sectors of the economy and as such, leaving to the interaction of economic forces, the fishing industry will never hope of getting any capital at all because it is not an attractive field for investment. Capital cannot come from within the industry either, because it is not a profitable occupation and the meagre income obtained by the fishermen does not allow any significant capital accumulation. Most of the fishermen are too poor to be able to afford mechanized and modern fishing gear which are so very essential for increasing overall productivity. Because of their weak financial position they often fall prey to the middlemen and moneylenders. Because of their obligation to the middlemen through heavy indebtedness they do not get a fair price for their produce. In the theory of Economic Development, such an awkward situation is better known as a "vicious circle". Lack of capital results in low productivity which allows exploitation by the middlemen. Exploitation will generate lower income still with the result that the fishermen are not able to save. These go on in a circle. Thus we see that the salvation of the fishermen will depend on whether they can get out of this "vicious circle" of rural poverty. The provision of financial assistance and fish-processing facilities by the State will go a long way in helping the fishermen to escape from this "vicious circle".

### Government Policy To Help the Fishermen

The Government of the Federation of Malaya has come at an opportune time to help the fishermen by setting aside a sum of \$7 million which is to be invested in Fisheries Development during 1961 - 1965 to carry out programs of financial assistance to the fishermen and expansion of marine and inland fish production in this country.

Financial aid in the fishing industry will be in the form of credits through co-operative societies for the purchase of fishing boats and gear and facilities for better marketing and processing of fish. In addition, the Second Five Year Plan also envisages the extension of fishermen's co-operatives throughout the East Coast of Malaya and among a large proportion of the fishermen on the West Coast. The emphasis on co-operatives will be on technical guidance and training as well as financial assistance.

The projects undertaken by the Government for the development of marine fisheries consists of:

- a) The provision of jetties, fishing gear and ice stores to meet the needs of the motor driven boats which are replacing sailing craft,
- b) The development of deep sea or oceanic fishing, and
- c) The training and superintention.

The provision of basic facilities to the fishing industry is expected to accelerate the mechanization of fishing boats and enable them to operate on more distance waters.

In an effort to improve the very poor economic condition of the fishermen, a government loan of \$3 million was established to give loans through fishermen's co-operative societies for individual purchase of modern fishing equipment and for establishment of ice factories. Over the period 1958 - 1960 \$1½ million was made available to 50 East Coast fishermen's co-operative credit and marketing societies through the Apex Bank and the East Coast Fishermen's Co-operative Transport and Marketing Union to which the societies are affiliated. The Union organises the marketing of catches, operating two lorries and four vans; it has also purchased an ice factory with a 30 ton or put capacity per day. There are, however, a number of obstacles: the illiterate fishermen's incapacity for even the most elementary business organization; lack of cold rooms for keeping the catches before transport to large towns and the lack of refrigerated lorries. Bulk marketing has, therefore, not been possible: the primary societies have not been able to collect their dues at source and many loans have fallen overdue.

In the light of the experience of the East Coast fishing scheme mentioned above, a revised scheme i.e. the Kuala Linggi Fishermen Resettlement Scheme, has been formulated, but unfortunately, this scheme does not turn out to be as successful as expected. The structure of the Scheme will be the subject matter of the following chapter.

## CHAPTER IV

### THE KUALA LINGGI FISHERMEN RESETTLEMENT SCHEME

#### Objective of The Scheme

The Kuala Linggi Fishermen Resettlement Scheme which will, hereinafter, be referred to as the Scheme, is the first of its kind to have been launched by the Ministry of Agriculture and Co-operatives, Malaysia, which is purported to cause a discernible rise in the standard of living of the fishermen in and around three major areas i.e. Kampong Kuala Linggi, Tanjong Kling and Kampong Sungai Baru. The fishermen living in these areas are in a state of acute poverty and it is evident that only with considerable financial assistance from the State that there may be some hope for them to improve their way of life.

Briefly, the Scheme involves three major aspects:

- a) The grouping of fishermen from Kampong Kuala Linggi, Kampong Sungai Baru and Tanjong Kling at a site near Kuala Linggi itself,
- b) The provision of a government loan of \$300,000.00 under the Financial Assistance to the Fishing Industry Scheme for the grant of loans to fishermen through their co-operative societies for the purchase of more efficient craft and fishing gear, and
- c) The provision of fish processing facilities such as a landing jetty and a fish packing shed.

#### Resettlement of Fishermen

The major aspect of the Scheme which involves the resettlement of more than 50 families living in the three villages mentioned above, is considered necessary because it is felt that only by regrouping that the fishermen can obtain full benefits from the facilities provided by the Scheme. Those members who live in and around Kampong Kuala Linggi itself are allowed to stay in their existing houses. It is also hoped that regrouping will foster a better sense of responsibility and result in better co-operation among the members.

Originally, it was decided to resettle all those fishermen who wished to avail themselves of these amenities with a view of providing them with sufficient land, in addition to the other basic facilities,

for the cultivation of crops as a subsidiary occupation besides fishing. It was felt that this would serve as a means to supplement their "unre-  
-dictable income". The fishermen were to use these plots to cultivate  
suitable crops as a precautionary measure which would enable them to tide  
over their financial difficulties during the "off season". Ideal as it  
was, the project was discarded because of the lack of a piece of  
suitable land. The final outcome of the Scheme was the acquisition of a  
piece of land by the Malacca State Government near the mouth of the Sungai  
linggi without any agricultural facilities given to the farmers. To  
accommodate the farmers, about 60 low cost timber houses (one late 5  
on age 12 ) were constructed free of cost provided by the Ministry of  
Interior. The fishermen only pay a small monthly rental of 17.00 payable  
to the above Ministry through the Society.

### Provision of Loans

The Federal Government also granted a loan of \$300,000.00  
which was to be used to provide the members with the necessary funds  
to enable them to purchase improved boats and more efficient gear. In  
order to avail themselves of this opportunity, the fishermen were obliged  
to join the Kuala Linggi Fishermen Co-operative Credit and Marketing  
Society Unlimited to which the above Federal loan was granted.

Initially, this loan of \$300,000.00 was deemed to be more than  
sufficient to start the Scheme with 42 fishing units; each unit operated  
by a team of three fishermen and costing approximately \$5,950.00. With  
42 fishing units in operation the total cost would amount to \$249,900.00  
leaving a balance of \$50,000.00 available to the Society as "revolving  
capital" to facilitate marketing operations. Three men were to operate  
one fishing unit and, therefore, 126 men could actively participate in  
the Scheme using the popular driftnet method. However, when the Scheme was  
finally implemented, it was discovered that the actual cost of one unit  
was \$7,911.56 instead of \$5,950.00 as originally estimated. Since there  
were 38 fishing units in operation, the total cost came to \$300,639.28  
which is \$639.28 in excess of the original loan granted.

Terms of Loans: The loan of \$300,000.00 was granted by the  
Treasury to the Society with the mutual understanding that the latter  
was to make the following provisions:

- i) The members of the Society are to pay to the Society  
the full cost of the equipment within a period not  
exceeding three years (this was later extended to five  
years). The members shall pay to the Society interest  
at a rate of 8% per annum,
- ii) The Society is at liberty to seize such equipment of  
any member who fails to pay to the Society the sum of  
the full cost of the equipment and the interest due,  
and

(ii) The Society is to have legal right to sell any equipment owned and remain (iii) above and apply the sale proceeds towards the satisfaction of any sum due to it by such members.

Furthermore, the Society is to pay interest to the Treasury at a rate of 4 per annum upon principal then lent and outstanding on the first day of each month. The entire loan of 20,000.00 is to be settled in five years. In passing, it may be interesting to note that the original loan period was three years three years. The entire loan was to be settled in 36 monthly installments of 554.00 and a final installment of 2,000.00. It was, however, in a general low income level of the members, the Government eventually realized that it was quite impracticable for members to repay their loans within such a relatively short period and the loan period of the Society and the members was extended to five years.

### Repayment of Loans

The promoters of the Scheme were rather optimistic that members of the Society would be able to repay their loans within the stipulated period. They were confident that each fishing unit would be capable of securing an estimated average monthly income of 2800.00 (most unfortunately I was unable to trace in greater detail how this figure was arrived at). With an estimated expenditure of 534.00 per month per fishing unit it was felt that members could repay their loans within the prescribed period without any undue difficulty. The estimated income of 2800.00 per fishing unit per month was based on a mean average of 9 piculs of catches valued at 285.00 per picul. The total average monthly expenditure per fishing unit was calculated as follows :-

### Estimated Expenditure of Each Unit

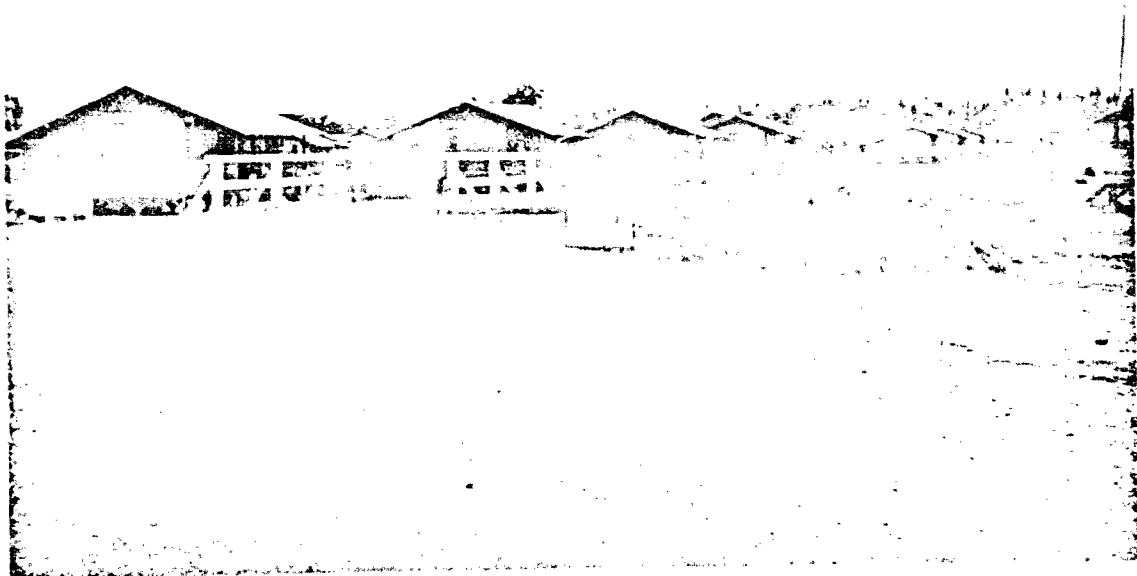
	₹
Repairs to net	90.00
Fuel including cylinder oil	40.00
Boat and engine repairs	10.00
Food at sea	90.00
Ice and Transport charges	45.00
Handling charges of fish	40.00
Fish transport charges	90.00
	<hr/>
	324.00
Expenditure for fishermen's families at 470.00 per family	210.00
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	534.00
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## Provision of Fish Processing Facilities

The provision of assistance in the form of credit alone will not help the fishermen very much. It was recognised that the productivity of the fishermen could not be enhanced if other facilities were not provided at the same time. Consequently, a landing jetty was constructed at a convenient point in the village itself to facilitate the landing of members' catches (see Plate 2 on page 9). A fish packing shed (see Plate 3 on page 10) was also built a few yards inland from this jetty for easy assembling, sorting and weighing of the members' fish. The shed also includes a cold room for storing fish before it is transported by the authorised dealer to the Malacca Central Market. It is rather unfortunate that owing to relatively high costs estimated, no attempt was made by the Society to transport the members' produce to the market. An Investigation Committee was established to look into the economics of the purchase of a lorry to transport members' catch and it was discovered that since the total amount of catches had been extremely small it would not be economical for the Society to transport its fish.

## Management of The Scheme

This elaborate credit scheme is organised on a co-operative basis with the Kuala Linggi Fishermen Co-operative Credit and Marketing Society Unlimited playing a major role. This will be discussed in greater detail in the next chapter.

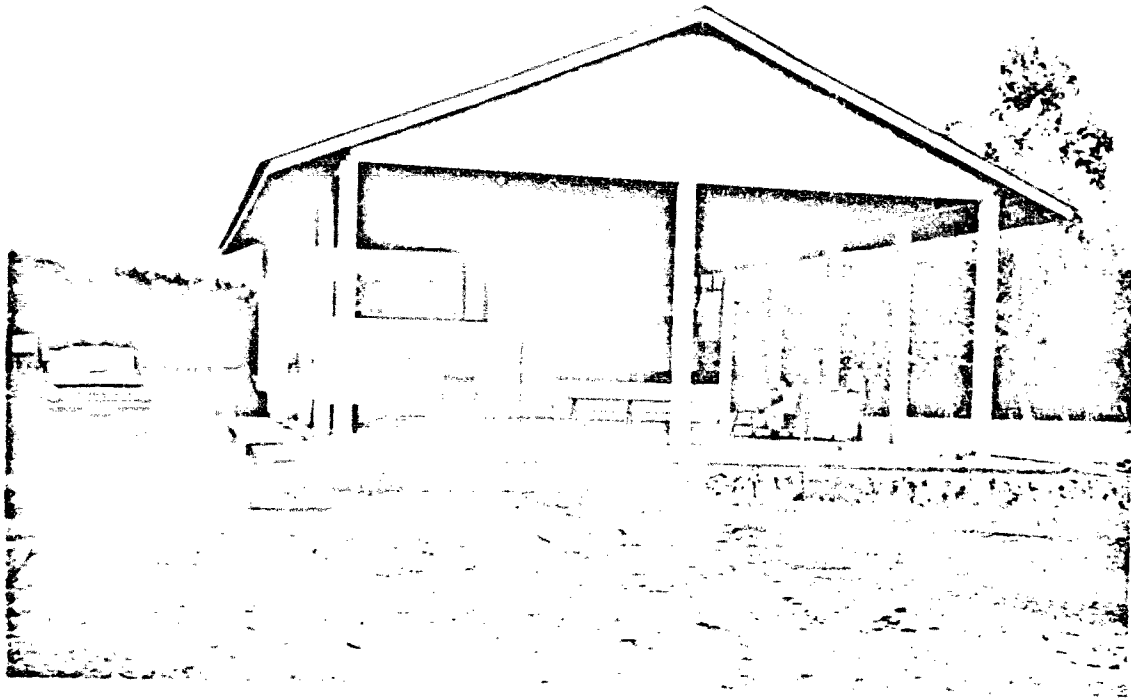


Main portion of the Full Street Fishermen Encampment. The site was originally a swamp. This picture was taken from the approach road.





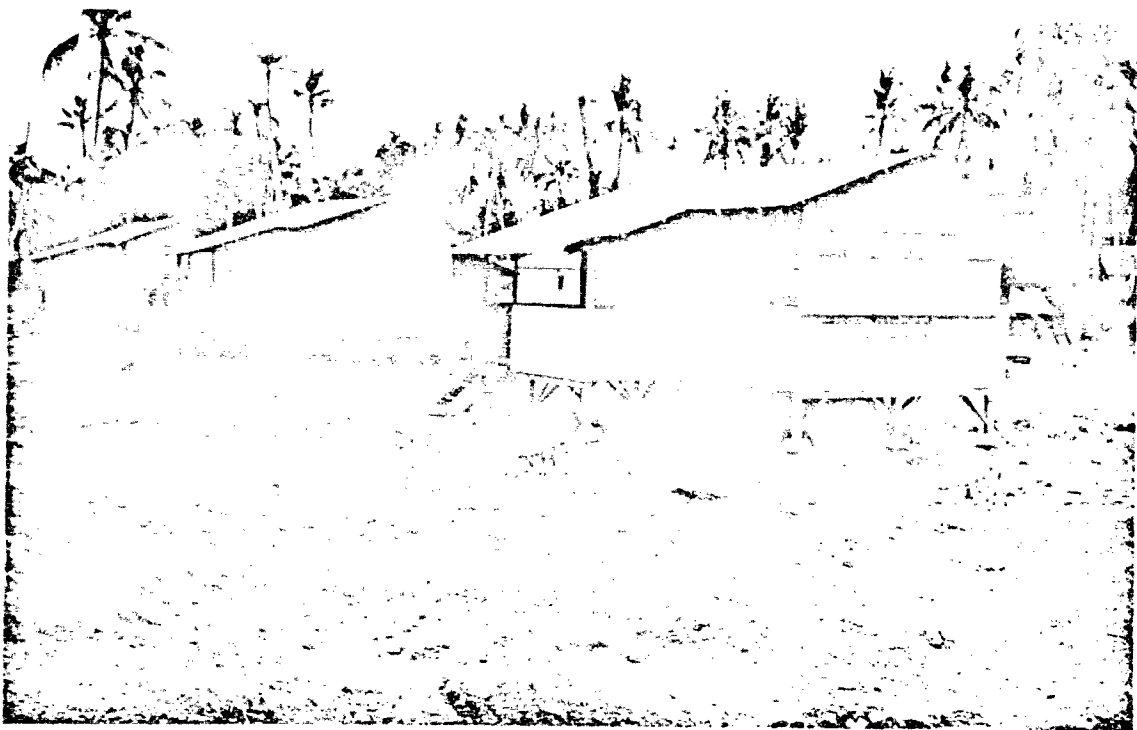
The Society's jetty can be seen in the background. Notice the swamp on the right. The road from the jetty on the left of the picture leads to the Society's packing shed (see Plate 3 on page 10).



Picture shows the Society's fish packing shed where members' daily catches are assembled, sorted and weighed. A few yards to the right is the Society's jetty. At the back of the shed is a cold room where fish is kept before it is transported to the Malacca Central Market by the authorized dealer.



Boats supplied to the members. Each of these is powered by a diesel engine. They are about three years old.



A closer view of the houses allotted to the members.

## CHAPTER III

### THE MALAYA FISHERIES DEVELOPMENT CO-OPERATIVE CREDIT AND MARKETING SOCIETY LIMITED

The Society is the pivot upon which the whole machinery of the Scheme revolves. By the nature of the existing Co-operative Ordinance, the Society, being an autonomous body, is virtually entrusted with all the power in the management of the affairs of its members. Located in Kampong Nelayan Kuala Linggi which is about 56 miles from Port Dickson via Lubok China and Kampong Sungai Baru, the Society has a total membership of 114, majority of whom are Malays. Though by name the Society is a co-operative credit and marketing society it is by no means a true co-operative. It is more a form of lending agency through which the Government grants credit facilities to the fishermen. It is not a true co-operative because aside from collecting members' fish and selling it to the authorised dealer, it does not carry out any true co-operative functions. In any sound co-operative, there is in existence a practice known as percentage dividends whereby members of the society are proportionately rewarded by the amount of dealings they have with the society. The more they buy from the society the more rebates they would receive in the form of dividends and this is a great inducement for the members. There is little evidence that such an inducement exists in this Society.

#### Loans to Members

With the Government loan of \$300,000.00 the Society provided funds to its members for the purchase of improved mechanized boats and other modern fishing equipment. Each fishing unit of three fishermen is granted loan amounting to \$7,911.56 which is the actual cost of a boat (powered by an in-board diesel engine of 8 h.p. see Plate 4 on Page 11), 40 pieces of fibre nets, synthetic ropes and floats. These are provided to the members on a hire purchase system at an interest rate of 8% per annum, calculated on balance outstanding repayable within a period of five years.

#### Repayment of Loans by Members

The present arrangement for repayment of loan by members is as follows. 30% are deducted from the total gross value of the members' catches. Out of these 30%, 20% are credited to the members' accounts for purpose of repayment of loans and 10% go to cover the overhead expenses of the Society. From the remaining 70% the Society also deduct at source

advances to the members for ice, cash and fuel. The final balance is then handed over to the members as their net income which is available for their family expenses.

### Advances to Members

In addition to the boat and fishing gear, the Society also finances the cost of subsistence of the members at a rate of \$90.00 per month per member. Credits are provided in the form of cash at \$30.00 and provisions worth not more than \$60.00 a month. Originally, these provisions were supplied by the Malayan Co-operative Wholesale Society Limited shop established at the village, but later, owing to a large debt accumulated by the members of the Society, the above whol sale society refused to grant anymore provisions. Apart from the above advances, the members are also provided with sufficient ice to preserve their fish while at sea and fuel as well as other river equipment that the members may need to maintain their boats and gear. All these advances are deducted from the gross value of the members' catches as mentioned earlier.

### Management of The Society

The management of the society is the responsibility of the Management Committee elected by the members of the Society in accordance with the Society's by-laws. It is headed by a Chairman, Secretary and Treasurer. In order to carry out the administration of this elaborate credit system the Society also employs a manager who is assisted by the Secretary and the Co-operative Officers stationed at the village. In accordance with a condition of the agreement of the loan, the Society is to submit to the Treasury through the Ministry of Agriculture and Co-operatives, regular monthly statistical reports on the progress of the Scheme. These reports show, among other things, the value of catches, amount of repayment collected, the amount of loan outstanding and conditions of equipment.

### Activities of The Members

Since Kampong Melayan Kuala Linggi is situated on the West Coast of Malaya, the members confine most of their fishing operation to the Straits of Malacca. The members customarily fish around the vicinity of Port Dickson and Malacca. Although the waters nearer to Sumatra are better fishing grounds the risk of being captured and of boats and gear being confiscated by Indonesian authorities is too great for members to venture out beyond the International waters.

It is the practice for members to leave their houses in the evening and to return home before noon the following morning. It is interesting to note that most of the members never stay longer than two or more days per fishing trip. This is quite unusual because it is customarily for fishermen to stay in the sea longer than two or three days per fishing trip in order to secure the maximum catch. All members operate only one type of method i.e. the driftnet method and this limits fishing to dark period only. The value of catch does not only depend on the amount of

catch but also on the type of fish caught. It may be useful to note that the main type of fish caught by the members is either "chincharu" or "Khan Parang" both of which do not fetch high prices in the market.

### Disposition of Members' Catches

All members are obliged to sell their daily catch through the Society and this implies that their catches are to land at the Society's jetty. It is rather unfortunate that the Society does not undertake to market the members' fish but entrusts this important function to an authorised dealer who arranges to have the fish disposed of in the Malacca Central Market which is about 25 miles away. It is needless to say that failure on the part of the Society to undertake this marketing function is really a great loss to the members because under such circumstances it is inevitable that a considerable part of the members' efforts must have been reaped by the marketing agents in the form of high marketing and transport charges. The present arrangement between the Society and the authorised dealer is as follows :

- a) The authorised dealer is to supply block-ice to the Society for members' use at M.50.00 per 300 lb block exclusive of Fishermen Co-operative Credit and Marketing Society's limited, including transport charges (members to draw ice requirements from the Society),
- b) The weighing of members' catches and the posting of all catches and sales records would be the responsibility of the manager and the Co-operative Officers stationed at the village,
- c) The authorised dealer is responsible for the packing and transporting of fish from Kuala Linggi Fishermen Co-operative Credit and Marketing Society limited to the Malacca central market. Payment for fish by the dealer is made on the basis of cash or delivery based on daily ranging prices, payable to the manager of the Society, and
- d) The Society is at liberty to continue the sale of fish to the authorised dealer at any time it deems fit.

## CHAPTER IV

### REVIEW OF THE PROGRESS AND RESULTS OF THE SCHEME

Almost four years have passed since the Scheme was formally launched. What has it achieved? How has it progressed? and how far has it justified the high hopes of its promoters? What are the inhibiting factors inherent in the Scheme and can they be overcome by the diligence and efforts? These are all pertinent questions and an attempt to find their answers will be the subject matter of this and subsequent chapters.

It is not putting it too lightly to say that the Society had, on one occasion, being "on its trial for its life". In a report on this particular scheme, a proposal was put forward by Professor Louis Bertha, F. A. Consultant, Ministry of Agriculture and Co-operatives, Malaysia, "that through Co-operative Collateral and through legal procedure for insolvency, the Federation Government acquires the assets of the Society which are unpaid balances from the fishermen and becomes then the direct creditors of the fishermen's units".

#### Low Income

The records of the first few months of its operation are sufficient to indicate that the Scheme is not progressing as satisfactorily as expected. The general level of income of the members is exceptionally low. Table 1 (see Page 17) which is compiled from all the relevant Monthly Progress Reports of the Society, shows the average monthly income per fishing unit from January, 1962 to December, 1963. A brief analysis of Table 1 is enough to bring to light two very interesting points;

- a) A strikingly low income level and
- b) A declining trend in the amount and value of catches of the members.

Much of the high hopes of the promoters of the Scheme have been shattered by this unexpected low production. In the first place, the actual monthly income per fishing unit is very low compared with the estimated income per fishing unit of \$800.00. From the data given in Table 1, it is of interest to note that the average monthly income per unit between January, 1962 and December, 1963 hardly exceeds \$300.00. The highest average monthly income of \$724.68 was secured in January, 1962 which was supposed to be the "best month". From then onwards, the income figures



TABLE 1

MONTHLY CATCH OF HERRING

Month	No of Units	Total Value of Catch per Month (\$)	Avg. Income per Unit (\$)
Jan '62	27	19,566.58	724.69
Feb	35	20,740.22	592.83
March	35	19,270.25	552.80
April	35	17,154.89	490.11
May	38	14,207.91	371.26
June	38	12,644.19	332.77
July	38	11,459.01	301.57
Aug	38	12,651.02	338.15
Sept	38	15,622.27	411.25
Oct	38	9,215.43	245.21
Nov	38	7,492.69	197.27
Dec	38	9,237.70	237.83
Jan '63	38	8,083.70	212.73
Feb	37	5,561.06	150.30
March	38	2,939.48	77.35
April	37	3,196.16	86.38
May	37	6,086.30	164.49
June	36	4,292.20	122.50
July	36	3,295.07	91.49
Aug	37	2,555.55	69.09
Sept	33	1,851.01	56.09
Oct	19	914.54	48.13
Nov	38	1,257.42	33.08
Dec	38	2,950.38	77.64

Source: Monthly Progress Reports

decline quite persistently until the lowest figure of \$33.08 is reached in November, 1963.

Secondly, there is a persistent decline in the trend of the amount and value of catches after January, 1962, the second or third month of its operation. This interesting phenomenon can be more easily traced in Figure 1 (see Page 19). The Graph in Figure 1 shows that, on the average, income level drops from \$724.68 in January, 1962 to \$33.08 in November, 1963 with some intermittent rises in between i.e. around September, 1962 ; December, 1962 and May, 1963 which may be treated as insignificant.

No one would doubt that Figure 1 predicts impending disaster for the Scheme.

a) Causes of low Income Level: Low reasons are given for the unsatisfactory low catches of the members. The fishermen themselves attribute their poor harvests to bad weather and poor fishing grounds. They claim that confrontation from Indonesia has deterred them from venturing far out to sea. It is said that the best fishing ground is to be found nearer Sumatra and that owing to constant harassing by Indonesian gun-boats and pirates in the Straits of Malacca, they are prevented from fishing in richer fishing ground. Besides confrontation by Indonesia, constant loss of nets is also cited as a major cause of their poor catches. But whether the fishermen themselves are more to be blamed for these apparent losses is another question altogether.

From various committee reports, and interviews with local officials, I was able to gather that there are more reasons to explain this unsatisfactory position than those advanced by the members themselves. Most of the Government officials strongly believe that it is the members themselves rather than such uncontrollable elements as bad weather, poor fishing ground and confrontation, are responsible for the persistent decline in the amount and value of the members' catches. I learn that "fish leakage" is the fundamental cause of the low productivity depicted in Figure 1. Fish leakage manifests itself in two ways. Firstly, a substantial amount of the daily catches is taken home by the members for "home consumption". Though it is customary for fisherman to take home fish as "home lauk" there is no assurance that all of this goes into the cooking pots. The second and more serious form of "fish leakage" occurs in the sea. Here, "fish leakage" is met through either the disposal of fish while at sea to some middleman other than the Society or the landing of their fish at places other than the Society's jetty.

It is of interest to note that no one appears to bother about or even know the reason why members prefer to sell their fish to the middlemen rather than the Society. Personally, I feel that the true reason may well have been either (a) to escape deduction by the Society for loan repayment or (b) better prices from the middlemen or (c) obligation to the middlemen through indebtedness or (d) a combination of these.

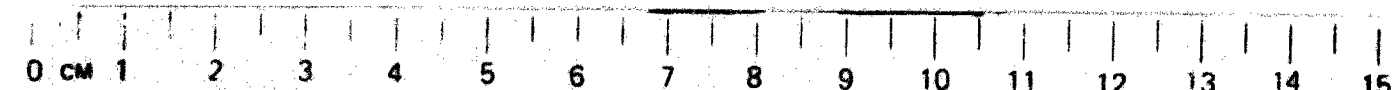
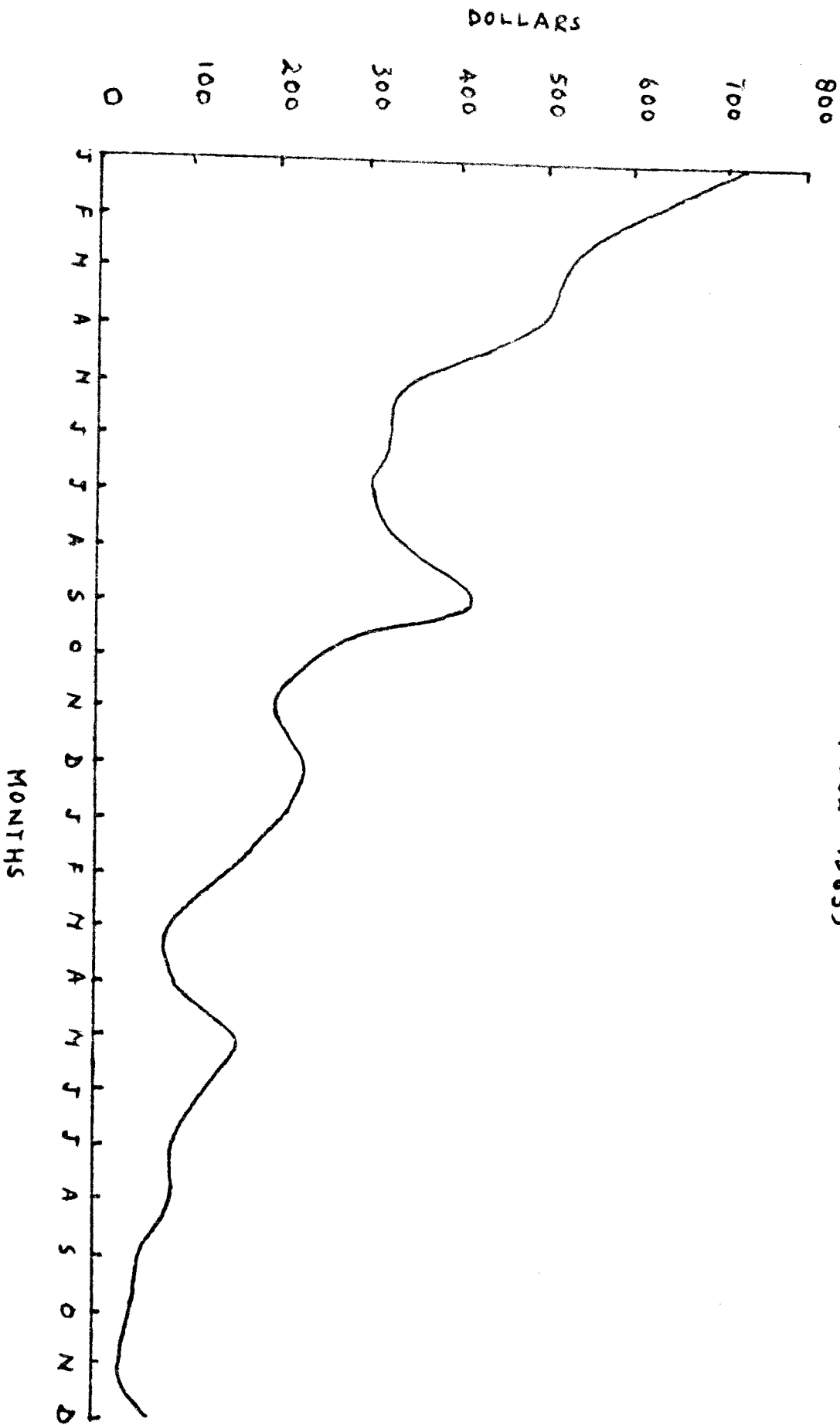


FIGURE 1

TOTAL VALUE OF MONTHLY CATCHES  
(1962 - 1963)



Source: Table 1

The authorities also have reason to believe that the low production figures can be explained by an overall lack of efforts on the part of the members. It is pointed out, from statistical records, that most, if not all, of the fishing units are not fully occupied each month. Table 2 below is drawn up to substantiate this point.

TABLE 2

Month	No. of Fishing Units
1962, Jan	12
Feb	10
March	9
April	10
May	10
June	10
July	10
Aug	11

Source: Monthly Progress Reports

As additional evidence to support the above allegation it is also pointed out that each fishing unit of the Panglana Society (a fisherman's Co-operative society in Palaecca) using only 32 pieces of nets is able to secure the same, if not better, average catch. Table 3 and Table 4 are drawn up for this comparison.

Table 3

PRODUCTION AND MARKETING  
K. I. SOULE 1962

Month	Quantity landed (piculs)	Value (\$)	No. of Units in operation	Avg. Catch per picul (piculs)
Jan	207	19,567	27	7.7
Feb	229	20,746	35	6.5
March	245	38,270	35	7
April	276	17,154	35	8
May	221	14,108	38	6
June	183	12,664	38	5
July	161	11,460	38	4

Source: Monthly Progress Reports

Table 4

PRODUCTION AND MARKETING  
HONGHUA SOCIETY 1962

Month	Quantity landed (piculs)	Value (Y)	No. of Units in operation	Average Catch per Unit (piculs)
Jan	502	50,200	82	
Feb	592	53,737	82	6.2
March	560	44,547	82	7.3
April	735	47,762	82	6.8
May	688	46,784	82	9
June	645	48,403	82	8.4
July		49,389	82	7.9
				8

Source: Honghua Fishermen Co-operative Credit  
and Marketing Society

Though the comparison of the performance of the two societies shows quite convincingly that there appears to be a general lack of effort on the part of the members yet it should not blind us of other possible reasons that may have been the actual causes of the persistent low income. Since no definite reason for the low income could be established there is very little justification to accuse the members of being unduly lazy. For instance, the low production figures very well have been the results of bad weather or poor fishing ground.

b) Consequences of Low Income: With an income at such a satisfactory low level it is plainly impracticable for the members of the Society to repay their loans within the stipulated period of five years. Table 5 (see page 22) which is compiled from the Monthly Progress Reports of the Society, shows that the progress in repayment of loans by the members is far from satisfaction. After more than twenty months of operation, the members were only able to repay to the Society a sum amounting to not more than \$68,430.10 against a total loan of \$300,639.28. The average rate of repayment for the same period is \$3,110.82 per month compared with the expected rate of repayment of about \$5,00.00 per month which is the rate required to complete the repayment within the stipulated period of five years. Under the existing circumstances, it becomes imperative that most members, especially those whose income is extremely low, are in a state of despondency because the cash balance, after all the necessary deductions have been made, is marginal. Rather paradoxically, after having equipped with better boats and gear the members find that they are no better off than before - they are still living from hand to mouth!

TABLE 5

LEADS OF RECEIPTS OF LOAN

Month	No. of Leads	Total Loan Granted (*)	Amount of Loan Received For the Month (*)	Amount Received To Date (*)	Balance c/o (*)
Jan 1962	27	213,512.12	7,321.38	7,321.38	206,190.74
Feb	35	276,804.60	6,852.17	14,173.55	262,631.05
March	27	276,804.60	6,852.17	21,025.72	255,778.88
April	35	300,639.28	5,771.84	26,797.56	278,881.32
May	38	300,639.28	4,821.53	31,619.09	269,070.23
June	38	300,639.28	7,815.63	39,434.72	261,244.51
July	38	300,639.28	4,821.53	44,256.25	256,413.26
Aug	37	300,639.28	5,100.14	49,356.39	251,306.87
Sept	38	300,639.28	4,125.15	53,481.54	247,825.33
Oct	38	300,639.28	2,197.57	55,679.11	255,156.22
Nov	38	300,639.28	2,910.27	58,589.38	242,050.04
Dec 1962	38	300,639.28	2,401.55	60,990.93	231,069.11
Jan 1963	38	300,639.28	1,851.56	62,842.49	238,226.65
Feb	38	300,639.28	979.52	63,822.01	236,817.67
March	38	300,639.28	1,113.12	64,935.13	235,704.55
April	38	300,639.28	1,615.50	66,550.63	234,088.92
May	38	300,639.28	1,020.92	67,571.55	236,517.37
June	38	300,639.28	818.43	68,390.08	238,249.29
July	38	300,639.28	824.03	69,214.11	239,075.18
Aug	38	300,639.28	1,150.40	70,364.51	238,710.67
Sept	38	300,639.28	226.64	70,591.15	238,119.52
Oct	38	300,639.28		70,591.15	237,528.37

Source: Monthly Progress Reports.

Facing such an unexpected low income it follows that the Society would not be able to pay to the Treasury the entire loan within the stipulated period in spite of the fact that the original loan period has been extended to five years.

### Constant Loss of Nets

Coupled with low income, the Society also faces another problem which appears insolvable i.e. the constant loss of nets. After the first few months of operation the members' fishing nets seem to get lost at a remarkable rate. This leaves a lot of the fishing units with 20-25 nets as opposed to 40 which were originally supplied to the members. The members claim that these 'lost' nets were either stolen by other members or simply by winds. However, no one appears to know the true reason for this oddity and judging by the exceptionally rapid rate of disappearance of members' nets, it would not be too far wrong to say that some of these alleged 'lost nets' were actually sold by some of the irreproachable and dishonest fishermen to themselves.

## CHAPTER V

### HANDICAPS OF THE SCHEME

From an objective and dispassionate point of view, I feel that not enough attention has been focused on the "environmental aspects" of the Scheme. The planners of the Scheme did not appear to have "conceived" the hazards that are lying ahead. As a result, they did not provide any precautionary measures that could effectively tackle any problems which might arise from the environment. Consequently, the Scheme is faced with several major handicaps which, I believe, have greatly retarded its progress. Several other handicaps of the Scheme will be discussed in this chapter.

#### Illiteracy and Lack of Business Experience

A very important external factor which greatly handicaps the progress of the Scheme has been the widespread illiteracy and lack of business experience among the members. Most of the members are the illiterate lot and consequently it is very difficult to educate them in co-operative principles as well as techniques. The members' lack of business experience and illiteracy also limit their effective participation in the proper conduct of the affairs of the Society. Furthermore, a community of this calibre is not capable of avoiding the danger of exploitation by a few influential members within the Society. Being more or less a business enterprise, the Scheme requires men of relatively good business acumen to ensure its success. But men of such calibre are difficult, if not impossible, to find among the rural fishing community in this country. This problem is further accentuated by the fact that the Society can only offer a salary scale too low to attract men of considerable business experience into the Scheme. It is also vitally important that this elaborate Scheme be staffed by adequately trained and efficient personnel who are not only skill in business management but also responsive to the needs of the rural fishing community.

#### Lack of Co-operative Spirit

Lack of co-operative spirit and disloyalty among the members poses another setback to the Scheme. Members' disloyalty has frequently been assigned as a cause of the failure of such a co-operative setup. Lack of co-operative spirit and self-interest have prompted the members to sell their produce (fish) outside the Society to which one's loyalty is due. It is observed again and again that this "human factor" has been the major problem child with which the Scheme is often called upon to tackle. This can, of course, partly be explained by an absence of conscious efforts on the part of the Government to foster a greater sense of responsibility and a better



understanding of co-operative principles through a carefully planned programme of co-operative education and training.

It is useful to note that the successful transformation of primitive boats and gear as well as old-fashioned method of fishing into improved type is not just a question of providing the members with the requisite numbers of in-board motors and other fishing equipment but a more time consuming programme of technical training and education is involved.

It is evident in Malaya, that too little attention has been paid to the educational task of co-operative organisation. This apparently, is not only due to a lack of time and means for undertaking such a task but it also springs from a lack of appreciation and understanding on the part of co-operators of the role which education in co-operative principles and techniques can fulfill in the success and future development of a sound co-operative structure.

There is also evidence of a strong tendency, in most Asiatic countries, to call into being all kinds of co-operatives before ensuring the possibilities of giving their members some knowledge of co-operative principles. Malaya is no exception in this case. It may be stressed that co-operative education is not just a question of giving the would-be members some brief talks on co-operative principles, management, benefits etc., but a more careful time consuming programme of co-operative education is necessary. I cannot agree more with the view that co-operative societies should on no account be established too quickly or unjudiciously because not only is the chance great that these societies will sooner or later have to be liquidated but also because this liquidation would cause irretrievable damage to the good name of the co-operative movement in this country.

#### Failure of the Society To Carry Out Own Marketing

Another serious handicap faced by the Scheme is that the marketing of the members' fish is not done by the Society but by an authorised dealer. As a result, marketing and transport costs are relatively high and these high production costs have greatly reduced the members' income in terms of efforts. It should be added that here, I am assuming that the price offered to the Society by the authorised dealer is very much lower than that the Society could otherwise get if it undertakes its own marketing of the fish. This is because even at this price the middleman still finds it profitable to transport and sell the fish at the Malacca Central Market which is about 30 miles away. Whether the Society can do this job more efficiently will depend on the availability of skilled and experienced personnel.

With regards to high transport costs, it has been pointed out by a Special Committee established to report on the economics of the purchase of a lorry by the Society to transport its own product that the dealer normally charges an average of \$4.50 per picul of fish from the fishermen's village to the market. It has been recognised that the Society can reduce these costs quite significantly by adopting its own transport

system provided that the total value of the catch per month exceeds 210 piculs. Table 6 has been drawn up by this Committee to show the estimated costs which vary directly with the value of catches.

Table 6

SUMMARY OF TRIP COST COST IN A TRIP  
CO-OPERATIVE FISHING FLEET

Catch per month (piculs)	No. of Trips (10 pic./trip)	Total Cost per year * (₹)	Av. Monthly Cost (₹)	Av. Cost Per Picul (₹)
300	30	11,000.00	930.00	3.10
290	29	11,000.00	930.00	3.20
280	28	11,000.00	930.00	3.32
270	27	11,000.00	930.00	3.44
260	26	11,000.00	930.00	3.58
250	25	11,000.00	930.00	3.72
240	24	11,000.00	930.00	3.87
230	23	11,000.00	930.00	4.04
220	22	11,000.00	930.00	4.23
210	21	11,000.00	930.00	4.42
200	20	11,000.00	930.00	4.65

\* For calculation of this figure see Table 7 below

Source: Report of Special Committee on The Economics of the Purchase of The Society's Own Lorry.

Table 7

TWO-TON DIESEL LORRY ( 310,000.00 )

Insurance	₹ 500.00
Road Tax	2,640.00
Fuel	756.00
Tyres	1,260.00
Driver	1,440.00
Attendant	720.00
Servicing	360.00
Repairs etc	720.00
Depreciation	2,500.00
Total	<u>₹10,896.00</u>

From Table 6 it can be seen that transport costs can be reduced if the Society itself operates a two-ton lorry as long as the catches per month exceeds 210 piculs (calculated on the basis of 10 piculs per trip). The more the catch, the lower will be the cost of transport per picul. Therefore, the charge to be levied upon the fishermen in order to cover the cost of operating the lorry would have to depend on the catch obtained. It may be interesting to note that owing to the low total value of members' catches per month it would not be economical for the Society to run its own transport system and hence the findings of the Committee have not been put to practical use.

It is evident that if the Society is run on a more efficient and business-like manner, the adoption of the transport and marketing functions by the Society itself would undoubtedly benefit the members because they can get a better bargain for their fish.

Merely relieving the members of their burden of debt and making credit available for their needs will not greatly benefit them unless their income can be raised or their expenditure (operating expenses) reduced. A reduction in operating costs in the fishing industry can best be secured through efficient co-operative marketing and processing.

## CHAPTER VI

### MEMBERSHIP OF THE SCHEME.

I strongly feel, from my observations and interviews as well as the various official reports at my disposal, that although some pains have been taken to plan this elaborate financial aid scheme, there are still several weaknesses inherent in it. It is understandable that business has been referred to as a "hazardous game" yet had prior steps been taken to avoid these weaknesses the risk of its premature failure could have been greatly reduced.

#### Selection of members

The most serious weakness inherent in the Scheme is that wrong members were selected. In such an elaborate credit scheme, it is quite unusual that no statutory or legal provisions governing the administration are laid down to define the the classes of applicants who may be eligible. The assessment of the quality of the applicants is one of the most, if not the most important, element in the successful administration of financial aid scheme of this nature. It is the applicant's own ability and character more than the legal security which may be taken by the Society that determined whether the financial assistance is successful in meeting its objectives. One of the main features which has greatly contributed to the success of land development and settlement projects in the Federal Land Development Authority is the fact that great emphasis and care is placed on the selection of the right type of settlers. "The best settlers are selected fairly in accordance with the qualifications laid down; settlers should be Federal citizens, between 21 and 50 years of age, married with children, physically fit, landless or with less than five acres and with an agricultural background. Above all they should have the willingness to work hard and to abide by the rules and regulations prescribed prevailing in the land development scheme."<sup>1</sup>

However, under the present arrangement of the Scheme the selection of members is rather haphazard and is carried out without exercising the least discretion. People who are too old and sickly and who have neither the knowledge nor the experience of fishing are equally eligible to apply for assistance. It is without doubt that some dishonest and unscrupulous men who merely want to share the facilities provided by the Scheme have managed to get into the Scheme. In carrying out similar projects it would

<sup>1</sup>See Malaya, Federation of, Official Year Book 1961, page 137.

pay to carry out careful investigation under, at least, the following headings:

- a) The applicant's personal circumstances i.e. age, nationality, character and family circumstances;
- b) The applicant's technical qualification, i.e. his fishing ability and experience;
- c) The applicant's financial position.

The age and family circumstances of the applicant are important elements in determining his eligibility. Care should be taken to see that only those applicants who are physically fit are approved. It is futile to grant financial assistance to one who is too old and sickly to be able to use that with benefit. The age of the applicant is also important in formulating the length of the period over which the financial assistance is needed, and he must, moreover, have financial liabilities which by no means extend beyond a reasonable estimate of his working life. This is to ensure that he is able to meet all his financial commitments. Steps should be taken to see that only persons of reasonably good character are allowed to join the scheme. The inclusion of a few "bad hats" may well ruin the entire project.

The skill and experience of the applicants are also very important in the determination of eligibility. The primary aim of the scheme would be defeated if the facilities fell into the hands of those who neither have the experience nor the ability to operate or utilize them.

The following general conditions for approval of applicants quoted from "Financial Assistance: Policies and Administration for Fishery Industries", page 48 (T.A.O. Publication), provides us with extremely useful guides:

- a) Compliance by the applicant with the various rules as regards nationality, eligibility etc., of the financial assistance regulations;
- b) A satisfactory report on the applicant's general and personal circumstances, character, ability;
- c) A satisfactory report on the applicant's general financial position, showing liquid resources sufficient to meet his own contribution towards the cost of the project and to provide reasonable working capital for the initial stages of operation;
- d) A satisfactory report on the technical aspect of the applicant; and
- e) Compliance with the application with the general policy

Unethical activities of some of the members

The irregular activities of some of the members and office-bearers of the Scheme which resulted from the lack of power of the Government to curb these activities, is another serious weakness of the Scheme. Owing to dishonesty and the ineffectiveness of the existing co-operative Ordinance the conduct and activities of some of the office-bearers resort to to do as their pleas for their selfish ends. A good example of this is afforded by the case of one of a past Chairman of the Society. This particular member was said to influence the other office-bearers to get "monthly allowance" of \$50.00 to which he was hardly entitled. Being "manager" of a fishing unit, he never went out to sea but allowed one of his relatives to take his place. When his allowances were subsequently stopped he became defiant and began to instigate the other members to go against the manager of the Society whom he suspected to have been the cause of the loss of his monthly allowance. As Chairman of the Society, it is unfortunate that he set a very bad example to the members by selling his fish outside the Society openly. It was then imperative that he should be got rid of from the Society but it was alleged that owing to the existing co-operative Ordinance "nothing could be done about it". Hence, this handicap is due more to political pressure than the ineffectiveness of the co-operative legislation. Had immediate remedial measures been taken against such defaulters, the Government would have succeeded in bringing some of the "unco-operative" members to their correct senses.

Too Liberal Grant of Advances

"Over-lending" is also an important weakness of the Scheme. It is often looked upon as one of the major causes of the downfall of many co-operative forms of undertakings. The Scheme has gone too far out of its way to grant advances to its members. The method of granting of advances has been mentioned earlier and it need not be repeated here. However, it is useful to recall that credits are given to members in the form of cash at \$30.00 and provisions worth not less than \$60.00 per member per month. Since there are three fishermen operating one fishing unit the total credit advanced to each unit amounts to \$270.00 (\$90.00x3) and this costs the Society \$10,260.00 each month. This is a great deal more than the amount of loan recovered each month. In fact the highest amount of loan recovered per month is \$7201.33 in January, 1962 (see Table 5 on Page 22). This liberal grant of advances to members for subsistence has greatly accentuated the problem of recovery of loan from the members.

Criticism

Promoters of the Scheme appear to be over optimistic. Their estimated average monthly income of \$200.00 proved to be rather on the high side. The actual average monthly income per unit never exceeds this estimated figure. Quite disastrously, the ability to repay loans by members within the stipulated period is based on this estimated income

figure of \$800.00

As a result, members are subject to heavy deductions in respect of repayment of their loans. Originally, as much as one third of the total gross value of the members' catches was deducted for purpose of repayment of loans. It is quite obvious that most of the members feel that they are being deprived of a large portion of their income in terms of efforts. It is no wonder that members resort to sell their fish out-side the Society to escape such heavy deductions. This is one of the weaknesses of the Scheme because it is not only a great disincentive but is also a cause of frustration of the members. There is no motivation for members to put in more efforts because the more they produce the greater would be the deductions for repayment of loans. Although greater deductions mean that they are completing their repayment earlier, they are, however, blinded by what is often called "money action". Human nature is such that greater efforts are deemed to be worth while when they can fetch immediate monetary gain.

## CHAPTER VII

### CONCLUSIONS

#### Failure of The Scheme To Achieve Its Primary Objective

In short we can say that the Scheme has fallen short of its primary objective of elevating the standard of living of the fishermen members. Although it is true that at present all the members have new houses to live in and more improved craft and gear to work with but these have not, in any way, enhanced their skill, independence and earning power. On the contrary, the majority of the members are still living from hand to mouth - a position no better than before. In this respect, Professor U.A. Aziz has appropriately described, in his Inaugural Lecture, that such schemes are designed "to provide what the doctors called 'a relief from pain' .... the malignant disease will ultimately kill the patient." <sup>1</sup> Furthermore, the Scheme makes the members appear more as human parasites in the eyes of the Society because they have not been given the opportunity to prove that they really deserve such elaborate financial assistance.

After having equipped with better fishing apparatus and other facilities, their income still remains exceptionally low. From the average gross monthly income between September, 1963 and December, 1963, we find that the members are in fact worst off than before. Previously, with their so-called primitive boats and gear, the members were able to secure an average net monthly income of about \$50.00 whereas now they are only able to earn an average gross monthly income of net more than \$30.00! In addition they are now burdened with debts which they find great difficulty to repay.

The failure of the Scheme can be attributed to the following reasons:

a) There is an apparent lack of coordination of the various stages of production. Fishing operation involves two major processes i.e. the catching and marketing of fish. While everything is done to increase the efficiency of the catching operation, nothing is done to carry out the important function of marketing. The Scheme is very much handicapped because it fails to undertake its own marketing. On the contrary, marketing

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<sup>1</sup>See U.A. Aziz, Inaugural Lecture (Kuala Lumpur: September, 27, 1963)



of fish is done by an outside agent. This has not only caused an increase in operating expenses but also led to members selling their fish to outsiders.

b) Members were wrongly chosen. No consideration has been given as to whether the applicants are sufficiently fit physically or whether they have sufficient technical knowledge. As a result, men with neither the skill nor the experience are selected. The management of the co-operative goes to fall into the hands of persons who are both incompetent and dishonest. Because of their illiteracy and lack of business experience, the members cannot avoid the exploitation of some influential fellow members.

#### Feasibility of Recommendations set Forward To Improve The Scheme

The unsteady progress of the Scheme has caused the Government much concern and as a result several committees have been established with a view of finding appropriate solutions to remedy this situation. Unfortunately, none of these, I believe, has been able to put forth a really workable solution. Many recommendations have been made by officials of the Ministry of Agriculture and Co-operatives to modify certain aspects of the Scheme purported to improve this unfavourable position.

There is, for instance, a recommendation that in order to prevent office-bearers from misusing their power for their own selfish ends the existing Co-operative Ordinance is to be modified and made more effective in controlling the activities of co-operative societies. It is felt that in connection with this Scheme, the Co-operative Ordinance be modified so that it can be more effective in dealing with (a) the misuse of power by office-bearers, (b) the illegal sale of fish and (c) members not working in the interest of the Society. But this would, if acted upon, contradict a very important element of co-operation i.e. democracy. "Co-operation," says Robert Colvert, "is a form of organization wherein persons voluntarily associate together as human beings on a basis of equality for promotion of the same or interests of these vis." <sup>2</sup>

There is also a proposal to the effect that extensive patrol be carried by fishery officers to prevent "fish-larceny". But this appears absurd because owing to the wide expanse of the sea it would be too expensive, if not impracticable, to carry out such a proposal.

Regarding the serious problem of the constant loss of nets, it has been suggested that nets issued to members be labelled or marked. These identification marks, it is alleged, will help the owners and the police to trace them in case they are lost. However, I fail to understand how this can prevent losses.

So, looking from the practical point of view, I doubt very much that these recommendations can ever succeed in averting the failure of

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<sup>2</sup> See M. Nough, "The Co-operative Movement In India", page 40, C.I.F. Bombay, 1959, 4th Edition.

the Scheme. At best they act as drugs that give the patients temporary relief from pain. I would suggest that the Scheme should be put on its feet by just modifying the existing structure will not only be futile but also cause more headaches to the officials of the Society and the Ministry.

Two Alternative Courses are suggested

Following up what has been said so far, I feel that there are two alternative courses by which the Scheme can be organised more successfully:

a) The first alternative is to organise the Scheme in such a manner that all the different stages of marketing of produce, from the catching of the fish to the marketing, are carried out by the Co-operative itself. This will not only raise the level of productivity of the members but will also raise operating costs.

In this alternative, the main emphasis is placed on the cure of rural poverty problem in Malaya, i.e. exploitation by the middlemen. In the fishing industry, the middlemen play a very important role and it would be better still to disregard them. For better or for worse, they are the "big fish" of the fishing industry in this country. Because of their strong financial position, they provide to the fisher the bulk of their working capital as well as consumer goods. They have good business experience and ability. They are often "beat-heric" and in the absence of other arrangements they monopolise the marketing services. Thus with such a strong commercial position, the fishermen co-operative societies have not the chance of competing against them. So unless these people are well taken care of, most of the benefits that are meant for the fishermen would ultimately go to them. The Scheme, while having sufficient attention focused on the two faces of rural poverty, i.e. low productivity and neglect, fails to recognise the third and more vicious one, the middlemen. It fails to take the necessary measures to meet any possible challenge from them. The middlemen problem is a familiar feature of the fishing industry not only in Malaya but also in other developing countries.

It follows that in order to make the Scheme more workable, the activities of these people should be severely curtailed, if not entirely eliminated. The Society itself should then undertake to carry out the marketing function. It must be borne in mind that a co-operative and a private enterprise cannot exist side by side; they contradict one another. "The two are opposing systems of economic and social organisations. You can have one or the other for a particular task, but not both."<sup>3</sup> Hence, if a co-operative is to be organised for the fishermen, the financing, assembling, storage, processing, transporting and marketing arrangements will have to be done by the fishermen co-operative society itself. I would add that this is desirable not only from the point of view of co-operative but also from that of sound business management. The financial

<sup>3</sup> See U.A. Aziz, Inaugural Lecture, (Anala Lumpur, September 27, 1963).

associations as well as other fish processing facilities will not help the members very much unless they are allowed a guaranteed share of the market for their fish. Therefore, if the labor is to be organized on a co-operative basis an entire new marketing system is required - essentially a system where the marketing is done by the co-operative and no one else. This will no doubt go a long way towards the elimination of "fish leakage". This implies that drastic measures are to be adopted to ensure that not even a single kilo of fish goes to the retail man or the fish dealers. It will, therefore, appear that the fisherman's gain is bought at a cost of the wiping out of an entire army of middlemen and fish dealers who have played a very prominent role in the fishing industry of this country. Hence, to implement such a policy, the Government has to consider whether this is a price worth paying.

The new marketing envisaged can be operated by the co-operative society. It would perhaps be best organized along lines of the existing co-operative marketing system of rural produce that exists in an advanced country like Norway, of course, with some modifications to suit local conditions and needs.

Fishing is one of the main occupations of the Norwegians and consequently the production methods and marketing organization of the Norwegian fishing industry are relatively highly developed and efficient, as such it would pay us to learn what we can from her long standing experience in this economic field.

Almost all fish landed in Norway is sold through the Fishermen's Sales Organization. These sales organizations are protected by the State through a law stipulating their exclusive rights. The background for the protection given to the sales organizations by the State has been that the income earned by the fishermen is recognized to be comparatively low and that the fishermen would be the weaker party in bargaining with the buyers of fish, if such protection was not granted to them. All those wishing to buy fish for processing or other commercial purposes are required to hold a licence from the appropriate sales organizations. The buyers are required to grant guarantee for payment due and to accept the sales conditions which are established by the sales organization or agreed upon between the latter and the appropriate sales agent. The operational methods of the sales organizations vary to some extent; their common principal aim is, however, to stabilize prices and to ensure that the fishermen's earnings are as high as the market conditions justify.

The national association of exporters have, to a considerable extent, also been supported by the authorities in past years. Laws and regulations have stipulated that the exports of the various fishery products may also be carried out by members of the appropriate association of exporters. Membership of the export association is subject to review by the Ministry of Fishery.

Until recently, fish prices have been subject to State control. Thus the fishermen's Sales Organizations which had power to fix prices payable to the fishermen were obliged to consult the Ministry of Wages

and Prices before fixing prices for the forthcoming season.

The brief account of the Norwegian marketing system of fish can give us some rough ideas on how the credit system should be organized.

The main idea is that in order to enable the fisherman to get a better reward for their efforts, the marketing of fish should be done by their own co-operatives. This implies that the Government must take the necessary steps to ensure that the marketing of fish should be done by authentic fishermen's co-operative sales organizations with special exclusive rights to sell all the fish landed in this country. Perhaps, there should be greater coordination in the administration of the various financial schemes to be applied in various parts of the country to make the system effective. Prices of fish should be regulated so that the fishermen are not exploited. They must be regulated in such a way that the fisherman can obtain as high an income as the market conditions will permit.

Apart from the adoption of its own marketing system, the Scheme must also follow some sound principles of administration in order to ensure its success.

It must be borne in mind that in such an elaborate scheme the quality of the members is a primary factor which will determine whether the financial assistance will be successful in meeting its objectives. Their fare, care must also be exercised that only the best cutlery are selected. Every member should be carefully screened to see whether they are physically fit and have the required skill. Above all, they must be honest and willing to work hard and to abide by the conditions of entry and the rules and regulations prescribed prevailing in the scheme.

In order to ensure the success of the scheme it is equally important that the management of the affairs of the members should be entrusted to very competent men who have both the knowledge of co-operative principles as well as business experience. The supervisory administrative officers should ideally have a wide experience of financial, economic and fishing industry matters. Unless experienced and competent personnel are available such schemes cannot function successfully.

Finally, such co-operative credit schemes should not be hastily set up unless the fishermen have adequate idea of the principles and benefits of co-operation. I cannot agree more with Professor Louis Berube's contention that "... no co-operatives, marketing multipurpose or otherwise be made part of any scheme of that kind, nor be incorporated before the fishermen have been fully enlightened through co-operative education; fully means here educated to the point that they request themselves the privilege to be formed into a co-operative."<sup>4</sup>

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<sup>4</sup>See Berube, L., Preliminary Memorandum on Kuala Lumpur Scheme, (Kuala Lumpur, December 21, 1943).

The organization of the scheme on co-operative basis should only be undertaken until such time when the would-be members have acquired at least some idea of co-operative principles and benefits. This implies that a carefully planned programme of co-operative education is the essential pre-requisite to the setting up of any schemes that are to be operated on co-operative basis.

b) The second alternative course is to disperse with the co-operative society altogether and let the scheme be run by an experienced manager who is directly employed by and responsible to the Government. This alternative recognizes the fact that the organization of the scheme on co-operative basis is open to a lot of abuse either by the management committees or the members.

Therefore, the scheme should not be operated on co-operative basis, instead, it should be government-owned. Since the manager is Government servant he is less susceptible to pander to the whims and fancies of the members. The manager can be employed on a contract basis. This is to prevent any possible misuse of power.

Just like other settlement schemes only the best settlers or members be selected. Care must be taken to see that members selected have the required skill and experience in fishing. This is to ensure the optimum use of the facilities by the members. Moreover, the scheme must embody rules and regulations to the effect that members work in the interests of the Scheme and that these rules are effective in preventing irregularities and abuses. The scheme must also include provisions to deal with all cases of defaults such as (i) failure to pay installments of principal or interest on loans, (ii) failure to carry on fishing diligently and vigorously, (iii) use of boats and other equipment for purposes other than fishing and (iv) failure to maintain vessels and gear in good working order.

The management must undertake the transport and marketing as well as processing functions and above all the management must strive to keep down the operating expenses of the members so as to enable them to get a higher level of income.

The scheme is to be supervised by competent and full-time manager. To carry out such a responsible task men with wide experience are very essential. Above all they must be quite flexible and responsive to the needs of the rural fishing community. It is needless to say that men of such calibre are rare and limited in Malaya and the Government must be prepared to offer comparatively high remunerations so as to attract the right type of management personnel.

Under the existing conditions, it appears to me that the first alternative course of action, though the more ideal of the two, is not capable of being put into immediate practice because the current environment is still not too conducive for co-operative form of undertaking to operate successfully. This is because of the high rate of illiteracy and lack of co-operative spirit prevalent among the rural folks. The absence of

conscious efforts on the part of the Government to foster a better sense of co-operative spirit through a carefully planned programme of co-operative education has greatly accentuated this problem.

Consequently, I feel that the second alternative course is a better solution, particularly when such financial aid schemes are so isolated and uncoordinated. Even then the success of implementation of such schemes will vary much depend on whether the Government can succeed in getting the right type of management personnel to carry out the job.

