

## CHAPTER VIII

### CONCLUSION

Fishing is an important industry in Malaya in terms of the number of people it keeps in employment and its contribution to the national income. It is capable of great expansion in the future. With further mechanisation of the fishing crafts and the improvement in fishing gears, the introduction of trawler fishing and the development of the off-shore fisheries, the rising trend in fish production in recent years will be very much accelerated in the future. This is essential because we have a rapidly expanding population and an increasing tendency towards industrialisation and urbanisation. This means that the rural population will have to step up their production of food supplies. With the further development of the fishing industry, the productivity of the fishermen will increase further as had been in the past few years. But the increase in productivity will not benefit the producers and the consumers much unless effort is made to increase the efficiency of the present marketing system and improve the credit situation.

Marketing is an important economic function. Producing well is just half the job of raising the level of income of the fishermen, It does not ensure that the producers will get a better income. If the marketing system is poor, they may be exploited in various ways on the goods they market or the surplus they produce meant for sale may be left lying idle and wasted at the producing centres due to poor marketing facilities to transport the surplus for sale to the consuming areas. These two probabilities may leave the producers no better off than before though their productivity is higher. A good marketing system is as essential as increasing productivity to raise the level of income of the producers.

The present fish marketing system in Malaya is unfavourable because transport and communication facilities in the fishing areas both in the East Coast and the West Coast are poor, most of the fishing villages do not have coldrooms to store the fish safely while waiting for transport to take the fish to the towns for sale or to hold them

back during gluts and the fish marketing function is almost entirely in the hands of the small middlemen who have insufficient capital in most cases to undertake and coordinate all the fish marketing activities. Delays often occur within the marketing chain resulting in the wastage of fish through deterioration. Gluts and scarcities of fish and therefore, fluctuation in fish prices, excessive marketing costs due to the superfluous number of middlemen involved in the handling of fish, poor organisation and inefficiency, and excessive profits charged by each middleman through whom the fish pass in the process of marketing characterise the present fish marketing system.

It is essential that the fish marketing system be improved not only because it is dissatisfactory now but also because of likely great expansion of fish output in future. Otherwise, increased output will inflate the seriousness of the present already unfavourable marketing system to the disadvantage of the consumers and the fishermen.

The present fish marketing system can be improved by providing better communicational facilities in rural areas by way of building more feeder roads and bridges to link up fishing villages to the main highways and improve the conditions of the present existing communicational facilities, by installing ice plants, coldrooms and storage facilities in the major fishing villages to cut down wastage due to deterioration of fish and stabilise the supply and price of fish and encourage the growth of the fishermen's cooperative marketing societies to undertake the marketing of the fishermen's catches to their benefit. Their scale of operation can be large and therefore, they can undertake and integrate all marketing activities provided they get good support from the memberfishermen who must be prepared to sell their catches to the societies under all circumstances. This will cut down marketing costs and the number of hands the fish have to pass through. It speeds up the transport of fish. If the operation is large, these societies can cure, can and freeze the fish like what their counterparts are doing in Canada and Japan. The prospects of the canning and frozen fish industries in Malaya are good. There are both external and internal markets for these. But fish marketing is not an independent element in the fishing economy. It is tied down to the credit function.

The credit needs of the fishermen are many. They have to buy household basic necessity goods to feed themselves and their families and they have to meet the operating cost of their occupation like the purchase of fuel and the repairs

of boats and nets. Sometimes, they have to meet unforeseen expenditure resulting from sickness to themselves or to a member of their families. In addition, they sometimes have to meet social and religious obligations which demand the spending of a certain amount of money. They have to purchase those fishing equipments to work with or to replace those that are worn out. Fishing is an uncertain occupation and in the event of a duration of poor catches, they have to fall back on their savings or if they are insufficient, they have to depend on external financiers for loans to tide them over the period.

The chief sources of credit to the fishermen are the juru salam, the village middlemen and the Chinese towkays, who may supply the fishermen cash and/or fishing equipments to operate. These loans usually are unsecured and are based on mutual trust. They do not bear visible interest calculated on the principal but disguised interest is taken on these loans. The basic condition of the loans is monopsony in the purchase of the fishermen's catches. This is the chief cause of exploitation of the fishermen in the form of short weight and lower price offered to the fishermen who have little or no bargaining power with their creditors in the sale of the fish. This is the main weakness of this type of financing. In addition, a high rent is taken from the fishermen by the jurusalam and the Chinese towkays for the use of their fishing equipments. Another weakness is that this pattern of credit tends to perpetuate the business of the small middlemen and therefore the poor fish marketing system. It provides no incentive for the fishermen to step up the production of fish.

Despite the weaknesses of the present fish marketing system and that of the credit situation, the middlemen, Chinese towkays and the juru salam and the shopkeepers perform an important economic function in the fishing economy in the absence of a better and more effective alternative. Prohibiting their activities in the rural areas will not benefit the fishermen for they still need credit and a fish marketing agency. But their hope towards better real income is by becoming independent of these people and this is possible by the establishment of the cooperative societies which are able to offer them similar services as those provided by the middlemen, Chinese towkays, juru salam and shopkeepers in fish marketing and the granting of credit.

The cooperative society is an institution to help the fishermen help themselves. It works to the advantage of the members. For example, the fishermen's cooperative

societies can help secure for the member fishermen cheaper fishing equipments and basic necessity goods and market their fish for the highest possible value. Their catches are weighed fairly and they are given the full amount of the realised value for the sale of the catches minus a small percentage as a commission. It is possible for this deduction to flow back to the fishermen later on in the form of a rebate.

On the credit side, these societies supply loans at a low rate of interest to the fishermen for the purchase of capital equipments on easy terms of payment.

In Malaya in 1962, there were 77 fishermen's cooperative societies, most of which are in the East Coast. These societies secure funds mainly from the Rural Cooperative Apex Bank. Only a small percentage of the Societies' funds come from the subscribed capital of the fishermen. Loans are given out to the member fishermen mainly to purchase fishing equipments. These loans are secured by these fishing equipments. The fishermen have to sell their catches through the cooperative societies which market the fish for them at the best possible price. A percentage of the gross sales proceeds is deducted from the fishermen as commission for services rendered to cover marketing expenses and in payment of the principal and the interest on the loans. These societies purchase equipments like boats, nets and engines, and fishing necessity goods like diesel, petrol, lubricant and salt at wholesale price for retailing to the member fishermen at a cheaper than the market price for these goods.

But these societies face great difficulties from competition with the Chinese towkays, middlemen and juru selam who are more skillful and have more experience than the cooperative societies' managers and their practices are more adapted to the environment. Their practices are more flexible and informal than those of the fishermen's cooperative societies. Social attitudes also create much difficulty to the operation of the cooperative societies. The institution is western in origin and is foreign to them. It is initiated for them by the Government and not by themselves. The member fishermen are not familiar with cooperative principles and practice. Therefore, many of them are unaware of the importance of loyalty to the success of the societies and prefer to sell their fish to the middlemen than to the societies. That accounts for the fact that the quantity of fish marketed by the cooperative societies is small and loans and interest are seldom paid up to date by the fishermen. Much capital that can be used for more aggressive marketing practice

in the face of stiff competition, for the purchase of better transport facilities and for granting further loans to help other needy fishermen who are thirsting for loans to purchase better fishing equipment with which to operate are locked up in the arrears.

But the case is not totally hopeless. Loans needed to meet social and religious commitments and to meet the daily needs of the fishermen when the catches are poor should be given to the fishermen immediately the need arises if the need is a genuine one. Otherwise, the member fishermen will be forced to turn to their traditional sources of finance to secure loans for such purposes and thereby obligate themselves to sell their catches to them and not to the societies. It is also necessary to encourage thrift among themselves to provide savings to meet their needs instead of having to depend on the societies all the time and to provide the societies with more funds should these be deposited in the societies. Educating the fishermen in cooperative practice and principles is important so that they can appreciate the purpose of the cooperative movement and that they can become more responsible to their duties towards their societies. Personnels of the societies should best be chosen from among the local population as they know local conditions, customs, traditions and the local population better. They should be trained in marketing techniques, business administration and the handling of accounts which will help them in the discharge of their duties. Leaders from the fishing population should be recruited into the movement and sent for training so that when they return to the fishing villages, they can influence the masses for the good of the societies. But education is a slow process. Therefore, this has prompted Professor Berube to propose the setting up of the automatic convertible corporation initially financed, controlled and run by the Government to undertake fish marketing for the fishermen to ensure that they receive a fair return to their labour until such time when they, through gradual cooperative education, are qualified to take over the control of the corporation. Government's withdrawal will be gradual. In the meantime, fishermen can purchase shares in the corporation at any time they like so that gradually more and more fishermen will assume ownership in the corporation. Gradually, fishermen's selected Directors will replace Government's nominated ones. Eventually, the corporation will be run by the fishermen. There is no doubt that his ideas are sound but the amount of money and work involved is great. It has to depend on the agencies and the cooperative societies to collect the fish for it to market. But if cooperative enterprises of such magnitude can prosper in Canada and Japan, I cannot see

why the corporation of this nature cannot succeed here.

The cooperative societies are the best agency to help the fishermen because of the many advantages they offer to the fishermen and they can be located in the midst of the fishing villages to deal with the local people. This ensures better operations. Difficulties are bound to be encountered and setbacks are likely to happen in the early stages of the cooperative movement. This should be anticipated by those involved in it and should not be allowed to discourage them. The movement must not be allowed to fail. Patience, determination and Government supervision, guidance and assistance are required in the early stages to put the movement on its feet.

In any underdeveloped country, the role of the Government in developing any facet of the economy is highly important because it has the necessary facilities to mobilise capital and the personnels to do the job. The local people are usually not very enterprising especially in new ventures. In Malaya, the role of the Government in developing the fishing economy is extremely important. Since 1955, the Government has done a lot in developing the fishing economy and in helping to raise the income of the fishermen. Among the projects undertaken by the Government are the completion of the Kuala Lingai Resettlement Scheme and the planning of two more, the erection of a few halting bungalows and rest houses to provide shelter to the tired migratory fishermen from distant fishing villages, jetties to berth the fishing boats and facilitate a speedy unloading of the fish, coldrooms to store the fish safely in the East Coast, the building of more roads and the improvement of communicational facilities and better health facilities like health clinics in the rural areas, the building of two fisheries schools to provide technical training to the fishermen to make them more skillful in their occupation and two research centres, financial assistance and loans to the cooperative societies, provision of cooperative education to the fishermen and the personnels of the societies at the Cooperative College at Petaling Jaya, Kuala Lumpur, and many others.

In summing up, the prospect for the further development of the fishing industry is excellent. The productivity of the fishermen is likely to increase further but the fishermen can only benefit most from the increase through the fishermen's cooperative societies which will have an important place in the fishing economy and an important part to play in the future.