

THE ECONOMIC FUNCTIONS OF THE TOWKAYS

The towkays perform three main functions. They are:

- (a) As capital suppliers and creditors to Malay fishermen;
- (b) As fresh fish buyers; and
- (c) As salt/dried fish merchants.

But in this chapter the writer intends to discuss only the first two functions because the third function will be discussed in detail when we come to deal with the salt/dried fish industry in the next chapter.

The towkays as capital suppliers and creditors.

As indicated in Chapter I, out of the five towkays in Beserah, four have their own fishing equipment and the remaining one is without his own equipment. These four towkays usually allow the fishing group leaders or jeragan¹, whom they can trust, to use them. But this generosity of the towkays is compensated by the fact that these fishermen not only are bound to sell fish to them alone but also usually sell at a price 20 percent cheaper than the price arbitrarily fixed by the towkays. For example, let us assume that the price fixed for one basketful of fish is \$100.00. The towkay will have to pay only \$80.00, \$20.00 is deducted for the use of the equipment. What is objectionable here is the price arbitrarily fixed by the towkay, which is usually below the market price. The fishermen in most cases have to accept that price because of their ignorance of the market price

1. A Jeragan is² fishing group leader: The term, however, can be used in singular as well as in plural sense.

and because of their obligation to sell fish to the towkay.

Besides, the towkays also purchase outboard motors which cost about \$850 each for the jeragan. Again this generosity seems to be motivated by the towkays' intention of getting the jeragan always in debt to them and thereby of tying down their services. The cost of each motor is repaid by instalments, and usually 20 percent is subtracted from the proceeds of the fishermen after every catch. These instalments usually take three years to clear up the debt. But by the end of that period that engine, if not properly handled during that period, will not function well. In this case a new engine has to be replaced. Hence, a jeragan will continuously be in debt to his towkay as well as to other creditors.

The fact that the engine, after its cost has been settled, will belong to the jeragan alone gives rise to much dissatisfaction among the crew. The fishermen informed the writer that it was most unfair for them as a group to share the cost of the motor which would ultimately belong to the jeragan. But usually not a single awak-awak dares to defy the jeragan openly for fear that he may "get the sack."

Supplying credit to fishermen is another important role played by the towkays. Fishing is an occupation from which no steady or fixed income can be drawn. If their luck is good, the fishermen may have a good catch on a certain day. But, if fortune works against them, they may come back with empty hands,

sometimes for one week at a stretch, as happened in Beserah. Fortunately, the towkays provide loans to relieve their temporary sufferings, though usually not more than \$20.00 at one time. These loans, however, are extended only to those fishermen who make use of the towkays' equipment as well as to those independent jeragan who own their equipment and who usually sell fish to them. While it is true that no interest rate is charged directly on these loans, the writer feels interest payment is reflected in the low price of fish sold by the fishermen.

The towkays as fresh fish buyers:

The four towkays mainly purchase fish from two main sources:

- (i) those fishermen who make use of towkays' equipment and
- (ii) those independent jeragan who have their own equipment.

(i) Much has already been said how the towkays buy fish from the fishermen of this group. But one important fact which has not been mentioned is that the fish purchased on the beach are never weighed. As soon as the boats land on the shore the fish, wanted by the towkays, are put into a big basket and are then carried straight to the curing sheds of the towkays. The weight of the fish is revealed to the fishermen later. It is the writer's impression that correct weights are not usually given. The writer was surprised that no protest over this was ever made to the towkays.

The fish unwanted by the towkays, usually of small quantities, will then be disposed to any retailer or periah on the beach, who offers the highest price. But if the price exceeds five dollars, an extra 20 percent of that price must be paid by the periah to the towkay concerned. For example, if the price is \$10, the periah has to pay \$12, \$10 will go to the fishermen and another \$2 to the towkay. This is bad from the fishermen's point of view because a periah will then tend to bid a price about 20 percent lower than he is willing to pay. The fishermen thus usually get less than they might otherwise obtain.

(ii) The towkays also purchase fish from those jeragan who own their equipment. But the price paid will be usually 20 percent higher than that paid to the fishermen under (i). Usually the jeragan and his crew prefer to sell to the same towkay every time. The reason is this: while it is true that the jeragan can get a better price for his fish if he were to sell to any towkay who bids the highest price, he and his crew will be in trouble during the period of abundant fish. During this period these fishermen will find that these towkays refuse to buy from them because they have more than sufficient fish purchased from their own fishermen. Since the towkays are the main fish buyers there and since these jeragan have neither freezes to preserve their fish nor transport to carry to another place,

they thus have no market for their fish. In 1954, in Beserah an innumerable number of fish were thrown back into the sea because these fishermen could not sell their fish. This monopolistic position of the towkays indirectly causes each independent jeragan to link with a certain towkay for security's sake.

To a very small extent, the towkays also buy fish from the Malay Fishermen's Co-operative Society at Seberang Che Let. This is done on a monthly tender system. The one who bids the highest prices for various types of fish as listed will be supplied with these types of fish for one month. After that period a new tender will be called. The fish not purchased by the towkays will be sold at the local fresh fish market by the Society.

A few words must be said of the towkay who is without equipment of his own. Like other towkays he is also a salt/dried fish dealer. He buys fish from the Malay Fishermen's Co-operative Society at Pantai Beserah. In June he bought over five and one-half pikuls of fish, amounting to about, \$167 from the Society.¹ The Society has decided in 1958 not to deal in dried fish because of an accumulated loss of over \$3,000 from 1954 to 1957.²

On the whole, the towkays provide a ready market for the fishermen who sell fish to them as well as for the two Co-operative Societies. There is thus a demand for the fish which normally are difficult to dispose of in the local fresh fish market.

1. See Appendix III for details.

2. Source: The Society concerned.