

THE IMPACT OF THE CO-OPERATIVE SOCIETIES ON THE ECONOMIC
CONDITIONS OF THE FISHERMEN.

An assessment of the impact of the co-operative on the economic condition of the fishermen is of great interest not only to economists but also to the general reader as well, for it helps to reveal the importance of the role played by the co-operatives in a society characterised by monopsony and exploitation.

The two co-operative societies were formed particularly to serve the interest of small operators, such as the handliners, who needed an organisation so as to reap the benefits of large scale economy especially in the marketing of fish and to free themselves from the monopsonistic ring of the peraihs¹. The one circumstance without which there can be no successful co-operation is the common need of some economic advantage. In this respect, the co-operative societies have succeeded in annihilating this ring with the result the peraihs now have to face severe competition from the co-operatives.

The existence of the co-operatives together with the emergence of six new peraihs who were formerly the selling representatives of the two co-operatives have widened the marketing outlets for the fishermen especially the non-members who are allowed and in fact, encouraged to sell through the co-operatives. It is interesting to note that one of the reasons why some of the handliners had not become members was that they are now getting prices for their fish comparable to that obtained by the members². The peraihs since

1. One of the leading peraihs is even prepared to give a big feast to celebrate if the co-operative societies are closed down!

2. In Kg. Di-Pantai, there are only 13 handliners who are

then could not independently fix the price as they could do before but had to follow the prices given by the co-operatives.

The increased competition which the co-operatives had helped to generate has gone to an extent that would bring an adverse effect to the co-operatives themselves. Now greater numbers of peraihs than before competed for the non-members' fish and this resulted in higher price being offered. Sometimes the peraihs could offer higher prices than the co-operatives could because they were able to dispose most of their fish at retail, since retail prices were higher than wholesale prices.

Most of the peraihs operated in pairs, one attended to his stall in the Kualan market, and the other specialized in buying fish on the beach. Fish which was bought in the late afternoons and in the evenings could not be sold that day and was iced and sold the next day. In the morning before any fisherman returned the "buying specialist" either gave a helped hand at the stall or peddled the fish in the out-laying kampongs. Some of the peraihs who operated alone had regular customers to whom they delivered the fish every-day³. Most of such customers were Government servants.

On the other hand, the co-operative societies could retail on the average of 20 per cent to 30 per cent of their daily turnover of fish the rest had to be sold wholesale because of the lack of storing facilities to keep the fish fresh to be sold in the market the next day. The prospects of getting higher prices sometimes for their fish not only discouraged the non-members to be members but also tempted

not members of the co-operative while in Kg. Che' Let, there are 24 non-members. In other words, in Kg. Di-Pantai, 85% of the handliners are members while in Kg. Che' Let, the members account for 70% of the total handliners in the village. Another important reason why the some of them have not become members is that they are using the peraihs' boats and therefore they have to sell to them.

3. The local term for it is 'Ikan sangkut'.

the less loyal members to sell their fish outside⁴.

The co-operative societies also shielded the pukat operators who were members from being bullied by the local towkays. If the latter offered unreasonable price, the pukat operators could sell their fish through the societies.

Therefore, as far as the marketing of fish was concerned, the co-operative societies not only brought benefits to their members but also to the non-members by creating a more competitive market. They insured against monopsonistic tendency. Only those who were using the local towkays' and the peraihs' fishing gear had no choice but to sell to the owners of the gears.

The co-operative societies with their own men to handle the marketing of fish provided more convenience to the fishermen. Sometimes the fishermen returned late in the evenings especially when they went for tenggiri fishing which had a season between January and March. Before the establishment of the co-operative societies, those who returned too late in the evenings could only sell to the peraihs who waited on the beach. The price was bound to be low because of the difficulty of getting any means of transport at night. Now the fishermen - especially the members - have no worry about this problem because the societies undertook to sell the fish at whatever time they returned. As Kg. Di-Pantai Co-operative Society had its own van, the fish could be carried to the wholesalers at any time.

It was the duty of the selling representatives to wait on the beach until all have returned. At night if any member had not returned yet, he had to put on a light to guide the fisherman to the landing point. Previously this was done by any member of his family. Should he fail to return at

4. At the committee meeting on 10th July, one member of Kg. Che' Let Co-operative society was expelled for doing so after being warned repeatedly.

the time expected, he would raise an alarm and a search party will be sent and financed by the society⁵.

The co-operative societies had evidently helped to bring greater social cohesion since they brought together men with the same interest. The societies' premises became more or less community centres where the kampong folk during their leisure hours met.

Credit.

Indebtedness is not possible without credit because debt is only one phase of transaction of which credit is the other. To get rid of indebtedness, we must first of all reduce the need for credit. But this need is great for the fishermen whose occupation is seasonal and whose income is fluctuating.

Prior to the establishment of the co-operative societies in the two villages, the sources of credit available to the handliners were the pawnshops which charged a high rate of interest and the shopkeepers who supplied them with provision on credit during the monsoon seasons.

Both the societies were great sources of credit for the members who formed more than three-fourths the total handliners in the two villages⁶. The effectiveness of the societies as sources of credit could be estimated from the amount of loans they had given out. The Kg. Di-Pantai Co-operative Society had granted loans since its inception till July 1958 to the tune of \$9,668/- and \$2,855.40 cents in advance, while the Kg. Che' Co-operative Society had extended loans to its members during its four years of existence

5. In late November in 1956, one boat containing 3 men from the Seberang Che' Let Co-operative society got into a difficulty in a storm. The society's search party found 2 of them at Kuala Pahang and one was drowned.

6. Other fishermen who are working with the towkays obtain their credit from their respective towkays. The awaks can get financial help from their own jeragans. It is only the handliners that have no body to turn to in case they need credit.

since 1954 \$4,909.60 cents these loans were out at no interest whatsoever and only those loans above \$200/- required securities.

Thus we can estimate the sum saved by the members from the payment of interest if they were to get the loan from other sources such as the money lender and the pawn shops who charged high rate of interest.

This Society gave not only short-term but also medium-term loan. The amount for each purpose of the loan is shown in the table below:

TABLE II.

The Amount For Various Purposes Of The Loans
Granted By The Societies.

Purposes	Kg. Di-Pantai Co-operative Society.		Kg. Che' Let Co-operative Society.	
	Amount	%	Amount	%
Boats	\$4,148.00	43	\$ 553.00	11
Boat repairs	650.00	6.99	-	-
Monsoon Loans	1,145.00	12	3,045.70	62
Fishing gears	1,285.00	13	656.00	13.5
House repairs	2,380.00	25	654.90	13.5
Bicycles	60.00	0.01	-	-
Total	\$9,668.00	100	\$4,909.60	100

Source: The Societies' bond books.

From the table we find that the Kg. Di-Pantai Co-operative Society more loans per year for the purchase of boats than Kg. Seberang Che' Let Co-operative Society. This was because most of the members of Kg. Di-Pantai Co-operative Society went for parang fishing which required one boat per person while unjang fishing which the majority of Kg. Che'

Let Co-operative Society's members went for, required a bigger boat which can be used by three persons. Hence a boat was of greater necessity to a parang fisherman than to an unjang fisherman. Unjang fishing required not only a bigger boat, which is more expensive than the boat which is used for parang fishing, but it also required an engine as well⁷. Since because of limited capital, the societies could provide only a part of the sum on credit required to purchase any equipment, a member of Kg. Che' Let Co-operative Society who wished to buy a boat with the aid from the society must have greater sum at hand than that was required by a member of Kg. Di-Pantai Co-operative Society who needed to purchase a boat with the society's money.

Since the co-operative societies could provide only part of the sum required to purchase a boat, only those who had surpluses of income over expenditure could take the advantage offered by the societies to buy their own boat with the aid of the societies' credit facility. This meant that only the richer few could benefit from it as the majority could barely had enough to make ends meet. In Kg. Che' Let Co-operative Society those who borrowed from the society to buy boats and engines were those who had already got their own boats and engines, and these were hired out to members who had no boats. In this society three boats had been bought partly with the society's money whereas Kg. Di-Pantai Co-operative Society's loans had helped to purchase twenty boats for its members.

Table II above also illustrates another important fact for comparative purpose between the two societies. The Kg. Di-Pantai Co-operative Society for the last nine years of its existence had granted only \$1,145/- worth of monsoon loans plus \$2,855.40 cents as advances most of which were also for

7. For greater detail on cost of boats, please refer to Mr. Sallehuddin's academic exercise.

consumption during monsoon seasons while Kg. Seberang Che' Let Co-operative Society for the last four years has given 2,045/- as monsoon loans. One reason for this differences was that former has effectively encouraged its members to keep deposits⁸ with the society to be used during the monsoon seasons by deducting 10 per cent of each member's income daily. Thus the society had helped to encourage individual thrift and had made them to save in order to spend instead of borrowing to spend. The latter society did not keep deposits for its members.

As the societies did not have sufficient fund to meet their members' requirement for credit about 80 per cent of the members interviewed still relied on the pawnshops to supplement their need for credit. So the societies because of their limited funds had not been able to replace the pawnshops totally as a source of credit, but have merely reduced them more of a supplementary nature to the societies.

Since the societies provided cheaper and easier sources of credit, they merely had the effect of reducing the members' indebtedness to the other sources of credit but unfortunately the bulk of indebtedness had been transferred from other courses to the societies which on the whole were much too lenient in so far as the repayment of loans was concerned. The general tendency among members was to pay greater attention to the repayment of loans to the pawnshops, which were more exacting in their terms of repayment.

This is a good evidence to show that rural indebtedness cannot be remedied merely by the replacement of the sources of credit with cheaper and easier ones. One of the ways by which indebtedness can be remedied is by increasing their productivity.

8. The deposits are known as 'Pertarohan Biasa'.

The total accumulated debt of the members to the Kg. Di-Pantai Co-operative Society is \$7,345.90 cents, with an average of \$106/- per head while Kg. Che' Let Co-operative Society members' debt with the society is \$2,410/- with an average of \$40/- per head.

