

REPORT OF THE F.A.O.
TRAINING CENTRE
IN
FISHERY CO-OPERATIVES
AND
ADMINISTRATION

VOLUME II



Fishermen's Co-operatives in the Indo-Pacific Region
by EDWARD SZCZEPANIK

FOOD AND AGRICULTURE
ORGANIZATION OF THE UNITED NATIONS

1958



ACC. NO. 2815
M.F.N. 2799

PRINTED BY
CATHAY PRESS, ABERDEEN, HONG KONG
FOR THE PUBLISHERS

FOREWORD

by DR. D. B. FINN

F.M.Sc., PH.D., M.Sc., F.R.S., C.O.D.
Director, Fisheries Division

THIS study of Fishermen's Co-operatives in the Indo-Pacific Region is the second in a series of volumes constituting the report on the FAO Training Centre in Fishery Co-operatives and Administration held in Australia from 16th December, 1957 to 25th January, 1958. The first volume contains an account of the background and objectives of the Centre, its organization, the training programme carried out and related matters. Subsequent volumes published by the Economics and Statistics Branch of FAO Fisheries Division will describe special analytical studies of the role of middlemen and fishermen's co-operatives in several selected areas of the region.

The present volume is based on governmental reports submitted to FAO in reply to a questionnaire (Appendix). They have been supplemented by special accounts prepared by the participants of the Training Centre and by a great deal of published and unpublished material collected by FAO. Drafts of all chapters have been carefully checked by the Government Departments concerned. The preparation of this volume involved, therefore, a considerable effort on the part of the Government officials and I should like to express here, on behalf of FAO, my sincere thanks to all of them.

The author of this study is Mr. E. F. Szczepanik, Senior Lecturer in Economics in the University of Hong Kong. His previous contributions in this field comprise *A Survey of Fish Marketing in the Indo-Pacific Region* published as FAO Report No. 404 in 1955, several articles in the *Far Eastern Economic Review* and in the *Economics and Finance in Indonesia*, and a paper on *Special Problems of Fisheries in Poor Countries* published by FAO in a symposium on *The Economics of Fisheries* (1957). The present services of Mr. Szczepanik are gratefully acknowledged.

The main feature of the picture presented in this study is the remarkable postwar growth of the co-operative movement in the Indo-Pacific fisheries. This is the first comprehensive account of the co-operative movement in the Indo-Pacific fisheries as a whole and therefore presents the first opportunity for region-wide comparisons which can be most valuable in assessing the results and planning the future of the movement in particular countries. It also enables the reader to appreciate the past development, current problems and future prospects of this important feature of the Indo-Pacific fisheries. The value of this study lies not only in bringing together information on fishery co-operatives in all the various countries in the region. Several of the country chapters contain material not previously published or otherwise of special interest. There is, for instance, a most

interesting review of old established Japanese fishery co-operatives of which so far very little has been known abroad although they were founded as far back as seventy years ago. A highly instructive example of a new organizational effort comes from the Philippines, and a sketch of the situation in the highly developed Australian economy can be compared, for contrast, with the remaining, mostly under-developed, parts of the region. The federal structure of co-operatives in the territories of the South Pacific Commission deserves special attention. In fact, almost all country-chapters presented in Part II of this volume contain valuable material for study and reflection.

A basic policy question that comes to the fore when one examines the position of the co-operative movement in fisheries is that of the respective roles of the movement, the middlemen, and government. This is a contentious question and FAO's function is not to offer a final answer to it, but rather to help expose more clearly the facts and factors that should be considered in seeking an answer. The conclusions expressed in Part I of this volume should therefore not be taken as representing the views of FAO; they are intended as a contribution to the discussion, reflecting inevitably to some extent the personal opinions of the author of this study, but intended to point up the crucial issues.

CONTENTS

FOREWORD: By Dr. D. B. Finn	iii
PART I: THE FUNCTIONS OF MIDDLEMEN AND OF CO-OPERATIVE SOCIETIES IN FISHERIES	1
1. The Functions of Middlemen	3
2. The Functions of Co-operative Societies	11
PART II: A SURVEY OF FISHERMEN'S CO-OPERATIVES IN THE INDO-PACIFIC REGION	23
3. Australia:	
A. New South Wales	25
B. South Australia	27
C. Western Australia	29
D. Victoria	30
E. Tasmania	31
F. Queensland	31
4. Burma	33
5. Cambodia	39
6. Ceylon	40
7. Hong Kong	47
8. India:	
A. Bombay State	54
B. Kerala State	57
C. Madras State	59
D. Mysore State	63
E. Orissa State	65
F. West Bengal	67
9. Indonesia	71
10. Japan	75
11. Korea	88
12. Malaya, Federation of	91
13. North Borneo	97
14. Pakistan	97
15. Philippines	101
16. Sarawak	107
17. Singapore	109
18. South Pacific	112
19. Thailand	118
20. Vietnam	122
APPENDIX: FAO Questionnaire Concerning Background Information on Fishery Co-operatives	125

PART I

THE FUNCTIONS OF MIDDLEMEN
AND OF CO-OPERATIVE SOCIETIES
IN FISHERIES

CHAPTER I

THE FUNCTIONS OF MIDDLEMEN

I. INTRODUCTION

FROM the economic point of view, all productive activities consist in some kind of transformation of goods. Physical and chemical transformation, implying a change of form or substance, is only one category of productive activities. In modern societies, based on an advanced division of labour, transformation in space and in time absorbs an ever increasing amount of human energy. In fact, even the work of primary producers, such as farmers, fishermen or miners, consists mainly in some kind of transportation, removal or delivery. With the exception of the creative effort of artists and scientists, all work which is undertaken for pecuniary reasons can be reduced to 'shifting dirt from one place to another'. Thus there is practically no way of distinguishing between productive and unproductive occupations. All work which brings income is productive.

Yet middlemen, who often are earning considerable income, are frequently regarded as unproductive parasites. Their existence is considered to be an unnecessary feature of the economic system and attempts are being made to eliminate them. The question therefore arises to what extent this view and tendency are justified.

The primary function of middlemen is to bring together the producer and the consumer. In performing this function a great variety of services has to be rendered. The nature and volume of these services depends on the industry concerned. Let us examine firstly the services common to all industries before we come to the analysis of the functions performed by the middlemen in fish production and marketing. Subsequently we shall revert to the question to what extent these functions could or should be eliminated, controlled or shifted to some other element of the economic organization of the fishing industry.

2. THE SERVICES OF MIDDLEMEN

General services performed by the middlemen in the work of distribution can be classified as follows:

(i) The Breaking of Bulk

The producer generally does not wish to be bothered with the distribution of his product, preferring to dispose of it in large quantities as produced. In order to have greater variety of stock, most retailers buy in small quantities. The wholesaler forms a link between them, and attempts to satisfy the needs of both. It is possible that if the wholesaler were omitted, transport cost might be even higher, for the producer would have to send a larger number of parcels, each a long distance, perhaps, if he supplied retailers direct. Wholesalers are more conveniently situated for particular districts; each receives a large parcel from the producer, and then splits it

up into smaller parcels with only short distance to travel. The wholesaler's more convenient situation enables the retailer to obtain additional supplies more readily than he could from the producer.

(ii) Warehousing

Producers want to dispose of their output quickly in order to keep their working space clear for further production. The middleman can relieve the producer of the trouble and expense of holding large stocks. By allowing a regular supply to enter the market, especially where production is irregular, the wholesaler helps to prevent prices fluctuating unduly. The holding of stocks by the middlemen is a valuable service, as it acts as a lubricant to the economic system, enabling distribution to work smoothly and preventing the development of 'bottle-necks'.

(iii) Expert Buying and Selling

Expert knowledge of the commodities bought and sold is required, and so the employment of specialists is essential, particularly where goods are bought and sold in organized produce markets and it is necessary to examine and test samples.

(iv) Marketing the Product

Producers have to work in anticipation of demand, but the middleman can often assist them by passing on to them the information regarding consumers' demand which he has obtained from the retailers with whom he is in touch. This service is of the greatest importance to the producers. The middleman can also assist the producer in developing the market for products.

(v) Financing Production and Distribution

In addition to the financing of holding of stocks, the middleman often helps to finance both the producer and the retailer more directly. Producers wish to be paid for their products as soon as possible, while many retailers have insufficient capital to carry large stocks of unsold goods. By prompt payment to the producers and by allowing credit to the retailer the wholesaler helps to finance the activities of both; where the buying of 'futures' is possible, the wholesaler bears the risk of price fluctuations.

(vi) Preparing the Product for Sale

The wholesaler often processes or prepares for sale the goods he receives from the producer before passing them on to the retailer. This may take the form of packing, grading or branding. Sugar refining and the blending of tea, as well as fish processing, are often carried out by the wholesalers of those commodities.

This brief survey of the functions of a middleman is sufficient to show the essential nature of his work. Indeed, all distributors are really engaged upon the final stage in the process of production. Division of labour requires specialization of production in a limited number of places, but only a small percentage of the goods produced are required there. Most of the

goods are therefore of little economic value until they have been transferred to the places where there is a demand for them. The greater the extent of specialization the greater the amount of distribution that will be required. Exchange is the logical corollary of specialization, and similar commodities in different places are in the strict economic sense really different commodities. The middleman who assists distribution and exchange makes possible this greater volume of production. In this sense his work can be considered to be productive.

3. OMISSION OF THE MIDDLEMAN

There are some cases where the middleman has been cut out, goods being sent direct from the producer to the retailer, or even direct from producer to consumer. Since, as already shown, wholesaling is a vital link in distribution, the elimination of the wholesaler merely means that either the producer or the retailer must take over his work. For a producer this will involve the establishment of a warehouse, so that he can undertake the function of storing, and the setting up of a selling agency with the necessary staff of salesmen. Instead of dealing with a comparatively few bulk orders to wholesalers, he will now have to deal with a huge number of small orders to suit the requirements of his retail customers, and this will necessitate his having to employ a large additional staff. In other words, such a producer will have to incur the expenses of the wholesaler, and in relation to the extra capital involved it is unlikely that his profit, as a percentage of his capital, will be any greater than it was when he confined himself to production. If he decides to sell direct to consumers, this requires the opening of retail shops or the setting up of a mail-order agency, and so incurring the further expenses of retailing.

Clearly, therefore, advocacy of sale direct from producer to consumer aims at influencing the ignorant type of consumer or producer. The producer, however, may wish to ensure that his product is put on the market, and think that a general wholesaler will not push its sale sufficiently. In such a case he may think the trouble and expense of doing his own wholesaling worth while, and either open his own retail shops, if his turnover justifies it, or appoint a limited number of retailers as his sole agents.

In some industries, if either producers or consumers think that middlemen are taking too high a toll, they may set up their own co-operative societies in order to perform these services for themselves. Some producers' co-operative societies, and more consumers' co-operative societies, have been successful, although others have failed. But in general only a small proportion of total sales are made by co-operative societies. As this possibility of cutting out the middlemen does exist, and as nevertheless most of the marketing is still carried out by middlemen, it seems reasonable to conclude that they are useful and that no significant increase in output could be achieved by eliminating them.

It is interesting to recall that in 1930 Soviet Russia decided to abolish her wholesaling institutions. The factories began selling direct to the retail

co-operatives. But it proved very expensive for each factory to maintain contacts with all its retailers, and for goods to be handled in such small lots. Within two years wholesale institutions were back again and were recognized to be performing a useful socialist function.

No doubt some middlemen (for example, certain 'rings' of wholesalers) may be in a monopoly position and charge too much for their services. But as a general rule middlemen do perform useful functions; if they did not, they could not survive. And the length of 'the chain of distribution' often keeps down, rather than raises, the prices paid by the final consumers.

The condemnation of middlemen's activities as 'speculation' rests on a confusion between two different kinds of activity which unfortunately have been given the same name—speculation. The kind of activities discussed above in section 2 may be called *competitive* speculation, to distinguish it from *monopolistic* speculation. Monopolistic speculation consists in creating scarcities and thus causing prices to rise to the speculator's profit. Sometimes this is done by *destroying* goods in order to sell the remainder at higher prices. But much more important even than this destruction, since it occurs more frequently and on a larger scale, is the harm done in creating scarcity simply by limiting production. The greater part of the evil done by the monopolistic speculator thus lies not in what he takes out of the social product for himself, but in the part he destroys (mainly by preventing its production) in order to be able to take a larger share of what remains. As a result, the rest of society is doubly impoverished—first by what the monopolist takes for himself and again by the reduction in the total output.

This kind of speculation cannot be carried on by the ordinary middleman. It involves an extensive control over productive resources, for without this control it is impossible to bring about artificial scarcity and the concomitant higher prices. The competitive speculator—the middleman—has no such powers. He cannot influence prices, for he is too small in relation to the total market; on the contrary, he must accept the prevailing prices. His activity can therefore only consist in the moving of goods from where he finds them cheap to where he finds them dear, to the net benefit of society.

It is true, of course, that the economy could not live if everybody were a middleman and nobody engaged in direct production. But neither could the economy live if everybody became a coal miner or if everybody became a fisherman.

It is also true that if there were a very good distribution of goods and services between different places and between different dates, and if this were brought about by a social authority without the use of middlemen, then there would not be much for middlemen to do. But this does not mean that middlemen should be discouraged or restricted. It means only that the authorities should try to bring about such a perfect distribution that the middlemen would be unnecessary. A perfect distribution would show itself in balanced prices throughout the economy. The middlemen would

then not be able to find any places where goods were relatively plentiful and cheap or where they were relatively scarce and dear. To have such a perfect distribution of goods would of course be a good thing, quite apart from its effects in diminishing the need for middlemen and setting them free for other useful activities. But as long as middlemen can make a living by *competitive* speculation, this stands as proof of an insufficiently perfect distribution, and shows that they have not been rendered unnecessary.

The fact that middlemen would not be needed if distribution were perfect is no more significant than the fact that plumbers would not be needed if pipes never leaked. In actuality our water and gas pipes are not perfect and we do suffer from leaks. Yet no one supposes that the plumbing situation would be improved by decrying the usefulness of plumbers and imposing restrictions on their activity in repairing the leaks that do occur. If we don't want plumbers and middlemen, then let us improve the quality of piping and the efficiency of goods distribution so that plumbers and middlemen will find little to do and will be available for other jobs. The man hours needed for all sorts of operations are continually being reduced by increased efficiency and technological advances, and they would be reduced still further by the abolition of 'feather-bedding' practices. The ultimate in mechanization is presumably the complete elimination of the need for work, altogether. Yet nobody has argued that this proves that workers are useless members of society.

The middleman function is to bring together the producer and the consumer. Those who do not understand his usefulness sometimes conceive of him as *separating* producers from consumers rather than joining them together, much as one might say that the mortar in a wall separates the bricks rather than joining them to each other. Actually, of course, what makes the wall stand is the way the mortar holds the bricks together.

4. THE FUNCTIONS OF MIDDLEMEN IN THE DISTRIBUTION OF FISH

The above analysis of the general role of middlemen in the economic system should enable us to assess in an objective way their functions in the distribution of fish. Most of what has been said on the previous pages applies also to the middlemen acting between the fishermen and the consumer of fish.

There are four main functions performed by the middlemen operating in the fishing industry, viz. the collection of fish, transport, wholesaling and retailing. These services are seldom rendered by the same middleman. More often, each of these functions is undertaken by several specialized intermediaries. Thus the collection of fish may be done by one group of middlemen operating only between the fishing at sea and the landing place and by another group of middleman operating between the landing place and some collection centre. Similarly, middlemen specialising in the transport of fish may further divide labour between themselves and restrict their activity to the distance between the collecting centre and the wholesale market, between the wholesale market and retail market, between the

retail market and the consumer's house, between the country of export and the importing country, etc.

The services of wholesalers imply perhaps the widest range of functions, such as sorting, grading, negotiating, auctioning, bidding, settlement of credit transactions, cash settlement. Very often the business of wholesaling the fish necessitates the maintenance, ownership or construction of market sheds, auctioning premises, rest rooms, canteens, tea-shops, etc. Wholesalers frequently have to provide facilities for weighing and display of fish, etc.

Similarly, retailers of fish often have to undertake transport services, in addition to the mere business of negotiation of sales with the consumers. Frequently, they have to provide their own stores or stalls with facilities for storing, preservation and display of fish. Petty retailers often become hawkers concerned with the delivery of fish to the consumer's house. The services of retailers are particularly valuable to the industry in so far as they are the main link spreading the information about consumers' demand back to the wholesalers and through them ultimately to the fishermen.

Apart from the above four major groups of middlemen, mention should be made of fish processors, engaging in drying, salting, smoking, canning or in the utilization of various by-products, such as oil, scales, fins, etc. Sometimes, they operate as separate links in the distributive chain. More often, however, they connect this business with collecting, transport, wholesaling or retailing of fish. Finally, if fish becomes the object of international trade specialized agencies usually develop concerned with the export and import business. This, in turn, implies a series of new functions to be performed by the middlemen, such as dealing with government authorities in the matter of licensing, foreign exchange regulations, health regulations, etc. The existence of foreign trade in fish further subdivides the primary four functions performed by the middlemen in the distribution of fish and makes the whole network highly complicated.

There are two common functions performed by all kinds of middlemen, irrespective of the stage in which they are operating. The first is storing or warehousing and the second is that of financing. Even during the actual process of fish catching some storing is unavoidable. The same applies to the collection, landing, transport, wholesaling, retailing, processing and exporting or importing the fish. The perishable nature of the product makes it necessary to ensure suitable storage facilities by the use of ice, salt, refrigeration, freezing, water- or air-tight containers. Irrespective of the method employed, some amount of capital outlay is always involved.

Financing of the preceding and succeeding links in the distributive chain is the common function of middlemen in all industries. In the case of fishery, the significance of this function is magnified due to the large risks, perishability of the product and the small scale of the enterprises, usually family units. All this gives rise to a highly differentiated system of financing the industry and in this system almost all intermediaries take part. Short-term loans are necessary for the provision of working capital

and for consumption purposes. Long-term loans are needed for fixed capital outlays, i.e. the purchase of equipment, boats, engines, etc. Emergency funds are required not only in connection with accidents but also to meet the expenses connected with a birth, wedding, death or festival. Apart from straight provision of credit, middlemen can provide the guarantee of loans or just bring together the borrower and the lender. If the credit cannot be given in the form of cash, it is often provided in kind. Thus some financiers are boat-lenders, some are simply shopkeepers selling on credit consumer goods to the fishermen.

The variety of functions and the number of middlemen performing them in the distribution of fish is thus formidable indeed. The whole chain consists of collectors, transporters, wholesalers, bidders, retailers, hawkers, fish-processers, exporters, importers, storing agents, financiers, boat-lenders, money-lenders, shopkeepers, pawnbrokers, etc. Some of them operate on their own account, others are only agents working for a fixed payment or brokers earning their living from a commission. There are considerable wealth and income differences between them. Some of them are extremely rich but some live in abject poverty. As long, however, as they can earn their living they seem to be providing services for which there is a demand and thus services which cannot be described as unproductive.

5. THE PROBLEM OF DEALING WITH THE MIDDLEMEN IN THE DISTRIBUTION OF FISH.

As was pointed out earlier, there is one basic set of conditions in which the middlemen may become a damaging feature of the economic system. These conditions have been defined as monopolistic situations in which the rest of the society has to pay too high a price for the services connected with the provision of a smaller amount of goods than would be possible otherwise. In other words, middlemen enjoying a monopolistic position are exploiting the producers, consumers and often also other middlemen who are in a competitive struggle.

There are instances where middlemen secure for themselves a monopolistic position because of their special abilities often connected with their racial origin. In many countries middlemen are a foreign element, differing distinctly from the native fishermen. This may lead to an acute irrational antagonism and the problem of eliminating the middlemen becomes extremely difficult. From the purely economic point of view, the special abilities of foreign middlemen are a valuable asset, the loss of which would be a waste. On the other hand, their monopolistic practices may also be wasteful. A long-run solution requires freedom of entry into the group of middlemen and therefore education and training of local, native middlemen. The increase in their number will bring about competitive conditions in the industry and thus eliminate the possibilities of exploitation. In the short run, however, the most suitable solution seems to be an appropriate system of taxation of monopolistic profits.

Another reason for the monopolistic position of the middlemen may be found in the large amounts of capital concentrated in their hands, which is in striking contrast with the poverty of the fishermen. As was pointed out, the industry needs financing at all its stages and the person who enters this field even with a small amount of financing capital is likely to build up for himself a monopolistic position by accumulating capital through money-lending. The risks in fishery are higher than in other industries and thus interest on capital must be correspondingly higher. But those capitalists who survive are usually able enough to deal with the risks involved and so the process of capital accumulation can be explained. Moreover, financing is usually connected with some other kind of activity, such as collecting, transport, storing or wholesaling, which again strengthens the monopolistic hold of the money-lender.

It is this type of monopolistic middlemen which is particularly detested. They usually have at their disposal a wide range of means of exploitation. Interest rates which they charge are exorbitant. Moreover, interest is charged not on the residual loan but as a rule on the original sum until the whole loan is repaid. The duration of loans is normally not specified as this enables the money-lender an almost perpetual collection of interest. No documents are signed when the loan is given, so that the fisherman cannot prove his case in the court and often does not even remember the amount of his debt. If security is offered by the fisherman, it usually takes the form of jewelry which is under-valued by the pawnbroker and disposed of by him whenever a convenient moment arises. If no security is offered, the money-lender usually insists on delivery of the catch to him at prices which he fixes, or at the commission which suits him. If the loan is given in kind, the prices of commodities delivered to the fishermen may be higher than the market prices. If boats are hired, the fishermen may have to part with half of their catches. Transport and storing charges present another possibility of exploitation. In the case of government interference to defend the fishermen, a powerful middleman may bribe the government servants. Spreading of false information, dissemination of discontent may also be used by some unscrupulous middlemen. In fact, exploitation of the ignorance of prices and other market conditions is perhaps the most powerful method by means of which the middlemen can keep the fishermen in their grip. Since, in addition, the middlemen who finance the fishermen may simultaneously be the wholesalers and retailers of their products, the whole industry may fall completely under the monopolistic control of the middlemen. The situation becomes particularly grim when the middlemen get together and form rings specifically designed to create contrived scarcities and thus exploit both the fishermen and the consumers of fish.

It is not easy to find a remedy in such a situation. Fishermen's co-operative societies are generally regarded as the best solution, but to ensure their success is extremely difficult. Government aid and intervention is another way out, but also not an easy one. Both these methods should be examined

separately. In practice, however, because of the great complexity and difficulty of the problem, there will be need for combined action along both lines, via the co-operative movement and through government help in the legislative, financial and educational field. It would be impossible to expect spectacular results overnight. Plans would have to be designed to deal systematically with the various links in the distributive chain: collecting, transporting, wholesaling, retailing, storing, processing and financing at all these various stages. It is impossible to suggest a rigid pattern in this respect, but the experience of various countries provides valuable material indicating the most successful steps which could be followed elsewhere.

Finally, there are situations in which the middlemen can hardly be accused of enjoying a monopolistic position and yet the common opinion seems to be against the 'excessive' number of middlemen. It should be obvious that there is no simple way of measuring the necessary number of middlemen. This entirely depends on the structure of the industry, on the country's transport net, on storing facilities, market arrangements, dissemination of information, organization of market research, financial structure, etc. It is true that the improvement of this basic distributive frame-work, which could be described as the marketing infrastructure of the economy, would reduce the amount of human effort necessary to ensure satisfactory distribution of fish as well as other commodities. But with a given distributive infrastructure there is no possibility of 'elimination' of middlemen. There is only a possibility of replacing them by some other agencies, which would still be middlemen in everything but name. Whether such a re-arrangement would be advisable from the economic point of view is questionable. As long as the economy can secure the conditions of competition and absence of monopoly, and as long as there is no discrepancy between the private and social cost of provision of various services, the doctrine of division of labour is unassailable.

CHAPTER 2

THE FUNCTIONS OF CO-OPERATIVE SOCIETIES

1. INTRODUCTION

IN the countries of the Indo-Pacific Region fishermen's co-operative societies are commonly regarded as the most effective means of preventing the exploitation of fishermen by the middlemen. Several examples of the role of these societies will be discussed in the subsequent parts of this study. Before we come to those examples, some general appreciation of the nature and functions of the co-operative societies will help us to keep proper perspective and thus assist in evaluating the achievements as well as the possibilities of further progress.

2. BASIC PRINCIPLES OF THE CO-OPERATIVE MOVEMENT

According to M. Digby, 'co-operatives are associations of persons, small producers or consumers, who have come together voluntarily to achieve some common purpose by a reciprocal exchange of services through a collective economic enterprise working at their common risk and with resources to which all contribute.'^{*} This definition makes it clear that the co-operative movement aims chiefly at *small* producers and that the *voluntary* character of the movement is its basic feature. Finally, the need for exercising a *collective economic enterprise* is stressed.

It appears, therefore, that co-operatives are not meant to apply to industries composed of large-scale enterprises. If so, there seems to be no place for co-operatives in commercialized fisheries in which a small-scale fisherman is replaced by a fishing company. Moreover, the increase in the scale of operations resulting from mechanization of the fishing industry and the accompanying increase in the number of paid or even sharing workers, may lead to a conflict with the principles of co-operation.

Co-operatives cannot be compulsory associations. Any form of compulsion brings about degeneration of the co-operative movement. The principle of voluntary membership marks the dividing line between co-operation and collectivism, although the second is often disguised under the name of the first. The tendency towards collectivization of fisheries has been observed recently in Communist China. As a result, thousands of fishermen shifted from China to Hong Kong and Macao in order to escape compulsory co-operativization. Co-operatives cannot be forced into birth by legislative measures, subsidies or alluring lending facilities which again degenerate into bribes, a disguised form of compulsion. Co-operative ideas have to be spread as a gospel and the new members of the movement have to join as a result of their own belief and will.

Co-operatives cannot function as one-man enterprises. One person cannot and should not run the co-operative society. The principle of collective enterprise implies that all members of the co-operative society must take active interest in its affairs and that they should be prepared to share, in turn, the managerial duties which are an inherent part of the entrepreneurial function. To conform with this principle, there must be, first of all, the community of interest among the members and, secondly, mutual confidence to ensure successful delegation of managerial duties to the executive committee. It appears, therefore, that co-operative societies have to restrict their membership to e.g. fishermen using similar methods of fishing, similar equipment, interested in the same type of catches, exploiting a common fishing ground and delivering the product to the common market. These conditions lead to the conclusion that fishermen's co-operative societies have, as a rule, to be small, often confined not only to fishing villages but perhaps even to a specialized group of fishermen so that several co-operatives may function in the same locality.

^{*} M. Digby: *The World Co-operative Movement*, p. 8.

The above conclusion raises the question whether the small scale fishermen's co-operative societies can be sufficiently strong to defend effectively the interests of the fishermen *vis-à-vis* exploiting middlemen. This question cannot be answered in general terms because so much depends on the strength of the middlemen. A small fishermen's co-operative may be quite effective if the middlemen are also weak and disorganized. In some cases the position of the co-operatives may be strengthened by government aid. Finally, the co-operatives may restrict themselves, at least initially, to the activities which are not in conflict with the functions of middlemen, e.g. they may limit themselves to saving schemes only.

However, in the long run there is one general solution to the problem in question. The small-scale primary societies can join together and form local, regional or national federations and thus gradually increase the economic strength of all of them. The integration of the co-operative movement along these lines is not an easy process as the larger the scale of operations the more difficult and complicated become the organizational duties and functions. Very seldom have members of the co-operative societies the time, ability and willingness to undertake these duties. Theoretically, these duties could be delegated to paid employees but this would be against the principle of collective enterprise so fundamental in the co-operative movement. Again, the government may come to the rescue but then the principle of voluntariness may be endangered. Even if this is overcome, from the community's point of view, there would always be a danger that a large scale co-operative federation may turn into a monopolistic organization.

As K. E. Boulding pointed out, 'there is no social magic in the name "co-operative". It is just as easy to co-operate for bad ends as for good. Particularly when the end is monopoly, "co-operation" can become a social evil that should be legislated out of existence. There are some examples where under the co-operative form of organization, monopolies have been formed, or at least attempted, for the main purpose not so much of efficient marketing as for monopolistic control of the market. Certain milk co-operatives have attempted such monopolies in America—not usually with much success. The California lemon growers provide a striking example of monopolistic marketing. Their co-operative during the depression of the thirties succeeded in keeping the price of lemons at about double the price of oranges. Before the advent of the co-operative, the prices were about parallel. Orange growers, because of the wider geographical dispersion of the industry, have not succeeded in emulating the lemon growers' monopoly. Here is something that should clearly come under the anti-monopoly laws; yet because it is garbed in the co-operative form of organization it escapes censure.'⁸

⁸ K. E. Boulding: *The Economics of Peace*, London 1946, p. 233.

3. THE VALUES OF THE CO-OPERATIVE MOVEMENT

Robert Owen (1771-1858) is generally regarded as the founder of the modern co-operative movement, which is dated from the foundation of the Rochdale Equitable Pioneers in England in 1844. The co-operative movement has been very successful in the European democracies, such as Britain and Sweden, and has been less successful in the United States. The main reason for its success in Europe is probably to be found in the class structure of European society. The co-operative movement tapped a great unused reservoir of managerial ability in the working class, which it was able to get very cheaply because the class structure prevented an able workman from rising to managerial positions in private or corporate firms. The movement also came along at a propitious time, when the economies of chain store retailing were just opening out, and it was able to take advantage of these developments. In the United States, on the other hand, the more fluid class structure makes it difficult for the co-operatives to find and hold good managers, while the low prices and efficient retailing of the chain stores make it difficult for the co-operatives to make profits—and without profits, of course, they cannot grow.

The co-operative society is simply another form of business organization. It differs from the corporation or company mainly in its financial structure and its constitution of government. Corporations are usually financed partly by fixed interest securities and partly by shares of stock. The stockholders are regarded as the real owners of the corporation, and they elect the board of directors, voting in proportion to the amount of stock that they own. When a division of profits is made, each stockholder receives an amount proportionate to the amount of stock he owns.

A co-operative, on the other hand, is financed in the first place wholly by the issue of fixed-interest securities, which are usually called 'shares' but which actually are 'bonds', as they bear a fixed rate of interest (if any) and do not in themselves entitle the owner to a share in the profits. Profits are divided among the members (stockholders) not in proportion to the amount of stock that they own, but in proportion to the amount of purchases made from the business (in the case of consumers' co-operatives) or in proportion to the amount of sale made to the business (in the case of a producers' co-operative). Members elect the board of directors or the management on the principle of one vote to one member, so that each stockholder only has one vote, no matter how much stock he owns. The co-operative thus represents 'personal democracy' in business as the corporation represents 'dollar democracy'.

Hardly anything illustrates the confusion about profits better than the common illusion that co-operatives are 'non-profit' concerns. Indeed, this illusion is to some extent responsible for their relative lack of success in the United States, because a co-operative cannot succeed unless its members are interested in it as a business and not just as a means of saving money by cutting prices. The success of the European consumers' co-operatives has been due to the fact that they have made enormous profits mainly by

introducing improved methods of retailing. These profits have been big enough not only to pay large dividends to the members, often as much as 15 per cent of purchases, but also to build up huge surpluses. Much the same applies to the agricultural co-operatives which concentrated on the methods of improving the techniques of production and distribution. Co-operatives differ from other businesses in the way in which they distribute dividends but they exactly resemble all other businesses in that they must make profits if they are to succeed. The fact that they are owned by their customers or by the primary producers does not make them any less a 'capitalist' institution. They can only survive in a regime of private property and private profit. They are not particularly revolutionary; they do not represent a new way of life or a new order of civilization, as some of their advocates seem to claim.

Nevertheless, when the smoke of evangelical fervour has cleared, the co-operative societies can be seen as a very valuable form of business organization, with an important role to play in the world of the future. It is frequently capable of tapping sources of unused managerial ability. It can often be an educative force of great power, in acquainting its members with the real problems of business. There are cases where a co-operative in a derelict society has been the means of re-awakening the people to a more business-like and constructive frame of mind. It can also be a powerful 'communitizing' force—bringing together on common ground as consumers or producers people of very different social, economic, religious and political backgrounds. Most of all, perhaps, it is a weapon against monopoly.

Finally, in Europe at least, the co-operative movement has provided both opportunity and incentive for savings on the part of the working class, and has enabled a large section of the population not only to save individually, but to become collectively property owners on a large scale. From the point of view of justice in distribution and also the stability of society, this is wholly admirable.

4. FISHERMEN'S CO-OPERATIVE SOCIETIES

The co-operative movement among the fishermen takes various forms. The most common form of a fishermen's co-operative society is one of the following or a combination of some of them:

- (i) Thrift Societies
- (ii) Loan Societies
- (iii) Wholesale Marketing Societies
- (iv) Retail Marketing Societies
- (v) Housing Societies
- (vi) Consumers' Societies
- (vii) Insurance Societies
- (viii) Fish Pond Societies
- (ix) Fish Lake Societies
- (x) Fish Processing Societies.

As all co-operative societies are essentially business organizations, the possibility of setting up a given type of a co-operative society depends on the existence and availability of entrepreneurial talent among the fishermen. In general, this kind of talent is not abundant, to say the least. This is perhaps the primary reason why the spread of the co-operative movement among the fishermen has seldom been quick and wide. For the same reason, co-operative forms which require a comparatively small amount of entrepreneurial effort are usually easier to start and more likely to be successful. Thrift societies seem to belong to that category and one might state a rule that these societies should form the first step in initiating the co-operative movement among the fishermen. Once a co-operative can manage the business of collecting, depositing or safe-keeping members' savings, lending activities could be added, which would lead to the formation of Thrift and Loan Societies.

The business of marketing the product is much more complicated and in some fishing communities almost impossible to be undertaken in an economic way by the co-operative societies. This is due to the ignorance of selling methods by the fishermen and unless sufficiently trained personnel is available, co-operative marketing of fish cannot be undertaken. To overcome this difficulty, in some cases the middlemen have been admitted to the co-operative societies and they have performed the necessary managerial functions. On the whole, such practices have not been successful as they resulted in abuses of their privileged position by the middlemen in their new capacity of co-operative members. Another solution is usually sought via governmental aid in the form of clerks, or paid managers. This, of course, implies at least some degree of subsidization and requires a political decision which would make it clear that the social cost involved is less than the benefits accruing to the society as a whole and not only to the fishermen.

Even if the necessary entrepreneurial talent is available among the fishermen, there is still the question of capital to be solved. Co-operative marketing business requires some initial capital outlay for such items as collecting boats, weighing scales, delivery sheds, means of transport and at least the most rudimentary administrative facilities, such as books, safes for cash, calculating machines, etc. To provide this capital, members' shares have to be correspondingly high. The best way to secure such capital seems to be again via the conversion of Thrift and Loan Societies into Thrift, Loan and Marketing Societies. However, a short cut direct to a Marketing Society is possible in a sufficiently wealthy community where there is an adequate amount of mutual confidence. Even then, the addition of saving and lending facilities would be always an advantage.

Initial capital to form the fishermen's marketing societies can be provided by the Government. For this purpose, a public loan with reasonable prospect of repayment, would always seem to be advisable as long as alternative claims on public savings do not indicate any significantly larger social benefit. If so, it would be even more difficult to build up a case for the subsidization of fishermen's co-operative societies. From the social

point of view, the advantages resulting from the replacement of the private system of fish marketing by the co-operative marketing system may or may not be very significant. They must be compared with those of direct methods of stimulating fishermen's output by the improvement of fishing methods through mechanization, changes in the design of boats, modernization of the methods of fish finding, etc. The investment of capital in applying these direct methods may, from the point of view of society, be more remunerative than an equal investment in marketing co-operatives.

Additional difficulty connected with the formation of fishermen's marketing co-operatives arises from the indebtedness of fishermen to the middlemen. As long as fishermen are in debt, they normally have to sell their catch through the creditors which prevents them from joining marketing co-operatives. To get fishermen out of debt is frequently an impossible task. The volume of indebtedness is usually very large and in most cases it is impossible to ascertain the amount involved as there are no written documents. Even if the initial indebtedness can be determined, there is still the question of the continuity of the financing process. If the government decides to help fishermen in debt redemption, it must also be prepared to secure a future flow of capital to the industry which cannot operate without long, medium, and short term credit as well as emergency advances. The preparatory build-up of Thrift and Loan co-operatives may help a lot but will not solve the whole problem. Fisheries Banks would seem to be more promising. So far, in the countries of the Indo-Pacific Region very little attention has been given to the idea of such banks. On the other hand, a lot of public money has been wasted in several countries on fishermen's debt redemption.

A solution which has been very successfully tried in Hong Kong consists in the legal prohibition of the sale of fish by the fishermen to the middlemen by private negotiation. All fish landed in the Colony has to be sold by public auction in the markets run by a Government sponsored Marketing Organization. This method is comparatively inexpensive as very little public capital has to be invested in marketing installations, collecting centres and means of transport. The problem of debt redemption did not arise at all and the formation of marketing co-operatives was not necessary. In fact, there was not even a preliminary build-up of thrift and loan co-operatives. The first of such co-operatives came into being seven years after the establishment of the Marketing Organization and the first marketing society was formed ten years later. The existence of the Organization became however a very important nursing factor in the development of the co-operative movement as it enabled the fishermen to cultivate the habits of saving. On a minor scale, middlemen still continue to purchase the catches from the fishermen. On the whole, however, they have switched to the system of acting as fishermen's brokers on a commission basis and usually combining in their hands the specialised services of financing and price-bidding in public auctions, as well as wholesaling and often retailing. Marketing co-operatives, which are being developed, will therefore grow

in competitive conditions. This should ensure their efficiency, as only the successful marketing societies will be able to survive. In the competitive conditions neither private nor co-operative monopoly profits will be possible.

The above analysis confirms the thesis expressed in the preceding chapter of this study that there is no *a priori* case for co-operative marketing, and thus no general reason for the subsidization of marketing co-operatives. This refers to both wholesale and retail marketing co-operatives. The latter type of co-operatives may provide the fishermen an opportunity to achieve better sales promotion and eventually even some rudimentary market research. Moreover, a new type of competition in retailing between the private sellers and co-operative sellers would be most welcome to the consumers and thus beneficial from the society's point of view. The question whether it can be done depends again on the existence of untapped managerial resources and on the availability of capital. The allocation of resources for this purpose depends on the profitability considerations of alternative outlets and again can only be decided through the competitive test, although non-monetary social benefits, such as hygienic considerations, may often be important too when some degree of subsidization is contemplated.

There is usually a very strong case in favour of the co-operatives concerned with the collective purchase of equipment, consumer goods or with the provision of houses for their members. After all, the original idea of Rochdale Pioneers was essentially that of consumers' co-operation. The advantages of bulk-buying may often be so great that a co-operative society may easily afford to have paid employees in their shops. Dividends according to purchases may become an effective means of 'saving without tears'. Moreover, the possibility of comparing co-operative prices with what is charged by private sellers would ensure that no waste of resources will take place. The fact that comparatively little attention has been given to this kind of co-operatives among the fishermen deserves stress and explanation. It may be that the main reason is the lack of suitable untapped managerial resources. If however the reason is the lack of interest or ignorance or excessive preoccupation with marketing problems, there would seem to be scope for action.

It appears that comparatively little effort has been made so far to direct the co-operative movement to the field of insurance. The fishing industry is exposed to many and various risks which are insurable but have not attracted sufficient attention of private insurance firms. It is unlikely that an under-developed co-operative movement will undertake the insurance business. Even in a more advanced stage the conduct of insurance may exceed the managerial and capital possibilities of the co-operatives. It seems, however, that even thrift co-operatives can establish contacts with the insurance companies and combine saving campaigns with the spread of insurance habits. In this respect, the lead perhaps should originate with the insurance companies and their efforts should be on a sufficiently large scale in order to make their business reasonably profitable. Government

subsidized loans, preferential treatment in the allocation of controlled commodities for distribution, the provision without charge of the services of special government departments, or the use of co-operative societies as the sole channels for the distribution of official loans or of other forms of assistance to fishermen.

When co-operative societies enjoy substantial government support, their economic performance cannot be rationally assessed.* This applies even if the amount of direct and indirect government assistance can be measured, for a most important advantage of a policy of official support is the knowledge that more help can be expected from the familiar source, and that the government will not be in a position to refuse help in case of need, even if it might wish to refrain from helping. A policy of large-scale government support to co-operative societies creates for government a contingent liability to continue the support, and to come to the aid of those societies which run into financial difficulties. This liability is particularly onerous when government support has been directed in favour of particular societies which have acquired large numbers of members as a result of this support. A large proportion of the fishermen may become largely dependent upon the co-operatives, and the ability of the government to stand aloof from its difficulties is impaired.

It is often suggested that co-operative enterprises should not be judged solely or mainly on the basis of their achievements as business enterprises. It may be urged that co-operation is socially and politically desirable because it encourages fishermen to be self-reliant, thrifty and ready to submerge individual interest for the greater good of a community of fishermen. It may also be said that participation in co-operation is economically desirable because it acquaints fishermen with the problems of markets and of business organization, and so enables them to see their problems as producers more intelligently in the larger setting of economic life; it also may widen the range of alternatives open to them.

There is some validity in these views, and this may justify government assistance in the form of providing an advisory service and technical assistance; thus it could maintain a corps of auditors to serve as a safeguard against abuse in the early stages of development of the co-operatives. But these considerations are irrelevant when government assistance assumes such proportions and forms that it is better described as government participation. Co-operation then ceases to be a spontaneous outgrowth of a community of interests or of a desire for independence from the middlemen. Government assistance, and the promise and expectation of further assistance, undermine the self-reliance of the co-operators. Membership of a society comes to be prized largely because the society enjoys privileges and support which can only be shared by joining it. In many countries of the Indo-Pacific Region the continuance of fishermen's co-operative credit

* Cf. P. T. Bauer and B. S. Yunex: *The Economics of Under-developed Countries*, Cambridge University Press 1957, p. 223-229.

societies depends almost entirely on the availability to them, alone, of official funds on subsidized terms. Substantial official support does not generally promote the qualities which are so highly regarded in the literature of the co-operative movement and in its philosophy. On the contrary these qualities become subordinated to others which are in many ways their opposites, especially the ability to secure political influence and administrative privileges.

Thus the role of the state in fostering the co-operative movement among the fishermen should be limited. It need hardly be added that a policy of so-called compulsory co-operation is highly undesirable. In compulsory co-operation monopoly powers are conferred on the fishermen's co-operative society, so that all fishermen have to join it.

The granting of a statutory monopoly to any economic organization amounts to a denial to its customers of access to alternatives. In activities such as marketing or simple processing of fish there is not even the possibility of any advantage of economies of scale to set against the disadvantages of monopoly. The absence of competition removes a spur to efficiency and to the development of facilities to meet changing needs or the varying needs of different producers and consumers. The variety, volume and distribution of services may be restricted. This will be especially harmful in countries which are not fully permeated by the exchange economy. Alternatively, the organization may elaborate its services. This will raise its costs and its charges to customers, who may not be willing to pay them or may prefer to have less lavish but cheaper services. The administrators of the monopoly may follow policies which are in the interests of the organization as they see them, but not necessarily in the interests of the members; this is particularly likely in under-developed countries in which many producers are illiterate and easily over-awed by authority. The only way of expressing dissatisfaction with the quality or prices of the services is ruled out since there are no competing agencies. Finally, as monopolists the organization may be in a position to exploit consumers; this may be in the interests of the fishermen, but these cannot be identified with those of the economy as a whole.

These disadvantages apply also if the monopoly powers are given to a co-operative society. The special relationship between member and society is destroyed by the possession of monopoly powers, and the members' main method of control over policy is removed when competing firms or societies are eliminated. A divergence of interests between co-operative management and co-operative members is as likely to emerge in large-scale co-operation as in any other type of organization. Moreover, the interests of all fishermen are not necessarily the same. The fishermen-members of a marketing society are likely to have conflicting views on many matters. These include the determination of prices for different grades of fish; the question of whether each fisherman should bear his own transport cost or whether these costs should be averaged; the distribution of representation on the executive committee; the timing of payments to fishermen; and the type of marketing

PART II
A SURVEY OF
FISHERMEN'S CO-OPERATIVES
IN THE INDO-PACIFIC REGION

CHAPTER 3 AUSTRALIA

THE control and conservation of Australian fisheries is the joint responsibility of both State and Commonwealth authorities. The six States, Western Australia, South Australia, Queensland, New South Wales, Victoria and Tasmania, are concerned with all inland, river and marine fisheries to the outer limit of each State's territorial waters. The Commonwealth is responsible for fisheries outside the three mile limit of State waters and also for all fisheries adjacent to Australian and Trust Territories.

So far, the co-operative movement among the fishermen in Australia has been confined to the sphere of interests of State Governments. In 1957, a federal co-operative society on a Commonwealth basis was registered but has remained inactive.

The Australian Professional Fishermen's Federation decided to establish the Australian Professional Fishermen's Co-operative to supply fishermen with gear as a means of financing the Federation and assisting its State branches. Seven fishermen's organizations agreed to become the foundation members of the Co-operative which will be registered in Canberra. An offer from the New South Wales United Fishermen's League of the services of its secretary as honorary secretary of the Federation was accepted.

The importance of fishery co-operatives in various States is very unequal. The most developed co-operative movement exists among the fishermen in New South Wales where the FAO Indo-Pacific Training Centre in Fishery Co-operatives and Administration was held in December 1957 - January 1958 in Sydney. The review in this chapter thus begins with New South Wales, followed by two sections devoted to South Australia and Western Australia and brief notes on Victoria, Tasmania and Queensland.

Papua and New Guinea will be dealt with in the chapter on the South Pacific.

A. NEW SOUTH WALES

In 1957, nineteen fishery co-operatives, with a total membership of about 1,780 fishermen, were operating in New South Wales. The number of fishermen's licences issued in the State for tidal waters was about 2,500 and for inland waters 220. Therefore, approximately 65 per cent of the licence-holders belonged to the co-operative societies but it must be considered that not all the licence-holders were full-time fishermen. No societies operate in inland waters but, with the exception of the Sydney and Wollongong areas, the majority of the larger coastal fishing centres is serviced by co-operatives. Where the societies are functioning, it is estimated that about 90 per cent of the local fishermen are members. The latest complete figures available indicate that co-operatives accounted for

57 per cent of the State's total fish output. In the operational areas of the co-operatives, however, almost 100 per cent of business (apart from canning) is done through the societies.

The value of fixed assets of fishermen's co-operatives in New South Wales on 30th June, 1956 was £1154,699, of which land and buildings accounted for 41 per cent, cold storage, processing and ice-making plants 40 per cent, transport facilities nine per cent, investments six per cent and sundry assets five per cent. There are no comparable fisheries' organizations in the State, as fish marketing in New South Wales is restricted by law to markets conducted by the Government and those operated by co-operatives with statutory authority.

Although the first fishermen's co-operative in New South Wales was formed in 1945, its coast is now served well by a network of societies in the main producing centres. Furthermore, regional associations of co-operatives and a Union of Regional Associations have been formed. At present, the central market in Sydney is conducted by the Chief Secretary's Department, and port depots in various centres along the coast are managed by fishermen's co-operative societies. The co-operatives distribute some of their fish to local centres and country districts and send the rest to the central market in Sydney. However, the fishermen look forward to their ultimate ideal of having the fishing industry in the State developed into a system of complete producer-control on a co-operative basis by taking over the central marketing functions now performed by the Government.

The formation of the first fishermen's co-operatives in New South Wales was sponsored by the Government and their progress is still encouraged. Trained Government officers assist in the organization of societies and their business activities and administration are given fairly close supervision by the Registry of Co-operative Societies. The Government has also appointed a Liaison Officer to advise and assist the societies in their relations with the Central Market in Sydney. As the fishermen's co-operatives operate with statutory marketing authority, their affairs are given closer attention than other commercial co-operatives.

Fishermen's societies in New South Wales, in common with all other co-operatives, are registered under and are subject to the provisions of the Co-operative Act, 1923-1954. This Act also regulates the conduct of markets for the sale of fish by certain societies with approval of the Governor. The Fisheries and Oyster Farms Act, 1935-1942 exempts markets conducted by co-operative societies from the restrictive provisions of that Act requiring that fish shall be sold in the State only through the Government's marketing organization.

The provisions of the Government Guarantees Act, 1934-1943 were extended to fishermen's co-operatives in their initial stages to enable them to acquire essential depots and equipment with the aid of loans guaranteed by the Government. Under the Fisheries and Oyster Farms Acts, the Chief Secretary is empowered to apply profits accruing in the Fish Marketing Fund administered by him towards the furtherance of the fishing industry.

In justified cases, the Chief Secretary has made loans available from this Fund to enable societies to implement developmental programmes or to stabilize their financial position.

There is no direct Government participation in the management of the societies but they are guided along the lines designed to ensure the protection of interests of, and the gaining of the greatest possible benefit for members, the compliance of the societies with the law, and their proper functioning as authorized marketing channels for the sale of fish. No particular facilities exist for co-operative education among the fishermen in the State, but unstinting attendance of Government officers at board and general meetings of the societies, and the public relations and supervisory work undertaken by the Government have greatly contributed in training the fishermen to assume an important role in the development of their industry.

Detailed description of the organization and business activities of fishery co-operatives in New South Wales is presented in Volume I of this Report.

B. SOUTH AUSTRALIA

In 1957 there were two fishermen's co-operative societies in South Australia, viz. the South Australian Fishermen's Co-operative with 650 members and the Yorke Peninsula Fishermen's Co-operative with 30 members. The first one had members at Port MacDonnell, Beachport, Robe, Kingston, Port Lincoln, Streaky Bay and Codrington, whereas the membership of the second society was confined mainly to Moonta and Moonta Bay. So far as the South Australian Fishermen's Co-operative is concerned, it handled 5 $\frac{3}{4}$ million lb. in 1956-57, equal to 43 per cent of the State's total. The two co-operatives are functioning in a satisfactory way, although there were reports from Port Lincoln that there were serious defaultings.

The South Australian Society was formed in 1945 with 28 members and £A33 of paid-up capital. By 1956, its membership increased to 650 and its assets to £A330,000. The Society handles all species of scale fish and crayfish. At each outpost it has freezing facilities, filleting works, crayfish works and crayfish detailing equipment. It owns refrigerated trucks and cars as well as one cannery, and leases another. The Society bought the Adelaide Fish Wholesale Market at the end of 1954 and took possession of it on 1st January, 1955.

The Yorke Peninsula Society handles scale fish principally. Its assets in 1957 amounted to £A11,000 and consisted of freezing facilities, filleting works and trucks. It is now contemplating expansion to neighbouring ports.

The Government of South Australia neither encourages nor discourages the formation of fishery co-operatives although the Fisheries Department was responsible for their formation. In the early days of the co-operative movement, success of a venture was given wide publicity and balance sheets were distributed by the Fisheries Department to all ports where co-operative societies were not yet operating. As a result, fishermen at several ports

decided to join the existing societies. Nowadays, no direct approach is made to fishermen in order to persuade them to become members of the co-operatives. Fishermen do so of their own free will and accord.

All co-operative societies in South Australia have to comply with the provisions of the Industrial and Provident Societies Act. The Government does not interfere with the management of the societies and they enjoy full autonomy of operations. The societies do not receive any preferential fiscal treatment nor any priority in the provision of credit. Any energetic fisherman or groups of fishermen are helped by loans made available to them through the State Bank which, by virtue of the Loans to Producers Act, lends equally to private and to co-operative interests. This Act, however, was amended as a result of the recommendation from the Fisheries Department so as to include the fishermen.

There are no facilities for co-operative education among the fishermen in the State but the South Australian Fishermen's Co-operative publishes its own newsletter, which is of educational importance.

All applicants for membership in the fishery co-operatives must be licensed fishermen although it does not mean that they must be in fact actively engaged in fishing. Under the Industrial and Provident Societies Act, seven persons may form a co-operative society provided that the holdings in shares of individual members are limited to £A500. No new societies are now being formed and persons anxious to organize a co-operative society are introduced to the secretary of the existing society and are advised to form a new division or cell. In this way the existing marketing and administrative arrangements are fully utilized.

In its initial stage, the South Australian Fishermen's Co-operative had to struggle to finance itself. Fortunately, shark liver was wanted for the production of vitamin oil, so £A1,500 was lent to the society free of interest for five years by a company which was anxious to secure the delivery of the liver. Moreover, the secretary-manager of the Society was a very able and devoted man and obtained another private loan from a bank by mortgaging his own house. At about the same time the Government's attention was directed to the need for providing loans to the fishermen for the improvement of their plants and equipment. The Loans to Producers Act was accordingly amended and the State Bank opened its doors to the fishermen. As a result, several tens of thousands of pounds have been made available to the fishing industry by the State Bank as loans to individual fishermen and to their co-operatives.

All the societies are organized on strictly co-operative principles and the liability of members is limited. Profits are divided according to the amount of fish delivered by the members. Both fishery co-operatives in South Australia supply requisites and purchase, store and market the catches. All members are obliged to sell all their catches through the societies. Defaulters are warned and if they persist they are excluded from the co-operative. As a rule, credit is obtained by members direct from the State Bank or from

private banks. Insurance is effected through existing private insurance brokers.

The co-operatives have to compete with private enterprise, because at every port but one there are freezing and filleting establishments owned by private firms. Occupational requisites, such as ropes, nets, hooks, etc., are also supplied either by the co-operatives or by private firms. So far, co-operative activities have not in any way contributed to the decline of private enterprise in the relevant fields.

C. WESTERN AUSTRALIA

In 1957 there were three fishermen's co-operatives in Western Australia, viz. the Albany-Denmark Licensed Fishermen's Co-operative Association, the Fremantle Fishermen's Co-operative Society and the Geraldton Fishermen's Co-operative (registered in 1950). Their aggregate membership amounted to 479 persons. The movement embraced about 38 per cent of the 1,285 licensed fishermen in the State but in the operational districts of the co-operatives the relevant ratio was over 50 per cent.

Approximately one third of the Albany fishermen are seasonal operators in the Australian salmon fishery. The whole of this catch goes direct to canneries without being handled by the co-operatives. Many of the Fremantle fishermen are employed on a share basis and although they are not actually members of the society, their share of the catch is sold through the boat owner or skipper to the co-operative. In Geraldton, more than half of the fish output passes through the co-operative channels. On the whole, about 50 per cent of crayfish and 47 per cent of other fish, with the exception of salmon, is handled by fishermen's co-operatives in Western Australia. The movement is slowly gaining ground and it extends now from Albany on the south coast to Shark Bay on the west coast where a branch of the Geraldton Co-operative was opened in 1956.

The Government's policy is in favour of the establishment of fishermen's co-operatives. The services of Government officers are made available for the fishermen for the purpose of assisting them in the preliminary work of organizing, preparing rules and registering co-operatives. Meetings have been arranged and talks on the advantages of Co-operation have been given at each of the main fishing centres.

The legal side of the societies' activities is regulated by the relevant sections of the Companies Act, 1943-1954 and the Co-operative and Provident Societies Act, 1903-1947. There are no special fiscal measures which would favour fishery co-operatives. As a rule, they do not receive any financial help from the Government but it is prepared to make finance available for the establishment of fishery co-operatives, the extent of such financial assistance being largely dependent on the financial position of the State. The Government does not participate in the management of the co-operatives. There are no special facilities for co-operative education among the fishermen but the services of Government officers are made available for this purpose.

Membership in fishery co-operatives in Western Australia is restricted to bona fide licensed fishermen irrespective of where they operate. With few exceptions, however, membership at present is confined to the local communities. A public meeting of the fishermen is usually called by the persons interested in the formation of a co-operative. At the meeting, a provisional Board of Directors or a Committee of Management is elected to proceed with the drafting of rules, etc. The draft-rules are then confirmed at a further meeting and the board or committee subsequently proceeds with the registration of the co-operative.

The societies are financed by the issue of shares to members and by loans through the private banks. The liability is limited to the share capital of each member. Profits are distributed among the dividends or interest on share capital subscribed with the maximum of five per cent p.a., cash bonus in proportion to the weight and value of fish sold through the co-operative, cash bonus in proportion to the cash value of goods purchased through the co-operative, and issue of shares to members in lieu of the cash bonus. Members who hold the maximum value of shares may loan their cash bonus to the co-operative. Interest is then payable at the same rate as that paid on the share capital.

Although a federation of the existing co-operatives in Western Australia has been considered, no action in this direction has so far been taken. Arrangements have been made, however, for all scale fish in excess of the local requirements handled by the Albany and Geraldton co-operatives to be disposed of through the Fremantle co-operative.

Business activities of the co-operatives include the supply of occupational requisites, transport, marketing, cold storage and processing of fish. No compulsory practices have been introduced by any society. All of them are functioning well. In 1955-56 the Fremantle society made a profit of over £A80,000 and the value of its fixed assets exceeded £A100,000. The Geraldton co-operative in 1955-56 had a profit exceeding £A55,000 with fixed assets of about the same amount.

The ease with which individual fishermen can dispose of their catches at high prices has retarded the progress of the co-operative movement in Western Australia. In many cases it is not realized that the high level of prices has been achieved by the establishment of fishery co-operatives.

Mixed nationalities and factions within nationalities have been a major problem regarding the membership of the co-operatives and no satisfactory method has yet been found to deal with this problem.

D. VICTORIA

In 1957 there were eight fishermen's co-operative societies belonging to the Victorian Fishermen's League, viz. at Port Fairy, Apollo Bay, Lorne, Barwon Heads, Queenscliff, San Remo, Port Albert and Lakes Entrance. The membership of the Queenscliff society was 40, Port Albert 59, Lakes Entrance 70. At the moment of writing this report no information was

available regarding the number of members in the remaining societies. The main assets of the co-operatives consisted of buildings and plants.

The Co-operation Act of 1953 gives a set of model rules for a trading society. The fishermen's co-operatives have used these rules as a basis for their constitutions. Some years ago the Government assisted the fishery co-operatives in the erection of freezers. The total cost of the freezers (with the exception of Lakes Entrance) was £A131,734, of which 75 per cent was a long term loan from the Government. The Government does not take any active part in the administration of the societies except that all societies must forward to the Government yearly balance-sheets in connection with the long term loans granted to them.

A considerable proportion of the Victorian fish catch is sold through the Melbourne fish market. There are no fish marketing regulations in Victoria and the trade is in the hands of private dealers. The co-operative movement among the fishermen in the State does not yet perform any important role in the field of marketing.

E. TASMANIA

Fishermen's co-operatives in Tasmania have not developed to any great extent. In 1923 a co-operative called the Tasmanian Fish Co-operative Co. Pty. : Ltd. was formed at Dunalley to handle crayfish. Its registered capital was £A5,000 and in 1950 it included about 20 per cent of the fishermen in this centre. It dealt entirely with the cooking, packing and shipping of crayfish mainly to Hobart and Sydney markets.

Two other co-operative societies were formed under the Co-operative Societies Industrial Act 1928, viz. the Stanley Fishermen's Co-operative Society Ltd. and the Bird Fishermen's Co-operative Society, Ltd. The first was registered in 1948 with the share capital of £A10,000 and approximately 100 members. According to 1950 reports, it was well managed by local fishermen and handles about 90 per cent of the fish brought into Stanley. The Bird Co-operative was registered in 1949 with the share capital of £A10,000 and about 50 members, representing approximately 90 per cent of the fishermen at Bridport where it operated.

F. QUEENSLAND

In Queensland, fish marketing is under the control of a Fish Board established in 1935 and consisting of the representatives of producers, wholesalers and consumers with a Government nominee as chairman. A central market is located in Brisbane, and there are branch markets, or depots, at fourteen centres along the coast. The organization ensures that all fish is marketed by auction through these channels, and the Board has encouraged to a very marked extent the steadily increasing fish production of the State.

In this situation the first fishery co-operative was registered in Brisbane in May 1957 under the name of the Queensland Professional Fishermen's

Co-operative Society Ltd. The society is established under the Co-operative Societies Act 1946-1951. It has been formed to supply, purchase or acquire requisites and commodities for and on behalf of its members and other affiliated co-operative societies or organizations approved by the Committee; to purchase and dispose of produce of its members; to store, pack, process or market the commodities of its members and to render other services to them. The society is empowered, among others, to advance and lend money upon fish or other produce or upon any property real or personal other than the shares in the society of any member, and to obtain funds from its members for the purpose of making loans to its members to enable them to acquire land or buildings to be used as residence or as residence and business.

Membership in the society is confined to professional fishermen over the age of sixteen years who have to subscribe to at least one share of one pound and pay the entrance fee of ten shillings. Other co-operative societies may also be admitted to the membership of the Brisbane co-operative. Each member, after the first year of membership, must hold at least 25 paid-up shares, and after a second year at least 40 paid-up shares, and must increase his liability until he holds at the end of three years 50 fully paid-up shares. No member, however, is entitled to hold more than 200 shares.

The business of the society is conducted by a Committee of Management of seven members elected by secret ballot for one year. Persons under 21 years of age have no voting rights and cannot be elected as officers of the society. The remuneration of the committee-members is determined by the general meeting. The committee elects its own chairman and vice-chairman. A secretary, treasurer and manager are appointed by the committee and the auditors are appointed by the society's general meeting. Members of the committee of management are not entitled to borrow from the funds of the society. No dealer in fish or agent for the sale or purchase of fish, or any director, member of committee, executive officer or employee of any private company which deals in fish or is agent for the sale or purchase of fish can hold office or be eligible for membership of the committee of management of the society.

Five per cent of the annual profits have to be carried to a capital reserve fund. Interest on paid-up share capital received by a member cannot exceed £A300 p.a. The remainder is distributed as rebates on the business done by each member with the society or applied in such a manner as the committee may decide subject to confirmation by the general meeting. Dividends cannot be higher than two per cent above the interest on the Commonwealth Loan.

CHAPTER 4

BURMA

I. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

BURMA'S fisheries are mainly inland and chiefly located in the Lower Burma, around the delta of the Irrawaddy. Until 1948 the leases of inland fisheries were sold by auction to the highest bidders who usually sub-let or re-leased to local workers at very high rentals or retained the leases themselves and engaged cheap local labour to work the fisheries.

The fishermen were usually financed by the brokers with the aid of loans which had to be repaid in kind. In many cases the interest charged was so high that the fishermen had no alternative but to hand over all their catch to the brokers who, in turn, sold the fish to retailers on credit at a high price. The price of fish was thus controlled by the fish brokers at the expense of the fish producers and consumers.

Nowadays, by forming co-operative societies the actual fishery workers combine to obtain the leases of the fisheries for themselves, thereby eliminating the outsiders. On 30 June, 1957 there were 908 Fishery Co-operative Societies registered in Burma. Their total membership amounted to 19,350, which constituted probably 10 to 12 per cent of the total number of fishermen in the country. This considerable number was achieved in a comparatively short time for the first societies were formed in 1948. The movement increased in importance with the establishment of the central Fish Marketing Co-operative Society in 1953.

The co-operative movement among the fishermen in Burma is mainly confined to inland fisheries. Out of 3,543 leasable fisheries in the country, 1,390 are now worked by co-operative societies which produce about 60 per cent of the total output of all leasable fisheries. Share capital of all the fishery co-operatives in Burma in 1957 amounted to 594,178 Kyats, i.e. about US\$125,000 (Kyat 1 = US\$0.21).

2. GOVERNMENT POLICY AND ADMINISTRATION

The co-operative movement in Burma began in 1904 when the All India Co-operative Societies Act was passed in order to encourage the formation of co-operative credit societies. In 1927 the Burma Co-operative Societies Act was introduced which became the legal basis for eleven types of co-operatives. After the Second World War independent Burma decided to promote the co-operative movement on a very wide scale. The constitution of the Union of Burma contains an explicit declaration concerning the development of the co-operative sector of the country's economy. The policy in this respect has been formulated in the Co-operative Five Year Plan adopted at the first All Burma Co-operative Convention in 1951-52. The Ministry of Co-operation and Commodity Distribution was established to implement these policy decisions. By 1957 over 13,000 co-operative societies of all kinds were established.

The Co-operative Department of the Ministry, headed by the Registrar, has eleven Deputy Registrars, one of whom is in charge of fishery co-operatives. His office is concerned with the organization, registration, inspection and auditing of the fishery co-operative societies. There are also four Assistant Registrars for Lower Burma and one for Upper Burma, eleven Township Co-operative Officers, four Supervisors, two Auditors and six Organizers.

The main instrument in promoting the formation of fishery co-operative societies is the system of granting leases on favourable terms, i.e. at the level three times the five-year prewar average or at the level ruling in 1951, 1952 or 1953, whichever is less. This rent is usually far below what might be expected from open auction. Apart from this, Government financial aid was given to set up the central Fish Marketing Co-operative Society in Rangoon and through this society loans are distributed to primary member-societies.

An officer from the Co-operative Department is at the moment acting as the managing secretary of the Fish Marketing Co-operative Society in Rangoon. In 1955-56 a scheme was inaugurated for the training of co-operative members in fishery administration in twenty selected societies. The training is undertaken by the officers of the Fishery Co-operative Department. General training facilities for co-operative officers in Burma are provided by the State Co-operative Training School. In addition to this, special training courses for the officers of the fishery co-operatives in Rangoon district are run from time to time by the F.M.C.S. Each course lasts six weeks and about 40 candidates are admitted at a time. They receive five hours a day instruction in co-operative education, management, accounting and fish marketing.

The Agricultural and Rural Development Corporation has recently introduced a scheme for the improvement of the marketing of fish, and of socio-economic conditions of the fishermen. The scheme was put into effect in June 1956 on a small scale at Kadongani and Eya villages, Bogale Township, Pyapon District, and is to be extended gradually to other coastal fishing villages. During June-September 1956 the Corporation issued, under this scheme, loans to fishermen amounting to K. 171,000. For the period June-September 1957 K. 400,000 was earmarked for further loans.

The scheme provides for:

- (a) Organization of inshore fishermen into co-operative societies under the technical guidance and financial control of the Corporation.
- (b) Loans directly to fishermen on a joint security basis (security of property not being required) at 6½ per cent and recoverable by three yearly instalments.
- (c) Supply of fishing materials directly to the fishermen at wholesale prices.
- (d) Technical advice to fishermen for the improvement of craft and gear, processing methods, transportation and distribution of fish.

The scheme also provides for compulsory marketing of fish products such as dried prawn, dried fish and fish paste, through agents selected by the co-operative societies and approved by the Corporation.

Under the present organization, three separate Ministries of the Government are directly concerned with the fishing industry, viz. the Ministry of Finance and Revenue, the Ministry of Agriculture and Forests, and the Ministry of Co-operation and Commodity Distribution, but there appears to be no official liaison organization through which the activities of these three agencies may be co-ordinated. Linked also with the industry, in so far as fishing rights on a lease basis are sold to fishery operatives, are the Irrigation and Railways Department, and here again there is a lack of liaison. Finally, since 1954, there has been in existence the Agricultural and Rural Development Corporation, a quasi-governmental organization with considerable financial autonomy, but supervised by the Ministry of Agriculture and Forests, which incorporates the Fisheries Bureau. To determine fisheries policy, a special Fishery Advisory Committee charged also with the promulgation of development schemes was set up. This Committee also serves to link the Government Departments of Agriculture and Forests with the Division of Fisheries Projects of the A.R.D.C. It consists of the Minister of Agriculture and Forests, the Director-General of the A.R.D.C. and the Director of Agriculture. It appears, therefore, that some centralization and streamlining of the existing institutional arrangements would be to the benefit of the industry and would also contribute to further development of the co-operative movement among the fishermen. The FAO Report on Inland Fisheries Development submitted to the Government of Burma in 1958 (FAO Report No. 776) clearly recommends (p. 35) the establishment of a single agency responsible for all governmental action relating to the fishery industry as a whole.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

As a rule, membership in the societies is restricted to actively engaged independent fishermen or fishery workers over 18 years of age and residing within the operation area of the society. With the permission of the Registrar, persons other than fishermen can also join the co-operatives but their number cannot exceed 10 per cent of the total membership. Membership in the societies ranges from 12 to 500, according to the size of the fishery.

The value of one share in the co-operative society is one Kyat and each member must have at least ten shares. No member can hold more than one fifth of the share capital of the society or hold more than 1,000 Kyats in the society's shares.

The mere granting of fishery leases to the societies proves to be insufficient to improve the economic position of the fishermen as long as the marketing of fish remained in the hands of the middlemen. As a result, the Government decided to form a central Fish Marketing Co-operative Society in Rangoon to complete the process of providing an outlet for the products delivered by the various fishery societies. The Fish Marketing

Co-operative Society was registered on 21st January, 1953. In 1957, 302 primary societies were affiliated to it and the number of fisheries involved was about 750. Each share of the F.M.C.S. is valued at 50 Kyats so that the total share capital of the organization in 1957 amounted to 189,750 Kyats. In addition to this, in August 1953 the Society was provided with a Government loan of 1.5 million Kyats which was repaid by June 1954. The Fish Marketing Co-operative Society is run by a Managing Secretary (who at the moment is a Co-operative Department officer) working under the supervision of the Board of Directors elected at the annual meeting of the representatives of the primary societies.

Four of the directors work full time, for which they are granted a subsidy of Kyats 250 per month each, whilst the remaining directors serve in a voluntary capacity. Allowances for travelling expenses and other necessary outlays are granted to all directors when they attend a meeting. In addition to 19 elected directors, there are three others nominated by the Registrar, one of whom is the Assistant Registrar. The remaining two are chosen on the basis of their experience either in fisheries or in co-operatives.

The Board of Directors meets at least once a month. It functions through the following sub-committees:

1. Price-fixation sub-committee
2. Information sub-committee
3. Committee for the appointment of employees.

The four directors who give full time service to the Society are responsible for administering the Imports, Bazaar, Central Market and General sections.

The F.M.C.S. is under the control of the Co-operative Societies (Fishery) Department. The Government, however, does not direct the activities of the Society, but offers guidance, so that it operates in accordance with the principles of co-operation. The Deputy Registrar or one of his staff usually attends the Directors' meeting as an observer. He is not allowed to vote and gives his opinion only if requested. He exercises general control, and in this is assisted by Township Co-operative Officers and Organizers, in addition to his office staff. The intention of the Government is to get the Society on its own feet as soon as possible.

4. BUSINESS ACTIVITIES OF THE FISHERY CO-OPERATIVES

The ultimate objects of the fishermen's co-operative societies in Burma consist in the promotion of thrift, self-help and raising the living standards of the members. This is achieved by concentration on one or more of the following goals:

- (a) Obtaining the fishery leases
- (b) Sub-letting of leases to members or joint organization of catch, preservation and processing of fish (especially the manufacture of dried fish paste).
- (c) Sale of fish and fish products.

- (d) Purchase (or assistance in purchase) and distribution or letting of boats, gear, tools and preserving appliances.
- (e) Provision of credit to members.
- (f) Acceptance of deposits and acquisition of funds.
- (g) Manufacture or preservation of ice.
- (h) Purchase of means of transport.
- (i) Purchase or hire of land, buildings and movable property.
- (j) Insurance against loss, theft, fire and other calamities.
- (k) Individual assistance in fish catching.
- (l) Training and research in fish catching and processing.
- (m) General education and medical assistance.

The activities of the Fish Marketing Co-operative Society extend over several fields. Its main function is the marketing of catch delivered by member societies to the collecting centres in the five districts around Rangoon. To facilitate this, the Society provides means of transport in the form of three carrying-boats. Two of them, one of 15 tons and the second of 55 tons capacity, are owned by the Society and the third boat of 75 tons capacity is hired from a private firm. For the land transportation three lorries and two jeeps are provided.

All that is required of the fisherman is to send his catch to the primary society; the F.M.C.S. then undertakes the wholesale and retail marketing. Wholesale and retail prices are fixed by the Society. At the depots or sub-depots, the supervisors are responsible for selling the fish at the price not exceeding the maximum fixed price. The F.M.C.S. charges four per cent commission for all its services including marketing, the provision of fish containers, ice and twine as required by the member societies. This commission is only about one half of the commission previously charged by fish brokers.

As the present wholesale market run by the F.M.C.S. is too small and situated too far from the river bank, a new market will be constructed by the Rangoon Port Authority in 1958. It will be modelled on the Hong Kong market in Aberdeen.

In order to improve the supply of cheap ice, a plant able to produce 50 tons of ice per day and storage rooms to accommodate 100 tons of fish are being constructed in Rangoon.

In 1956 the F.M.C.S. distributed to the primary societies at moderate prices, 80,000 Kyats worth of thread and twine from the supplies imported by the Government and sold to the Society at cost price. In 1957 work began on the installation of a set of three net-making machines and of three twisting machines. The machines were bought in Japan and Japanese experts were engaged to supervise the installation and to instruct local personnel in handling the machines. In the near future, the F.M.C.S. plans to provide the member societies with $\frac{1}{2}$ to 5 HP engines on hire purchase terms.

Credit activities of fishery co-operative societies in Burma are based on Government loans granted to the Fish Marketing Co-operative Society which issues loans to its member-societies on condition that they sell all their catches through the F.M.C.S. The F.M.C.S. deducts 25 per cent of the proceeds from each sale until the loan is repaid. 12 per cent interest is charged on all loans granted by the F.M.C.S. to the member societies and the F.M.C.S. itself has to pay 6½ per cent interest to the Government.

5. GENERAL OBSERVATIONS

The fishery co-operative societies in Burma have succeeded, to some extent, in promoting the development of the industry and in replacing various middlemen in the field of leasing of inland fisheries, marketing and financing.

However, according to the FAO Report presented to the Government of Burma (FAO Report No. 776, Rome 1958, p. 6), in many cases the fishery co-operatives in Burma are little more than loose associations of the original operatives of a lease. The original lessee is often the chairman of the society and he provides the necessary funds to pay the government rent so that the other members of the co-operative are, in fact, his employees. The low social status of the fishermen and the fact that they usually regard fishing as only a part-time occupation combined with farming, make it extremely difficult to eliminate this distortion of the co-operative idea. In spite of this, there is an increasing awareness among the fishermen of the value of co-operative effort. The stage has now been reached where the Co-operative Department is beginning to exert some pressure on the societies to ensure that they adhere to the precise and, in some cases, rather stringent regulations under which they have been registered. As might be expected, considerable difficulties have been found in persuading the management committees of these societies to keep proper records of transactions, and in many cases quite a substantial amount of debt remains outstanding from the loans originally issued by the Government to the societies.

Some societies have failed to survive, but new ones are being formed, and the balance is in favour of the co-operative scheme. Illiteracy among the fishermen hinders the keeping of precise records, and the system of sub-leasing parts of a fishery controlled by a co-operative society is widespread. However, these difficulties are being steadily overcome and there is every hope that the system will, in the foreseeable future, achieve a great part of its aims and objects.

The Fish Marketing Co-operative Society in its initial stage had to face many difficulties chiefly due to the opposition of brokers and merchants whose activities were greatly affected. However, these difficulties have been overcome subsequently and the Society is reported to be functioning satisfactorily, enabling the fishermen to get as fair a price as possible for their produce and ensuring to the consumer an adequate supply of fish at a reasonable price.

The operations of the F.M.C.S. as yet are confined only to the area around Rangoon. Fish marketing outside this area is still in private hands. Transport facilities in the distant areas of Upper Burma are very inadequate. There is, therefore, still great need for the geographical extension of the F.M.C.S. activities as well as for the intensification of various functions performed by it at the moment.

CHAPTER 5 CAMBODIA

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

THERE is at the moment in Cambodia only one Fresh Water Fishery Co-operative Society (*Coopchery*) with headquarters in Phnom Penh. It was established with Government aid in December 1940. The membership of the Society in 1957 amounted to 201 fishermen, all of them taking keen interest in its affairs. Another co-operative society, concerned with marine fish, was set up in 1944 at Kampot but its activities came to an end in 1945.

In spite of numerous initial difficulties the Society at Phnom Penh has been functioning in a fairly satisfactory way. It managed to repay all the Government loans and to build up substantial liquid reserves as well as to acquire considerable property. During the first twelve years of its existence the Society's income amounted to Riels 38 million. (Riels 100 = £ 1). Out of this sum, Riels 12 million were distributed among the members and Riels 5 million were transferred to the Government in conformity with local legislation, apart from Riels 20 million which were paid to the state treasury as equivalent of custom duties in compensation for the export monopoly rights which the Society enjoyed.

2. GOVERNMENT POLICY AND ADMINISTRATION

The Society was sponsored by the Government and founded along the commonly recognized co-operative principles, but without the necessary educational preparation, so that its rules had to be modified several times in the light of changing circumstances. Under the present status the Society is subjected to strong Government intervention, which is chiefly exercised by the Control Committee with powers similar to those of the Co-operative's Administrative Council. Five out of nine members of the Society's Executive Committee are Government nominees, and the Government has the right of veto with respect to all decisions of the Society.

At the moment, a plan is considered for the affiliation of the Society to the Royal Co-operative Organization which is a Government institution. The necessary change of the status of the Society and thus the renovation of its charter, is made a condition for the restoration of the export monopoly right suspended since January 1956.

3. BUSINESS ACTIVITIES OF THE SOCIETY

The chief activity of the Society consists in the export of dried fresh water fish. For this purpose a number of collecting centres were established but many of them had to be closed after 1948 as a result of political unrest in the country and have not yet been re-opened. Thus the Society lost its initial monopoly of collecting dried fish for export. In 1956 the export monopoly rights were also withdrawn from the Society as a result of the practice of allowing private exporters to send fish abroad under the Society's name. The loss of the collecting monopoly and of the exclusive export rights brought about a considerable decline in the Society's activities.

4. GENERAL OBSERVATIONS

Mr. L. Bérubé, Canadian fishery expert, visited Cambodia in 1956 and recommended the following lines of action which would improve the position of the co-operative movement in the country:

- (i) Organization of a system of credit provision for the fishermen through the Society with the fund of about Riels 10 million.
- (ii) Reorganization of the collecting centres for the purpose of connecting fish collection with the disbursement of loans on condition that high quality of fish is ensured.
- (iii) Introduction of mechanical drying to make the industry independent of the vagaries of weather. Canadian Government has promised a mechanical drier under the Colombo Plan aid.

In the long run, in the expert's opinion, the development should include the extension of saving and lending facilities, diversification of the co-operative activities, undertaking of fish processing (manufacture of fish oil, meal and sauce as well as fish canning and freezing), organization of the marine fishery co-operatives and the general and health education in fishing villages.

In order to solve the problem of competition on the part of private exporters, mainly Chinese, it has been proposed by Mr. Bérubé that they should be allowed to join the Co-operative as 'associate members' without voting rights and the export monopoly privilege should be restored to the Society in order to safeguard the regularity and quality of Cambodian dried fish exports.

CHAPTER 6

CEYLON

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

AT the end of 1956 there were in Ceylon 48 co-operative fishing societies with 1,797 members, and 45 fishermen's co-operative credit and sales societies with 1,884 members. Total membership of all the 93 societies amounted to 3,681 and their share capital was about Rupees 90,000. The

movement thus embraced 4.6 per cent of all persons engaged in fishing, estimated at 79,000. Fishery co-operatives are found round the whole coast of Ceylon in all kinds of fisheries.

The Credit and Sales Societies are mainly limited to those types of fisheries where the working unit is small, e.g. in line fishing with boats or log rafts (*catamarans*) carrying one to four fishermen. Such societies allow individual ownership of boats and equipment while lending for repairs, replacement and subsistence. The Co-operative Fishing Societies are chiefly confined to fisheries with larger working units. For instance, the shore-seines are operated by groups ranging from 15 to 150 fishermen. A co-operative fishing society owns collectively one or more nets and the necessary equipment, and the membership includes persons with different skills required for the operations. In both types of societies the catch is sold jointly through the society and the proceeds of sale are divided in the customary manner.

Apart from the primary societies there is the Ceylon Co-operative Fish Sales Union, Ltd. which was formed in February 1952 on Government's initiative and with the aid of the Government loan of Rs. 500,000. During the Second World War, in order to ease the problem of food supply, the Government organized a number of fishery co-operative societies and provided them with various occupational requisites at low prices on credit terms with moderate interest rate. Similar facilities, however, were extended to unregistered groups and to individual fishermen. In return, the fishermen had to sell their catches, at controlled prices, to the marketing organization run by the Department of Fisheries. In this way the Government performed an important role in the field of financing, transporting and selling the product. When the food situation improved, the Government's marketing scheme was closed in 1948, but four years later organized marketing was resumed by the Co-operative Fish Sales Union incorporating initially 21 societies. In 1957, of the 93 societies in the country, 57 belonged to the Union.

The following table shows the size and composition of capital assets of the societies (in Ceylon Rupees, 1 Rupee = US\$0.21):

<i>Capital Assets</i>	<i>Fishing Societies</i>	<i>Fishermen's Credit and Sales Societies</i>	<i>Co-operative Fish Sales Union</i>	<i>Total</i>
Land and buildings	3,854	2,960		6,814
Equipment	63,461	22,495	63,290	149,156
Motor vehicles		54,475	13,225	68,100
Cash reserves	66,803	226,040	391,886	684,729
Investments	10,013	54,379	5,100	69,492
Stock		23,136	77,144	100,280
Total	144,131	383,485	550,955	1,078,571

The experience of about fifteen years in Ceylon has proved that it is extremely difficult to establish and run a successful co-operative fishing society. Most of such societies have failed, the reasons being as follows:

- (a) Lack of knowledge of fishing rights and customs on the part of the organizers at the time of the formation of the society, which often leads to insufficient output or involves the society in fishing disputes.
- (b) Inadequacy of capital for repairs and replacement at the end of an unsuccessful season.
- (c) Insufficiency of catches in the particular operational area.
- (d) The fact that the group of fishermen who form the society often does not include the necessary experts able to operate the newly acquired net.
- (e) A co-operative society of fishermen, with a feeling of equality, is not as successful as a private owner in maintaining the team-discipline necessary for the efficient operation of a net.

In view of these difficulties, the Government is not now favouring the formation of the co-operative fishing societies, as opposed to credit and sales societies.

The present tendency is to discourage particularly the co-operatives in beach seine-fishing because these societies proved to be the most common loan-defaulters. Their failure seems to be due to the fact that they were organized solely for the purpose of collective production, without aiming at the development of co-operative saving, credit or marketing. This unsatisfactory financial state has been observed in the case of most fishing societies, i.e. purely producers' co-operatives, and therefore the present trend is towards the organization of credit and sales societies. In such societies an agreed percentage of each day's earnings of debtor members is automatically appropriated by the society towards loan repayment, although in practice many evade this rule by selling part of their fish outside the society.

2. GOVERNMENT POLICY AND ADMINISTRATION

The co-operative movement in Ceylon has a history extending over a period of forty-five years. In 1957 there were 10,312 various co-operative societies and more than a half of the population of the country was in one way or another connected with them. These societies fall under seventy types, which makes the co-operative movement in Ceylon one of the most diversified in the world.

The encouragement of co-operation among the fishermen is the explicit aim of the Government's policy. Fishery co-operatives are governed by the Co-operative Societies Ordinance which provides the legal basis for all types of co-operatives in Ceylon. The Department of Co-operative Development and the Department of Fisheries assist in the promotion and supervision of the societies.

The Government grants loans to fishery co-operatives at two per cent interest. The applications for loans have to be approved by the Director of

Fisheries and the loans are then released through the respective Co-operative Provincial Bank in whose area the society is located. Until 1948 the loans were issued directly through the Department of Fisheries. Technical advice is also provided by this Department. In addition to this, the co-operatives are given preference in the supply of ice from the plants run by the Department of Fisheries, and in the allocation of licences for *padus* and *kottus*. (A *padu* is a piece of the foreshore varying from 150 to 450 yards in length, necessary for the operation of a beach seine net, and belonging to the Government; a *kottu* is a piece of Government land used by the fishermen for the erection of temporary shelters, sheds for fish curing, etc. while engaged in fishing operations).

The Government does not participate in the management of co-operatives but only acts in an advisory capacity and for this purpose a field staff is maintained by the Department of Co-operative Development. The Extension Branch of this Department undertakes the training of co-operative leaders, including leaders for fishery co-operatives. The main School of Co-operation is at Polgolla, near Kandy, and another one was established in Jaffna in 1952.

A programme of co-operative education for fishermen was inaugurated in 1955 with the help of a Canadian advisor in fishery co-operatives under the Colombo Plan. Within the framework of this programme, 13 officers of the Department of Co-operative Development have been assigned the task of organizing study circles among the fishermen. Unofficial leaders of study circles are also trained. Three Fishermen's Co-operative Training Centres have been established at Batticaloa, Negombo, and Jaffna with the financial assistance of Rs. 900,000 given by Canada under the Colombo Plan. The fourth centre is planned at Galle.

At these Co-operative Training Centres, fishermen receive education under the Fishermen's Education Programme of the Co-operative Department through its extension officers. Extension officers of the Department of Fisheries are also stationed at these centres in order to give instruction in better methods of fishing, mechanization, hygienic methods of fish curing, etc.

This educational campaign is already producing good results. In 1956, 181 study circles embracing over 3,000 fishermen were functioning. In many villages there has been a marked change of attitude from complete dependence on the Government aid to recognition of the importance of self-help.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Members of fishery co-operatives in Ceylon should be active fishermen over the age of 18. In special circumstances non-working fishermen may be allowed to join if their participation as members is desirable to ensure smooth functioning of the organization.

The initiative to form a society may come from the fishermen or other persons interested in their welfare. Any proposal for the formation of a

society is submitted to the Department of Co-operative Development which then appoints an officer with the task of advising those who are interested in forming the society. Before a society is registered, there is consultation between the Department of Co-operative Development and the Department of Fisheries.

Apart from their own share capital, which is negligible, the societies have to depend for their finance on the Government which grants loans through the Director of Fisheries. Co-operative banks are reluctant to finance fishery co-operatives in view of the risks involved. Most societies are of limited liability but efforts are now being made to organize co-operative credit societies with unlimited liability.

With regard to the distribution of profits, the law requires that 25 per cent of the net profits shall be allocated to the Reserve Fund and 10 per cent to the Contribution Fund which is used for the general development of the co-operative movement. The rest of the profits may be distributed to members in proportion to their volume of dealings with the society.

Fishery co-operatives in Ceylon are organized strictly on co-operative principles and enjoy full autonomy, except that at the general meetings the Registrar of Co-operative Societies may nominate up to three persons as committee members.

As mentioned above, most fishery co-operatives are federated in the Ceylon Co-operative Fish Sales Union with marketing as its principal object. The Union is managed by a Board of Directors consisting of nine persons. Five of them are elected by the member societies and four are nominated by the Registrar of Co-operative Societies, of whom two are senior officers of the Department of Fisheries. The share capital of the Union in 1957 was Rs. 51,489.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

Co-operative societies in Ceylon undertake collective fishing, granting of credit to members and marketing of their catches. The Co-operative Fish Sales Union handles sales and a limited amount of fish processing and storing. The societies do not enjoy any exclusive rights with regard to purchases or sales and have to compete with private firms.

For marketing of fish, most societies have to depend on auctioning at the beach or in auction sheds maintained by local authorities or the Roman Catholic Church. Only a few societies manage to pack and transport their fish to the Fish Sales Union. Other societies are unable to do it because of the lack of refrigeration and transport facilities as well as the irregularity of catches, which makes the organization of marketing difficult.

Some societies have also adopted the system of calling for tenders for the marketing of their fish. For this purpose, at the beginning of a season an agreement is concluded with the fish trader who offers the most favourable terms for the sale of the society's fish during the whole season. The trader has to deposit with the society between Rs. 500 and 1,000 as a security at the beginning of the season.

There are no co-operative supply societies but at important fishing centres the Department of Fisheries maintains 20 Welfare Stores for the supply of fishing requisites at low prices. These stores are open to both members and non-members of fishery co-operatives.

The co-operative societies are granting to members loans for the purchase of fishing equipment, repairs to fishing gear, marketing and subsistence. Loans for the purchase of boats are granted only to selected members, who are capable leaders, and in such a way that the number of boats owned by members of the society is not greater than the number of boats necessary to provide full employment to all members of the society, and on the condition that members of the society will be engaged on these boats in preference to non-members. As the membership of a society increases, more and more of the non-owners can aspire to be owners with the assistance of co-operative loans. The non-owner members may also borrow for subsistence during the off-season.

No insurance facilities are provided by the societies.

Under the by-laws of the sales societies, members are required to enter into marketing agreements with the society and sell all their catches through the co-operative, but it is not easy to enforce this rule as there are no fishery harbours and fish is landed at different places. As a result, the catch is usually sold to the buyer who is present on the spot. This is the main reason why some societies have not been able to undertake any collective sale of fish at all. Further difficulties are connected with the fact that very few fishing boats are mechanized and most of them are small, depending heavily on the weather, which makes the catches very irregular. None of the boats is equipped with refrigerating facilities, nor are the fishermen accustomed to take ice with them on the boats. In consequence, the fish is often not suitable for storage at the time it is landed, which handicaps organized marketing. No refrigerating facilities are available at fishing centres and the whole process of fish collection and distribution suffers from the lack of suitable regional arrangements which could be organized on a co-operative basis. The possibilities of establishing regional retail organizations to operate from the principal towns for the disposal of the societies' produce are now being examined. It was expected that the first of these retail units, catering for the needs of three societies, would start operating from Batticaloa market in 1958.

5. GENERAL OBSERVATIONS

On the whole, the Ceylon Co-operative Fish Sales Union and most of its member societies have not been able to replace the middlemen in the field of financing and marketing the product.

Most of the co-operatives were organized, sometimes almost overnight, by the Government and not by the fishermen themselves. These societies thus lacked the voluntary character which is the primary feature of the

co-operative movement. Government financial assistance and not genuine interest in co-operation was the main factor in the formation of the societies since Government loans were made available on condition that the fishermen establish a co-operative society. Loans were granted to societies even in the process of formation. Members were ignorant of the Co-operative principles and were not prepared to run the societies on their own. As a result, when Government's financial support was withdrawn, many societies disintegrated and had to be liquidated. Between 1942 and 1956, 164 fishery co-operative societies were organized but only 74 of them survived and even these often confined their activities only to occasional meetings of the executive committee. Loans to the amount of about Rs. 4.6 million were distributed by the Government between 1941 and 1956 but only Rs. 3.2 million (about 70 per cent) were repaid. Thus in spite of Government's assistance the societies failed to develop their own saving and financing facilities. In the light of this experience, the Co-operative Department nowadays insists that new societies should be registered only after the members meet regularly for six months and practise thrift and self-help. The Department of Fisheries has also adopted a more cautious policy in the formation of Fishermen's Co-operatives and the granting of loans. Moreover, in view of the outstanding loans advanced to many societies, Statistical Collectors of the Department of Fisheries have been assigned to serve as Administrative Secretaries of these societies.

In a similar way, the movement had great difficulty in solving the problem of fish marketing. Until recently, the Co-operative Fish Sales Union was not able to establish an efficient system of fish collection. Pricing policy of the Union was not successful: it fixed the purchase prices at least a month in advance on the basis of the anticipated sale prices and guaranteed to pay the fishermen at these fixed rates regardless of the price fluctuations in the market during the given period. In consequence, fishermen belonging to the member societies sent their catches to the Union only when they found that its guaranteed prices were higher than the prices actually paid by the middlemen. Furthermore, the Union's policy of refusing to purchase small fishes below two pounds forced the fishermen again to the middlemen who exploited the situation by offering only very low prices for the small species.

In these circumstances, during the first two years of its existence the bulk of the fish handled by the Union, with a substantial profit, came from Government's trawlers. The amount of fish delivered by member societies was negligible and has not increased much in recent years. For some time the Union handled, at a considerable loss, the sales of tuna delivered by a private fishing company known as Ocean Foods and Trade Co., Ltd. Nowadays apart from Government catches, the Union is handling the output of the Ceylon-Japanese Fishing Corporation which is also a private firm. Deliveries from the member-societies amount to only 10 per cent of the Union's purchases. In 1956-57 only ten societies supplied the Union.

The Fish Sales Union has now adopted a new system of selling its members' fish on consignment. The commission charged by the Union is rather high, viz. 15 per cent. Societies are also free to establish an 'up-set' price below which they do not wish their fish to be sold. In such cases, when the price drops below the 'up-set' price, the fish is stored at the expense of the society at the Mutwal Cold Storage Plant, run by the Fisheries Department, until such time as prices improve.

An additional handicap in the Union's functioning was due to the lack of adequate facilities for refrigeration, storage and processing of fish. The Union was using the Government cold storage unit of 90 tons maximum capacity, originally designed for storage of meat and tinned foods, and eight retail stalls formerly occupied by the Department of Fisheries in various municipal markets in Colombo. The completion of the modern freezing plant and cold storage of 500 tons capacity at Mutwal (a gift made by Canada in the Colombo Plan) in 1958 has greatly improved the situation. The Union has also established a fish curing yard capable of handling five tons of fish every day in order to ease the glut in the market. All this, however, is not enough even for the operations restricted, as they now are, to Colombo. Nothing has yet been done to extend the co-operative sale of fish to other parts of the country. Furthermore, the task before the Union is that of making it truly co-operative, possibly by including even the Government as a shareholder in view of its being the largest supplier of fish to the Union.

CHAPTER 7 HONG KONG

I. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

AT the end of March 1957, 29 fishermen's co-operative societies with 606 members were registered in Hong Kong. The total number of fishermen in the Colony was estimated at 57,400. As each member of a co-operative society represents on the average a group of ten persons, consisting of family members, crew, etc., the movement embraced about 11 per cent of the whole fishing community. There were co-operative societies at about 80 per cent of the fishing centres spread around the whole area of the Colony.

In 1956 the volume of fish sold by the members of the co-operative societies through the Hong Kong Fish Marketing Organization amounted to about 8.5 million catties (1 catty = 1½ lb.), value at HK\$3.9 million (HK\$16 = £1). This formed approximately nine per cent of the total value of business handled by the Organization. Fishery co-operatives are most developed in the Aberdeen district, where the value of sales by the societies in 1956 amounted to HK\$1 million.

The value of all capital assets of the members of the fishermen's co-operatives in Hong Kong is estimated at HK\$6.2 million. These assets comprised almost exclusively liquid cash reserves, mostly kept at the F.M.O., with the exception of one credit and marketing society which owned a mechanized collecting boat. Other societies had also some furniture of their own.

The fishermen in Hong Kong are now showing considerable interest in co-operation, particularly in the thrift and loan societies, and the movement is making steady progress.

2. GOVERNMENT POLICY AND ADMINISTRATION

The encouragement of co-operation among the fishermen has been an aim of the Government's policy since the end of the Second World War. The beginning was made in 1945 when the fish marketing scheme was introduced*. The Fish Marketing Organization now operates five wholesale markets. All the fresh marine fish landed in the Colony must be sold through these markets. The Organization undertakes the collection and transport of fish from the collecting centres to the wholesale markets and provides free transportation for registered retailers to their place of business in the urban area. At the markets, the Organization's staff sorts the fish into species and sizes, weighs it and prepares standard-sized lots for sale. The fish is then sold by public auction to registered buyers. After the fish has been sold, the fishermen may collect the proceeds from the Market Shroff Section immediately; calculations of auction vouchers have been made by the Business Section of the Market. If the fishermen prefer, the Organization may transfer the money back to the local depots or collecting posts. In return for all the services, such as transport, sorting, marketing and accounting rendered by the markets, a fisherman is required to pay to the F.M.O. a commission of six per cent of the proceeds from the sale of the fish catches. In addition, fishermen who are members of any co-operative society usually pay to the society a certain percentage of the net proceeds from sale as their savings. This is normally five per cent and it is deducted by the F.M.O. and credited to the societies.

In 1950 a Registrar of Co-operatives was appointed in charge of the combined Co-operative and Marketing Department. Co-operative officers were employed to supervise and assist in the formation of the societies and liaison officers were posted to various fishing centres to promote the co-operative movement among the fishermen. The progress was rather slow during the first few years for the fishermen were reluctant in adopting new ideas. However, since 1954 they have shown greater interest in the movement. The first fishermen's thrift and loan society was registered in

* For detailed description of the Hong Kong fish marketing scheme see F.A.O. Report (No. 404) on the First International Fish Marketing Training Centre held in Hong Kong in 1954. A special study of the Hong Kong fishing industry is in preparation for publication by the F.A.O.

1952. By March 1955 there were already 20 societies in existence and their number increased to 29 in March 1957.

All co-operative societies in Hong Kong, including fishermen's co-operatives, are administered under the Co-operative Societies Ordinance and Rules. The Marine Fish (Marketing) Ordinance has been recently enacted but not yet brought into operation. Special administrative rules govern the conduct of wholesale fish markets in the Colony.

As a rule, fishermen's Co-operatives in Hong Kong do not receive financial help from the Government but they are used as a channel for the distribution of loans provided by the Fish Marketing Organization. Loans from the F.M.O. Funds are for productive purposes only, such as purchasing of new vessels, repairing equipment and obtaining occupational requisites and so on. The Loan fund maintained by the Fish Marketing Organization was created from the six per cent commission charge on the sales of fish. The accumulative sum of loans extended through the co-operatives from this source between 1952 and 1957 amounted to nearly HK\$1.2 million.

The duration of credit obtainable from the F.M.O. is normally one year, but extension can be arranged in special conditions. Normally, no security is required on loans issued from the F.M.O. but it is necessary to have at least two guarantors of sound financial standing responsible for the repayment of debt. Mortgage of catches is not practised but normally a fisherman who obtains a loan from the F.M.O. will have his licence endorsed to this effect by the Marine Department; this acts as a kind of security. The repayment of loans has been prompt, since 15 per cent to 20 per cent from the proceeds of sales of debtors' fish catch is deducted by the Fish Marketing Organization for this purpose. Members of Co-operative Societies might apply for loans through their Societies but non-organized fishermen can also obtain finance from this source. The size of the loans varies according to individual needs. The rate of interest is six per cent per annum but if the loan is disbursed through a Co-operative, only half of the interest is retained by the Fish Marketing Organization and the remaining three per cent is passed to the Society.

Because of the low standard of education among the local fishing community, the Government is helping the co-operative societies in their administration. Co-operative and liaison officers are normally keeping the societies' accounts and minute-books and render supervisory assistance.

There are no institutions concerned with co-operative education in Hong Kong. However, once a month liaison officers of the Co-operative Department meet to discuss co-operative principles, thrift, credit and fish marketing. These officers, in turn, hold monthly meetings in the fishing centres where similar questions are discussed with the fishermen. Daily contacts of co-operatives and liaison officers with the societies and their members provide further opportunity for co-operative education.

Apart from the Government, there are no other institutions concerned with the promotion of co-operation among the fishermen in Hong Kong.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

In order to qualify for membership of a co-operative, the applicant is required:

- (a) to be a working fisherman over the age of 18;
- (b) to be of good character;
- (c) to be an owner of one or more fishing boats;
- (d) not to be a member of any other society with the same object;
- (e) not to act in any way detrimental to the objects and interests of the society;
- (f) to subscribe at least one share of capital (HK\$5 to 10) and to pay an entrance fee of HK\$4 to 15 when joining the society. (An exception is the Aberdeen Fresh Fish Trawler Fishermen's Credit and Marketing Society, where the value of each member's share is HK\$1,000).

Before a society is organized, the matter is thoroughly discussed with the fishermen concerned and the co-operative and liaison officers carry out a survey to determine whether a Co-operative society would be of benefit to the fishing community. If it is considered that a co-operative would be desirable, a meeting is called at which rights and obligations of the members are discussed and a preparatory committee is elected by secret ballot. With the assistance of co-operative officers, the preparatory committee draws up a set of by-laws, according to which the society will operate. A general meeting is then held to approve the by-laws, to elect a committee of five to run the Society, and to apply to the Registrar of Co-operative Societies for registration. After registration, the executive committee, with the help and advice of co-operative officers, directs the activities of the society.

With the exception of fishermen's thrift societies, all the co-operatives are with unlimited liability. Sources of finance of the societies consist of share capital, annual or monthly subscription fees, interest on loans to members, and borrowing.

At least 25 per cent of the net profits of each society is transferred to the Reserve Fund. The balance may be distributed among the members as dividends or bonus, or allocated to any funds kept by the society, such as common good fund, or to any charitable purpose. In the case of societies with unlimited liability no distribution of profits can be made without the general or special order of the Governor.

All fishermen's societies in Hong Kong are organized on strictly co-operative principles and there are no compulsory practices.

Fishermen's co-operative societies in Hong Kong do not form any federal organization but it is contemplated that eventually such a federation will be established and that it will take over the Fish Marketing Organization which, at present, is a Government institution.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The co-operative movement among the fishermen in Hong Kong is restricted almost exclusively to saving and credit societies whose number amounted to 27 in 1957. There was also one fishermen's thrift, loan and housing society at Tai Po, and one marketing society at Aberdeen engaged in the collection, transport and sale of members' catches through the Fish Marketing Organization. None of the co-operative societies undertakes the supply of fishery requisites, storage, processing of fish or insurance business.

The primary function of fishermen's Co-operatives in Hong Kong has been the encouragement of thrift. As a result, there has been a gradual increase in the saving habits of the fishermen. Before the first co-operative society was formed, only some individual fishermen had requested the F.M.O. to look after their savings. By March 1957, all 606 fishermen organized in Co-operative Societies had savings accounts with the F.M.O.

The encouragement of saving habits is the main concern of the Thrift and Loan Societies which are the basis of the Co-operative Movement. When savings have reached a figure decided by the Society part of these savings are used as a Revolving Fund for loan purposes. The amount of loans made to members from this Revolving Fund is decided by the Committee who take into consideration the members' need and repayment capacity.

In the case of thrift societies, between five and eight per cent of the proceeds from sale of each member's catch is deducted as savings. In thrift and loan societies, a percentage varying from four to five per cent of the proceeds from sales is deducted as saving. One per cent of this is kept for festival savings, one or two per cent for emergency expenses, and one or two per cent for revolving loan fund.

The chief functions of the thrift and loan societies are to encourage thrift, to provide loans and security for loans, and to arrange the disbursement of loans issued by the Fish Marketing Organization. The co-operative societies only very recently have entered the field of financing the industry. Loans amounting to HK\$86,203 were provided by the Co-operative Societies from their own sources in 1955-56. In 1956-57, there was a slight decrease in this figure to HK\$79,583, but loans extended through co-operatives by the F.M.O. increased from HK\$264,710 in 1955-56 to HK\$365,315 in 1956-57.

In order to secure that the loans are utilized for the purpose for which they were granted many societies disburse loans only on the occasion of the expenditure. Since the majority of fishermen are honest and trustworthy, repayment of loans has been most satisfactory. When the members are not prompt in repayment of F.M.O. loans, the Society usually repays the required sum from its working capital for the members. The societies then may resort to various measures in order to secure the repayment from the members subsequently.

Loans advanced to members by or through the co-operatives are not yet adequate. This is due to the societies' lack of capital and to the fact that the Government and F.M.O. loans are only for productive purposes and cannot be used for urgent consumption purposes. This explains why the money-lending middlemen are still active and necessary. They could be eliminated only if the Government, either directly or through the F.M.O., were able to provide equally prompt and easy loans.

The Aberdeen Fresh Fish Trawler Fishermen's Credits and Marketing Co-operative Society, organized in 1955, is the only co-operative in Hong Kong which undertakes the marketing of members' catches. This society owns and operates a mechanized vessel purchased with the aid of loans from F.M.O., which collects members' catch at the fishing grounds and brings the catch to the wholesale market. Since the members of this society are all owners of wind-driven junks, this arrangement enables them to remain at sea for longer periods. At the wholesale market, sales are arranged by the society on behalf of the members and then the proceeds are distributed. In order to cover at least a part of its expenses, the society also engages in catching shrimps and mackerel scad on its own account during the off-season of trawling.

It has been reported that all members market their catches collectively through this Society and that no disloyalty has ever been found. The total value of sales of fish through the Society amounts to about HK\$150,000 per annum. In addition, the Society sells shrimps for approximately HK\$6,000 a year. After all deductions each member receives HK\$12,000 per annum. This gives an income of approximately HK\$1,000 a month.

Members of other fishermen's co-operative societies in Hong Kong have to deliver and sell their catch through the wholesale market by their own efforts, usually employing the services of fish dealers who bid up the prices in the fishermen's interest, in return for a commission.

5. GENERAL OBSERVATIONS

The co-operative movement and the Fish Marketing Organization have contributed, in a substantial way, to the improvement of the economic position of the Colony's fishermen. This development has not, however, resulted in the complete elimination of the middlemen. Their role has changed, in accordance with the restrictions imposed by the wholesale fish marketing rules, but they still perform a number of important functions in financing the industry and in the distribution of fish in Hong Kong.

The existence of the co-operative societies is of great help to the Fish Marketing Organization. A considerable part of the work of the Organization connected with the administration of loans has been already taken over by the co-operative societies.

The co-operative movement, although greatly intensified in recent years, has so far touched only a small part of the fishing population in Hong Kong. A co-operative education campaign is thus the main condition of further progress of the co-operative movement among the fishermen in Hong Kong.

CHAPTER 8

INDIA

THE first attempts to organize the fishing industry on co-operative lines in India began in 1940's, although some fishermen's societies were formed much earlier. By the end of 1956 about 800 fishermen's co-operative societies had been established. Most of them are credit societies and some also supply fishing requisites or market members' catches but their role in these fields, on the whole, has been small. Thus in the greater part of India the fishermen are dependent on the middlemen, such as itinerant dealers, village merchants, boat owners, commission agents, auctioneers, wholesalers, fish curers, etc., all of whom traditionally get hold of the fishermen's catch through the provision of loans.

As will be seen from the following survey of the co-operative movement in five major maritime Indian States, the picture is by no means uniform. The situation in Bombay State, where about 54 per cent of the fishermen belong to the co-operative societies, cannot be compared to the situation in other States, where the relevant percentage is much lower, e.g. only one per cent in Orissa State. Moreover, the Indian scene provides numerous examples of the failure of various co-operative societies, even if temporarily they seemed to be quite successful. Many reasons of these failures can be quoted: great distances between the fishing areas and the consumers' centres, illiteracy and poverty of the fishermen, lack of capital, slow technological progress, mutual distrust of the members, admission of middlemen to the societies and their participation in the management, inadequate government support, lack of co-operative education, etc. The study of the co-operative movement among the fishermen in India is therefore most instructive as similar problems can be found in almost all countries of the Indo-Pacific Region.

There are several reasons to believe that the development of fishermen's co-operatives in India is now taking a better turn. In the first place, rich experience has been gained in various States and this can now be shared. Secondly, co-operative development has become an integral part of the country's economic policy. In its Second Five Year Plan (1956-61) the Government of India intends to implement the programme of state-partnership in co-operatives, which implies a considerable credit expansion for the purpose of consolidation and extension of the co-operative movement. According to the All India Rural Credit Survey, the place occupied by the co-operative credit in the rural finance of the country is very insignificant. The same applies to the fishing industry. Therefore, a proposal is being considered that the Reserve Bank of India should finance the fishermen's co-operative societies through the State and District Co-operative Central Banks along the lines employed in the provision of agricultural credit.

A. BOMBAY STATE

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

On 30th June, 1956 there were 100 fishermen's co-operative societies registered in Bombay State. Their membership amounted to 29,310 persons, which formed about 54 per cent of the State's fishermen. Co-operative movements extend to most of the fishing centres and villages and is not restricted to any particular area or any special kind of fishing operations, although most of the societies are located in the coastal districts of the State.

On the whole, due to illiteracy and poverty of the fishermen, co-operation in Bombay State has not yet reached a high standard. Only in certain areas, such as Bombay City, Bombay Suburban District or Thana District, can fishermen's co-operatives compete with private dealers. In other areas, fishermen are still dependent on the middlemen in the field of financing and marketing the product.

Capital assets of the societies normally consist of liquid reserve funds, and of trucks, fishing gear and requisites. Better developed societies, however, possess their own buildings, godowns, cold storages, ice plants, boat building yards, etc.

The movement meets with a good response on the part of the fishermen. They exhibit genuine interest in the voluntary formation of new societies and in the extension of the activities of the existing societies.

2. GOVERNMENT POLICY AND ADMINISTRATION

Encouragement of co-operation among the fishermen is a part of the Government's policy. Officers of the Fisheries Department act as ex-officio members of the societies and supply them with the necessary technical guidance. The Government is now considering the question of appointing an Assistant Registrar who would be concerned especially with the promotion, supervision and general assistance connected with the fishermen's co-operatives.

A programme for the development of fishermen's co-operative societies has been designed within the framework of the Second Five Year Plan. It envisages financial aid to meet their managerial expenses as well as the provision of short and long term credit. The societies obtain Government help in cash and in kind. Loans and subsidies are given to them for the establishment of ice and cold storage plants, purchase of trucks and engines. One of the aims of the Second Five Year Plan is to construct a boat building yard to be financed by loans and subsidies given to all participating societies.

Licences for the import of hemp twine, nylon, and marine diesel engines are granted exclusively to fishermen's co-operative societies. They are also given preference in the allocation of fishery leases at the rents fixed by negotiation. Fishing rights are auctioned only if the societies are not interested in them or are unable to pay the amount demanded by the Government.

There are no special facilities for co-operative education among the fishermen in Bombay State but short term courses in general theory and practice of co-operation are being conducted by the Co-operative Department. Fishermen are gradually taking advantage of these courses. The Backward Class Board is also concerned with co-operative education for the fishermen. It provides funds for the conduct of cultural centres and adult education classes for fishermen's co-operatives. Apart from this, officers of the Fisheries Department during their tours deliver lectures on co-operation as applicable to fishing industry.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Only persons who are hereditary fishermen or follow fishing as a vocation can become members of fishermen's co-operative societies. Organization of the societies is the responsibility of the Co-operative Department, but officers of the Fisheries Department when visiting fishing villages usually explain to the fishermen the advantages of having their own co-operative society and encourage them to form one with the guidance from Co-operative Department.

Fishery co-operatives in Bombay State are organized strictly on co-operative principles. Membership in them is voluntary. The societies are governed by by-laws as approved by the Co-operative Department and in conformity with the Bombay Co-operative Societies Act of 1925. All societies are registered with limited liability.

Distribution of profits is subject to provisions of by-laws of each society but no co-operative can declare a dividend exceeding 6½ per cent. All societies are required to maintain a reserve fund by annual contributions to it from profits before the dividend is determined.

There are several federations of the fishermen's co-operative societies in the State, the main being the *Bambai Raya Machmar Sahakari Samstha* in Bombay and the *Saurashtra Central Co-operative Fish and Fishery Products Marketing Association* at Veraval. The first of them has 55 affiliated societies with 1,865 members and the share capital of Rs. 1,000,000. It undertakes the marketing of dry and fresh fish, gives loans against the catch marketed through it and supplies its members with fishing requisites. The Saurashtra Association has the total membership of 560 and the authorized share capital of Rs. 500,000. It received a loan of Rs. 240,000 from the Saurashtra Government. Rs. 450,000 of the Association's share capital has been subscribed by the Government of India, since it is acting as the Government's agency for the supply of fishery requisites under the *Grow More Food* programme and for the distribution of short-term marketing loans to fishermen and primary co-operatives. The Government's shares will be redeemed within a period of ten years at 10 per cent annually and will bear four per cent interest. The Saurashtra Association has decided to enter initially only the dry fish trade as this product is easier to handle. After consolidating its financial position, the Association intends to undertake also the fresh fish trade.

Recently, these two federal organizations have arranged a business combination for the sale of fishery products in Bombay and abroad. If this venture continues to function satisfactorily, it will become an important factor in improving the marketing practices in the State.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The primary co-operatives in Bombay State cater for the needs of the member fishermen mainly by undertaking the supply of fishery requisites such as hemp twine, nylon ropes, fish hooks, coal tar and similar articles delivered by the District or Federal Associations. Some societies also import marine diesel engines and thus help the members in the motorization of fishing vessels. Marketing of fish caught by the members and provision of cold storage facilities is undertaken only by more advanced societies, e.g. in Satpati and Arnala in Thana District and in Versova in Greater Bombay District. None of these societies enjoys monopoly in the marketing of fish and have to face keen competition on the part of middlemen and established merchants.

The marketing societies give loans to members before the season begins on condition of mortgaging the catches. Only members who receive the loans from the societies have to sell their catch through them, otherwise co-operative marketing is not obligatory. The fish is sold by the societies on behalf of the fishermen who have to pay a small commission and a moderate charge for transport and refrigeration facilities.

Fishery requisites are sold to members usually on a cash basis but the Saurashtra Marketing Association is also providing credit for this purpose. The loans are given either in cash or in kind from the fund placed at the disposal of the Association by the Fisheries Department. The fund has to be repaid to the Government in 10 years together with four per cent interest. Various items supplied by the Association are subsidised. For instance, the subsidy on boats, sail cloth, anchor stones and nets is 20 per cent, on nylon twine and outboard motors 33½ per cent. The Association must sell these goods at the subsidized prices, adding only not more than four per cent as interest.

5. GENERAL OBSERVATIONS

The main handicap in the development of the co-operative movement in the State of Bombay consists in the illiteracy of the fishermen. There is a great shortage of persons who would be able to take care of the administration of the societies. Furthermore, poverty prevents the fishermen from accumulating the necessary funds for capital equipment without which co-operative activities cannot expand.

In order to enable the societies to employ trained administrative personnel, the Co-operative Department has begun to subsidize the underdeveloped fishery co-operatives to meet their managerial expenses. It is also proposed to intensify and extend training facilities to fishermen-leaders and other educated young men from the local communities.

It has been noticed that the formation of co-operatives has considerable indirect influence on the middlemen who immediately improve their methods of dealing with the fishermen. Moreover, the Fisheries Marketing Associations in the State have contributed to securing for the fishermen better prices for their catches wherever the co-operative societies exist.

B. KERALA STATE

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

199 fishermen's co-operative societies with 27,492 members were acting in Kerala State in 1957 among the fishing population estimated at about one million. The co-operative movement is chiefly confined to the coastal areas of the State. The volume of co-operative business forms approximately 25 per cent of the total fish trade. Capital assets of the societies consist of liquid funds and boats. The present trend is for expansion of the movement.

2. GOVERNMENT POLICY AND ADMINISTRATION

The Government's policy is to encourage co-operation among the fishermen. This is implemented by the Co-operative Department with the aid of special staff attached to the Fisheries Department. The fisheries sub-inspectors are normally acting as ex-officio secretaries of the co-operative societies. There is no special legislation concerning fishery co-operatives. Their organization and activities are governed by the State Co-operative Act.

The co-operatives receive from the Government loans for the purchase of fishing implements as well as grants enabling them to conduct the business. All fish curing yards are placed at the disposal of the societies. The co-operatives are also given preferential treatment in the purchase of fishing boats. In certain societies, especially when large Government loans are involved, Government officers sit on the executive committee.

The Fisheries Department of the State has managed to organize recently a few fishermen's co-operative societies on a new model (see sec. 4 below) in places like Porakad, Punnapra, Pulluvila, etc. with financial assistance from Government. Each society consists of about ten units comprising ten to eleven members. All the necessary fishing equipment is supplied to the societies by the Government, the cost being recovered later by instalments. Five per cent of the entire proceeds from the fish landings is set apart for meeting the working expenses of the society, 50 per cent is handed over to the fishermen and equally divided among the members of the unit, 30 per cent is allocated for the repayment of Government loans and 15 per cent is kept as compulsory savings and put in Savings Bank Account for utilization during bad months of the year. These co-operatives are now working satisfactorily and attempts are being made to organize more societies of this type.

Apart from general co-operative colleges and schools, there are no special facilities for co-operative education among the fishermen. Selected fishermen usually undergo a period of training in the established societies and subsequently they are posted as managers of the co-operatives in their own localities.

Besides the Government, the State Co-operative Central Institute and the Co-operative Union are also concerned with the promotion of co-operation among the fishermen in Kerala State.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Only bona fide working fishermen are allowed to become members of fishery co-operatives. At least 25 members can organize a society. The societies are formed under the supervision of the Co-operative Department but the initiative is often taken by fishery officers. The societies are organized on strictly co-operative principles.

The initial funds of the societies originate from the share capital. Subsequently, Government loans are given to increase the working capital of the co-operatives. Profits are distributed in accordance with the Co-operative Act and by-laws of the societies. As a rule, 10 per cent of the profits is allocated to Reserve Fund, eight per cent as bonus to workers, seven per cent as dividends to shareholders and the balance is divided between the Building Fund, Charity Fund, Bad Debts Fund, etc.

Fishery co-operatives in Kerala State are federated on a regional basis and a central federation embracing all the societies is in existence.

4. BUSINESS ACTIVITIES OF THE SOCIETIES

Most of the earlier co-operatives in Kerala State were only credit societies. The present tendency is to form fishing and marketing societies which combine credit provision with transport, storage, selling and often processing of fish as well. Normally, all the co-operatives are supplying their members with fishing requisites. Special societies are organized for net making. Some of the co-operatives have compulsory saving schemes but none of them undertake the business of insurance.

Until recently, all the co-operatives had to face competition on the part of the established merchants. Nowadays, the newly formed marketing societies, which are greatly encouraged, are given exclusive right of collection and sale of members' catches. The members are required by the societies' rules to participate in the co-operative trading activities but this is not always observed.

5. GENERAL OBSERVATIONS

It is reported that in spite of initial difficulties, due to ignorance, lack of confidence and the opposition on the part of the middlemen, the present state of the co-operative movement in Kerala State is satisfactory and that it has good prospects for the betterment of the economic position of the fishermen.

C. MADRAS STATE

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

In 1957 there were in Madras State 168 fishermen's co-operative societies with a membership of 17,777, which formed about 6.3 per cent of the entire number of fishermen estimated at 281,053. The total paid up share capital of the societies amounted to Rs. 155,219. There were also four District Fishermen's Co-operative Federations (at Madras, Tanjore, Ramnad and Tuticorin) co-ordinating, on a regional basis, the activities of the primary societies. Three more federations were in the process of formation in the autumn of 1957.

Fishermen's co-operatives are chiefly located in the coastal area of the State. The inland fishermen mostly depend on annual leases of the riverine and tank fisheries, which keeps them occupied for only three to six months in a year, and this temporary character of fishing does not favour the formation of co-operatives. However, the fishermen exploiting water reservoirs are engaged throughout the whole year and their position is similar to that of marine fishermen. Thus most of the 400 fishermen in the Mettur Dam area have joined the local marketing society, organized in 1956, and sell all their catches through it.

The assets of the societies consist chiefly of liquid funds and investments in banks in respect of shares and reserve funds. Recently, 24 mechanized boats, three motor vans and some nylon nets were purchased by the co-operatives.

In 1956/57 the fishermen's co-operative societies in Madras State handled altogether about 2.5 million tons of fish. Financial and material aid given by the Government to the societies has greatly stimulated fishermen's interest in co-operation. The present policy, however, is that of consolidation and new societies are registered only if it is almost certain that they will be successful, which chiefly depends on the availability of managing personnel.

2. GOVERNMENT POLICY AND ADMINISTRATION

The Government of Madras State is deeply interested in the promotion of co-operative movement among the fishermen. For this purpose, the Government employs supervisory staff consisting of the Co-operative Sub-registrar and Senior and Junior Inspector, who help the societies in the marketing of catches, obtaining fishery leases, administration of loans, book-keeping, etc.

Fishermen's co-operatives in the State are governed by the Madras Co-operative Societies Act of 1932. There is no special legislation concerning this kind of co-operatives but the Government is empowered to give them preferential treatment in the matter of fishery and market leases. The fishermen's societies are also exempted from the payment of audit fees.

The Government has granted share-capital loans of Rs. 2,000 to each of the District Fishermen's Co-operative Federations and Marketing

Societies, repayable after five years in ten half-yearly instalments. Under the long-term loan scheme of the Second Five Year Plan, a provision of Rs. 2 million has been made to fishermen's co-operatives. In 1956-57, i.e. during the first year of the Plan, the sum of Rs. 270,000 was distributed among 26 societies. For 1957-58 loans to the amount of Rs. 400,000 were envisaged. The interest charged on these loans is 4½ per cent and the period of repayment extends over ten years. Repayment is made out of the daily proceeds from the sale of catches, with provision for not paying anything during the off-season.

The Government also provides the societies with mechanized boats and nylon nets at subsidized prices in the form of long term, interest free loans in kind. The subsidy on these goods ranges from 25 to 33½ per cent. Motor vans are supplied on seven years' credit repayable by monthly instalments with 4½ per cent interest.

Long term loans for the construction of godowns and curing sheds are provided by the Government to the societies on the basis of 50 per cent loans and 50 per cent subsidy.

Inland societies chiefly avail themselves of medium term Government loans.

Under the Grow More Food Scheme, applications have been recently submitted to the Government of India by the societies in Kanyakumari and Tirunelveli districts, for the grant of long term loans of Rs. 1 million for the marketing of fish and fish products within Madras State, for the export of dried fish to Ceylon and Singapore and for extraction of liver oil.

Besides credit, other measures of Government support include the provision of vans for quick transport of fish from the landing centres to the markets on hire basis at moderate rates. The secretaries and chairmen of fishermen's co-operative societies who perform clerical work are given 'scriptory grants' from the Government. Five senior inspectors have been seconded by the Government as managers of the District Societies and one as manager of a marketing society. The services of all these officers are provided to fishermen's co-operatives free of charge although in other co-operatives at least a part of their salaries has to be refunded to the Government. In addition to this, the Government has delegated the Assistant Directors of Fisheries and the Co-operative Officers as ex-officio members of the governing bodies of the District Federations and of the Marketing Associations. They provide technical advice and assistance in securing funds from the Co-operative Banks and from other sources.

The Madras State Co-operative Union is in charge of co-operative education in the State. There are four co-operative training institutes destined for Government officers and co-operative employees, and special vacation courses are run for the directors of co-operative societies. The Reserve Bank of India also maintains a regional co-operative training centre at Madras. There are no separate institutions for training the leaders of fishermen's co-operative societies.

Apart from the Government, the main institutions concerned with the promotion of co-operation among the fishermen in Madras are the State Co-operative Union, the Tamil Nad Co-operative Federation and the District Fishermen Co-operative Federations.

3. ORGANIZATION OF FISHERY CO-OPERATIVE

Only persons actively engaged in the fishing industry can become members of the fishery co-operatives in Madras State. The Department of Co-operative Societies assists in the drafting of rules and in collecting the share capital, the minimum of which is fixed at Rs. 500. Co-operative officers employed by the Fisheries Department usually carry out all the necessary organizational work connected with the formation of the co-operatives and subsequently such functions as auditing, etc. are exercised directly by the Co-operative Department.

Apart from the share capital, the societies are chiefly financed by the Government, and some of them by the District Co-operative Central Banks. The latter advance loans to the societies at 5½ per cent interest p.a. and the co-operatives, in turn, charge the fishermen at 7½. These loans have contributed to the reduction of the degree of exploitation exercised by the village money-lenders.

The liability of members in all fishermen's societies is limited to the subscribed share capital. 25 per cent of the net profits of the societies have to be allocated to Reserve Fund, 10 per cent to Audit Fund (although at present the societies are exempted from the payment of audit fees), and 7½ per cent to Common Good Fund (to be spent on education, sanitation, medical relief, etc.). 10 per cent of the profits are allowed as honoraria to office bearers and the dividend not exceeding 6½ per cent on the paid up share capital can be distributed to all members. The balance, if any, should be carried to the Reserve Fund.

The fishermen's co-operative societies in Madras State are organized on strictly voluntary basis and enjoy full autonomy. However, in the case of societies covered by the long-term loans scheme, the Director of Fisheries has the power to nominate the Board of Management and to appoint the fisheries or co-operative officers, working under him, as secretaries of such societies. He may also nominate three of the nine members of the governing bodies of the Federations, while five are elected by the delegates of the affiliated societies and one is the nominee of the local branch of the Co-operative Central Bank.

District Fishermen's Co-operative Federations have been established under the Second Five Year Plan to develop and co-ordinate the work of the affiliated societies and to act as their agents for the sale of fish and for the purchase of fishing and domestic requisites. About five primary societies in each district were selected and brought under the loan scheme to contribute a sum of Rs. 1,000 to Rs. 2,000 each as share capital of the Federations. The rest of the capital was provided by Government loans.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The main functions of the fishery co-operatives in Madras State consist in the administration of loans and leases, and in the bulk purchase of professional requisites for distribution among the members. The supply of nylon or terylene twine for net making enables the members to earn extra income during the off-season period. Some of the societies engage also in the collection and transport of members' catches. The Fishermen Distress Relief Fund has recently been established by the Madras Federation for the purpose of providing financial help to disabled members or to their families in the case of death. The contribution of each member amounts to 1 Rupee per annum and the total amount of benefits payable in each case cannot exceed Rs. 250.

In recent years, the fishery co-operatives were given the privilege of obtaining riverine and tank fishery leases as well as the leases of fish markets at the rent equal to the average of the previous five years' rentals. Some of the textile mills in the State supply to the societies yarn for nets at ex-mill rates or at a small commission if the yarn is delivered by the recognized wholesale agents of these mills.

Most of the fishermen's co-operatives in Madras State are multi-purpose societies, undertaking the supply of occupational requisites, credit and marketing. There is no compulsion for the members to participate in the trading activities of the marketing or sales associations. As regards insurance, a beginning has been made by the establishment of the Fishermen Distress Relief Fund. The life insurance business in India is now nationalized and members of the societies are encouraged to insure their lives through any unit of the Insurance Corporation of India.

Although there are no exact statistics, it is estimated that the co-operative societies cover about 10 per cent of the State's fishing industry.

5. GENERAL OBSERVATIONS

In spite of the recent considerable growth of the co-operative movement among the fishermen in Madras State, it is felt that further development may be handicapped by the lack of funds needed especially for the mechanization of boats and for the purchase of motor vans. Demand is also growing for housing loans and it is proposed to deal with this problem by the organization of fishermen's housing societies.

A State Fisheries Advisory Council has been recently constituted for advising the Government on matters of policy and on the effective implementation of various projects contained in the Second Five Year Plan. Moreover, the Government of India has placed funds at the disposal of the Government of Madras for granting long-term loans to the fishermen's co-operative societies and has also agreed to meet 25 per cent of the cost of supervisory staff.

In the Government's opinion, the ultimate success of the fishery co-operative movement in Madras depends upon the availability of managing personnel which, in turn, is mainly a matter of raising the general level of

education among the fishermen. It is also hoped that through education it will be possible to eliminate the frictions now existing between various factions in fishing villages, which hamper the development of co-operation.

D. MYSORE STATE

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

In 1958 there were in Mysore State 52 primary fishermen's co-operative societies and the South Kanara District Marketing Co-operative Federation with headquarters at Mangalore. Their total membership amounted to about 7,000 or nine per cent of the entire number of the State's fishermen estimated at 80,000. The movement covers almost all fishing villages in Mysore, but so far co-operative activities have been confined to credit provision. Fixed capital assets of the societies include some godowns, fish curing yards and office buildings. The existing societies are well established in the State's fishing industry and it is hoped that, with the government's assistance, their role will increase in importance.

2. GOVERNMENT POLICY AND ADMINISTRATION

The government of Mysore State is concerned with the promotion and supervision of fishery co-operatives and helps them in various ways through the Fisheries Department and the Co-operative Department. The latter provides qualified administrative personnel, inspection and audit staff, all free of charge. Liberal grants are given to cover the managerial expenses and the cost of maintaining godowns. Long-term loans are provided to the societies which in turn distribute them among the members to help them in purchasing fishing implements and other goods. Some of these forms of governmental assistance are not made available to other kinds of co-operatives.

The Madras Co-operative Societies Act VI of 1932 provides the legal basis for all co-operative societies. There is no separate legislation concerning fishery co-operatives, apart from the executive orders which are issued by the Mysore Government and often confer on them special privileges.

The Reserve Bank of India has recently proposed a scheme for providing cheap credit to fishery co-operatives in order to help them in the collection and storing of fish and fish products. The Mysore Government also has sponsored a scheme for granting loans to fishermen's co-operatives for the purchase of modern fishing equipment. The latest government proposal concerns its contribution to the share capital, which will involve also government's participation in the management of the co-operatives. This scheme initially will be applied to the South Kanara District Marketing Co-operative Federation and subsequently it will be extended to the primary societies.

Apart from the promoting and supervisory activities of Government officers there are no special facilities for co-operative education and training

of leaders among Mysore fishermen. However, common training institutes for administrative personnel and executive officers are available to all kinds of co-operative societies in the State. Periodical conferences of co-operative office-bearers are also organized. An interesting role is performed by *Mahasabhas* and *Kootas*, which are communal organizations existing in all fishing villages. They assist the poor fishermen by providing them with the necessary co-operative share-capital and often take part in co-operative education.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Membership in the co-operative societies is purely voluntary. Any person above 18 years of age residing within the operational area of the society, who is engaged in the fishing industry or trade and who is not insane and not a convict, can become a member. Before a society is formed, a meeting of prospective members is held at which the proposed by-laws are read, explained and accepted and a resolution to apply for registration is adopted. The application for registration must be signed by at least 12 persons. After the registration the shares are collected and a committee is elected from among the shareholders. A president and a secretary are the principal office-bearers. Government inspectors assist the committee in executing their duties. Auditing of accounts is done by government officers.

Liability of members is limited to their share capital. Members' share capital and deposits, together with government and co-operative banks loans are the main sources financing co-operative activities. Each year 25 per cent of the profits is allocated to the Reserve Fund. Dividends are limited to 6½ per cent and honoraria to office-bearers cannot exceed 12½ per cent of annual profits. Of the remainder, not more than 10 per cent can be transferred to the Building Fund, another 10 per cent to the Business Reserve or Sinking Fund, and 7½ per cent to the Common Good Fund to be used for education, sanitation, medical purposes and poor relief. Any sum left over must be transferred to the Reserve Fund.

Fishermen's co-operative societies in Mysore State are fully autonomous institutions based on voluntary association and democratic control, in conformity with co-operative principles. So far, no compulsory associations have been attempted.

Most of the primary fishermen's co-operatives in the South Kanara belong to the District Co-operative Marketing Federation. Some individual members also belong to this federation. However, no co-operative federations exist among the fishermen in other parts of Mysore State.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

As mentioned before, the main function performed by fishery co-operatives in Mysore State consists in the supply of credit to members. The South Kanara District Federation undertakes collection, outright purchase, storage and sale of fish. It manages fish markets on lease from local authorities. The Federation also supplies occupational requisites.

There is no compulsory participation in the co-operative trading activities. Insurance is not undertaken by any co-operative organization.

5. GENERAL OBSERVATIONS

The main difficulties facing the co-operative movement among the Mysore fishermen consist in inadequate finance and the lack of efficient co-operative managers. Other problems are connected with the general development of fisheries and are due to the lack of mechanized equipment, facilities for preservation and quick transport of fish as well as the lack of proper marketing facilities. It is hoped that much improvement will result in the course of the implementation of the Indian Second Five-Year Plan.

E. ORISSA STATE

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

In 1957 there were in Orissa State 55 fishermen's credit societies with 1,181 members and 64 marketing co-operatives (27 inland and 37 marine) with 2,906 members. Total membership, 4,087 in 119 co-operatives, formed thus only about one per cent of the estimated 500,000 fishermen in the State.

Geographical coverage of the movement is mainly restricted to the coastal areas of Puri, Cuttack and Balasore, probably because the fishermen there are more educated than elsewhere. The density of co-operatives is the greatest around Chilka Lake (Puri District). The volume of co-operative business is very small and, with the exception of Chilka Lake, the co-operative transactions have little effect on the market. In Chilka Lake area the societies control approximately 39 per cent of the trade, which amounts to Rs. 4 to 5 million a year.

Capital assets of the societies are negligible, being restricted by the small amount of share capital which in 1957 was Rs. 6,862 in all the credit co-operatives, Rs. 32,614 in inland marketing co-operatives and Rs. 23,145 in marine marketing societies. Reserve funds were, respectively Rs. 15,024, Rs. 5,339 and Rs. 22,029.

Immediately after the Second World War, until various controls were abolished, the co-operatives were flourishing because the controls created for them a more favourable position compared with private enterprise. However, this preferential treatment disappeared after the abolition of controls and the movement began to decline. Attempts are now being made to reverse this trend.

2. GOVERNMENT POLICY AND ADMINISTRATION

The policy of the Government is to encourage co-operation. Plans are being made to form large-size co-operatives, subsidized by the State and run by properly qualified managers. The existing co-operative legislation is now under revision.

Fishery co-operatives receive little financial assistance from the Government, but a change in this policy is expected. The societies are given

fishery leases at preferential rates. With the exception of audit, the Government does not participate in the running of the societies but it is empowered to take over their administration in case of gross mis-management by the executive committee.

Regular co-operative education among the fishermen in Orissa State is practically non-existent. Organizing inspectors are trying to fill in this gap. Recently, a number of general co-operative training institutions were established for extension workers and business managers of the societies but there is yet no provision for training fishery co-operative leaders.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

As a rule, any professional fisherman over the age of 18 can become a member of the co-operative society. The number of members whose profession is other than fishing cannot exceed 10 per cent of the total number of members on the roll. Societies are formed by voluntary application signed by at least ten persons. They are registered by the Registrar of Co-operative Societies and managed by the board of directors, all of whom are elected.

The societies are financed by share capital and by bank loans. Shares are normally of Rs. 5 each and no member can hold more than 20 shares. There are both types of societies, with limited and unlimited liability. Profits are distributed in accordance with the co-operative laws, 35 per cent going to Reserve Fund and 10 per cent to Common Good Fund. The Registrar has the power to limit the dividends. With the exception of the distribution of profits, the societies enjoy full autonomy.

There are two Co-operative Federations, one in Chilka Lake area and one for marine societies, but none of them has been functioning in a satisfactory way.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The activities of the societies are confined to the supply of credit for professional requisites and the marketing of catches. The co-operatives do not enjoy any exclusive rights as far as purchases and sales are concerned. Members of marketing societies are not obliged to participate in the co-operative trading activities.

5. GENERAL OBSERVATIONS

The past experience of the fishermen's co-operatives in Orissa State has not been encouraging, although at a certain time the societies were quite successful. It is difficult to ascertain where things went wrong, but it seems that the chief factor lay in the transfer of authority and supervision from one Government department to another a few years ago. Around 1951-52 responsibility was shifted from the Fisheries Department to the Co-operative Department and the latter probably did not have the experienced personnel to carry out audit and supervision properly. Of course, there were likely other influences at work too, and it is well known that e.g. in

the Chilka Lake area some of the leaders from the ranks of the fishermen proved unreliable and dishonest. Very often funds were misused by the managers of the societies who took advantage of the illiteracy of the members. As a result, fishermen have become suspicious and the restoration of their confidence in the movement presents great difficulty.

The main remedy seems to lie in the education and training of able and honest co-operative managers. Another matter which should receive great attention concerns the export of fish from Orissa to West Bengal, particularly to Calcutta. Better co-operation between these two States in the field of fish trade would greatly improve the position in both of them.

In 1957 a Colombo Plan Consultant, Mr. A. F. Laidlaw, during the course of an assignment to advise the Central Reserve Bank on Co-operative Education in India, made a study of the fisheries based on the Chilka Lake, the main fishing area in Orissa. His recommendations regarding the future organization of fishermen's co-operatives in that area are at present under consideration by the Government authorities concerned.

E. WEST BENGAL

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

According to the records of the State Co-operative Department, as early as in 1928 there were 108 fishery co-operatives in undivided Bengal. Unfortunately, no details are available with regard to their membership and activities. Bengal was partitioned in 1947 and just after the partition there were 104 fishery co-operatives in West Bengal. By June 1957, this number increased to 413 and in May 1958 there were 509 fishermen's co-operative societies all over the State with the working capital of approximately Rs. 600,000 and about 28,150 members. There were a little over 80,000 families of fishermen in the State with about 96,500 adult workers engaged in fishing occupation. It was estimated, therefore, that roughly one-third of the fishing population of the State was under co-operative auspices.

In spite of the spread of the co-operative movement, fish collecting, marketing and processing in West Bengal still depend to a large extent on a chain of middlemen acting between the consumers and the primary producers who mostly live in distant and widely scattered localities. However, a number of successful co-operative societies has been organized and it is hoped that more will follow.

2. GOVERNMENT POLICY AND ADMINISTRATION

The postwar growth of fishery co-operatives in West Bengal has been influenced by the idea, underlying the Government's policy, that for earning their livelihood through fishing, the fishermen primarily need two things: water areas and equipment, i.e. nets, boats and other accessories. For a long period after the Second World War cotton twine, which is mainly used in West Bengal for manufacturing fishing nets, was a controlled

commodity and individual fishermen had great difficulty in securing it. The Government, therefore, tried to help them in collectively obtaining yarn as well as fishing boats at subsidised prices. This policy formed a strong incentive for the fishermen to organize themselves in co-operative societies.

Until the end of March 1956, more than 95 per cent of West Bengal's cultural and capture fisheries (rivers and canals) were under private ownership and it was difficult for the fishery operatives to secure suitable waters for exploitation. In most cases, they had to work as wage-earners in waters belonging to non-fishermen. Since April 1956, however, all the flowing and capture fisheries, along with a good number of commercial confined fisheries locally known as *beels* and *baors* (lagoons formed by defunct river beds) have come under Government control. These fisheries are now being offered for exploitation to the fishermen's co-operative societies at reasonable rent and unrestricted auction is prohibited. This new arrangement has obviously intensified the tendency among the fishermen to organize themselves in co-operatives, which produced the recent marked increase in the number of societies.

In their initial stage very few societies could function in a successful way owing to the lack of education and understanding of the co-operative principles as well as to the financial control exercised by the middlemen. To overcome these difficulties, the local fishery officers have been attached to the fishermen's societies, wherever possible, either as chairmen or as secretaries and, as a result, the situation is improving.

For more integrated work, central societies have also been set up in some of the districts*, and the primary societies have been affiliated to them. This measure has been found effective in obtaining by the societies suitable water areas for exploitation, avoiding unhealthy competition among them and in overcoming the difficulties connected with securing financial help.

The most recent example of Government's policy with respect to the fishery co-operatives is the Sunderban Co-operative Fishing Scheme. It was set up in 1956 for the purpose of providing employment and various assistance, including marketing, to the fishermen in the coastal belt extending from the Sunderban side to the mouth of Subarnarekha (Digha). By 31st August 1957, ten primary societies with 350 fishermen and the share capital of Rs. 3,500, and one Central Fishermen Co-operative with the share capital of Rs. 17,500, were formed. Government's financial contribution consisted in the purchase of Rs. 12,500 shares of the Central Society and in the grant of Rs. 175,000 interest-free loan repayable in ten years. The Government also provided to the primary societies the services of administrative staff as well as the services of a Superintendent of Fisheries, a Co-operative Inspector and a Co-operative Auditor, all free of charge.

* e.g. the Nadia District Central Fishermen's Co-operative Society, Ltd., organized in 1955, with 53 affiliated primary societies in 1957.

The West Bengal Central Fishermen Co-operative Society with headquarters in Calcutta embraces not only ten primary societies but also the State Government as a shareholder and up to 20 individual members. Its Board of Directors is elected by representatives of primary societies but the Director of Fisheries is its *ex-officio* chairman and the Superintendent of Fisheries is *ex-officio* secretary. Individual members of this Central Society include, among others, the general manager of the Bidyadhari Spill Society, the secretary of the Howrah Fish Traders Association and the president of the Fish Retailers Association.

Within the framework of the Sunderban Co-operative Fishing Scheme, the West Bengal Central Fishermen Co-operative Society has undertaken to provide each primary society with the following:

- (a) Two boats with accessories, equipped with cooking utensils, drinking water drum, Petromax Light, time-piece clock, etc., at a cost of about Rs. 5,500 repayable free of interest in ten years.
- (b) About 332,000 sq.ft. of nets at a cost of approximately Rs. 5,100 repayable free of interest in three years.
- (c) Maintenance loan of Rs. 2,625 repayable within one year.
- (d) Help in the form of power-boats, truck, and ice-chests to carry catches to the nearest market, accommodation of office and store nearest to the suitable landing places, and arrangement of marketing at best prices.

In return for these services, the primary societies are to pay to the Central Society Rs. 10 per maund of catch. A large part of this programme was already implemented by the end of August 1957.

3. ORGANIZATION AND BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The best known and the largest fishery co-operative in West Bengal is the Bidyadhari Spill Co-operative Society at Datterabad near Calcutta. It will be used here as an illustration of the organizational aspects of fishery co-operatives in the State and as a successful example of their activities.

The Bidyadhari Spill Society was formed by the community of fishermen who, for generations, earned their living by catching fish in the Bidyadhari River. As time passed by, the river gradually silted up and the local fish merchants asserted their ownership, leaving the fishermen no choice but to work for them at low daily wages. In order to improve the economic position of these fishermen and to discourage improper methods of fishing, the Government of Bengal acquired the silted up area of the river in 1916 and decided to grant the leases of this fishery to local fishermen to be organized on a co-operative basis. The middlemen naturally opposed this idea and it was not before 1929 that the Bidyadhari Co-operative Society could be organized. The first fishery lease was acquired by the Society in 1933 and it was only then that the Co-operative began to function.

Unfortunately, the Government's policy was to grant the lease for only from one to three years, with the possibility of renewal. Moreover, the

management of the Society was virtually vested in the Co-operative Department of the Government so that for several years little progress was achieved. In 1946, due to the political turmoil and the flooding of the entire fishery, all the Co-operative's activities had to be suspended. However, in 1948, the Society was revived and re-organized; the Government provided a loan of Rs. 25,000 and called back its administrative officer so that the Society obtained the direct control over its affairs, and a new phase in its development followed.

The present membership of the Bidyadhari Spill Society is about 400, representing approximately 500 families, i.e. the whole 4,000 strong Rajbashi fishing community in the village. Although the membership of the Society is restricted to the local fishermen, it provides employment also to people from the neighbouring fishing villages. The constitution of the Society is framed in accordance with the State's co-operative laws and rules. It is supervised by the Co-operative Department of the State's Government.

In accordance with the Society's rules, 25 per cent of its annual profits have to be carried to the Reserve Fund, up to five per cent allocated to the Co-operative Fund and the rest may be used for the payment of dividend on shares not exceeding nine per cent, for the contribution to the Provident Fund of the Members and Employees, the payment of rebate to members in proportion to their purchases, the bonus for any specific services rendered to the Society and for any charitable purposes.

The activities of the Bidyadhari Spill Co-operative are so extensive that it has succeeded in completely eliminating the middlemen. It is a multi-purpose producers' co-operative exploiting, on Government lease, the fresh water fishery with the stock estimated at about Rs. 500,000. Cash reserves of the Society in 1956 stood at approximately Rs. 100,000. It is producing nearly 7,000 maunds of fresh water fish a year and an increase to 15,000 maunds annually is expected within a short time. Its activities range from the rearing of fish spawn to taking them to market for sale. They also include making and repair of nets, boats and other equipment, cleaning of weeds, erecting bunds, guarding against unauthorized fishing, etc. When the first fishery lease was obtained by the Society, half of its area (about 1,000 acres) was derelict and unfit for fish culture. This derelict part was reclaimed in 1952-53 at the cost of about Rs. 100,000.

The Bidyadhari Co-operative is the main source of livelihood to its members, their dependants and relatives who work either as monthly or daily paid employees of the Society or on a commission basis. All the workers, besides their wages or commission, get daily a free allowance of fish. The average family income of the members is estimated at Rs. 350 a month.

The Bidyadhari Society has a very extensive welfare programme which includes the maintenance of a free school for fishermen's children, a children's park with recreational facilities, and a ten-bed maternity home. Through its charitable dispensary the Co-operative distributes medicine to

members in the case of illness. It has organized the supply of drinking water by boring wells and carried out an effective campaign to eliminate the habit of drinking intoxicating beverages. The Society has also secured building right from the Government, which enables it to help the members in the construction of houses with the aid of interest-free loans advanced against the houses. A scheme for the development of roads in the village has been submitted to the Government and is expected to be sanctioned soon. The Rural Electric Development Board has been asked to supply electricity to the village.

Two things are said to be still necessary for consolidation and further improvement of this Co-operative, viz. long term lease and lower rent. The Bidyadhari Spill Society feels that no extensive fishery can be run on profitable lines without at least 15 years' lease and, therefore, it is hoped that the Government will change its policy in this respect. At the moment only five-year leases are granted. Furthermore the present level of rent which has been raised from the original Rs. 12,000 a year to Rs. 75,000 per annum is regarded as excessive. The Society believes that a lower rent would contribute to a substantial improvement of its financial position.

4. GENERAL OBSERVATIONS

West Bengal is very resourceful with regard to pond fisheries, having perhaps the largest number of pond units in the whole of India. The ponds are still under private management of non-fishermen owners. As fish output from individual units of ponds is small and cultivation, marketing and other overhead expenses high, it is the intention of the Directorate of Fisheries to organize the pond owners at village level into co-operatives.

In order to raise the standard of co-operative management and administration in the State, the Directorate of Fisheries decided in 1958 to send one of its senior officers for a suitable course of training. On his return, it will be his duty to tour various districts of West Bengal to impart the knowledge acquired by him to the local fishery officers engaged in extension work. It is hoped that in this way an expansion and improvement of the fishery co-operative movement will result.

CHAPTER 9

INDONESIA

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

THE co-operative movement among the fishermen in Indonesia has a fairly long history and is well established. The first fishing association was founded in 1912 at Tegal, Java. Initially, it was not a co-operative but its purpose was to enable the fishermen themselves to sell their own products by auction and to provide cheap credit facilities. Similar associations were gradually established in almost every fishing village along the

north coast of Java. The governmental Sea Fisheries Service helped to organize and to run these societies. At the outbreak of the Second World War, 15 of such associations with 22 branches were in existence. Although their legal forms varied, all of them were based on co-operative principles, these being strengthened by the stress placed on family ties in the fishermen's communities. After the war, the Indonesian Sea Fisheries Service had the difficult task of restoring the confidence of the fishermen, impaired by the Japanese occupation, in their associations. It was decided that they should become co-operatives not only in essence but also in form. The efforts of the Government were, on the whole, successful.

At the end of 1956 there were 142 fishery co-operatives, with over 100,000 members, in the whole country. Co-operative movement is particularly well developed in Java and Madura. On these two islands alone, 80 societies with 18,355 members were functioning, thus embracing about 12 per cent of the estimated total number of 155,000 fishermen on these islands. In addition to the primary societies, there is also the Central Federation of Indonesian Fishery Co-operatives, established in 1947.

Capital assets of the societies are small and consist mostly of cash reserves. Some co-operatives own also means of transport. On the whole, the volume of business undertaken by the co-operative societies is not large as they are not yet strong enough. Nevertheless, the movement is making steady progress.

The present tendency, initiated by the Government in 1952, consists in the development of the system of co-operative auctions, already operating in many centres, in order to replace eventually both the network of private fish dealers and the auctions run by local authorities. In 1956, 107 out of the total of 133 auction markets were operated by co-operative societies and it was hoped that they would soon take over the remaining fish auctions run by local authorities and further expand in number.

2. GOVERNMENT POLICY AND ADMINISTRATION

According to the constitution of Indonesia, the country's economy is to be organized on a co-operative basis. Following this principle, by 1955 about 10,000 co-operatives of all kinds, with 1,750,000 members, were established with the aid of the Government's Co-operative Service. This policy applies also to fisheries. The Government aims at the encouragement of co-operation among the fishermen through administrative and financial assistance, within the general legal framework provided by the Co-operative Law.

The Sea Fisheries Service is the chief instrument of Government's policy. Its officers help the societies in the matters of management, although they do not participate directly in the running of the co-operatives. A team of controllers has been appointed in every province to supervise the fishermen's societies. The Government is also providing financial assistance to the societies by allocating every year special funds for the promotion of new fishery co-operatives and by issuing to the established societies loans in cash or in kind, chiefly in the form of motorized boats. Fishing requires

are also supplied by the Government to the co-operatives at subsidized prices.

The supply of credit to fishermen is organized mainly by the Federation of Fishery Co-operatives which operates through primary societies. In 1953, with Government's assistance, the Co-operative Fisheries Bank was established by the Federation of Fishery Co-operatives in order to provide loans to primary societies from its own and governmental sources. Loans are normally repaid by 10 per cent deductions from the revenue received by the fishermen at the co-operative auctions. As a rule, the period of repayment is one year. In certain cases, however, e.g. when loans are granted for the purchase of boats, the period of repayment extends up to eight years and deductions amount to 15 per cent of the proceeds from the sale of catches through co-operative auctions.

Co-operative education for fishermen in Indonesia includes courses for the members of the boards of directors of the societies and special courses for the managers of the co-operatives. The training centre at Tjirebon (Java) runs six-month courses for staff members of the marketing organizations in a house bought for this purpose by the Federation of Fishery Co-operatives; up to 40 candidates for these courses are nominated by the societies or by local authorities and expenses are shared by the co-operatives and the Government. There are also general training courses for co-operative leaders, sponsored by the Co-operative Service, but they do not include any special arrangements for fishery co-operatives.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Members of fishery co-operatives must be adult Indonesian citizens who earn their living by fishing or are elected by the board of directors of the society. Membership is thus not confined only to the working fishermen.

Before a society is organized, field workers of the Sea Fisheries Service visit the village and carry out a survey to determine the possibility of setting up a fishermen's co-operative. If the conditions are found to be favourable, officers of the Service arrange a series of meetings and discussions in order to familiarize the fishermen with the principles and advantages of the co-operative movement. A constitutional meeting is subsequently held and the co-operative is established. The societies are controlled by a board of directors elected by the members of the society.

Sources of finance of the societies consist of share capital, entrance fees, compulsory and voluntary savings, and loans. Liability of all the co-operatives is unlimited. Profits are distributed in the following way: 30 per cent is allocated for reserves, 20 per cent for interest on savings (with the maximum of eight per cent on deposits), 25 per cent for patronage dividends, 10 per cent as honoraria for the board of directors, five per cent for the personnel, five per cent for educational fund and five per cent for social fund and village development.

Because of the low standard of fishermen's education, the societies are not always functioning along strictly co-operative principles. Sometimes

their autonomy has to be restricted in view of the lack of suitable managing and controlling personnel and in such cases the officers of the Sea Fisheries Service have to exercise administrative functions in the societies.

Most of the primary societies belong to the Central Federation of Indonesian Fishery Co-operatives covering the whole country. The board of directors of the Federation is elected by the delegates of the member-societies. Through this organization, the Sea Fisheries Service supervises the development and functioning of the fishermen's co-operatives in Indonesia.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

As a rule, the fishermen's co-operatives in Indonesia are multi-purpose societies, undertaking the marketing and processing of catches, the supply of fishing requisites, the provision of credit as well as insurance. Members are not compelled to participate in the trading activities of the societies.

Marketing activities are usually limited to the organization of the sale of landed fish by auction. The co-operative often controls more than one auction. Preserved fish and fish products are not sold by auction but directly offered by the producers to wholesale dealers. Processing of catches consists chiefly of drying and salting, and is undertaken by some societies mainly during the fishing season, when the supply is plentiful.

Co-operative societies running fish auctions charge five per cent commission which is usually appropriated as follows: 50 per cent for salaries and wages, 10 per cent for other administrative expenses, 20 per cent for capital formation, 10 per cent for insurance fund and 10 per cent for social fund. In the case of markets controlled by local authorities, the commission is also five per cent but it is regarded as a kind of tax on the product without direct reciprocal benefit to the fishermen. The system of co-operative auctions, on the other hand, enables the societies to supply the fishermen with credit and fishing requisites, to take care of technological improvement in the industry, to administer fishermen's savings, to provide insurance facilities as well as various welfare services, such as education, health, sanitation, water supply, housing, etc.

Fishing requisites and credit for productive purposes are supplied by every co-operative. The amount of fishing requisites provided by fishermen's co-operatives compares well with private enterprise activities in this field. In the areas where fishery co-operatives are active, private sources normally do not provide fishermen with loans for productive purposes. In the disbursement of loans, the co-operatives are assisted by the officers of the Sea Fisheries Service.

As far as insurance is concerned, all fishery co-operatives operate an Accidents Fund created by members' contributions from which compensations are paid in case of accidents at sea. As private insurance companies only take care of motorized fishing vessels, this line of the co-operative activities is particularly important.

CHAPTER 10

JAPAN

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

JAPAN, the leading country in the world as far as fishery output is concerned, has also one of the most developed systems of fishery co-operatives. The primary societies are federated on the regional level in the respective fields of their activities and the National Federation of Fishermen's Co-operative Associations forms the apex of the whole movement. Through this three-stage structure of the co-operative system various business activities are carried out systematically. The Central Co-operative Bank for Agriculture and Forestry plays the role of the main channel for the distribution of governmental and co-operative credit and the whole system is contributing greatly to the economic and social progress of fishermen in the entire country. In this system, marketing of catches and various supply services have become the chief activities, whereas credit functions of the co-operatives have not yet developed sufficiently.

At the end of March 1956 there were 5,571 fishery co-operative organizations in Japan, i.e. 5,368 primary societies and 203 federations. The primary societies consisted of 4,354 Fishermen's Co-operative Associations, 792 Fishermen's Production Associations and 222 Aquatic Products Processing Co-operative Associations. Among the 4,354 Fishermen's Co-operative Associations, 260 were organized according to the kind of fishing operations and 4,094 on regional basis with 3,153 operating in coastal waters and 941 in inland waters. The number of 203 federations was composed of 158 Federations of Fishermen's Co-operatives, 34 Federations of Credit Fishermen's Co-operatives, 10 Federations of Aquatic Products Processing Co-operative Associations and one Federation of Credit Aquatic Products Processing Associations.

The membership in the regional Fishermen's Co-operative Associations in March 1955 was 1,085,361, in non-regional Fishermen's Co-operative Associations 19,760, in Fishermen's Production Associations 22,869 and in Aquatic Products Processing Associations 10,335, giving the total of 1,138,325 members, i.e. almost the whole number of fishermen in Japan, although there is some duplication in the above account.

Although there are some well-known, large-scale capitalistic fishery enterprises, and about 1,000 fishing companies, their catch amounting to 25 per cent of the total output, the majority of fishing undertakings is formed by medium and small-scale coastal and offshore fishermen. Among the total of 251,747 fishery undertakings in Japan in 1954, approximately 93.4 per cent were operated by individual fishermen or their families, 0.2 per cent by fishermen's co-operative societies, 0.1 per cent by fishermen's production associations and 5.5 per cent by non-incorporated joint enterprises resembling co-operatives but not legally recognized as such. The proportion of fisheries operated by fishing companies was only 0.4 per

cent and some small number was managed by government schools, experimental stations, etc. By direct ownership and operations the co-operative societies contribute only about 2 per cent of the total fishery output in the country but indirectly they affect almost the whole industry as practically all the fishermen in Japan are associated with some co-operative organization. The co-operative movement has thus made considerable progress and the fishery co-operatives are now playing an important role as the core of the fishing village economy.

Co-operative associations in fisheries in Japan originated for the purpose of maintaining order in fishing grounds and protecting petty fishermen. Unlike in other countries, most of the coastal, offshore and inland fisheries in Japan have to be operated under a special right or licence and the co-operative societies were first organized as administrative bodies of these fishery rights. The performance of these duties did not require any capital stock, which is still reflected in the fact that in 1956 as many as 325 Fishermen's Co-operative Associations had no share capital. The remaining 3,769 of the regional Fishermen's Co-operative Associations, however, were equipped with capital in the usual way as many other functions were assumed by them.

The total volume of share capital invested in fishery co-operatives in Japan in 1955 was estimated at about Yen 5,000 million (Yen 360 = US\$1), of which Yen 3,500 million was owned by the Fishermen's Co-operative Associations, Yen 1,400 million by the Fishermen's Production Associations and Yen 225 million by the Aquatic Products Processing Associations.

According to a survey carried out in March 1956, share capital in the fishery co-operatives in Japan constituted about 10 per cent of all disposable funds, deposits amounted to 20 per cent and borrowings formed approximately 70 per cent of the total. As far as the distribution of assets is concerned, loans to members formed 48 per cent, fixed assets 28 per cent, deposits with other financial institutions 21 per cent, securities two per cent and cash one per cent of the total value of assets.

According to the 1954 survey, in about 47 per cent of the fishermen's co-operatives the amount of capital invested does not reach Yen 200,000. This indicates that many of them are not yet placed on a firm financial basis. Generally speaking, such societies operate among small fishing communities and still chiefly carry out the administration of fishery rights. Suitable methods to deal with this situation are being introduced or planned. Government financial aid and the consolidation of small societies are the main among these measures.

2. GOVERNMENT POLICY AND ADMINISTRATION

From about 1600 (Ashikaga Era) fishing rights in Japan became the property of feudal lords but with the development of early capitalism, around 1700 (Tokugawa Era), these rights began to be concentrated in the hands of merchants. Thus arose the well-known opportunities for the exploitation of fishermen. This was perceived by the Government in

about 1880, shortly after the famous Meiji Restoration when the whole social and economic structure of the country began to undergo a profound change. The remedy was found in the formation of fishermen's associations to protect the interests of the producers. In 1886 the Working Rules for Fishermen's Associations were enacted and the system of agreements concerning the exploitation of fisheries was unified.

In 1901 the Fisheries Law was introduced, by which fishermen's associations were recognized as legal persons and empowered to administer the fishery rights exclusively. This Act was amended in 1910, when the associations were entrusted with the operation and maintenance of common facilities, including marketing and purchasing, in the fishing centres, and their federations were given legal recognition. In 1923, as part of the efforts to combat the economic depression, the Law was changed again to introduce, among others, the share capital and limited liability system. The revision of the Law in 1938 enabled the fishermen's associations to receive deposits, provide loans and discount the bills of the members. In this way, the original associations were gradually transformed into proper co-operatives, which stimulated their growth and by June 1939 their number increased to 3,952. The way was opened to finance them through the established system of co-operative credit and by the Central Bank of Industrial Associations.

During the Pacific War the Fisheries Law was replaced by the Law of Fisheries Organization which became an instrument of governmental control and intervention and thus the autonomy of the co-operatives was affected. After the war, the Fisheries Co-operative Association Law was introduced in 1949, and subsequently revised several times, and in 1950 the new Fisheries Law came into force. Under this legislation, the main objective of the associations was shifted from the administration of fishery rights to the provision of various economic services to the members and the co-operative character of the societies was firmly established.

The associations are supervised by administrative authorities, i.e. by the competent minister in respect of any association operating in the area larger than a prefecture, and by the prefectural governors in the case of smaller associations. Privileges accorded to the societies include the exclusive fishery rights in coastal areas; reduced rate of business revenue tax and exemption from registration fees; and the access to governmental and co-operative cheap credit facilities.

The Government's present system of long-term credit provision for fisheries as well as for agriculture and forestry has its origin in the need for postwar reconstruction of these primary industries and in the insufficiency of funds of previously existing institutions. The setting up of the Agriculture, Forestry and Fisheries Reconstruction Loan System in 1948 and the United States Counterpart Fund System in 1949 were the first steps towards the establishment of the present system. In 1951 the Government created the Agriculture, Forestry and Fisheries Loan Special Account for the purpose of financing land improvement works, rehabilitation of farm

lands from damages caused by natural disasters, preservation and exploitation of forests, improvement of salt manufacturing facilities and construction of fishing boats, i.e. projects which in the past had been financed mainly by the subsidies granted by the central and local authorities. In 1953 this Account was replaced by the Agriculture, Forestry and Fisheries Finance Corporation destined to serve the same purpose.

The Corporation is a specialized Government institution. Its funds consist of Government contributions, borrowings from the Trust Fund Bureau of the Ministry of Finance and its own capital. The Corporation can also borrow from foreign sources but it is not allowed to raise its own funds. All its officers are appointed or approved by the Government, its budget and accounts have to be approved by the Parliament, and its profits, if any, must be transferred to the National Treasury.

In 1956 the Corporation's capital amounted to about Yen 50,000 million. The cumulative sum of loans granted by the Corporation to fisheries from 1951 to 1955 was Yen 14,467 million. In 1955 alone, 600 loans for the total of Yen 4,000 million were distributed. Initially, most of the Government's loans in the field of fishery financing were issued for the improvement, creation, rehabilitation and acquisition of fishing harbours. From 1953 onwards, the emphasis was shifted to rebuilding, construction and acquisition of fishing vessels and these loans now form over 60 per cent of the Corporation's loans to fisheries. The Corporation is also financing the improvement, creation, rehabilitation and acquisition of the facilities to be used jointly by the fishermen, such as ice-making and refrigeration, and in 1955 loans for the purchase of synthetic fibre ropes, nets, etc. began to be issued. Interest rate on the Corporation's loans to fisheries varies from six to 7½ per cent p.a. and the period of repayment is normally between 10 and 15 years. The loans are limited to 80 per cent of the cost to be borne by the borrower and the minimum amount is Yen 100,000. In granting loans, priority is usually given to fishery co-operatives.

The Central Co-operative Bank for Agriculture and Forestry and the fishermen's credit federations have been entrusted with the task of handling the bulk of the credit provided by the Agriculture, Forestry and Fisheries Finance Corporation. These entrusted institutions, after preliminary inspection of applications, forward the necessary documents along with their own opinions to the Corporation and, on receiving notice of approval, they actually issue the loans. The entrusted institutions receive a commission from the Corporation according to the volume of outstanding loans. However, in order to prevent irresponsibility in inspection, management and collection, and to assure the claims of the Corporation, losses due to the failure of good management on the part of the entrusted institutions are required to be compensated to the Corporation. In such cases, if the principal and interest on loans are not redeemed in time, the entrusted institutions have to repay 20 per cent of the total to the Corporation in place of borrowers.

Apart from handling the loans extended by the Corporation, the Central Co-operative Bank for Agriculture and Forestry provides credit to fisheries from its own sources. In 1955, the Bank issued Yen 12,560 million of loans for various fishery purposes. Thus the Bank and the Corporation together provide about 35 per cent of the total finance of the fishing industry in Japan. The borrowings from commercial banks represent another 50 to 60 per cent of the total.

In recent years, the role of the Central Co-operative Bank for Agriculture and Forestry has become particularly important in connection with the provision of credit for the construction of fishing vessels. The increased consumption of fisheries products at home and abroad during the revival period after the war, together with the removal of restrictions on fishing areas, fired the willingness to invest money in offshore and deep-sea fisheries to far greater extent than in the past. This movement required boats of larger size and thus the necessity of financing the construction of new vessels increased. In 1953, Special Law was introduced by the Government for the purpose of promoting bonito and tuna fishing and trawler operations. As a result of this, together with government policy to shift fishing to offshore and deep-sea, the applications filed with the Central Co-operative Bank for Agriculture and Forestry for loans to finance the building of vessels have greatly increased. At the end of March 1956, the outstanding loans extended by the Bank for this purpose amounted to Yen 2,800 million i.e. more than 20 per cent of all its loans to fisheries.

Lastly, the part played by the disaster rehabilitation loans extended to fisheries by the Bank should be stressed. The volume of this kind of loans outstanding at the end of March 1956 amounted to about Yen 3,000 million, i.e. approximately 30 per cent of the Bank's total credit extended to fisheries. These disaster loans are provided for a period of 4 to 5 years under special legislation. Under this system the rate of interest to be borne by fishermen is 3.5 or 6.5 per cent, and the Government and local autonomous entities subsidize the balance between the 10 per cent interest and the 3.5 or 6.5 per cent. In addition, the central and local governments promise to compensate the possible loss, in the case of non-repayment, to the maximum of one half of the loan.

The loans extended to fisheries by financial institutions are guaranteed by the prefectural Fisheries Loan Guarantee Fund Associations which, in turn, are insured by the Government under the Medium and Small Fisheries Loan Guarantee Law introduced in 1952. The prefectural guarantee funds were established by contributions made by the co-operatives and local governments. With the aid of these funds, guarantees are given to loans extended by various financial institutions up to the amount five times as large as the guarantee fund. Furthermore, the risk borne by the financing institutions is covered by the Central Government which re-insures the Guarantee Associations. This system has been working in a satisfactory way. The yearly total of guarantees reached Yen 4,900 million in 1955, which included Yen 3,300 million dealt with by the Central

Co-operative Bank for Agriculture and Forestry and the prefectural credit federations, the rest being handled by private financial institutions, such as banks, etc.

Finally, Government's participation in the fishing boat insurance scheme, inaugurated in 1937, deserves special mention. The scheme consists of a system of mutual insurance of boats and fishing gear and is run by the Fishing Boat Insurance Associations which are formed for this purpose by the boat owners. The Government maintains a special fishing boat re-insurance account which re-insures 90 per cent of the total insurance sums. In 1953 there were altogether 53 Fishing Boat Insurance Associations and 63,249 vessels were insured for the sum of about US\$50 million.

At the beginning of 1957 the Government of Japan established a programme for fisheries mutual aid. The programme extends to the 18 prefectures. There are two types of mutual aid: the one applicable in case of a sharp fall in fish catch, and the other in case of damage to fishing gear. If a loss incurred as a result of natural causes reaches the prescribed amount (in case of the proceeds from the catch, 20 per cent of the estimated cost of production), the balance is paid from the mutual aid fund in proportion to the actual loss incurred. In assessing the quantity of the anticipated catch, estimates based on the usual quantities purchased by model fishermen's co-operatives are applied. The prices are also adjusted taking into account the fluctuations in the prices of fish. A system of insurance for fishing craft and gear has been in operation in Japan for several years. The present programme, however, is in response to a long-standing strong demand from the fishing industry for a mutual insurance system against damage to the fishing gear and sharp falls in fish catches due to natural catastrophes.

The Government thus aids co-operative efforts among the fishermen in Japan chiefly by providing a suitable legal framework and by operating a well organized system of credit supply with ample provision for the reduction of risks involved. The rest is left for the co-operatives themselves and for the institutions created by them. A special institution concerned with the co-operative education for fisheries is the School of Fishery Co-operatives in Tokyo which is financed and managed by the Fishing Villages Educational Foundation, a non-profit making organization. The School aims at promoting the welfare of fishermen by training co-operative leaders and administrative personnel. Priority in admission to the School is given to persons who have been engaged in the management of fishermen's primary co-operatives or federations for at least five years. The curriculum comprises co-operative principles and management. Fifty students are admitted to the School once a year for the course which lasts for twelve months.

In September 1957 the Ministry of Agriculture and Forestry of Japan made public a 'White Paper' outlining a new general plan for agriculture, forestry and fisheries which is intended to be carried out by the end of 1975. The objective of the plan is to enforce basic measures for stabilization

of the living standards of farmers and fishermen through increased production and higher earnings. The important aspects in the field of fisheries specified in this plan include (1) stabilization of coastal fisheries management through appropriate and timely measures to propagate fish, improvement of coastal fishing grounds, preventive action against water pollution, intensive use of fishing grounds and diversified operation of fisheries; (2) advanced modernization of fishing craft and technique; (3) improvement of fishing ports and their ancillary equipment; (4) accelerated activities of fishermen's co-operatives and similar organizations and (5) extension of markets for marine products, improvement of fish distribution system and stabilization of fish prices.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Any person qualified for membership in a fishery co-operative in Japan must be a fisherman who has his residence within the area of the association and operates or engages in fisheries for at least 30 or 90 days in a year, depending on the rules of the society. In the association whose area is larger than the sphere of city, town or village the membership may be limited to persons operating or engaging in fishery of specific types only. In addition to individual membership, the societies may include juridical persons operating fisheries in their areas but employing less than 300 workers and with fishing boats whose total size does not exceed 300 tons. In Fishermen's Production Associations at least two-thirds of the members must be persons who always engage in fishery operated by the association while more than two-thirds of employees in the fishery operated by the association must belong to it, and the maximum number of shares held by a member cannot exceed two times the average number of shares per member.

At least 20 persons in Fishermen's Co-operative Associations, seven in Fishermen's Production Associations and 15 in Aquatic Products Processing Co-operative Associations, are required as founder members. The promoters must, after the completion of the constitutional general meeting, make application to the administrative authorities for approval of the organization, submitting the articles of incorporation and business plan. If the organization is approved, the promoters must hand over their duties to elected directors.

As a rule, each society must have a minimum of five directors and two auditors but in the Production Associations a minimum of three directors is required. These officers are elected for one year by secret ballot. At least three-fourths of the directors (all in the Production Associations) have to be members of the society. Any co-operative may appoint councillors or a chief accountant and delegate to them the conduct of the business of the association.

At the close of each financial year all co-operatives, with the exception of non-capitalized associations, must transfer to the reserve fund a minimum of 10 per cent of the surplus until the reserve fund reaches the maximum amount prescribed in the articles of incorporation, which should be at least

one half of the total share capital. The reserve fund can be used only for the covering of losses. Subsequently, five per cent of the surplus should be allocated for financing the activities concerned with the improvement of fishing technique and general education. The remainder is distributed by first paying a dividend not exceeding five per cent on share capital and then a bonus to members in proportion to the extent to which they have used the facilities of the society. In Fishermen's Production Associations, after the appropriation for reserve and education funds, members are entitled to a dividend not exceeding 10 per cent on the share capital.

The growth of co-operative movements among the fishermen in Japan has favoured the formation of various kinds of federations. At the end of March 1956 there were 41 Federations of Fishermen's Co-operatives organized on prefectural level, while 117 were limited to specific fishing ports or localities. Of the 41 prefectural federations, 90 per cent were concerned with the supply of fishing materials, chiefly fuel, which formed about 50 per cent of the total business, and fishing nets and ropes, contributing another 33 per cent of the total business. The marketing of fish was undertaken by 33 prefectural federations and it usually took the form of commission sale. The quantities of fish handled on commission basis have been recently increasing whereas the volume of out-right purchases has been declining. 14 federations operated fish markets on their own, 27 federations carried on refrigeration business and had 57 plants. The capacity of their ice-making and cold storage facilities is generally larger than that of plants owned by the primary societies.

In addition to 158 Federations of Fishermen's Co-operative Societies, there were, in 1956, 34 Federations of Credit Fishermen's Co-operatives concerned exclusively with credit co-operatives, as also one Federation of Credit Aquatic Products Processing Associations. The functions of ten other Federations of Aquatic Products Processing Associations consisted chiefly in the inspection of products, raw materials, and manufacturing and processing facilities of the constituent members.

In 1938 the National Federation of Fishermen's Co-operative Associations was established with 40 federations and 20 primary societies as founder members. In 1943, under the war legislation, the National Federation was replaced by the Central Fisheries Association, but it was re-established in 1952. It is concerned chiefly with general guidance, co-operative education, dissemination of information and formulation of fisheries policy. In addition to these functions, the Federation undertakes the purchase and distribution of fuel oil for fishing boats to the member societies. In 1955 it handled about 95,000 tons of fuel oil. The target for 1956 was 200,000 tons, i.e. 30.8 per cent of the total quantity of fuel consumed by the fishery co-operative members in the country, estimated at 650,000 tons per annum. This line of the Federation's activities is very important and it is highly appreciated by the fishermen as it produces a stabilizing effect on the prices of fuel and contributes to its orderly distribution all over the country.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

According to Article 11 of the Fisheries Co-operative Association Law any fishery co-operative may engage in the following activities:

- (a) Making loans through advancement of funds necessary for reasonable business or personal requirements of its members.
- (b) Making available banking facilities for the receiving of deposits and fixed savings of its members.
- (c) Supplying necessary goods for the business and family use of its members.
- (d) Making available common facilities necessary for reasonable business or personal requirements of its members.
- (e) Transport, processing, storage or sale of fish catches and other things produced by its members.
- (f) Activities contributing to propagation and conservation of aquatic animals and plants and exploitation of fishing grounds.
- (g) Establishment of equipment necessary for the fisheries of its members such as moorage, ship-landings, fish shoals, and others.
- (h) Prevention of sea disaster, disaster relief, and intercession of fishing boat insurance for its members.
- (i) Promotion of the interests and welfare of its members.
- (j) Activities concerning the improvement of fisheries techniques of its members, education for the spread of knowledge of the business of the association, and the dissemination of general information for its members.
- (k) Accomplishment, for and on behalf of the benefit to its members, of such collective bargaining contract as will improve the economic conditions of its members.
- (l) Collateral activities required for the accomplishment of any of the preceding items.

Administration of fishery rights is still the most common function of the societies as only 10 per cent of the co-operatives do not enjoy fishery rights. Most of these rights are common fishery rights which are utilized commonly by the members. In the fisheries operated by the co-operatives themselves quite often non-members are also employed. Fixed-net fishing is the most frequent method used in the fisheries run by the co-operative societies.

In the order of volume, marketing business comes first, then credit and purchase services, followed by the operation of fisheries and fishing facilities, ice-making and refrigeration. It is thought in Japan that for successful functioning, the co-operatives should undertake marketing, purchasing activities and credit services. About 50 per cent of fishery co-operatives in Japan belong to this category. Approximately 60 per cent of the Fishermen's Co-operative Associations and 40 per cent of the Federations of Fishermen's Co-operatives perform functions. 94.4 per

cent of the co-operatives engaged in the marketing of catches are concerned with commission or consignment sales, and 15.8 per cent of them transact outright purchases. Fish catches are disposed of mostly through local wholesalers as only seven per cent of the whole fish trade in Japan is handled by the co-operative marketing federations. About 70 per cent of the co-operatives handling consigned fisheries products are operating their own fish markets. However, as these markets serve only as means to sell the catches to fishmongers and as there is no established system connecting the primary societies with marketing federations, the internal circulation of money is very poor and the co-operatives suffer from the lack of capital.

The total number of fish markets in Japan is estimated at 3,500. The Government's Fisheries Agency has surveyed 1,235 of them and found that of the 749 fish markets in producing areas, 671 or 90 per cent were operated by fishermen's co-operatives or federations, whereas 47 markets were run by private companies and 31 by individual owners or by local authorities. Of the 486 surveyed markets in consuming areas, 356 or 72.6 per cent were operated by companies, 50 or 10.3 per cent by private individuals and only nine markets were operated by fishermen's co-operatives or federations. This means that markets in the producing areas in Japan are largely controlled by the co-operatives, whereas in the consuming areas they are mainly operated by private enterprise. The catches of large-scale commercialized fisheries are landed at fishing ports and then delivered directly to the wholesale markets in the six main urban centres, where they are divided and transported to smaller consuming centres. The effect of this situation is that the co-operative societies have comparatively little influence on the prices paid by the final consumers, while the wholesalers and consignees operating in the big city markets have great influence on the formation of the price of fish. The situation is not regarded as quite satisfactory but it is thought in Japan that the co-operatives are still too weak to enter the fish trade in a more effective way. On the other hand, efforts are being made to use the co-operative possibilities for the purpose of price stabilization through the development of cold-storing and refrigerating facilities.

The societies often provide various communal services, such as joint shipment stations, warehouses, charging stations and storage. Any association carrying on the business of storage may issue warehouse warrants in respect of goods deposited by its members, subject to permission of the competent minister. The period of storage of the deposited goods for which a warehouse warrant is issued is limited to six months.

Only five per cent of the co-operatives, usually large-scale societies, undertake ice-making and refrigeration. Although the co-operatives with freezing facilities are comparatively few in number, the size of these facilities is usually large. The average capacity of plants is 9.1 tons of ice, 192.2 tons of cold storing and 5.9 tons of freezing per day. A greater part of the ice is bought by the fishermen themselves, but the refrigerators are mostly used by the wholesalers or fish processors. The ice-making and freezing facilities

of the co-operatives have been recently expanding thanks to the growing financial support of the Agriculture, Forestry and Fisheries Finance Corporation, and provide a secure source of income for the societies, but their aggregate capacity does not yet reach 10 per cent of the total national capacity.

The Fishermen's Production Associations are a postwar institution. They are organized for the purpose of collective fishing, whereas the Aquatic Products Processing Co-operative Associations are formed by persons engaged in the same type of processing aquatic products and their functions consist in the inspection of products, raw materials and in the maintenance of manufacturing and processing facilities for the members.

About 50 per cent of the Fishermen's Co-operative Associations and 40 per cent of the Federations of Fishermen's Co-operatives undertake joint purchasing activities in order to supply the members with various fishing materials and requisites. 48 per cent of this business consists of nets, ropes and other gear, 25 per cent of fuel oil and 27 per cent of various domestic goods. It is thought that the last item should be somewhat limited in scope to include, for instance, the supply of working clothes and shoes, but not of high-grade clothing, furniture, etc. because this sort of activity tends to produce an unnecessary burden on the co-operatives.

Facilities for receiving members' savings and deposits are provided by most of the societies but the associations without capital stock ('non-capitalized societies') cannot receive deposits and issue loans to their members. In the primary co-operatives, current accounts occupy 56 per cent and fixed deposits 44 per cent of the total amount entrusted by the members. 71 per cent of the received sums is invested in the co-operative organizations of higher order and the remaining 29 per cent is kept in ordinary banking institutions. Current accounts in the federations represent 52 per cent and fixed deposits 68 per cent of all the deposits. Interest rate of two per cent p.a. is paid on current accounts by the primary societies and three per cent by the federations. A uniform rate of five per cent p.a. on six months fixed deposits is paid by all the co-operative organizations.

The principle of separation of credit business is observed by the formation of credit federations concerned exclusively with lending operations. Loans extended by the co-operative associations and credit federations are based on personal credit and, with the exception of loans for the construction of boats, mortgage is not required. Interest rate of 9 to 10 per cent p.a. for short term loans and 11 per cent for long term loans is charged. In performing this function, the co-operatives use not only their own but also borrowed funds. Borrowings from financial institutions of all kinds represent 67.7 per cent of the total volume of co-operative loans. Thus in some cases borrowed funds amount to three times as much as the total sum of the co-operatives' own resources. To conclude, credit activities of the fisheries co-operative system in Japan have to depend still to a considerable

extent upon funds from outside because of the insufficiency of their own accumulated capital. Government financial measures, combined with special legislation described earlier in this chapter, have to be adopted.

A society may also have mutual aid within its scope. Such a co-operative is then called the Fisheries Co-operative Association Mutual Aid Society. It undertakes the business of receiving premiums from its members and paying mutual aid money to them on the occurrence of certain incidents which are to be defined in the articles of incorporation.

5. GENERAL OBSERVATIONS

Immediately after the war, owing to the war destruction of almost all fishing equipment and facilities such as fishing craft, fishing ports and refrigerators as well as the loss of deep-sea fishing grounds, Japanese fisheries were limited to coastal fisheries of small scale. At the same time, the loss of overseas territories and the stoppage of importation brought about an acute shortage of provisions, especially of protein nutrients. Under these circumstances, the Government undertook to establish a new fundamental system relative to fisheries production to reconstruct speedily the destroyed fishing facilities for the purpose of promoting and ensuring the optimum sustained productivity and to secure the democratization of fishing communities through the function of fisheries adjustment organizations whose principal constituents are fisheries operators and employees. These objectives were embodied in the new Fisheries Law of 1949.

Under this new law, the conventional fisheries system in the coastal waters underwent a radical reform and the co-operative activities of small fishermen brought forth more effective and larger scale enterprises. But there was only a limited number of coastal fishermen who could push into offshore fisheries by themselves, and the total coastal landings through their labours could hardly relieve the shortage of food in the country at that time.

The gradual removal of restrictions by the Occupation Forces on the offshore and deep-sea fishing areas and the increased demand of fisheries products at home and abroad, together with the financial aid from governmental funds, accelerated the construction of fishing craft in offshore and deep-sea waters, which has developed the present status of the fishing fleet higher than the prewar level. It is a matter of course that such development has a historic background of continued scientific studies of the fishing industry and techniques made for a long time from prewar days.

As for coastal fisheries, however, even though much improvement has been made in various aspects under the new system, since they originally developed out of fisheries operated in community fishing grounds along the coast mainly by the family labour which was also used in farming, it was not so easy for the fisheries of this type to make a free development as in the case of offshore and high sea fisheries. It may be admitted that a great many conventional fishing boats have been rapidly mechanized

and powered, and that highly improved fish-culture techniques have been widely introduced among fishermen. But the productivity of coastal fisheries as a whole is still low, and the fishermen are suffering from the lack of stability in production and incomes. Furthermore, the market of their catches is being encroached on by offshore and deep-sea fisheries operators. These factors are bringing about a growing tendency to their dependence on incomes from farming and other side jobs as well as on wage incomes.

The main objectives of fishermen's co-operatives in Japan, therefore, are to ensure, through their close co-operation, the competitive position of coastal fishermen in the market of catches with offshore and deep-sea fisheries operators, to make it feasible to secure necessary material and funds under reasonable terms and to exploit fisheries resources most wisely through orderly fishing so as to maintain the greatest harvest year after year.

Most of the fishermen's co-operatives in Japan are organized on regional basis, and include not only the independent, working fishermen but also fishery-entrepreneurs as well as fishery-employees. As a result, the distribution of shares is very unequal. 74 per cent of fishermen-members and 86 per cent of labourers-members own less than ten shares, while most of the entrepreneurs-members hold more than ten shares and 23 per cent of them hold more than fifty shares. (The term 'entrepreneurs-members' means a fishing unit comprising more than five persons, whereas a 'Fishermen-member' is a fishing unit of five or less persons who usually belong to the same family). Although theoretically the inequality of share holdings should not prejudice the democratic management of the co-operatives, where every member has one vote, in practice it tends to produce various internal frictions. Moreover, it is said that because of these structural defects some co-operatives are aiming at the profit maximization rather than at the maximization of the welfare of the fishermen. Many co-operatives, in fact, are practically dominated by big shipowners or entrepreneurs who are exploiting their advantageous position. Sometimes, the frictions manifest themselves externally because small co-operatives organized on a regional basis may compete with each other and the competition often takes the form of personal rivalry between the leaders of the societies. Some democratization through homogenization, and some unification of too small societies is therefore regarded as desirable.

There is an opinion in Japan that if the co-operatives were organized on the fishery-type basis they would be more homogeneous, more coherent and more 'democratic'. On the other hand, such solution might lead to an unnecessary multiplication of small and thus weak societies. In order to avoid this undesirable effect, special measures would be necessary to encourage the formation of and give guidance to larger but homogeneous societies so that they avoid the internal frictions between conflicting interests of member groups as well as the external frictions, by incorporating small competing societies in a wider organization.

CHAPTER II

KOREA*

I. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

NO fishery co-operatives in the full meaning of the term exist in Korea but there are fishermen's associations taking chiefly the form of regional guilds which operate in coastal villages, towns, cities or counties all over the country. There are also some special fishermen's associations, such as trawling or purse-seining societies which group persons engaged in a particular type of fishing operations.

The guilds are federated on a regional basis through the Provincial Fisheries Federations and on a country basis through the National Fisheries Federation. The first provincial federation was established in 1931 and by 1956 there were eight of them in South Korea. With the rapid progress of the fisheries industry in Korea before the Pacific War, when the annual output reached 2.1 million tons, the Chosum Central Fisheries Association was established in 1937 in recognition of the necessity for nation-wide control of the various fisheries interests. After the liberation of Korea from Japanese domination, this central organization was re-constituted and in 1953 its name was changed to Dae Han Central Fisheries Association (National Fisheries Federation).

2. GOVERNMENT POLICY AND ADMINISTRATION

In a similar way as in Japan, until the early part of the 20th century, all fishery and seaweeds rights on the coasts of Korea belonged to the feudal nobility or the plutocracy and high rates were charged for the exploitation of the resources subject to these rights.

In 1912 the Fisheries Law and Regulations establishing fisheries guilds were promulgated in response to a growing recognition that fishery resources of the country should be exploited to the benefit of the whole community and not only of a privileged class. The guilds were granted the fishery rights and were encouraged to instal and manage various fishing facilities for the common use.

The 1912 Law was abolished by the Japanese Government and replaced in 1930 by a new legislation known as the Chosen Fisheries Guild Law and Regulations, subsequently revised in 1933 and 1940. This legislation defined the scope of the business activities of the guilds and established the posts of guild managers appointed by the Government.

When the country was liberated in 1945, the postwar shortage of materials and capital prevented the guilds from carrying out most of their activities for a long time, especially since the Korean War further deteriorated the economic position of the country. To improve the situation, the

* The present chapter covers recent developments in southern Korea, or the area under the jurisdiction of the Government of the Republic of Korea.

Office of Marine Affairs was established in 1956 and, among other functions, it was entrusted with the task of reorganizing and consolidating the fisheries guilds. The National Fisheries Federation takes care of the educational side of the fisheries guilds movement in Korea.

3. ORGANIZATION OF FISHERY GUILDS

All persons or enterprises engaged in fishing within the boundaries of the guild have to become its members. Guild members engaged in a given form of fishing operations may also join a special association, such as trawling or purse-seining fishermen's societies.

Each guild must hold an annual general meeting of all its members but in some guilds with large membership a system is used which permits only selected representatives to hold the annual business meeting. At the annual meeting the board of directors is elected to run the guild. Two-thirds of the directors are elected by the members and one third is appointed by the Regional Director of the Office of Marine Affairs. Each guild has normally a chairman of the board of directors and a business manager who are appointed by the Regional Director of the Office of Marine Affairs to attend to the routine business of the guild. In small guilds these two offices are often combined.

The main sources of income of the guilds are the rents from the leased fishing rights, the commission on sales and purchases, and the interest on loans.

The provincial fisheries federations are organized for the purpose of developing the fishermen's guilds by providing general guidance and by co-ordinating the activities of the guilds in the field of marketing, supply of fishing requisites and credit.

The National Fisheries Federation assists the provincial federations, co-ordinates their activities and looks after the business relations with foreign countries. Its initial official membership consisted of 200 persons appointed by the provincial federations and the guilds. In 1953 this membership was reduced to 177.

4. BUSINESS ACTIVITIES OF FISHERY GUILDS

The primary function of fishery guilds in Korea consists in the acquisition of fishing rights which are then leased or rented to the members of the guild. The guilds may also establish various facilities for the common use by the members, such as markets, warehouses, ice-plants, landing piers, etc., and carry out consignment sales of fishery products, purchase supplies for the members and provide credit for them. At present, the acceptance of deposits and savings and the provision of credit facilities are seldom undertaken by the guilds.

The provincial fisheries federations aim, in general, at the improvement of the welfare of the fishermen by co-ordinating and simplifying the administration of loans from the National Bank, the consignment sale of fish and fishery products, joint purchase of fishing requisites, acceptance of

deposits, etc. While the federations were successfully run under the controlled system imposed by the Japanese Government, the liberal economic policy initiated in independent Korea in 1945 has put them in a difficult position, so that five of the eight provincial federations have recorded a deficit. Some means of improving the administration of the federation are therefore urgently needed.

The National Fisheries Federation is engaged in the following activities:

- (a) Research and investigations for the fisheries guilds.
- (b) Propagation of the guilds movement.
- (c) Publications and distribution of organizational notes.
- (d) Lectures on the organization of the guilds.
- (e) Payment of retirement pensions to the official members of the Federation.
- (f) Subsidies in the case of loss of buildings and products.
- (g) Assisting the consignment sale of products and the joint purchase of fishery requisites.
- (h) Other aid to member societies in conformity with the objectives of the organization.

In the postwar economic conditions the National Federation was forced to discontinue much of its activities. At present, therefore, it mainly handles fishing boat relief and insurance, and joint purchase of fishing requisites. The Federation expects, however, that in the near future it will be able to resume and expand many of its activities.

5. GENERAL OBSERVATIONS

Since the liberation of Korea from Japanese domination, the output of fish has greatly declined due to political instability, exhaustion of the off-shore fishery resources by the excessive rate of exploitation, lack of funds, materials, technicians, boats and inadequate maintenance of fishing ports. The Korean War further devastated most of the fishery installations so that whereas in 1937 the landings of marine fish in South Korea amounted to about 850,000 tons, in 1950 this output fell to 216,000 tons. Due to the political division of the country and to the loss of the marketing outlets on the mainland of China, various difficulties have to be faced in order to sustain the price of fish. In order to deal with all these problems the Office of Marine Affairs has prepared a programme of action which, among various technical and financial measures, envisages greater role to be played by an adequate control of fishing communities through the guilds.

By now, some improvement has already taken place. In 1955 the volume of fish landings in South Korea was 260,000 tons. Nevertheless, full recovery of the Korean fisheries is a most urgent economic problem. It is hoped that the recent re-organization of the fisheries guild movement will provide a substantial contribution to this recovery.

CHAPTER 12

MALAYA, FEDERATION OF

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

IN September 1957 there were 53 Fishermen's Co-operative Credit and Marketing Societies in Malaya. Their entire membership amounted to 3,298 persons, i.e. approximately six per cent of the estimated total number of 50,000 fishermen in the country. The figure of 53 co-operatives included 12 on the west coast and 41 on the east coast of Malaya. Among the latter 21 societies were still in the process of registration. The statistical picture of the situation was thus very fluid.

The share capital of all the fishery co-operatives in September 1957 was reported to be about M\$46,000 (M\$3.06 = US\$1). As most of the societies on the east coast were formed in 1956-57, none of them possessed any reserve funds yet and only one had a small amount (M\$53) of members' savings. Among the co-operatives on the west coast, only three had small reserve funds between M\$200 and 300, and one a larger reserve of M\$ 1,716. Again, only four societies on the west coast reported some small sums deposited by the members.

The movement to promote fishermen's co-operative societies is now concentrated on the 250 miles long east coast of Malaya. Primary societies are being set up at the fishing villages and the East Coast Fishermen's Co-operative Transport and Marketing Union has been established to act as the federal organization. There are prospects that the movement will gather momentum and that in due time a similar development will take place on the west coast.

2. GOVERNMENT POLICY AND ADMINISTRATION

Most of the fishermen in Malaya live in great poverty with almost nothing that they can call their own, operating various types of traditional gear which, although skilfully handled, is very inefficient. As their improvidence is almost proverbial, lack of capital has prevented them from improving their equipment. In spite of several attempts made in the past to stimulate their interest in co-operation and in the practice of thrift, self-help and mutual aid, their careless attitude has been a stumbling block in the path of the movement. Moreover, the dependence on the middlemen in the supply of gear, necessities of life, and in the marketing of catches rendered the fishermen incapable of organizing the co-operatives without aid from the Government. As a result, prior to 1956 only 16 fishermen's co-operative societies were in existence in the whole of Malaya, chiefly among the more enlightened fishing communities.

Up to late 1956 the Government did not feel justified in considering the fishermen's problems separately from those of the rest of the rural population. Fishermen of better standing were often able to obtain loans from the Rural and Industrial Development Authority (R.I.D.A.), and acquired

improved gear which was for hire only at high rates to the poorer fishermen; this only increased the inequalities in wealth and income distribution. The few existing co-operatives were also given some loans, but the R.I.D.A. was, on the whole, reluctant to finance them in a more generous way. The formalities connected with obtaining the loans deterred the fishermen from joining the co-operatives. In spite of this, some societies with good and sincere leadership were quite successful at least in providing their members with off-season credit and in securing for them more steady standard of living. Several co-operatives, however, failed after one or two years of existence.

In early 1955, with the assistance of MS200,000 provided by the Colonial Welfare and Development Fund, the Government set up a pilot fish-marketing scheme in Kelantan in order to ensure better prices for both the fishermen and the consumers and to supply off-season credit to the fishermen. A depot was established at the coastal fishing village of Bachok, equipped with an ice store, fresh fish store, sorting shed, dried fish store, pumped water supply, two fish carrying boats, 12 cwt van and one light-weight lorry. The depot has been catering for 60 to 100 fishermen by buying from them their daily catches either for dispatch to the market or for curing. Much valuable experience has been gained and the Kelantan scheme has become a model for new projects.

In September 1955 a governmental committee was appointed to examine fully all the problems of the fishing industry in Malaya and to recommend measures which would lead to the improvement of the economic conditions of the fishermen. A year later, in September 1956, the Legislative Council approved the recommendation of the Committee to set up a revolving fund of MS3 million for loans to fishermen through their co-operative societies, and to give priority to the east coast of Malaya. This plan is now being implemented.

Government loans are distributed by the Rural Co-operative Apex Bank for three years with the rate of interest of seven per cent p.a. The societies, in turn, charge the fishermen one per cent. per month on outstanding balances. The maximum amount of loans has been fixed at ten times the share capital of the society, and they are granted only for the purchase of capital equipment. The principle has also been accepted that if the loan is repaid punctually, one third of it will be refunded to the society to increase its capital.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Membership of the co-operative societies is confined to the fishermen residing in a given village. The Co-operative Department of the Government is entrusted with the task of developing the movement and administering the Co-operative Societies Ordinance. A new cadre of co-operative inspectors is now being recruited for the work among the fishermen. Discussion groups are being held in order to make the fishermen familiar with the principles and advantages of co-operation and to help them in

organizing the societies. As a result, in 1957, 37 new Fishermen's Co-operative Credit and Marketing Societies were either already established or in the process of registration.

All the societies are organized on strictly co-operative principles. Liability of the members is limited.

All the primary societies on the east coast of Malaya belong to the East Coast Fishermen's Co-operative Transport and Marketing Union which was registered in July 1957. Every member-society must hold at least one full share of MS100 each and pay an entrance fee of MS10. The societies are grouped in 12 centres. Each centre is planned to have a common collecting depot, managed by the Union, to serve the societies by assembling and storage of fish for ultimate collection by the Union.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The Fishermen's Co-operative Credit and Marketing Societies in Malaya are chiefly concerned with the collection and grading of members' catches, assembling them at the nearest collecting depot and disposing of them locally. They are also channelling the loans distributed by the Rural Co-operative Apex Bank mainly through the East Coast Fishermen's Transport and Marketing Union. The primary object of the loans is to facilitate the hire-purchase of boats. The societies are collecting loan-repayment from members for transfer to the Bank through the Union.

Up to now, the most successful co-operative society on the west coast of Malaya has been the Kampong Panchor Fishermen's Co-operative Credit and Marketing Society in Perak. Its present membership is 255 and the share capital in 1957 amounted to MS6,207. The Rural and Industrial Development Authority granted it a loan of MS10,000 to open up and cultivate cockles and to market their produce. This loan was repaid within a year and the society is now supplying the neighbouring towns with about 900 tons of cockles, worth approximately MS55,000, a year. By 1957 the society's assets increased to MS25,000, of which 43 per cent was kept in cash.

Other societies on the west coast were less successful and on the east coast, until 1956, practically none existed, the co-operative at Beserah (Pahang) being the only notable example. This society was registered in 1949 with an initial membership of 20, each of whom subscribed a share of MS50 payable over a period of five years. Membership of the society kept on growing up to 73 in 1956 and its scale of operations expanded, although until August 1953 the share subscription was the society's sole source of finance. The society now undertakes the marketing of members' catches, provision of credit facilities, purchase of occupational requisites (including boats, tackle and some material for house repairs) and the acceptance of members' deposits. At the outset, however, it was mainly concerned with the marketing of members' fish in order to secure better prices for them.

Under the by-laws of the society, members are obliged to sell all their catches through the co-operative. It has two stalls in Kuantan market, where the fish is sold either wholesale or retail at a small commission. By

selling through the society, its members have consistently obtained better prices for their fish, sometimes as much as M\$20 per picul higher than the prices paid by the merchants to unorganized fishermen. Success in the marketing activity helped to create confidence in the society, both among its members and the Government. As a result, in September 1953 the society was given by the R.I.D.A. a loan of M\$15,000 at four per cent interest p.a., which enabled it to provide credit to members and to purchase five boats, three nets and other fishing equipment, two curing sheds, a motor van, a bull and a cart. In view of the members' protests against the payment of interest on the society's loans, a saving scheme, known as *Petarahian Kas*, was introduced in 1953. Under this scheme, 10 per cent of the revenue on each fishing day has to be deposited by each member and this deposit is later used to supplement interest payments to R.I.D.A. In July 1955, to encourage thriftiness, the society introduced another saving scheme, called *Petarahian Biasa*, under which each fisherman is required again to save and deposit with the society 10 cents of his daily income.

The Beserah Society is regarded as a model for similar co-operatives on the east coast of Malaya. The most important factor which has contributed to its success has been the spirit of self-help and loyalty manifested by its members. In other co-operatives, the members lack this sense of loyalty and are simply concerned with obtaining the highest price. Often, even if the society has entered into a contract to sell a certain amount of fish at a quoted price, the members will not adhere to the agreement but sell to other local dealers offering better prices. The outcome of such behaviour is often disastrous, for not only does the co-operative movement get a bad reputation, but also heavy losses are incurred for broken contracts.

Recently, a pilot scheme has been prepared with the aim of further expanding the activities of the Beserah Society. It is planned that fish from Beserah should be marketed by the society in the inland towns of Pahang which can absorb more supplies of fresh sea fish in addition to what they receive through Kuala Lumpur dealers.

It is, of course, essential that fish offered for sale either for local consumption or for export should be up to the standards required by the markets. Under present conditions of buying, packing and transportation, it is very difficult to achieve this aim. Co-operative marketing societies obtain fish from a great number of sources, none of which have standardized methods of preparation so that the produce is often of mixed quality and it is impossible to sell it at top market prices. It is hoped that the newly formed Co-operative Transport and Marketing Union will tackle this problem, if the Government assists wholeheartedly in a campaign to increase efficiency and improve the methods of landing, discharge, transport, storage, display and auctioning of catches.

The objects of the East Coast Fishermen's Co-operative Transport and Marketing Union are:

- (a) To market members' fish and other produce and to obtain fishing, agricultural and other necessities for them.

- (b) To procure such funds as are considered necessary for the conduct of its business.
- (c) To provide such financial or other assistance by way of loans or otherwise as is necessary for the promotion of the interests of its members.
- (d) To establish and maintain a motor transport service to facilitate its business.
- (e) To do such other things as are incidental or conducive to the attainment of the above objects.

The Union is now establishing fish collecting depots in various fishing centres and hopes to increase their number with the material and financial assistance from the Government within the Colombo Plan aid. The depots consist of a cold (refrigerator) room, an office for the co-operative inspector and an office for the fishermen's co-operative credit and marketing societies. The inspector, in addition to his duties of supervising the primary societies, has also to help in the running of the depot and in the maintenance of accurate records.

The Union does not buy the produce of its members outright but accepts the catches for marketing on a commission basis. It makes full payment to the members only after the ultimate disposal of the produce has been effected and the price obtained finally known. The marketing of fish is now being further investigated, in order to determine the necessity of introducing legislation to regulate and control the wholesale and retail trade in fish.

The Union also delivers fishing and agricultural requisites and other necessities for its members on a commission basis. The establishment of the Union has already proved beneficial to the existing co-operatives in Trengganu where the Union has supplied new engines and spare parts at low prices to the member fishermen.

An insurance scheme for personal accidents is also under examination. It may take the form of either a group life or accidents scheme undertaken by the Malayan Co-operative Insurance Society, or an accident fund with the aid of capital accumulated by the Union itself and underwritten by a reputable insurance company. At present, apart from private insurance firms, the only form of insurance is provided by five Fishermen's Death Benefit Societies which are active in the Kedah State on the west coast of Malaya.

5. GENERAL OBSERVATIONS

The co-operative movement in Malaya began with the chief object of attacking the fishermen's indebtedness. But indebtedness is only a part of the problem that has to be dealt with, i.e. eliminating the possibilities of exploitation of the fishermen by the middlemen. In order to achieve this aim, it is felt that co-operative marketing and co-operative purchases should be promoted. Up to now, the co-operative fish marketing in Malaya

has been still in its experimental stage. The distribution and marketing of fish is monopolized by rings of middlemen who combine to maintain prices at high levels. With the exception of some producing areas where the fishermen sell the catches directly to consumers, the bulk of the supplies passes through several hands before it reaches the consumers. The role of the co-operatives in this field had been, on the whole, negligible. Efforts are now being made to change this situation.

As far as indebtedness is concerned, the present Government aid scheme for the fishermen is a great step forward but its weakness consists in the lack of provision of funds for small credit, to help the fishermen during the off-season, and in the absence of advances against the catches marketed through the co-operative societies. It is thought in Malaya that these two measures are essential requirements and that means should be found to provide for them. It is likely that eventually the co-operatives will take care of these requirements themselves, when their working capital is built up, but this may take considerable time and at present the performance of these functions by the co-operatives is not possible.

In the fishing villages where co-operative marketing societies have been formed or are contemplated, attempts are being made to establish direct links with retailers and consumers. It is felt that it is of little use to form a marketing society which has no outlet for the sale of its fish and hence cannot compete with private wholesalers. It should be realized, however, that the organization of retail supplies for widely scattered rural populations is very difficult. Sometimes, in a poor farming population, such a perishable product as fish cannot be marketed economically at all, and especially as fish manure is seldom used in the paddy growing areas of Malaya. The co-operative societies, therefore, are encouraged to establish their own retail stores with refrigerating equipment in towns and, if communications permit, these shops should also supply fish to the neighbouring farming villages.

Although the Government's attention is now concentrated on the east coast of Malaya, the success there may subsequently speed up the spread of the co-operative movement on the west coast. The proof of this thesis can already be seen in the progress made by the Hengwa (Chinese) Fishermen's Co-operative Credit and Marketing Society at Malacca. Since its formation in 1956, this society has obtained, with the assistance of the fisheries and co-operative officers, preferential rates for the supply of fuel and engines, and managed to secure for their members cheaper sources of supply of various fishing requisites. As a result, the economic position of the members of this society has substantially improved.

On the whole, the west-coast fishermen are better off than the fishermen on the east coast. They own a greater proportion of their equipment and their activities are not confined only to one season. It is likely, therefore, that the co-operative movement on the west coast will have good prospects of success. The Government, however, will have to provide sufficient inspection-staff and the volume of co-operative business planned should

not be greater than that allowed by the co-operative managerial abilities. The co-operative managers will have to be trained in the Co-operative College which, so far, has been little concerned with the fishermen's societies. It is contemplated that following the east coast example, a provincial credit and marketing union on the west coast will also be established.

Pending the development of full co-operative organization in the whole country, plans are being considered for the establishment of fishermen's committees in all fishing villages, with members representing the fishermen, the middlemen and the Government departments concerned. One experimental committee has already been set up at Kuala Kedah and it is hoped that other villages will soon follow this example.

CHAPTER 13 NORTH BORNEO

NO fishery co-operatives are yet in existence in the British Colony of North Borneo.

However, a Co-operative Branch has recently been established within the Department of Agriculture of the Colony's Government and an administrative officer has been seconded as Co-operative Officer. So far, the co-operative officer's activities have been confined to recruiting staff, drafting legislation and travelling in the countries of the region to observe the development of the co-operative movement there. The encouragement of fisheries co-operatives is included within his programme of future work.

CHAPTER 14 PAKISTAN

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

THE development of marine fisheries in Pakistan is the responsibility of the Central Government, whereas the Provincial Governments take care of the inland fisheries. According to the information provided by the Central Fisheries Department, in June 1958 there were only four co-operative societies operating among the marine fishermen in the whole of Pakistan. Their aggregate membership amounted to 1,700 persons, i.e. about 0.5 per cent of the estimated total of 314,000 marine fishermen in the country among the sea-fishing population of some 926,000.

During the Second World War a large number of fishermen's co-operative societies was organized in various parts of the country for the distribution of rationed commodities to fishermen and thus to make fish available

to the community, at low prices, through the Civil Supplies Department. In some cases these societies also exported cured fish. Most of these co-operative activities came to an end after the war, although many societies have continued to exist on paper for a long time.

At present, only two marine fishery co-operatives are functioning in West Pakistan and two in East Pakistan and they are chiefly concerned with the procurement and distribution of fishing requisites to members. The share capital of the two societies in West Pakistan in 1958 amounted to Rs. 144,000. No information was available in this respect as far as the co-operatives in East Pakistan are concerned but their assets were said to be negligible. The volume of business of all the four societies was very small in comparison with the total fish trade in the country.

The co-operative movement among the fishermen in Pakistan is thus very limited, which is mainly due to widespread illiteracy and the lack of trained co-operative organizers. The fishermen are still highly dependent on the middlemen who supply them with yarn for nets, ropes, etc. as well as various necessities of life. It is hoped, however, that with Government's encouragement and the gradual raising of the level of education in the country, the co-operative movement will eventually expand.

2. GOVERNMENT POLICY AND ADMINISTRATION

Fishery co-operatives in Pakistan are supervised and assisted by the Central Government through the Registrar of Co-operative Societies, the Ministry of Food and Agriculture and the Central Fisheries Department which is located in Karachi and has a branch office at Chittagong in East Pakistan. The Department maintains a socio-economic section which is immediately concerned, among other things, with the promotion of the co-operative movement among the fishermen in the country.

There are no special laws applicable to fishery co-operatives, and all of them have been formed and registered under the Bombay Co-operative Societies Act of 1925 which was adopted by Pakistan, with the exception of one society, known as the Karachi Fishing Boat Owners' Association, which has been organized under the Indian Companies Act of 1913 as applicable to Pakistan.

The societies do not receive any preferential fiscal treatment and no financial aid in cash is given to them. They are, however, helped by the liberal issue of import licences for the procurement of various fishing requisites on which they are allowed a small profit margin to cover their administrative expenses. As a rule, these import licences are not issued to private traders and commercial importers. Some societies obtain occupational requisites, such as nylon twine, marine diesel engines, etc. as Government aid repayable by instalments. In such cases officers from the Registry of Co-operative Societies, the Central Fisheries Department and the Ministry of Food and Agriculture are nominated as members of the board of directors in order to safeguard Government's interests.

There are no facilities for co-operative education available to the fishermen in Pakistan but steps are being taken by the Government to fill in this gap.

At the moment, the efforts of the Central Fisheries Department are concentrated chiefly on four major projects, viz. the Karachi fish harbour, the Mekran coast fisheries development scheme, the wholesale market at Chittagong, and the retail sale of fresh fish in Karachi.

The ambitious modern harbour in Karachi, costing US\$3 million, was expected to be completed by the end of 1958. The harbour will have a wharf for 400 fishing boats, net drying and mending sheds, boat repairing workshop, oil pier, a modern wholesale fish market, a 200 tons cold store, ice-making plant, curing yards, privately-owned fish canning and freezing establishments, Fisheries Research Institute and residential accommodation for visiting scientists, fishermen's coffee-house and recreation rooms, and an air-conditioned restaurant to popularize sea-food. The Karachi Fishermen's Co-operative Purchases and Sale Society will have a special building in the harbour.

The Mekran coast in West Pakistan borders on Iran. The coast is barren with practically no rainfall but it is very rich in fisheries resources. Due to the lack of communications, fresh fish from Mekran coast never reaches the Karachi consuming centre and all the fish caught is cured and then exported chiefly to Ceylon. The Government development scheme aims at the provision of drinking water to the main fishing town on the coast, Pasni, by constructing a 13 mile-long pipe-line. The plan also includes the installation of a cold store and ice-making plants, the construction of a modern curing yard, as well as the provision of a fast-speed carrier-vessel to transport the fish to Karachi.

The marketing and preservation of fish at Chittagong in East Pakistan will be improved by the proposed construction of a new landing jetty, a wholesale market, a 100 tons cold store and a flake-ice plant. A 20 tons fish carrier-vessel has also been provided under this scheme.

In order to improve the retail sale of fish in Karachi, the Government constructed 16 fish-stalls equipped with refrigerated display cabinets in different parts of the city. The stalls are supplied, at cheap rates, with the fish catches brought by the Government exploratory vessels. Two 10 tons cold stores have also been provided under the scheme in order to keep a regular supply of fish to these stalls. The stalls are run by private individuals but the Government is encouraging them to organize themselves into a retailers' co-operative society.

It appears that the completion of these various projects may have great influence on the development of co-operative movement among the marine fishermen in Pakistan.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

The membership in fishery co-operatives in Pakistan is confined to *bona fide* fishermen. In the marine societies they have to be the owners of fishing

boats registered in their names. The societies are controlled by the Board of directors presided over by a chairman elected by the members. They are financed by the share capital subscribed by the members whose liability is limited. Dividends are declared every year after the normal provision for reserve funds from the profit.

All the societies are organized on strictly co-operative principles but, as mentioned before, Government officers sit on the board of directors of the societies which receive Government aid in kind.

No federal organization of fishery co-operatives is yet in existence.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

Business activities of fishery co-operatives in Pakistan are restricted mainly to the procurement and supply of fishing requirements to their members. However, one co-operative in West Pakistan and one in East Pakistan have taken up collective fishing with Government trawlers, as well as transport and marketing of the catches.

The Karachi Fishermen's Co-operative Purchases and Sale Society Ltd., with 760 members, has been the most successful co-operative in Pakistan. It was formed in 1942 in order to enable the fishermen to obtain the rations of wheat, sugar, oil and cloth distributed by the Government during the war through co-operative channels. When the war was over, the Society began to decline in the same way as many others. In 1948-49 its management was taken over by the Registrar of Co-operative Societies but it remained stagnant until 1955 when the Government began to take an active interest in its affairs. Nylon twine for making nets worth US\$150,000 was placed at the disposal of the society for distribution to its members on easy payment by instalments. The society was allowed 2½ per cent profit margin for handling the twine and for collecting the instalment payments. In two years' time all the money due was repaid by the fishermen.

In 1957 the general meeting of the co-operative was held at which five directors were elected from the fishermen's community. The Government, however, still nominated seven directors, five of them being its officers. The chairman was then elected by the board of directors. The Government again made available to the society US\$500,000 worth of nylon twine and allowed it to charge a 14 per cent profit margin. Other occupational requisites, such as coir ropes, marine diesel engines, hooks, etc. were also provided to the society by the Government at cost price.

An allocation committee consisting of three persons, including the Director of the Fisheries Department, verifies the needs of the members of the society and recommends to its chairman the quota to be allocated. The recipient has to make an initial cash payment which depends, in a progressive manner, on the amount of commodities received and the balance has to be repaid over a period of two years. The first instalment has to be paid three months after the receipt of goods.

Thanks to the Government supervision the affairs of the society are now well managed and in 1957 it was able to realise a profit amounting to Rs.

78,000. The profits are planned to be utilized for the increase of the welfare of the fishermen. In conformity with this principle, the society redeemed in 1957 a debt of Rs. 3,500 of a member who died on a sunk boat, and granted to a fisherman-boy a ten years' educational scholarship until his matriculation.

The Government is arranging for the society, under the U.S.A. aid, an interest-free loan of US\$1 million for the period of 25 years. The loan would be used for the construction of 100 mechanized fishing boats to be given, one each, to groups of 15 fishermen. The groups will be required to pay back to the society the cost price of the boat in ten years' time by instalments realized by the sale of the catches through the society.

5. GENERAL OBSERVATIONS

Poverty, ignorance and lack of education are the greatest handicaps in the development of co-operative movement among the fishermen in Pakistan. It is realized that these difficulties cannot be overcome without a very substantial effort on the part of the Government, which should involve great financial outlay to raise the general level of education and to provide co-operative training facilities. All this may take considerable time and no speedy results can be expected.

In the meantime, an opinion is growing in Pakistan that the co-operative activities should be expanded to include not only the procurement and distribution of fishing requisites but also the arrangements for direct lease of fisheries, marketing of catches, maintenance of curing yards, food-and-grain depots, ice depots, cold storages and well as the export of fresh and cured fish and fishery products. It will not be possible to extend all these activities everywhere at once but substantial results could be achieved if the work were concentrated on a few selected places. Karachi is regarded as a suitable area for such an experimental expansion.

CHAPTER 15

PHILIPPINES

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

ON 30th June, 1957 there were six co-operative organizations acting among the fishermen in the Philippines. Two of them were formed exclusively by the fishermen and the remaining four were farmers' societies with fishermen's departments. In accordance with the existing legislation, all of them were officially called Farmers' Co-operative Marketing Associations (FaCoMas). The total number of fishermen-members of all these six co-operatives consisted of 227 fishing-boat owners employing about 2,000 persons, which represented 0.3 per cent of the entire number of fishing-boat owners (75,000) and approximately 0.6 per cent of all the

340,000 fishermen engaged in the industry. (The last figure does not include about 100,000 pond-fish raisers and 100,000 persons employed in fish processing).

The co-operative movement among the fishermen in the Philippines is comparatively new as it began in 1955. So far, it has been confined to the principal fishing centres of the country: Camarines Sur, Coron, Balatan, Palawan, Navotas and Rizal, and by June 1957 only two of these six co-operatives were able to commence the marketing of fish and credit activities. The volume of trade undertaken by them (Pesos 150,000 in 1956-7) formed approximately 30 per cent of the total value of fish sold in their operational areas and about 0.05 per cent of the whole fishery business in the Philippines, which in 1956 was estimated at Pesos 350 million. (Pesos 1 = US\$0.50).

The total value of capital assets of the two operating societies amounted to Pesos 100,000, which included the equipment producing fish meal, warehouses and means of transport, and formed approximately 10 per cent of the entire value of fishery capital assets in the areas concerned.

The movement seems to have good prospects for future growth as the co-operatives are quickly gaining ground. For 1957-58 the organization of seven to ten new fishermen's co-operatives was planned in the so-called first priority fishing centres to be followed later by similar associations in the second priority centres. In all the organizational matters, the model of farmers' co-operative marketing societies introduced in 1952 is used.

2. GOVERNMENT POLICY AND ADMINISTRATION

The co-operative movement in the Philippines began some thirty years ago but it was only from 1952 onwards that it gained a concrete foothold, when the Government decided on direct financing of the co-operative societies. The encouragement of co-operation among the small farmers and fishermen is now a firm aim of the Government. This policy is implemented by the Agricultural Credit and Co-operative Financing Administration (A.C.C.F.A.) which was created in 1952 to take charge of all governmental activities relating to the promotion, organization, financing and supervision of co-operative associations in rural areas, including education in the principles and practices of co-operative production, marketing and credit. The A.C.C.F.A. is equipped with the sum of Pesos 100 million which constitutes its revolving fund for the provision of credit to farmers and fishermen.

The Philippines Republic Act No. 821 of 14th August, 1952, amended by the Republic Acts No. 1285 and 2049, and the Commonwealth Act No. 3425, form the legal basis for the formation and financing of agricultural and fishery co-operatives. Under the general co-operative law, they are exempted from the merchant sales tax, income tax and all other percentage taxes. In addition to financial assistance provided by the A.C.C.F.A., the

societies are given aid in kind in the form of processing equipment, fishing boats, engines, nets, etc. by the International Co-operation Administration (I.C.A.) as well as by the Japanese reparations fund. The initial technical and financial assistance in the establishment of pilot processing and storage projects is provided wholly at the Government's expense and later on, when found commercially feasible, these installations are handed over as loans to the fishermen's co-operatives.

Government's participation in the management of the societies is confined only to supervision of their activities. This is done by the A.C.C.F.A. which also maintains a staff concerned with the co-operative education of the members of the associations as well as their officers through a system of in-service training at various management levels in different localities.

Apart from the A.C.C.F.A., other institutions concerned with the promotion and development of fishermen's co-operatives in the Philippines are the Bureau of Fisheries and the Bureau of Agricultural Extension of the Department of Agriculture and National Resources, the Co-operative Administration Office and the Presidential Assistant for Community Development.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

According to the rules established by the A.C.C.F.A., the following persons are qualified for membership in fishery co-operatives provided that they are also qualified to engage in commercial fishing in the Philippine waters under the existing fishery laws:

- (a) Operators of fishing vessels of not more than 35 gross tons used as primary or secondary gear, residing or having their agents in the municipality where their base of operations is located, and employing the fishing crew under written profit-sharing agreement enforceable for at least one year; provided that such operators or their agents, who shall be under written contract, have had at least one year's experience in commercial fishing operations.
- (b) Individuals who work as members of a fishing crew under profit-sharing agreement in connection with the operation of a fishing vessel of any tonnage used as primary or secondary gear, and residing in the municipality where the base of their fishing operations is located; provided that such individuals have had at least one year's experience in commercial fishing operations.
- (c) Individuals who graduated from a recognized school of fisheries, local or foreign, with at least two years of college training and a minimum of six months' practice in the fishery industry duly certified by a government or a government-recognized fisheries training institute or school of fisheries, and who are engaged either as operators of a fishing vessel or as members of a fishing crew under profit-sharing agreement.

In order to join a society, persons qualified for membership in conformity with the above rules have to complete a membership application form, buy at least one share of the capital and conclude a marketing contract with the association.

Fishery co-operatives may be organized either as a fishermen's department in a co-operative association composed of farmers and fishermen (as e.g. in Balatan) or as a specialized co-operative marketing association composed entirely of fishermen (as e.g. in Navotas). The form to be chosen depends on the relative importance of the fishing industry as compared to farming in a given municipality. As a rule, each co-operative should have an authorized capital of not less than Pesos 50,000, at least 20 per cent of which should be subscribed. Furthermore, at least 20 per cent of the subscribed capital should be paid up by the members.

The minimum of 25 qualified fishermen, with a paid-up capital of not less than Pesos 2,000, is necessary to form a fishermen's department in a farmers' co-operative marketing association, but the number of farmer-members to form the fishermen's department cannot be less than 200 with the paid-up capital of not less than Pesos 2,000. For the specialized societies, with only fishermen as members, at least 50 qualified fishermen are required and the minimum paid-up share capital is Pesos 5,000.

The A.C.C.F.A. or any interested group of fishermen may initiate the organization of a fishermen's co-operative in their municipality. Before the society is formed, a survey has to be carried out in order to determine the advisability of organizing a co-operative association. Upon receipt from the A.C.C.F.A. of the authorization to proceed with the organization, an educational campaign is conducted to familiarize the prospective members with the co-operative practices and principles and with the rights and obligations of the members. As the next step, membership pledges must be secured and subsequently the first general meeting of the prospective members of the co-operative is held, at which a representative of the A.C.C.F.A. must be present. The aim of such meeting is to emphasize that the formation of the co-operative is justified only if the organizers are willing to act as a group in accordance with the fundamental co-operative principles. After this first meeting, the prospective members are given enough time to study and discuss the project among themselves. During this period the organizers collect the payments of the pledged shares. As soon as the paid-up capital and the number of members reach the required minimum, the date of the constitutional meeting is announced at which the articles of incorporation and by-laws have to be studied and adopted. All members who have paid their shares attend this meeting and elect the board of directors.

The board of directors may consist of 5, 7, 9 or 11 persons, depending on the size of the municipality. The board elects its president and vice-president and appoints the secretary-treasurer and the manager of the

association. Persons actively engaged in politics or in business similar to that handled by the society are disqualified as directors or officials of co-operative societies. The secretary-treasurer is paid Pesos 150 a month for the performance of his duties. Depending on the financial position of the FaCoMa, the manager, who is a permanent employee, may be given a monthly basic salary of not less than Pesos 150 a month and a percentage commission based on the net annual profits of the society.

Fishery co-operatives in the Philippines are financed by the A.C.C.F.A., which grants facility loans, commodity loans and merchandising loans.

Facility loans are given for the procurement of facilities that are essential for the production, processing, storing and marketing of fish and fishery products, such as fishing boats, marine engines, fishing nets, canning equipment, ice plants, cold storage plants and fish meal plants. The rate of interest on these loans is eight per cent p.a. They have to be secured by real estates or by fishing boats and cannot exceed 50 per cent of the value of the mortgaged object, the maximum amount being fixed at Pesos 25,000.

Commodity loans are extended to the co-operatives against the fish and fishery products deposited by the members with the association. The amount of these loans cannot exceed 80 per cent of the wholesale market value of the goods used as a security. Commodity loans for dried, dry-salted and smoked fish are given for 90 days, and for raw-salted *bagoong* and fish sauce (*patis*) for 180 days. Additional commodity loans for repacking *bagoong* and *patis* can be obtained for 120 days from the date of release. Six per cent interest p.a. payable in advance is charged by the A.C.C.F.A. on all commodity loans. The societies, in turn, may charge the interest not exceeding eight per cent on loans distributed to the members.

Merchandising loans are given for the direct purchases of raw materials, such as raw fish, needed in the processing of fish products, from sources outside the membership of the association. These loans are also given on the security of goods stored with the societies and, as in the previous cases, the A.C.C.F.A. opens for this purpose a credit in the Philippines National Bank. The merchandising loans are repaid by remitting 10 per cent of the proceeds from every sale of the processed goods. The rate of interest is seven per cent p.a. and the duration of such credit extends over one year. Merchandising loans can also be given for the operations of the societies' co-operative stores, with the maximum limit of Pesos 10,000, released in three instalments. The services of the Central Co-operative Exchange Inc. are used, whenever possible, in the procurement of the required commodities.

According to the by-laws prepared by the A.C.C.F.A. for adoption by all co-operative marketing associations affiliated with it, profits realised by the co-operatives shall be distributed as follows: 45 per cent shall be set aside for revolving fund, 50 per cent for patronage re-funds (dividends) which may be given in cash or in kind, and five per cent shall be allocated

for educational and information purposes. Interest on capital invested by the members in the societies cannot exceed eight per cent p.a.

All co-operative associations affiliated with the A.C.C.F.A. are organized on strictly co-operative principles and the liability of members is limited to the amount of subscribed capital.

At present, fishery co-operatives in the Philippines are not federated in any way, as in 1957 only two were actually operating. According to the existing law, at least five co-operatives are necessary to form a provincial or regional federation. For the time being, the Central Co-operative Exchange Inc. is serving as the National Federation of all FaCoMas. The Exchange helps the FaCoMas in their marketing and procurement activities. Every FaCoMa is urged to support the Exchange by subscribing to at least one share of Pesos 150 of its capital stock.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The activities of fishery co-operatives in the Philippines include the supply of occupational requisites, marketing, storage and processing of catches, and the distribution of government loans to members. The initiation of co-operative credit and insurance activities is still under consideration, although credit unions have already been organized by a good number of farmers' co-operatives.

At present, the volume of business undertaken by fishery co-operatives is still insignificant in comparison with the volume of trade carried out by private enterprises. As a rule, members are obliged to participate in the trading activities of the associations by delivering all their catches or processed fish. Non-members may also deliver their products to the co-operatives as deposits or for marketing but their deliveries cannot exceed 50 per cent of the members' deliveries.

5. GENERAL OBSERVATIONS

The almost complete control exercised by the middlemen in the marketing of fish as well as in the financing of the industry is a great stumbling block in the co-operative movement in the Philippines. Most of the fishermen, especially those engaged in the processing of fish, i.e. drying, salting and smoking, are financially tied to the middlemen. In this situation, larger financial assistance to the fishermen is regarded as necessary. It is also thought that the spread of the co-operative movement, to include not only the producers but also wholesalers and the consumers, will greatly contribute to the economic improvement of the fishing industry in the Philippines.

Long range plans include the establishment of a government sponsored central fish market and fishing pier in Manila under the supervision and management of the Central Co-operative Exchange. Consideration is also given to the possibility of organizing a separate co-operative agency for financing the fishing industry.

CHAPTER 16 SARAWAK

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

IN 1958 there was only one society in Sarawak that could be regarded as a fishery co-operative. It was a Fish Marketing Society consisting of 55 members, all being Henghua Chinese. As the total number of fishermen in Sarawak was estimated at 6,000, the co-operative movement was confined to only about one per cent of them. The activities of the society were restricted to Kuching, the capital of Sarawak. Its members at present carry out inshore and offshore fishing. The equipment used is drift nets. Members of this society are also members of the Better Living and Village Society which is a co-operative resettlement scheme enabling members to move from slums into a new village. Some 18 houses have already been built on the land owned by this society. In 1958 the society was negotiating for a loan from the Co-operative Central Bank for the construction of some further 14 houses. Members of these two societies are also members of yet a third society, the Co-operative Stores, which is tending to become the focal point of the village.

The value of capital assets owned by the Kuching Fish Marketing Society in 1958 amounted to MS9,220. They consisted of a fishing boat with Thornycroft engine (MS6,500), furniture and equipment (MS2,353) and a fish drying platform (MS367).

So far, no formation of other societies has been contemplated and therefore it is as yet too early to say whether the co-operative movement among the fishermen in Sarawak is gaining ground.

2. GOVERNMENT POLICY AND ADMINISTRATION

It is the Government's policy to encourage co-operatives among all sections of the community. There is a Co-operative Development Department which supervises the co-operative societies and assists in their formation. All co-operatives are registered under the Sarawak Co-operative Societies Ordinance and are expected to comply with the rules made under this Ordinance and their own by-laws. There are no special legal enactments governing the organization and activities of fishery co-operatives.

No special fiscal measures favouring fishery co-operatives exist in Sarawak. No direct financial aid has been received from the Government by the Fish Marketing Co-operative but it should be mentioned that the Village Society was directly assisted by the Government in the construction of tar-sealed approach and village roads, which are now maintained by the Government, and the land on which the village is sited was provided to the society on very reasonable terms. Apart from this, the Fish Marketing Society has been able to obtain from the municipality retail market stalls in the central market. Neither the central nor local governments participate in the management of the co-operative.

There are no special facilities for co-operative education other than through the field officers of the Co-operative Development Department. The Department undertakes also the training of office-bearers of the co-operative societies. Members of the Fish Marketing Society have recently established their own school for the general education of their children. There are no institutions other than the Co-operative Development Department concerned with the promotion of co-operation among the fishermen in Sarawak.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

Membership of the Fish Marketing Society is confined to *bona fide* fishermen over 16 years of age and permanently residing within its operational area. Co-operative societies such as the Fish Marketing Society are formed by groups of persons interested in improving their own economic conditions and who feel that their economic needs can be satisfied through co-operation. Assistance in the formation of the societies is readily given by the Co-operative Development Department. At the time of registration, a committee is elected by members to carry on the daily business of the society. The committee is responsible to members.

All three societies mentioned above are financed by shares. The liability of members is limited. Every year 25 per cent of the net surplus must be put to statutory reserve in accordance with the society's by-laws and five per cent of the surplus is paid to the Audit and Supervision Fund with the present maximum of MS125. The interest on fully paid-up shares cannot exceed five per cent p.a. A bonus or dividend on business done with the society is determined by the general meeting.

The Fish Marketing Co-operative in Sarawak is organized on strictly co-operative lines in the same way as other co-operatives in the Colony. The movement is based on the principle of voluntary membership, democratic control, etc. and there are no compulsory practices.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The activities of the Fish Marketing Society are confined to the marketing and processing of fish by sun-drying method. The Co-operative Store supplies requisities, both ordinary consumer goods and some of the commodities required in fishing. Co-operative credit and insurance activities have not yet been undertaken.

In the initial stage of its operations the society encountered stiff opposition from the retailers in the fish market but this has since disappeared when it was realized that the co-operative had no intention to get involved in a price-war with the dealers. The society now operates two fresh-fish stalls and one dried-salt fish stall in the central market in Kuching. Fresh fish is also sent in boxes packed with ice to the neighbouring towns. The society enjoys no special privileges in regard to purchase and sale of fish. Its members are not compelled to participate in various trading activities of the co-operative.

5. GENERAL OBSERVATIONS

It is felt in Sarawak that there is too much credit trading in fishery business and that the absence of a wholesale fish market, lack of adequate storage and transport facilities present great handicaps in the improvement of the distributive side of the industry. Furthermore, the lack of capital prevents the development of the co-operative movement among the fishermen.

Information concerning the organization and management of fish marketing co-operatives in various countries of the Indo-Pacific Region has been studied by several members of the Co-operative Development Department and the knowledge acquired by them will be of use for planning the future of the Sarawak fishing industry.

CHAPTER 17 SINGAPORE

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

IN 1957 there were in Singapore four fishermen's co-operative credit and marketing societies with 288 members, which constituted about 6.4 per cent of the estimated total of 4,500 inshore fishermen in the Colony. One of the societies was located on the east coast of the island and the remaining three at Ponggol, Pulau Sudong and Pulau Tekong. Only two of them were active and their volume of business was negligible. The share capital of the four societies amounted to M\$4,755 (MS1 0.33). Their capital assets were very small; only one society possessed a motor van.

The co-operative movement among the fishermen in Singapore is thus very weak and at present there is no immediate prospect for its development.

2. GOVERNMENT POLICY AND ADMINISTRATION

The inshore fishermen in Singapore have very little education and are being brought up in the footsteps of their ancestors, using ingenious but not very efficient gear. Although the demand for fish in Singapore is large and there is no difficulty in finding the marketing outlets, the local supply is insufficient to meet the demand. As a result, most of the inshore fishermen are operating at the subsistence level and have practically no savings, so that the only security they can offer for loans is the fish that they expect to catch. In this situation the shopkeepers, who normally supply on credit various goods to the fishermen and their families, become fish collectors. In order to deal with the large default risk, the fish collectors offer to the fishermen prices lower than those ruling in the city wholesale markets but apart from the default risk, the fish collectors' margin covers the cost of ice, transport and labour charges, and the uncertainty-premium connected with wholesale price fluctuations.

So far, no measures have yet been found possible in Singapore which would take sufficient care of the credit needs of the small fishermen on the security which they are able to offer. In 1951 the Fisheries Loans Fund was established by the Government to assist offshore fishery projects and a sum of MS400,000 was allocated to it. By the end of 1954, the total cumulative sum of loans disbursed by the Fund amounted to MS312,975, all of which has been repaid in full together with MS21,670 as interest. No loans have been issued by the Fund to inshore fishermen individually because they are not able to offer adequate security. A loan of MS4,000 has, however, been issued to one co-operative fish marketing society as a pilot project and the future policy of the Government in respect of loans to inshore fishermen will depend on the results of this project.

The Fishing Materials Purchase Account was introduced by the Government to assist the fishermen in the purchase of fishing materials at wholesale prices. The demand for this service, however, has been recently declining as the supply position has returned to normal and the fishermen are getting their materials through normal trade channels.

The Fisheries Mobile Unit, which is carrying out a programme of instruction and demonstrations aiming at more efficient maintenance of the fishing boat engines, has proved to be successful. Within this programme, members of the Technical Section of the Fisheries Division (Ministry of Commerce and Industry) are giving in the villages talks on various technical aspects of fisheries. This service is very popular among the small fishermen, as it assists them in cutting down their production costs and in increasing the market value of their catches. There is evidence that in this way the fishermen are also beginning to realize the advantages of the co-operative fish marketing societies.

The Government is now aware that fishery co-operatives should prove to be the means whereby many needs of the fishermen could be met and various problems solved, and encouragement is given to the co-operative movement. The first fishermen's co-operative society was established in 1954. Following this example, two more societies were organized in 1956 and one in 1957. The societies are operating under the guidance of the Co-operative Development Division. In addition to the encouragement and supervisory assistance, the Government provided with one of these societies an interest free loan of MS4,000 repayable in two years, as a pilot project.

3. ORGANIZATION AND BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The Singapore East Coast Co-operative Credit and Marketing Society Ltd. at Ayer Gemuruh was registered in 1954. It has 153 members and a share capital of MS2,795, from which MS2,471 have been used for loans to members for various purposes. The society has purchased a motor van at a cost of MS1,900 to carry fish to the auction markets. This co-operative, however, is not developing mainly because of the lack of members who would be able to devote more time to its affairs.

wholesale Fish Market is essential. In conformity with this view, the need for a Central Wholesale Fish Market large enough to handle the fish supply required by the Colony in 1970 has been accepted by the Government. Many sites have been considered but, as a result of the prior claims of other authorities, it has not yet been possible to secure a site for the proposed market.

CHAPTER 18 SOUTH PACIFIC

THE six Governments responsible for the administration of Island Territories in the South Pacific region set up an advisory and consultative body known as the South Pacific Commission with headquarters at Noumea, New Caledonia. It is concerned with social, economic and health matters and its purpose is to recommend to the members' Governments means for promoting the well-being of the people of these territories.

The Commission was established by an Agreement between the Governments of Australia, France, the Netherlands, New Zealand, the United Kingdom and the United States of America, signed at Canberra on 6th February, 1947 and finally ratified on 29th July, 1948. Until 7th November, 1951 the area of the Commission's activities comprised territories lying generally south of the Equator from and including Western New Guinea* in the west to the French Establishments in Oceania and Pitcairn in the east. On 7th November, 1951 an additional Agreement was signed at the Commission's headquarters in Noumea on behalf of the six participating Governments, extending the scope of the Commission to include Guam and the Trust Territories of the Pacific Islands under United States administration.

The Commission consists of twelve Commissioners, two from each Government. There are also two auxiliary bodies, the South Pacific Conference and the Research Council. The Conference, which meets at intervals not exceeding three years, consists of delegates from the local inhabitants of the territories. The chief function of the Research Council is to advise the Commission what investigations are necessary. Arrangements to carry out those that are approved are the responsibility of the Secretary-General and other principal officers who are in charge of such matters as health, economic development, social development, including fishery and the co-operative movement.

The South Pacific Commission, for over ten years now, has employed technicians, and has provided services to all the territories in the region, services which to some are the only ones available, and to others, mainly the larger territories, supplementary to the existing local services.

*There is a dispute about the territory, as regards its political status, between the Government of Indonesia and the Government of the Netherlands.

One of the services which the Commission makes available to territories on request, is technical assistance in the sphere of co-operation. The Commission since the end of 1955 has employed a Co-operatives Officer, whose duties in his field had the following special points of emphasis:

- (a) to prepare simply written practical training and instruction manuals and materials on co-operative enterprises suited to the region;
- (b) to circulate information on co-operative developments in all parts of the world likely to be of particular value in application to the region, and seek out and publish stories of successful individual societies;
- (c) to give detailed and authoritative replies to enquiries from territorial administrations, missionary bodies and other local organizations;
- (d) to continue to build up the Commission's specialist library on co-operation which includes films and filmstrips;
- (e) to conduct territorial field surveys on request.

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

The co-operative movement among the fishermen in South Pacific territories is still very young. There are a considerable number of fishery co-operatives in Papua and New Guinea (Australian) and one fishermen's co-operative in Hollandia (Western New Guinea). Many territories, however, are interested in the formation of fishery co-operatives and the Commission's fishery and co-operatives officers have evolved a simple plan for the promotion of such co-operatives, which they will place at the disposal of territorial Administration.

The co-operative in Hollandia has about 150 members living in three villages on the two neighbouring small islands. All the fishermen in these three villages belong to this society. Its volume of business covers just half of the whole fish catch marketed in Hollandia. Its assets consist of buildings, two transport vehicles, one freezer, one radio set with a pick-up, ten ice-boxes to keep fish, three platform scales, four counter arm-scales, grindstone and knives. Considering the resources and the size of the market in Hollandia, this co-operative compares very favourably with other undertakings in areas where fishery co-operatives are most highly developed.

In the fisheries of the Territory of Papua and New Guinea in 1958 there were 147 co-operative societies with a membership of approximately 40,000. In relation to commercial fishermen, the membership represented about 50 per cent of the total, but in comparison with the number of persons who fish for subsistence, it amounted to not more than one per cent of the aggregate. The co-operative movement among the fishermen is fairly widespread and covers practically the whole of the Territory's coastline with the exception of the Morobe sector. As the Territory's fisheries are mainly restricted to shell fisheries, the Co-operatives deal chiefly with their products.

Fishery products handled by the co-operatives in 1956-57 were valued at approximately £A100,000. However, all the societies are dual purpose

co-operatives concerned with both production and consumption of the members. Moreover, apart from handling fishery products they are also dealing in various agricultural products of the members. Thus the total volume of business of the co-operatives in 1956-57, £A1,027,549, by far exceeded the volume of fishery business. However, in the area of Manus, where fishery co-operatives are most highly developed and other forms of production are of small importance, the volume of dealings in fishery products amounted to about 30 per cent of the total, whereas the volume of dealings in agricultural products was 18 per cent and business in consumer goods 52 per cent of the total. The volume of co-operative business in fishery products has recently been declining mainly due to the depression in the shell market. Fixed capital assets of the societies include vessels, means of road transport, warehouses, etc. In 1957 approximately £A80,000 worth of coastal shipping was owned by societies engaged in fisheries work, whereas the value of other fixed assets owned by them was estimated at £A20,000. Cash reserves and other capital assets were estimated at £A300,000.

2. GOVERNMENT POLICY AND ADMINISTRATION

The policy of the six Governments which compose the Commission is actively to encourage co-operation among fishermen. In many territories both fishery and co-operative technical services have been provided by the Governments. In at least two territories more special attention is being paid to fishery co-operatives as opposed to other types of co-operatives. In many territories co-operative regulations exist which concern fishery co-operatives. Where such co-operatives already operate, fishing regulations and price-control regulations exist concerning the catching, processing and marketing of fish.

In Western New Guinea the Government advanced the original capital which made it possible for the fishermen's co-operative to start operations. In many territories facilities exist for loans to be given by Government or under Government guarantee for various productive purposes. Apart from financial assistance and the advisory and supervisory services that they provide, Governments do not interfere in the management of fishery co-operatives.

In all territories in the South Pacific region Governments are active in the education of fishermen, including co-operative education. A special expression of interest from the South Pacific Governments was made in 1956 when the South Pacific Commission with the assistance of the Food and Agriculture Organization conducted a very effective course for fishery trainees from territories in the region. Facilities for training co-operative leaders exist in all territories which have co-operative advisory services. Training in navigation, handling of craft, fishing gear and allied subjects is being given in more than one territory.

In addition to the six Governments in the region, the South Pacific Commission provides the most useful addition towards the promotion of

co-operation among fishermen. Certain religious missions are also actively interested in the promotion of this movement.

In Papua and New Guinea, it is Government policy to encourage co-operation amongst fishermen of the Territory. Officers from the Registry of Co-operative Societies promote, supervise and assist the societies. There are no special arrangements for dealing with fishery co-operatives as opposed to other co-operatives. The legal provisions governing their organization and activities are the same for all societies, and there are no special fiscal measures which would favour fishery co-operatives. Although there is a Government Loan Fund available to assist all kinds of co-operatives, so far no fishery co-operative has made use of it because by and large fishery co-operatives are not short of capital.

The Government does not manage the affairs of any co-operative. It provides only supervision in relation to formation and audit and conducts a training scheme which enables the co-operatives to provide their own managing personnel. Apart from the Registry of Co-operative Societies, assistance is also given by the Department of Agriculture, Stock and Fisheries through the Division of Fisheries.

The general educational services of the Government and Mission bodies are available to fishermen, and the Co-operative Educational Centre, which has been set up by co-operative organizations and staffed by the Government, provides business training and special courses for ships' masters, business management and shell grading.

5. ORGANIZATION OF FISHERY CO-OPERATIVES

As a rule, membership in the co-operatives is confined to working fishermen. In certain territories, however, qualifications for membership may go beyond this. The societies are formed by the interested fishermen themselves and they are directed by a committee of management which they elect, on the basis of one man one vote.

The society in Hollandia has been financially assisted by the Government. In the other territories similar facilities may be placed at the disposal of societies which may be started in the near future. The liability of fishery co-operatives already operating is limited and the advice is given to avoid the unlimited liability type of societies. Profits are distributed on the basis of patronage. The only limitation on the full return to the members is the deduction towards the creation of reserves. All fishery co-operatives in the South Pacific are organized on strictly co-operative lines.

Fishery co-operatives in Papua and New Guinea (Australian) are federated with other types of co-operatives in a central federation which deals with both the marketing of products as well as with the supply of consumer goods.

The basic unit of this federal structure is the primary society, of either single or multi-purpose type. It consists of a group of socially cohesive people, all of whom have the same cultural background and who share a common economic pattern. The secondary level is formed by the Associa-

tions of Societies which amalgamate primary societies having different cultural background and different historical origins. Usually, but not always, there are not more than two divisions of this nature in any one Association and wherever possible the primary societies representing each of the groups are designed to balance each other. The groups may have slightly different economic requirements, but however great this disparity of economic interests may be, there must be at least one major economic aspect common to all the member societies. The final or tertiary level is formed by the Federation of Associations which joins all the Associations. The Federation has but recently been formed and is as yet restricted in its operations and only some of the Associations are at present its members. The inclusion of all Associations is, however, not a matter of further promotion, since the concept of the apex-type structure is accepted and endorsed by the individual members at the time of the formation of the primary societies. The present limited membership of the Federation is solely due to that organization's commencing operations only recently and not yet being in a position to use further capital and provide services to all Associations.

Generally speaking, qualifications for membership in fishery co-operative societies relate only to residence. Societies are formed on the resolution of a group of people who desire to associate in a co-operative venture. They are directed in the orthodox manner, strictly on co-operative principles, by a board elected for purpose. There are no compulsory or coercive practices.

Societies are financed by share capital contribution drawn from the members. Liability is limited. Profits are distributed as a rebate on patronage without any limitations. Statutory provision is usually made for the payment of a dividend on share capital up to six per cent but actually dividends are paid very seldom. The decision to pay rebates and or dividends rests with the members, although the Registrar must authorize disbursements. All co-operatives are federated into associations and associations are in the process of being affiliated into a federation.

The member on joining a co-operative subscribes the minimum share holding of £A5. This amalgamation of £5 shares is the capital of the primary society, which becomes a member of the secondary association by subscribing £3 out of each of the original shares, retaining £2 for its own use. This amalgamation of £3 shares forms the capital of the Association and this body in turn subscribes £2 for each of its original £3 shares, to the Federation, retaining £1 for its working capital. To protect the capital structure, one fifth of the net profit of all co-operative organizations is each year transferred to reserves, until such time as an organization has a reserve equal to half of its share capital.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

Fishery co-operatives already operating in the South Pacific region undertake such services as the supply of engines, fishing tackle and general consumer goods, marketing, storage and processing of catches. They do

CHAPTER 19 THAILAND

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

IN 1957 there were in Thailand three fishery co-operatives with 1,206 members, which formed about 0.6 per cent of the estimated total of 200,000 fishermen in the country. There was one co-operative society in each of the three geographical regions of Thailand, viz. northern, central and southern, but none in the fourth, i.e. eastern part. Their volume of business was negligible in comparison with the whole fishery trade in Thailand. Their capital assets were also small but one of the co-operatives owned fish-sauce plants and cement tanks for storing the sauce. The aggregate cash reserve of the three societies in 1957 amounted to Bahts 335,000. (Baht 1 = US\$0.08).

The co-operative movement among the fishermen in Thailand is thus only in its initial stage but there is a will to expand.

2. GOVERNMENT POLICY AND ADMINISTRATION

The co-operative movement in Thailand began in 1916 when the first co-operative credit society was organized on Raitfeisen lines by a group of farmers in the Pitsanuloke province. The movement then spread gradually all over the country, and the advent of the constitutional government in 1932 gave great impetus to its more speedy development. In 1947 the Bank for Co-operatives was established which has become the central organization financing all the co-operative societies. At present, there exist over 10,000 co-operatives with about 350,000 members in Thailand, comprising both producers' and consumers' agricultural as well as industrial societies. Although the rural credit societies still predominate, there are also land hire-purchase, colonization, land improvement, consumers', marketing, industrial and fishery co-operatives. The present policy of developing the structure of the co-operative movement consists no longer in the use of credit co-operatives as the only basis for promoting other types of societies but in the simultaneous initiation of various co-operative activities.

Fishery co-operatives in Thailand developed from the fishermen's associations which were organized by the Fisheries Department during the Second World War for the purpose of more speedy supply at low prices of occupational requisites through the Government Purchasing Bureau. Assistance was also given to these associations in obtaining the fishing rights. The administrative expenses of the associations were financed by the Government which allocated five per cent of the fisheries revenue collected in the districts where they operated. Some of the associations were quite successful not only in their business activities but also were able to establish schools for the children of their members.

In 1957 ten fishermen's associations were still in existence in various provinces of Thailand. So far, since 1949 only two associations have been

board of directors composed of 6 to 10 members elected for one year. In case of need, a paid manager can be appointed to administer the society.

Fishery co-operatives are organized as limited liability societies. Up to 10 per cent of annual profits have to be allocated to the reserve fund. Interest on share capital is limited to six per cent p.a. and dividends are distributed in proportion to the value of members' transactions with the society during the year. The rest of the profits may be destined for 'public utility money' (up to 15 per cent), remuneration of the officers of the society and other purposes approved by the general meeting.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The Southern Fishery Co-operative, known as the Thai Fish Industrial Co-operative Ltd., is located at Rajaburi, about 100 km south of Bangkok. It operates in a number of scattered small flooded areas of swampy nature abundant with *Pla Soë* (*Cirrhinus* spp.) which is used for fish sauce called *Nam Pla*. The area comprises about 40 well established fish-sauce manufacturers. The co-operative has been formed for the purpose of improving the economic status of its members by the purchase of their catches and the manufacture of fish sauce and other products, the acquisition of fishing rights for the benefit of the members, the promotion of more efficient fishing methods, the aid to members in the purchase of occupational requisites, and the promotion of thrift and mutual aid among the members. It may create obligations by means of loans and deposits to the amount not exceeding ten times the amount of share capital and reserve fund, subject to the Registrar's approval.

Membership of the Southern Co-operative comprises about 60 per cent of the estimated total of 1,100 fishermen in its operational area. The shares subscribed by the members amount to Bahts 50 each and no member can hold more than 20 shares. The entrance fee is ten Bahts. According to the rules of the association, members are obliged to sell to it all their catches unless they are exempted from this duty by the management board.

The business organization of this co-operative consists of the Fish Deal Section and the Fish Processing Section. Since 1949 the society has succeeded in expanding the fish-sauce industry in the area and in securing better prices for the fishermen. In 1956 it bought from the members about 11,000 barrels (15 kg. each) of *Pla Soë*, i.e. approximately 50 per cent of their total output, and produced 175,120 liters of fish sauce. Its cash reserves in 1957 amounted to about Bahts 50,000.

The Northern Fishery Co-operative is functioning at Pitsanuloke in a vast fishing area covering many canals and waterways through which fish from the neighbouring swamps and flooded lands has to pass. It has been granted by the Government the right of catching and processing the fish in two fishing grounds, comprising one main waterway and 25 small tributaries, and exempted from taxes. Of the total number of 1,200 fishermen in

the area, about one-fourth belongs to this society. All its members have to obtain the fishing licences which are sold by auction once a year. The co-operative undertakes the marketing of members' catches and its annual volume of trade amounts to 200 tons of fish worth Bahts 800,000. The society has succeeded in creating a reserve fund of Bahts 85,000 partly from the subscribed share capital and partly from its annual business profits. Its prospects for the future, however, are uncertain because more free fishing is nowadays allowed by the Government in the licensed areas and, as a result, the fish population is rapidly declining.

The Central Co-operative Fisheries Society established in 1953 with headquarters in Bangkok has the following objectives:

- (a) To help in the development of the fishing efficiency of its members.
- (b) To buy the aquatic products delivered by the members.
- (c) To sell the members' products at reasonable prices.
- (d) To secure fishing rights for its members.
- (e) To promote fish processing, such as canning, smoking, salting, etc.
- (f) To supply the materials and accessories required by the members, such as ice, salt, cotton yarn, fuel, engines, floats, etc.
- (g) To establish cold storage and proper stocking places for salted fish and other fishery products in order to stabilize their prices.
- (h) To give its members advice concerning the possibility of improvement of their standard of living.
- (i) To assist its members in obtaining the necessary investment capital.

This co-operative has 305 members. It is estimated that about 50 of them sell regularly their catches through the co-operative and that the value of its annual business amounts to about Bahts 4 million. The society feels that its activities could expand if it were provided with larger financial and personnel assistance. The prospects for development depend, however, on the future activities of the Fish Marketing Organization in Bangkok with which this co-operative is closely linked.

5. GENERAL OBSERVATIONS

The Government realizes that the fishermen in Thailand are very much in need of support, advice, training and equipment for improving their efficiency, especially as far as the deep-water fisheries are concerned. Unfortunately, the lack of funds and of qualified personnel prevents the Government from undertaking these activities on a sufficient scale. The same reasons explain the lack of more substantial assistance to the co-operative movement among the fishermen.

CHAPTER 20
VIET-NAM*

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES

IN May 1958 there were in southern Viet-Nam 42 fishery co-operatives with 6,850 members. They were spread all over the country and their volume of business constituted approximately 50 per cent of the total fish trade in southern Viet-Nam. The aggregate funds owned by the societies amounted to about 3.3 million Piastres (Pr. 1 = US\$0.028).

The co-operative movement among the fishermen in Viet-Nam is of fairly recent origin as it began in 1955 but it is developing rapidly. In 1958 a great number of new co-operatives was in the process of organization.

2. GOVERNMENT POLICY AND ADMINISTRATION

The Government of Viet-Nam is strongly encouraging the co-operative movement in fisheries. This policy is implemented by the controlling organs at the national and provincial levels.

In 1954 the Government introduced the Ordinance No. 24 which became the legal basis for all the co-operatives in the country. The Socio-Economic Service of the Directorate of Fisheries prepared model-regulations for fishery co-operatives and these regulations have been approved by the Ministry of Economic Affairs for general use. A revision of the co-operative legislation is now under consideration in connection with the country's general economic reform. This legislation will contain, among others, new model-regulations for fishery co-operatives and special fiscal measures favourable to all the co-operative societies.

The Government has created a fund of approximately Pr. 40 million to finance fishery co-operatives. By 1957, all the existing fishery societies received loans from this fund for the aggregate sum of about Pr. 18 million. The loans ranged from Pr. 100,000 to 2,200,000. The distribution of further Pr. 15 million is now under consideration by the Directorate of Fisheries and the Government Credit Office.

Other measures of Government support extended to the co-operative societies include aid in the export of fish and in the import of occupational requisites and materials.

Technical activities of the co-operatives are controlled by the Directorate of Fisheries whereas their financial activities fall under the supervision of the Credit Office. Plans concerning the marketing activities of the co-operatives have been considered in the light of the experience of the Hong Kong Fish Marketing Organization in order to improve the methods of internal and external trade in fish.

In 1957 the Directorate of Fisheries opened two training centres for the administrative personnel of fishery co-operatives. By May 1958, 80 persons

* This chapter deals with the situation in southern Viet-Nam, the area under the jurisdiction of the Government of the Republic of Viet-Nam.

had already completed the course of instruction and were available for work. The centres were financed by the Government of Viet-Nam and by the United States Operations Mission.

Apart from the Government, the development of co-operative movements, including fishery co-operatives, in Viet-Nam is the concern of the High Commission for Co-operative Studies.

3. ORGANIZATION OF FISHERY CO-OPERATIVES

As a rule, only persons actively engaged in fisheries can become members of the co-operative societies. However, non-fishermen are also admitted as members, provided their number does not exceed 10 per cent of the total membership.

The societies are formed by the founders' general meeting and are run by the elected administrative councils. They are financed partly by the members' share capital and partly by the Government loans. Liability of members is limited to the sum not exceeding ten times the amount of subscribed capital. Interest on capital invested by the members is limited to six per cent p.a.

10 per cent of annual profits should be allocated to the reserve fund. The rest is divided between interest on capital (with six per cent maximum), remuneration of the administrative officers, patronage dividends and social insurance funds, in accordance with the decision of the annual general meeting.

The societies are organized on strictly co-operative principles. They enjoy full autonomy of operations and are controlled in a democratic way by at least three members of the administrative council. In case of need, the council has to refer to the decisions of the extraordinary general meeting.

So far, the societies have not yet been federated in any way.

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

The range of business activities of fishery co-operatives in Viet-Nam includes the supply of occupational requisites, the marketing, storage and processing of catches as well as insurance and credit provision. It is estimated that thanks to the Government's financial support about 30 per cent of the societies are already functioning in a satisfactory way.

Members are obliged to make use of the supply services of the co-operatives when purchasing certain daily necessities and occupational requisites, such as rice, nets, fuel, etc. In some, more active, co-operative societies members are also obliged to deliver their products to the societies. This applies e.g. to the co-operatives at Cà-Mau and Rach-Già which are undertaking export of fresh fish to Singapore.

5. GENERAL OBSERVATIONS

It is felt in Viet-Nam that the co-operative movement among the fishermen begun in 1955 is making good progress and contributes to the improvement of the economic and social position of the fishermen.

APPENDIX

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
Economics and Statistics Branch
Fisheries Division

QUESTIONNAIRE
concerning

Background Information on Fishery Co-operatives

1. STATUS OF THE CO-OPERATIVE MOVEMENT IN FISHERIES
 - 1.1 How many societies are there and what is the total membership in relation to the total number of fishermen?
 - 1.2 How extensive is the co-operative movement among fishermen? Is it widespread or restricted to certain areas or certain kinds of fishery operations?
 - 1.3 What is the volume of co-operative business in relation to the fish business as a whole and to that in those areas where fishery co-operatives are most highly developed?
 - 1.4 What are the capital assets of the fishery co-operatives; what do these comprise (e.g. processing, storage, transport facilities, cash reserves, investments, etc.), and how do these compare with other undertakings in those areas where fishery co-operatives are most highly developed?
 - 1.5 What is the present trend? Is the movement gaining ground?
2. GOVERNMENT POLICY AND ADMINISTRATION
 - 2.1 Is it the Government's policy to encourage co-operation among fishermen? What administrative arrangements are made for the promotion, supervision and assistance of societies? Are there any special arrangements for dealing with fishery co-operatives as opposed to other co-operatives?
 - 2.2 What legal provisions govern the organization and activities of fishery co-operatives? Are there any special enactments concerning fishery co-operatives?
 - 2.3 Are there any special fiscal measures which favour fishery co-operatives?
 - 2.4 Do fishery co-operatives receive any financial help from the Government?
 - 2.5 What other special measures of support have been introduced?
 - 2.6 To what extent, if any, does the Government participate in the management of fishery co-operatives?
 - 2.7 What facilities exist for co-operative education among fishermen?
 - 2.8 What are the facilities for training co-operative leaders and what special provisions are made for fishery co-operatives?
 - 2.9 What other institutions, if any, are concerned with the promotion of co-operation among fishermen?

3. ORGANIZATION OF FISHERY CO-OPERATIVES

- 3.1 What are the qualifications for membership of fishery co-operatives? Is membership confined to working fishermen?
- 3.2 How are the societies formed and how are they directed?
- 3.3 How are the societies financed? Is liability limited or unlimited?
- 3.4 How are profits distributed and under what limitations, if any?
- 3.5 In respect of the above, are fishery co-operatives organized on strictly co-operative principles (e.g. autonomy of operation, voluntary membership, democratic control, etc.). To what extent, if any, have compulsory practices been introduced to meet special circumstances?
- 3.6 Are fishery co-operatives federated and in what way?

4. BUSINESS ACTIVITIES OF FISHERY CO-OPERATIVES

- 4.1 What kinds of business are carried on by fishery co-operatives, e.g. supply of requisites, marketing, storage, processing of catches, insurance, credit, etc.?
- 4.2 What is the competitive position of the fishery co-operatives? Do they enjoy any exclusive rights in regard to purchase and sale?
- 4.3 With regard to the following types of society, what activities are undertaken and how are these organized?
 - 4.3.1 Marketing or sales associations (including transport, storage, processing?)
 - 4.3.2 Supply societies (fishing requisites).
 - 4.3.3 Credit societies.
 - 4.3.4 Insurance societies.
- 4.4 What is the volume of business of the above in relation to private enterprises?
- 4.5 To what extent, if any, are members compelled to participate in the various trading activities?

5. GENERAL

- 5.1 What special problems have arisen in regard to fishery co-operatives and how do these reflect the special character of the fishery operations and activities themselves?
- 5.2 What information concerning the organization and management of fishery co-operatives in other countries, would be of special value in dealing with such problems?
- 5.3 Are there any other features of fishery co-operatives, not covered in the foregoing, which would be of special interest to other countries and to FAO?

