

TRANSFER OF VALUE WITHIN FRESH FISH PRODUCTION AND CIRCULATION SPHERE: A CASE STUDY OF KUALA BESUT

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Makalah ini ingin menegaskan penyerapan dan pengaliran nilai lebih di dalam bidang pengeluaran dan pengedaran menyebabkan pembangunan yang tidak seimbang. Pengaliran lebih ini bukan sahaja berlaku di antara kelas sosial tetapi juga mengalir menerusi konteks reruang. Pada permulaan perbincangan peranan daganan tauke dikupas di dalam kontek hubungan pengeluaran. Proses pembahagian hasil tangkapan memberikan gambaran bagaimana lebih diserap oleh golongan sosial yang berkepentingan di dalam bidang pengeluaran. Akibatnya wujud ketidaksamaan dalam masyarakat nelayan di Kuala Besut. Seterusnya, makalah ini membincangkan hubungan daganan tauke dengan peraih darat dan pemborong (luar dan tempatan) di dalam bidang pengedaran. Hubungan pengedaran ini menggambarkan peranan dominan daganan tauke yang dapat menghalang kemasukan modal luar. Di dalam proses pengedaran aliran keluar nilai lebih dilaksanakan oleh golongan pemborong.

This article establishes the transfer of value in production and market relations which shapes and accounts for the nature of uneven development. The paper begins with a discussion of the role of daganan tauke in the production sphere. The sharing system provides the clue to how surplus is being absorbed by the dominant social categories in the sphere of production, and is the cause for the uneven development in Kuala Besut. Further, the paper discusses the relationship of the daganan tauke with the beach level retailers and the wholesalers (local and external) in the exchange sphere. It is argued that the dominant role of daganan tauke in their relationships with the beach-level retailers and wholesalers (commission agents) restrict the penetration of external capital into Kuala Besut. The exchange relations established how transfer of value occurs from Kuala Besut to the regional centres.

INTRODUCTION

This article describes the structure of production and distribution of fresh fish in Kuala Besut. It discusses the critical role played by the daganan tauke in both the organisation of production and also in the distribution of fresh fish. In view of its dominant role in production, the relationships within the production unit will be discussed first. The aim is to assess how the dominant social categories are able to extract surplus which forms the basis of accumulation within the dominant capitalist relations and hence

the uneven development in the local economy. Second, the article analyses the exchange relations of *daganan tauke* with the wholesalers and beach level retailers in Kuala Besut. The input-output relationship between the *daganan tauke* and other intermediaries discussed will provide answers to the following questions: Who controls the fish? How is the fish distributed? And, how are exchange relations reproduced?

Crucial to the analysis of the relationships between the various social categories is whether the relationship is unequal, interdependent or autonomous. The discussion also considers the transfer of value in Kuala Besut which takes many forms. The end result of this transfer of value within the production and exchange relations is the uneven distribution of accumulation both among the different social categories and space.

It is important to note here that there are two important mechanisms of transfer of value, namely, direct and indirect (Forbes & Rimmer, 1984: 2; Soja, 1984: 72). These may be noted as follows:

First, direct geographical transfer of value (GTV) (Soja, 1984: 74) is an umbrella concept to cover a wide range of means and mechanisms whereby surplus of one area is diverted away from localised consumption and, at least partially, siphoned off to other areas, (i.e. other than that which occurs through regular market relations as indirect (GTV). This occurs through an array of methods which involve mediation by political mechanisms, agents and control. This form or level of transfer takes place through taxes, transfer pricing, repatriation of profits and royalties, interest rate and control over output and resources. What this means is that the transfer of value is mediated by institutions such as the state in combination with industrial and finance capital (Soja, 1984: 74). Therefore, while it is possible to perceive the nature of uneven development that arises from a transfer of value from a small town to a bigger urban township, there is the possibility of a reversal of this process, that can occur through institutional regulation (Soja, 1984: 75).

Another important consideration in the analysis of direct transfer of value is the understanding of "class struggle over the production of space". (Soja, 1984: 75) This analysis refers to relationships between classes and segments of capital in the transfer of value which shapes and accounts for the nature of uneven development.

Second, the process of indirect transfer of value. This is the original form in which value is transferred. It occurs through production and market relations (Soja, 1984: 1 - 72). This is however, problematic, as observed by Forbes and Rimmer (1984: 22) for instance:

The indirect transfer of value is more problematical. We are still sceptical about the measurement of value, the transformation of value into labour, and unequal exchange. In our view these have not been sufficiently theorised to satisfy hard-nosed researchers - this tantalising theoretical question remains to be resolved.

As such, it is impossible for this study to generate data to explain the exact impact of such transfers. In any case the system studied here is only one sub-structure of a wide network of structures and processes that shape the nature of uneven development. However, though this study does not deal at length with indirect transfers of value, there is an effort to track down and explain unequal exchanges at various levels within the distribution system. This, I believe, is one of the major causes of the nature of uneven development which has taken place in the Northeast of Peninsular Malaysia. A wide network of unequal exchanges inevitably has led to internal transfers which in the case of Kuala Besut, occur at three levels: local, regional and national (Cf Potter, 1984: 243).

However, instead of trying to build a comprehensive and exhaustive structure of direct transfers, this study infers from sample data to draw possible geographical implications from it. According to Forbes and Rimmer (1984: 242), the transfer of value over space should result in the phenomenon of uneven development. The nature of capitalist accumulation works in such a way that capital transcends regions. The geographical transfer of value therefore constitutes the spatial component of the sectoral transfer of value analysed by Marx in his general law of value (Hadjimichalis, 1980). If we look at Kuala Besut as a sub-urban periphery to the major regional townships of Kota Bharu and Kuala Trengganu, therefore, capital from the major townships exert a powerful control over the production and the distribution system. Besides, as Hadjimichalis (1980; cited in Potter, 1984: 243) argued, when the surplus value cannot be realised in one area it will be transferred to another, either directly - through agents - or indirectly - through the action of market forces. The latter includes commodity trade, capital and labour mobility. There is a shift, in general, from 'less' to 'more' developed areas (Potter, 1984: 243). With the exception of labour mobility, it seems that all the other aspects of market forces operate to transfer value from Kuala Besut to the major townships.

However, it must be emphasised here that spatial locations per se do not exploit each other (see Potter, 1984: 243). As such, the abstract spatial terms must be brought back to the human and, specifically, class terms for only classes exploit each other. Thus, the focus on production and distribution relations, particularly on the mechanism of extraction and transfer of

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The increased demand for fresh fish and developments in the external market for salted dried fish as well as the adoption by peasant fishermen of larger and more efficient nets and boats has brought about changes in the structure of the fishing industry. The subsequent role of merchants and productive capital in the local economy following these changes has triggered the transformation of the *daganan* system. Such a transition within the *daganan* system has seriously undermined the household organisation of fishing.

Undoubtedly, the introduction of larger boats and nets in the early period enabled the *daganan* to become the most important source of finances both for equipment and operating capital. Hence, during this initial period the *daganan* became dominant and had a very profitable business. As Firth (1966: 60-61) has noted:

The second element is a commission which is really interest on the loan of capital, irrespective of whether the lender controls the sale of fish or not.

The third element is exclusive control of fish because capital has been invested in the equipment; here it may be immaterial whether any direct return for the investment is received since the controller gets sufficient profit by handling the catch - he may even give boat and nets to the fishermen when prices for the catch are absolutely at his discretion.

The *daganan*-employee type of situation occurs when the nets and boats are owned by a non-operator. In this case, the owner relies on the *daganan* to run

of each catch, but the final book-keeping is carried out by the owner himself.

There is close liaison between the non-operator owner and the *daganan*. Except for the skilled workers on the boat, the *juruselam* and *tekong*, the ordinary crew has no say in the running of the productive unit nor the marketing of fish. Only the *juruselam* and the *tekong* hold favoured positions

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keputusan tauke system to market their fish. In Kuala Besut, ١٣٣٣

The proceeds of the catch are shared at the end of each fishing month or *kelam* (approximately 22 fishing days). The sharing system is based on the organisation of boat labour and ownership of the means of production. The

KUALA BESUT, THE COSTS OF PRODUCTION (M\$) FOR VARIOUS EXAMPLES OF
JERUT PRODUCTION UNIT

	Example 1	Example 2	Example 3	Example 4
Boat Capacity: Working days Crew:	40 h.power 20 days 16 members	60 h.power 23 days 29 members	60 h.power 23 days 20 members	120 h.power 20 days 22 members
1. Gross takings (100%)	30,000 (100%)	30,000 (100%)	30,000 (100%)	30,000
2. Deduction				
a. Running Costs Ice, diesel, food provisions, freshwater, gas	3,170 (10.6%)	9,200 (30.6%)	10,320 (34.4%)	6,663 (22.2%) ;
b. Marketing Costs				
i. Transport, handling, drivers pay	600 (2%)	830 (2.7%)	1,050 (3.5%)	
ii. Commission		3,000 (10%)	3,000 (10%)	1,500 (5%)
c. Wages paid to crew	250			
d. Petik subsistence payment	1,600 (5.3%)	3,300 (11%)	3,300 (11%)	6,000 (20%)
e. Ikan lauk*	80	80	80	80
3. Net earnings	24,300 (80%)	13,590 (45%)	12,250 (41%)	(42%)

* Ikan lauk crew share of fish caught to be taken home - personal consumption or sold on the beach for ready cash.

Source : Fieldwork Data, 1982.

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wage payment and not a share of the net revenue obtained.

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TABLE 1.2
APPROXIMATE TOTAL SALES, TOTAL EXPENSES AND THE DISTRIBUTION OF INCOME
IN A PURSE SEINE BOAT

Example 1

Total sales of fish (20 days)	MS30,000
Total expenses	MS 3,170
Gross catch value	MS26,830
Minus	
Cost of marketing in Kuala Trengganu	MS 600
Petik subsistence payment	
5 ringgit per day x 20	MS 1,600
Fixed wages per crew	
i. Boat rower (2) (\$30 per rower)	60
ii. Diver	40
iii. Mechanic	50
iv. Lamp & fish lure tender (3)	60
v. Cook	40
	MS 250
Net earning	MS24,380
To be divided by 2	
Share to boat and net	MS12,190.00
	MS12,190.00

	Petik	Commission	Shares	Shares for Special Functions	Incentive Payment	Total
Juruselam/Juru Solor	\$ 100	-	\$ 717	\$ 358.50	\$1,825.50	\$3,001
Mechanic	\$ 100	-	\$ 717	\$ 50.00	-	\$ 867
Sampian (Rowers)(2)	\$ 100	-	\$ 717	\$ 50.00	-	\$ 847
Diver	\$ 100	-	\$ 717	\$ 40.00	-	\$ 857
Lamp/fish lure tender	\$ 100	-	\$ 717	\$ 20.00	-	\$ 837
Cook	\$ 100	-	\$ 717	\$ 40.00	-	\$ 857
Crew (7)	\$ 100	-	\$ 717	-	\$ 51.00	\$ 868

The Share for The Crew

Allowance is made for share to members with special function (1)
The total is to be divided amongst 16 members + 1
Crew obtained 12,190 - 17 = \$717.05

The Share of Boat and Net

From the portion of share to the boat and net is
15% commission to be deducted for tekong/juruselam
12,190 - 1,828.50 = \$10,361.50

TABLE 1.3
APPROXIMATE TOTAL SALES, TOTAL EXPENSES AND THE DISTRIBUTION OF
INCOME IN A PURSE SEINE BOAT

Source: Fieldwork Data, 1982.

TABLE 1.3
APPROXIMATE TOTAL SALES, TOTAL EXPENSES AND THE DISTRIBUTION OF
INCOME IN A PURSE SEINE BOAT

Example 2

[illegible]

The Share for The Crew Allowance is made to The total is to be divided into 10 shares. The crew obtain \$6,835 divided by 30 = M\$227 ringgit

The Share of Boat and Net Functions of the share to the boat and net is to be divided further as follows:

- 40% of share to be banked + 10 shares = 30 shares
- 60% of share to be distributed amongst 15 party

The crew Data 1982

TABLE 1.4

APPROXIMATE TOTAL SALES, TOTAL EXPENSES AND THE DISTRIBUTION OF INCOME IN A PURSE SEINE BOAT

Example 3

Total sales of fish (20 days)	M\$30,000
Total expenses	M\$11,370
Gross catch value	M\$18,630
Minus	
10% share to two Men - daganan tauke & Juruselam for marketing of fish	
Petik subsistence payment	
5 ringgit per day x 13 days }	
10 ringgit per day x 10 days }	
Net value earnings	M\$3,000
To be divided by 2	
Share to boat and net	M\$6,300
Share to crew members	M\$12,330
	M\$6,165
	M\$6,165

Total Income of Fishermen

	Petik	Commission
Juruselam (Skipper)	M\$165	M\$1,500
Juru Engin (Mechanic)	M\$165	-
Tekong (Pilot)	M\$165	-
Jaga Boat (3) (Guard)	M\$165	-
Kayuh Api (Lamp Tender)	M\$165	-
Tukang Masak (Cook)	M\$165	-
Juru Laung (Hailer)	M\$165	-
Kerani (Clerk)	M\$165	-
Awak-Awak (7)		
(Ordinary Crew)		

The Share for The Crew

Allowance is made for share to members with special functions (8 1/2 shares)
 The total share is to be divided amongst 20 members + 8 1/2 shares = 28 1/2 shares
 The crew obtained $(6165 - 28 \frac{1}{2}) = 216$ ringgit.
 5 shares of 216 to be deducted from the share of boat and net $(6165 - 1,081.50)$

Source

Data 1982

TABLE 1.5

EXPENSES AND THE DISTRIBUTION OF INCOME IN A PURSE

In most boats, workers with special functions such as the *tekong* and the *juruselam* are much better off because they receive part of the commission for handling the fish. Their involvement in the marketing of fish at the beach level is strictly supervisory (in the processes of loading and unloading and is

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sphere by virtue of owning the boats and nets. Their ability to wield control in the two related spheres provides them the mechanism to appropriate surplus for the accumulation of capital. At the same time, the *daganan tauke* is able to minimise risks and costs by resorting to a traditional sharing system that transfers the cost of operating the productive unit onto labour.

In example four, the net catch value, after the operating costs of the boat and net had been accounted for, is divided among the crew members. Hence, the crew is in a better position than those run by the *daganan tauke* for they received a larger share of the takings than the capital owner, in this case *MAJUIKAN*. However, as in the case of the *daganan tauke* system, crew members with special duties receive the larger shares of the net value of the total catch. The rest is divided among the ordinary crew members. However, because of the inefficient use of boat and nets, and unscrupulous practices on the part of the crew members, the boats run by *MAJUIKAN* were often operating at a loss. It was because of such inefficiencies, such an operation was scrapped by the government. The boats and nets were put on sale to the public on a hire-purchase basis. The local government authorities felt that the boats run by private owners would instill more responsibility and a more efficient operation.

TABLE 1.6

THE NUMBER OF SHARES FOR WORKERS WITH SPECIAL FUNCTIONS IN KUALA BESUT

Position of Fishermen in Production Unit	Example 1		Example 2		Example 3		Example 4	
	No. of Fishermen	Additional Shares	No. of Fishermen	Additional Shares	No. of Fishermen	Additional Shares	No. of Fishermen	Additional Shares
Juruselam (Skipper)			1	2 (2)	2	2 (1)		(1/2)
Juru Solo (Asst. Skipper)			1					
Juru Engin (Mechanic)			2	1 (1/2)	1	(1)		(1/2)
Tekong (Pilot)			2	1 (1/2)	1	(1)		(1/2)
Juru Tarang (Crew Handling Net)			1	1/2 (1/2)				
Kayoh Api (Rower Responsible for Lamp)	2		2					
Juru Lampu (Lamp tender)	3		2	1 (1/2)		1 (1)		
Jaga Gelang (Crew handling)	4		4	2 1/2				
Juru Laung (Hailer)					3	1 (1/3)	11 with share special function	1/2 each
Juru Tarik (Crew pulling Net)				1/2 (1/2)	1	1/2 (1/2)		
Kerani (Clerk)					1	1/2 (1/2)		
Jaga Boat (Guard)					3	1		
Buruh Cuci Peti Ikan (Crew washing fish crates)			2	1 (1/2)				
Buruh Cuci Sampan (Crew Cleaning Boat)			2	1 (1/2)				
Pengayuh Sampan (Rower)	2							
Awak-Awak (Ordinary Crew)	7				7		8	
No. of crew on boat	16		20		20		22	
Additional Shares			10			1/2		
Total Shares	17		30			28 1/2	29	

Source : Fieldwork Data, 1982.

To illustrate further, the distribution of incomes to the various members of the purse seine boats, Table 1.7 provides the approximate value in percentages apportioned to capital, *juruselam* and the fishermen-producers. Table 1.7, shows how the dominance of capital in production and distribution have enabled them to extract the largest share of their incomes. The three purse seine boats A, B and C, show the manner with which capital

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DAGANAN TAUKE AND CIRCULATION/TRANSFER OF VALUE

the commission agent exercises over the means of production owned by the *daganan tauke*. At one level, relationships at the beach level show how the dominant capitalists collude to deny the penetration of external buyers into the local economy. At another level, the relationship of the *daganan tauke* with beach level retailers is unequal although the latter plays an important role for the former.

DAGANAN TAUKE AND THE COMMISSION AGENTS

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establish such a control over the markets requires a large capital outlay which together with the risks involved restrict the *daganan tauke* to operating within the existing marketing system.

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Example 3

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Furthermore, because of the nature of the consumers who are mainly peasants, i.e. padi planters and rubber small holders, or tenant farmers with limited income and spending potential, such markets generally take the form of low cost distribution systems that are better served by the various types of petty traders. These small-scale petty traders supply fish to such consumers using vans, motorcycles and bicycles. This category of sellers provide an important service without which a significant section of consumers may never get access to supplies of fish. Similarly, regional centres and small towns are more efficiently served by mobile vendors from market places and others working for the commission agents.

Contract between the *daganan tauke* and the commission agents is made verbally. It is risky to appoint an unknown dealer in the market to handle fish without a proper written contract. Thus, fish is marketed through commission agents who have long-established ties. This ensures reliability in the payment of proceeds from sales.

Once the fish has reached the hands of the dealers, the *daganan tauke* ceases to have any say in the marketing activities. The latter accepts all prices quoted by the former.

Observations show that the payments made by some commission agents in small towns and villages, are not regular. Some even underpay the *daganan-tauke* who would then stop sending supplies to them. If this happens, such commission agents normally end up going out of business. This shows that the *daganan-tauke* does have control over commission agents in certain situations.

However, there are risks and costs involved in the collection of payments for fish bought by buyers at village markets, small towns and regional centres. Purchases are made on credit. They are normally made to dealers after a lapse of one to two days or at the most within a week. Situations where dealers are unable to collect their payments from buyers, do arise. For example, one commission agent in Kota Bharu is currently burdened with uncollected debts from vendors and retailers amounting to a sum of \$1,000. The effect of such a large debt on small scale commission agents would affect their cash flow to the *daganan tauke*. This, however, forms only a small percentage of their marketing costs. Furthermore, this is part of the risk wholesalers bear to ensure market outlets for their fish.

In the above case, retailers and vendors are forced to terminate operations whenever they fail to settle debts accumulated from fish supplies. In Kota Bharu, the credit system is more formalised, since buyers pay the initial price they quoted to commission agents. In doing so, the former is allowed two to three days credit. Unlike the Kuala Besut market where undercutting is

rampant, such a practice is not tolerated in Kota Bharu. However, in Kuala Besut it is not possible for the *dagangan tauke* to undertake the marketing of fish to smaller markets. He has to rely on commission agents instead.

The relationship can be clarified by looking at relations between the *dagangan tauke* and commission agents. This can be observed from the services provided by the latter in the distribution centres. Since there are limited regional and national outlets for the fish, large commission agents in regional

when required by the *dagangan tauke*. Some *dagangan tauke* require weekly

organising the fishing trips ahead, such as the acquisition of gas, diesel, ice

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production

acts effectively. Dealers and commission agents have to satisfy two conditions when balancing their cash flow. First, they handle a number of boat owners each of whom have different cash demands which varies according to their fishing trips. Second, operating in a marketing system where petty traders make purchases through credit, the risk of confronting irregular payment is high. In this situation one can expect a strong interdependent relationship between the dominant categories. Such a relationship is essential for

the reproduction of the production and distribution system, and of the *daganan tauke* and commission agents.

It is profitable for the *daganan tauke* to operate within this 'informal' organisation. This organisation also provides him access to interest free credit. In the northeastern region of Peninsular Malaysia, *riba* or interest is shunned by devout muslims who form the majority of the population. Commission agents deduct a commission of 10% from total sales per month as payment for services rendered to the *daganan tauke*. The *daganan tauke* at the end of the day, collects income from the sale of catch without having to incur marketing costs or risks from uncollected debts which is prevalent in credit sales.

This input-output relationship is of equal importance to both parties. There is neither control exercised on the role of the commission agents nor do the commission agents interfere in the production units, the domain of the *daganan tauke*. For either party, their dominant position is dependent on where they are located within the distribution system. Such a position determines the nature of control exercised on fish. It is also a situation where the commission agents play an essential role creating the marketing outlets for the *daganan tauke*, in the regional market. This is so because of the absence of alternative external agents who can guarantee them sufficient demand with a fair price.

In short, the preceding discussion established the significant interdependent relationship that exists between two social categories, namely the *daganan tauke* and commission agents. The context within which exchange relations occur between the two requires that the financial arrangement is beneficial to both parties. Finance capital in the form of regional merchants has yet to wrest control of the production unit at Kuala Besut.

DAGANAN TAUKE AND THE LOCAL WHOLESALERS

As highlighted earlier, local wholesalers handle 20% of the catch going to external markets. These wholesalers, besides being involved in fish marketing, also own boats and nets. As a result, they form an important class of capitalists in the beach level economy. Two large wholesalers handle fish marketing. One takes care of fresh fish distribution whilst the other, the distribution of prawns as well as fresh fish to external markets. The latter handles all prawns caught by trawling boats in the area except for a small number of local *daganan tauke* and *daganan cum* beach level retailers who market their own prawns. The latter is marketed at the beach level to the retailers from the regional markets.

There is no conflict in the relationship between the wholesaler and the *daganan tauke* at the beach level. This is because of important roles played by both parties in the production as well as marketing of fish. When the *daganan tauke* lands a class 1 quality fish, he will contact directly the local wholesaler to market fish for him in the external markets. Generally, the wholesaler will buy personally from the *daganan tauke*. Local wholesalers are noted for their prompt cash payments. If necessary, they pay cash on delivery. Hence they are a reliable force who perform an important function within the production and distribution system.

The local wholesalers and the *daganan tauke* have developed ties based on mutual trust and friendship. These ties are so strong that they actually act as barriers restricting the entry of external buyers into their marketing network. One way is to stop external buyers from making bids on boats. This is the case even if the interested parties are from nearby small towns, operating in external markets as commission agents and dealers. Hence, the local wholesalers make it difficult for newcomers to operate, to make bids and to establish credit relationships. Consequently, new entrants into this business only last for a few months.

External wholesalers have tried on numerous occasions to by-pass local wholesalers to obtain fish directly from the *daganan tauke*. Such moves only upset the local wholesalers who to date have succeeded in thwarting them. Here again one can explain the persistence of local exchange relations by looking at the strong ties which cement local contacts as permanent and lasting. Those involving external buyers are held on a temporary basis. The larger local wholesalers and the *daganan tauke* often involve themselves in the local community through various financial contributions to official functions, marriages, funerals or to the victims of mishaps. Thus, the close interdependent relationship between the *daganan tauke* and local wholesalers effectively gives them control of the production and distribution of fish at the local level.

DAGANAN TAUKE AND THE BEACH LEVEL RETAILERS

The *daganan tauke* can easily by-pass beach level retailers by selling fish directly to petty traders. However, in this situation the *daganan tauke* encourages the development of beach level retailers. The *daganan tauke* were asked about the market relations at the beach level especially their relationship with the beach level retailers. They were satisfied with the existing pattern of exchange relations with beach level retailers. It might be expected that the capitalist logic should result in the centralising of trading activities at the beach level in a few hands, i.e. the move towards monopoly. Contrary to this logic, the converse is true in the case of the Kuala Besut fishing economy. It is unprofitable for the *daganan tauke* to

undertake direct sales of fish to buyers at the beach level. This requires a large capital investment that would eat into their profits and thereby limiting their level of accumulation. The *daganan tauke* prefers sales in bulk to the commission agents in the regional markets or to the local wholesalers to be consigned to the national markets rather than make small quantity of sales at the beach level. The beach level retailers, therefore provide an important function at the beach level marketing where they deal in small quantities of fish which are supplied to motorcycle retailers, bicycle retailers, marketeers and petty producers of fish crackers.

Besides profitability, the main reason for maintaining the ties with beach level retailers is to ensure the reproduction of the dominant *daganan tauke* system in the organisation of production and distribution of fish at the beach level. This manifests itself in the form of barriers that restrict buyers like mobile vendors and petty traders from buying directly from the boat. Very often, when external buyers attempt to make bids for fish on boats, beach level retailers would counter by offering higher bids. The *daganan tauke* because of his close ties with the beach level retailers, would be partisan to them even though the latter may not possess enough cash to pay for the fish.

This has become the convention in the beach marketing system that safeguards the livelihood of beach level retailers and at the same time, restricts the penetration of external capital into the beach marketing organisation. The *daganan tauke* contends that this practice relates to existing social relationships. With the non-local bidder he only has a casual relationship at most. Such bidders are generally considered to have a disruptive influence on beach level marketing. This business relationship is also temporary in nature. On the other hand, the relationship and links with the local beach retailers are on a more permanent basis built around a strong allegiance within the indigenous social organisation.

The activities of beach level retailers are functional to the reproduction of the *daganan tauke* as they provide the extension of the latter's marketing activity at the beach level. The *daganan tauke* need not necessarily bear any labour cost in the handling and marketing of fish to buyers at the beach level. Moreover, when there is a glut, beach level retailers would absorb part of the surplus. Thus, they take part of the burden of disposing of unwanted fish to buyers. When such a situation arises, beach retailers are free to board any boat and obtain fish for sale at the beach level.

The strategy of the *daganan tauke* is to dispose of his fish as quickly as possible during the day. He would then prepare for the next fishing trip. As shown earlier, the beach level retailers serve a dual function in the determination of price at the beach level. They generate the impetus for marketing activity at the beach level by taking up an intermediary function, thus

allowing the petty traders to make purchases at the beach. Such an activity pushes up prices at the beach level. That is why the price of fish per rate is higher at the beach level. This benefits the retailers but not the

latter. The *daganan tauke* has controls over the supply of fish, but this has not resulted in him dominating completely fish marketing. He is instead involved in a relationship of reciprocity with the beach level retailers. There is, however, an element of sanction, applied whenever the *daganan tauke* deems it necessary, to remind beach level retailers of the necessity to observe business rules.

Contrary to the general principles of capitalist relations where classes in control of the means of production exploit others who hold subordinate positions within particular production systems, petty beach level retailers are not subordinated to an exploitative relation by the *daganan tauke*. Unlike the case of Ujung Pandang where the *punggawa* provided capital for the organisation of production, in the case of Kuala Besut, petty traders (beach level retailers) by having access to boats possess some control over fish sold at the beach level. The *daganan tauke* does not directly control the means of production owned by beach level retailers. The relationship is one of reciprocity which transcends the economic sphere. Observations suggest that these exchange relationship is shaped by cultural elements too. These non-economic factors only help to strengthen the grip the *daganan tauke* has on beach level marketing. Besides, they also provide a solid barrier against the impact of external capitalist forces. Thus, the "informal" beach economy of Kuala Besut shows a peculiar interdependent relationship between the *daganan tauke* and the beach level retailers that not only help reproduce existing relations but also reinforce their internal dynamics to block external capitalist penetration.

SUMMARY

By owning boats and nets, the *daganan tauke* is able to control the relations of production within the production unit and exchange relations within the fish distribution system. It is this control which enables him to appropriate surplus for accumulation. The exploitative relations between the owners and workers of the means of production is compounded by a sharing system which is different from the methods used by traditional peasant fishermen. Unlike the traditional sharing system where risks and costs are borne equally by various crew members, in this case, the *daganan tauke* by controlling the fish which is made possible by the fact that he owns the means of production, appropriates surplus without a general consensus.

The input-output relationship established between the *daganan tauke* and the commission agents is crucial for the reproduction of the production unit in Kuala Besut. However, there is neither control exercised on the commission agents nor do the commission agents interfere in the production units. The spatial essence implicit in this relationship is that the commission agents by

being the link to regional centres actually act as direct agents of geographical transfer of surplus value from Kuala Besut.

The system of fresh fish production and distribution established the way in which the local economy has remained independent of external capitalist penetration. The organisation of production and distribution is controlled by local capital which is represented by the *daganan tauke*, local wholesalers and beach level retailers.

The *daganan tauke*, local wholesalers and beach level retailers maintain tight control over the distribution of fish. This is achieved through an established convention that prohibits intrusion by external forces. Such a close interdependent relationship between them shows the dominance of local capital at Kuala Besut. The persistence of beach level retailers is attributed to the intermediary function they play between the *daganan tauke* and fish buyers at the beach. Their existence is profitable to the *daganan tauke* in the sense that he does not have to bear the labour cost necessary for marketing fish to buyers at the beach level. They, however, take part of the burden of disposing fish in times of glut. Whilst the *daganan tauke* is in control of fish marketing, the interdependent relationship between them and the beach level retailers allows the latter to accumulate.

In an economy where the capitalist form of production is dominant as in Kuala Besut, the social organisation leads to increasing differentiation among those involved in the production and distribution of fish. Inevitably those displaced from the means of production are increasingly drawn into wage labour as *awak-awak*. Some are drawn into the beach level retailing activities. Their increasing number has given rise to a process of 'involution' and fractionalisation of labour. This can be seen from increasing competition at the beach level. In addition, a number of fishermen have become agricultural workers/settlers in government land schemes organised by FELDA. Some have also migrated to other fishing centres along the east coast, especially to Mersing/Endau in Johore to become workers on the boats owned by *taukes*.

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