

GILBERT AND ELLICE ISLANDS COLONY.

Island of Tarawa,  
Central Gilbert Islands,  
20th April, 1934.

S. G.  
No. 42.

Sir,

I have the honour to acknowledge the receipt of your letter No. 6 of the 14th February and, in reply, to submit the following report on the present working of Native Co-operative Societies in the Gilbert Islands. A suggested draft Native Co-operative Societies Ordinance is also enclosed, based on the Tanganyika Ordinance No. 7 of 1932, together with a series of suggested rules to be made under section 33 (1) of the Ordinance.

2. Since the date of my last letter on Native Co-operative Societies they have been through a very anxious and trying period for which, in the main, three factors are responsible.

(a) They have had to face a disastrous fall in the price of copra, the only local product of any importance, whereas the price of trade goods has remained as high as before.

(b) They have been faced with the impossibility of selling their copra or buying any goods except  
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The Secretary to Government,  
Gilbert and Ellice Islands Colony,  
Ocean Island.

from one or the other of two firms, both of which maintain the same level of prices.

- (c) They have had to struggle on unaided by any legislation for the guidance and control of their societies.

While, however, many societies are undeniably not making much profit at the moment owing to a combination of these three factors, I would submit that the hard times which they are facing at the outset is an excellent thing for the movement as a whole. The inefficient societies and leaders in the movement are being weeded out, while the better societies are receiving a useful knowledge of hard economic facts and accumulating experience in trading which will prove invaluable to them when the economic situation improves.

5. With regard to the first factor, the price of copra has now fallen to the disastrous level of £3 per ton, a figure at which it is scarcely worth a member's while to make and sell any copra to his society. It is sufficient to point out that it now takes 50 coconuts to purchase one stick of tobacco to realise that but little copra is being made in the Gilbert Islands at the present time. During my last tour of the Central and Southern Districts in October and November I heard at several islands that the natives had decided to revert to native dress and foods and free themselves as far as possible from the necessity of buying any European products. I believe that very little is now being bought by the natives except tobacco and, while this is in many ways an excellent thing for the race, since they are reviving once again half-forgotten arts and regaining their old self-reliance and independent spirit, it is

unfortunate

unfortunate for the co-operative societies.

4. I have found it quite impossible to make the members of the Co-operative Societies understand the necessity for the present low price they are being paid for their copra and there are probably few Gilbertese who do not consider that they are being made the victims of a conspiracy on the part of the two trading firms. In this opinion they are confirmed by the fact that the firms have not felt it possible to make any reduction in the price of their trade goods, which are now largely beyond the purchasing power of the societies or their members. The result is that the societies are feeling, as never before, that they are in the hands of <sup>a</sup> monopoly or trade ring and that they will only be able to expand their activities when they can sell their produce and, in particular, buy their trade goods in a competitive market.

5. It should be explained here that no suggestion is intended that either of the local firms are offering unfair terms to the natives. Indeed, the figure of £3 per ton for the copra would appear to be reasonable, considering the present position of the market. As His Honour is aware, however, island after island is petitioning for the Japanese Nanyo Boyeki Kaisha to be allowed to trade with them, not from any preference for Japanese products, but simply because they are able to obtain a higher price for their copra from them and it is felt that no expansion can take place while their purchases have to be confined to a limited range of standard trade goods at non-competitive

competitive prices.

6. Even if no independent firm is willing to commence trading activities in the Gilbert Islands, a partial solution of the difficulty, which the native societies are experiencing, of buying the class of goods they desire at prices which will allow them a small profit on sale, can be provided by the proposed government Savings Bank. The societies will almost certainly invest their reserves in the Savings Bank and I would suggest that the Bank undertakes to give drafts on Sydney in return for the societies' deposits in the Gilbert Islands and thus facilitate the purchasing of goods from the Sydney trading firms, to be shipped to the Islands by the recruiting vessels, the a.s. "John Willisms" or the loading steamers. The government would, in addition, be rendering a great service to the native community if enquiries could be made as to whether any firm of wholesale agents in Sydney would be willing to act as agents for the Native Co-operative Societies in these Islands.

7. In my opinion the last factor, that of lack of guiding legislation, has been the greatest obstacle which the movement has had to face. As long ago as 1931 I asked for authority to control the activities of co-operative societies in order that the badly conducted ones might be eliminated and the rest placed on a footing which would give them a chance of success. I have since that time seen more than one company, through ignorance

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and bad advice, fall into confusion and fail. My advice has always been freely offered to native societies but it has not, except on islands where I am personally known, always been taken and the absence of any supporting legislation has been a great handicap. Where a co-operative society has failed it has usually been because, in the absence of controlling legislation, it has obtained its trade goods on credit, even though possessed of reserves with which they could be purchased. The goods are then sold, in turn, to the members, also on credit and, as the Gilbertese are at the moment incapable of maintaining a system of book-keeping which would clarify this mountain of credit transactions, confusion has resulted and the society has had to be wound up. I have suggested, in the enclosed draft Rules, that for the present the giving and taking of credit should be prohibited, until such time as the native societies have assimilated the principles of sound cash trading.

8. With regard to the points mentioned in the Secretary of State's despatch No. 220 of the 16th August, 1933, I would state that the Rules providing for a monthly general meeting and for changes in the personnel of the Managing Committee every three months were made at the request of the Beru Co-operative Societies and do not necessarily form part of the bye-laws of other societies. In the suggested draft rules considerable latitude has been left to the societies which will enable them, within certain limits, to make their own bye-laws on the subject. The Gilbertese have, however, still to learn to trust each other in commercial dealings and, for that reason, will always favour recurrent inspections of books, cash and stock. At the same time their extreme  
 democracy

democracy and lack of outstanding leaders makes the majority of members want to take their turn in the management of the society while the rest endeavour to ensure that they will have a voice in the control of affairs by means of periodic general meetings. Indeed, unless curbed by European advice, these tendencies are apt to result in ridiculous situations. For example, in the original Tabiteuean Co-operative Society, nearly every member sat, I believe, on the Committee and virtually no business could be transacted owing to the interminable discussions which preceded the simplest operation. With the development of the movement, however, these excesses are disappearing.

9. I am in complete agreement with the Secretary of State's opinion that the societies are too large. It has been found that the societies of about 100 members are as large as can be conveniently operated as a unit and that when they contain more than 150 members they are apt to dissipate their energies in internal dissensions among the groups forming the membership. Provision has been made in the suggested draft Ordinance for limiting the membership of co-operative societies and their numbers could be further curtailed, where necessary, by the District Registrars.

10. In conclusion I would state that the co-operative societies movement is undoubtedly filling a want long felt by the native community. Under present economic conditions any spectacular success is, of course, impossible but the solid progress that the movement has effected

effected since 1931 is, in my opinion, eminently satisfactory. The influential position which the movement now enjoys in native life is amazing and without doubt the societies have come to stay. It is a significant fact that, in cases where a society has been wound up by its members, a new society has invariably been formed to take its place and benefit by the experience gained from the old. Considering the manner in which they have had to find their own feet without any guidance from the government, it would appear that the societies have made remarkable headway and I consider that the legislation now proposed will enable the administration to correct any weaknesses in the organisation of individual societies which may have become apparent during the initial period of their operations, dissolve badly run societies and encourage the remainder. The fear of having the registration of their society cancelled should supply just the stimulus needed to ensure that the "get rich quick" schemes of local demagogues will be ignored.

11. I enclose a list, by islands, of all native co-operative societies known to be operating in the Gilbert Group. It will be noticed that many of the societies take out an annual Trading License but, as they are all organised on co-operative principles and the license fee is merely paid to enable them to make more profit for their members by buying and selling outside the actual membership

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membership of the society, it is presumed that they also will come within the scope of the proposed Ordinance.

I have the honour to be,

Sir,

Your obedient servant,

(Signed) H. E. Maude.

Administrative Officer,  
Central Gilbert Islands.