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Keith Barber

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By
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UNEMPLOYMENT AND THE INFORMAL SECTOR

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The Household
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STRUCTURE AND DYNAMICS OF HOUSEHOLD REPRODUCTION

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INTRODUCTION

On 11 August 1992, the Deputy Prime Minister of Papua New Guinea, and Minister of Finance and Planning, Sir Julius Chan, in an address to the National Parliament, stated that as a consequence of negative growth in the Papua New Guinean economy, ‘migration into urban areas has increased at rates which are beyond the Government’s capacity to service — and provide jobs’. He was also reported as saying:

This state of affairs is compounded when considering that each year produces another 52,000 young school-leavers all wanting to enter the labour market, seeking employment the economy cannot presently provide .... Over the next 15 years .... every year 10,000 new entrants may be absorbed into the formal sector and 42,000 will have to find productive employment elsewhere in the informal sector (Post-Courier, 13 August 1992).

This expectation of the informal sector in Papua New Guinea places it in a position of considerable importance in the economic and political future of the country and calls for an analysis of its characteristics. It is the object of the first section of this discussion paper to review the current state of knowledge of the informal sector in Papua New Guinea and to plan further investigation. The section begins with a brief historical review of the theoretical debates surrounding the concept of the informal sector. This is followed by a review of the policy debate on informal sector promotion in Papua New Guinea which took place during the first decade of independence. A summary then gives some of the existing surveys of informal sector activity in Port Moresby. It is concluded that a more thorough investigation of the informal sector in Papua New Guinea is needed before a true assessment can be made of its potential for meeting the official expectations held for it. Some lines of analysis are suggested for such an investigation.

In the second section, the problem of rising wage unemployment in Papua New Guinea is addressed in terms of its effects upon urban household reproduction. A framework is constructed for the analysis of urban household survival strategies. It is proposed that such an analysis is important

1 In the following discussions the focus is exclusively on the urban informal sector. Exactly how many of the school-leavers already referred to as having to find employment in the informal sector and who will be seeking employment in the urban informal sector is difficult to judge. The current urban population in Papua New Guinea is approximately fifteen percent of the national total, hence on a crude proportional basis the increase would be approximately 6,000 per year. However, most of the formal sector jobs are in the cities so there is likely to be a higher rate of absorption of the urban school-leavers into the formal sector than of rural school-leavers. Although the exact number of school-leavers seeking employment in the urban informal sector could not doubt be fairly accurately estimated, at this point the main question is whether the urban informal sector has the capacity to expand at a rate sufficient to absorb anything like this number.
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for assessing the effects of various policy interventions aimed at preventing the growth of urban poverty.

Neither section is based upon field research. Both sections were compiled during a two month visit to Port Moresby during August-September 1992 at which time the relevant literature was read and unsystematic observations were made. The aim of each section is to suggest useful lines of analysis for such research if it was to be undertaken.

TOWARDS AN ANALYSIS OF INFORMAL SECTOR ACTIVITY IN PORT MORESBY

THE INFORMAL SECTOR

The Origin of the Concept

The concept of the informal sector originated in a re-evaluation of Third World economic development policy during the late 1960s and early 1970s. For the first two decades after the Second World War, Third World economic development planning had been dominated by a policy of maximising economic growth through accelerated industrialisation and the redistribution of per capita income through wage employment. By the mid-1960s, it was realised that an unprecedented rate of urbanisation in developing countries was outstripping the demand for work resulting in unemployment, underemployment and poverty for large sections of the urban population. In 1969, the International Labour Office (ILO) launched a programme of research, seeking a solution to these problems. Through a series of case studies the ILO formulated a new interpretation of the causes of Third World underdevelopment, and shifted the emphasis in Third World development planning from economic growth per se, with employment as a secondary outcome, to employment promotion as a policy objective in its own right (ILO 1970, 1971, 1972; Moser 1978:1043).

The ILO identified the main problem of Third World underdevelopment as underemployment. This was interpreted as resulting from 'structural imbalances' within the economy, firstly between the rural and the urban sectors, and secondly, within the urban sector, between the 'modern' industrial wage sector and the 'traditional' non-industrial non-wage sector. In the rural areas the main cause of underemployment was seen as insufficient access to land. This led to large-scale migration to the cities in search of industrial wage work. But the capital-intensive nature of modern urban industrialisation limited the amount of wage-employment available. Most migrants could find work only on the margins of the urban economy, in areas of economic activity characterised by small-scale production using self-employed artisans and service workers. This was a sphere of the economy which had conventionally been regarded by development economists as stagnant and unproductive, and which was subject to legislative restrictions and harassment by government officials.
The ILO, however, reported this sector as having a number of desirable features: as being highly competitive and labour intensive; as utilising locally produced inputs; and as developing its own indigenous skills and technology. In urban areas it was shown to account for from twenty-eight to thirty-three percent of all those employed. The ILO concluded that this 'informal' sector, as it came to be called, was in fact capable of creating more jobs and faster growth than the more conventional 'formal' industrial sector. It recommended that governments should adopt a more positive attitude toward the informal sector and actively promote its development through such measures as reviewing trade and licensing regulations, and providing research and development work on production or use in the informal sector (Moser 1978:1045).

The origin of the term 'informal sector' can be traced to a paper based on a study of urban workers, given at a conference in Accra, Ghana (1971), by the anthropologist, Keith Hart. In the paper, Hart defined the difference between 'formal' and 'informal' sectors of the urban economy, based on a distinction between wage-earning and self-employment, the key variable being whether or not labour was recruited on a permanent and regular basis for fixed reward (Hart 1973:68). Included within the informal sector were such activities as:

**Informal income opportunities: legitimate**

(a) Primary and secondary activities — farming, market gardening, building contractors and associated activities, self-employed artisans, shoemakers, tailors, manufacturers of beer and spirits.

(b) Tertiary enterprises with relatively large capital inputs — housing, transport utilities, commodity speculation, retailer activities.

(c) Small-scale distribution — market operatives, petty traders, street hawkers, caterers in food and drink, bar attendants, carriers, commission agents, and dealers.

(d) Other services — musicians, laundries, shoeshiners, barbers, night-soil removers, photographers, vehicle repair and other maintenance workers; brokerage and middlemanship; ritual services, magic, and medicine.

(e) Private transfer payments — gifts and similar flows of money and goods between persons; borrowing; and begging.

**Informal income opportunities: illegitimate**

(a) Services — hustlers and spivs in general; receivers of stolen goods; usury, and pawnbroking (at illegal interest rates); drug-pushing, prostitution, poncing, smuggling, bribery, political corruption, protection rackets.
4 Analysis of Urban Household Reproduction

(b) Transfer — petty theft (pickpockets), larceny (burglary and armed robbery), speculation and embezzlement, confidence tricksters, gambling (ibid.:69).

Following its adoption by the ILO, a variety of other conceptualisations of the informal sector were developed, each with its own particular policy implications.2

The Critique of the Concept

Enthusiasm for the concept was not universal, and during the 1970s it became the focus of critical debate. The criticisms centred on the problems associated with the concept's inherent dualism: its division of all economic activity into two categories, formal and informal. It was argued that this dualism ignored those economic activities which were intermediary or transitional between the two. More importantly, it implied that the two sectors were separate and independent of each other, and thereby created the false assumption that actions taken with regard to one sector would have no effect upon the other. This critique was developed through a number of empirical studies of small-scale enterprises in various Third World cities which revealed that comprehensive linkages existed between enterprise in the formal and informal sectors (Bromley (ed.) 1978; Bromley and Gerry (eds.) 1979).3

These studies raised serious doubts about the policy of informal sector promotion. The interrelations between the two sectors were described as ones of exploitation and domination in which the formal, capitalist sector enterprises benefited in two ways: first, from the cheap goods produced in the informal sector which help maintain the low wages of formal sector wage workers; and second, from the supply of casual labour from the informal sector, usually in the form of contract workers who are indirectly exploited through systems of informal subcontracting.

For these reasons the idea that the productive potential of the informal sector could be released through the provision of administrative reforms was seriously questioned. It was argued, that the promotion of the informal sector would simply further facilitate the transfer of value to the capitalist sector, resulting in the further impoverishment of the non-capitalist sector.

Petty Commodity Production

These empirical studies of the interconnections between the formal and informal sectors encouraged the development of an alternative theoretical

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3 See particularly the articles by Birkbeck, Gerry and MacEwan Scott.
approach — 'the articulation of modes of production'. The formal-informal sector dichotomy was replaced by a view of 'modes of production' systematically interconnected by relations of domination and subordination. The two modes of production characteristic of the urban economy were the capitalist mode of production, embedded in the international economic system, and the petty commodity mode, embedded within indigenous networks of social relationships. In this perspective the dominant capitalist mode of production was perceived as subjugating the subordinate petty commodity mode to the needs and logic of its own functioning and reproduction, showing that the prospects of autonomous development of the informal sector were severely limited.

Social and Cultural Relations of Production

Although the 'modes of production' perspective overcomes the dualism inherent in the informal sector approach, it too was found to suffer from a number of weaknesses (Long and Richardson 1978). In its attention to the relations between modes of production, articulation theory fails to give adequate attention to the social and cultural relations within each mode of production.

In particular, it fails to give adequate attention to the relations of production within the petty commodity mode, and how its own subordinate needs and logic influence the overall relationship of articulation with the capitalist mode. Petty commodity production and the social and cultural relations which sustain it, are given too passive a role in the articulation approach. A further weakness is that within the category of petty commodity production the very great variety of forms and relations of production so evident within the informal sector are combined. Many of the occupations listed within the sector are clearly different in terms of their patterns of work organisation and market integration. Within a single occupation there exist differences in economic performance which are the result of differing access to material and social resources.

Considering these observations, to understand what is involved in the maintenance and modification of informal economic activities we must move beyond their simple categorisation within petty commodity production, and analyse their varying patterns of work organisation, their associated property relations, and the various interpersonal and intergroup relationships which sustain them. This requires a close examination of the different uses and

4 'A mode of production is conceptualised by reference to two essential components: the forces of production which consist of such things as material resources, instruments of labour, labour-power and associated technological arrangements; and the social relations of production which are defined principally in terms of the ownership and control of the means of production, and the creation and appropriation of the surplus production' (Long and Richardson 1978: 182).

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influences of social and cultural resources in the labour processes of small-scale production (ibid.:187-188).

Informal Economies of Growth

Throughout the 1980s, in response to changes in the world-wide structure of industrial production, interest in the formal economy spread to the developed countries of the West. This allowed the establishment of a body of empirical research sufficient to support a comprehensive comparative analysis of informal economies throughout the world (see Portes et al. (eds.) 1989). Comparative analysis has enabled general conclusions to be drawn about the viability of informal sector promotion as a strategy for economic growth. Most available evidence has fallen heavily on the negative side for both workers and industry workers in the informal sector, who have to cope with low wages, insecure jobs, and a lack of occupational safeguards. In industry, informality means continuing reliance upon backward and exploitative labour arrangements and is a strong disincentive for technological innovation (ibid.:300).

In some instances, however, positive effects of informalisation have been identified. Where there has been no other employment available definite advantages have accrued to individuals, households and even whole neighbourhoods from informal activities. There have also been a few instances of informal economic growth, but they are exceptional, having been largely confined to the advanced industrial countries. These countries cannot therefore justify the celebration of informal economic activity as a general solution to underdevelopment, particularly in the Third World.

Instances of informal economic growth have been found to have the following features in common:

- the enterprises concerned have not been limited to the production of labour-intensive, low-technology goods, but have been able to capture a niche in the upper sectors of the market;
- the goods and services provided have not been limited to supplying the local market but have possessed a strong export orientation; and
- the enterprises were relatively independent, rather than integrated into vertical hierarchies of subcontracting (ibid.:303-304).

Every successful instance of informal sector growth has also registered evidence of government support — 'an official attitude that downplays the lack of observance of certain rules and actively supports the growth of entrepreneurial values through training programmes, credit facilities, marketing assistance and similar policies' (ibid.:303-304).

Other features which these examples of informal sector growth have in common belong to the sociocultural realm in which their economic activities are embedded. These have been described as:
The informal sector has led to an unusual receptivity to technological innovation and entrepreneurial opportunities among the people involved, and the existence of a common identity that binds together participants, providing the basis for an overarching solidarity that facilitates cooperation among small firms and non-conflictual relations with workers (ibid.:304-305).

These last two features, concerning the sociocultural conditions for informal sector growth, reinforce the conclusions of Long and Richardson (1978), as already discussed, about the importance of social and cultural resources for the development of small-scale business enterprises.

Conclusions

The main purpose of this historical review of the informal sector debate has been to suggest useful lines of analysis for the investigation of informal sector activities. These may be summarised as follows:

1. The concept of the 'informal sector' has little utility as an analytical concept. It implies a degree of separation from, and autonomy in relation to, the formal capitalist sector of the economy which is not supported by empirical research. The concept is a descriptive term, convenient for focusing attention on a range of income-earning activities other than wage-employment.

2. A more useful concept for analysing the important interconnections between informal and formal sector enterprises is that of 'petty commodity production', defined in terms of the possession of the means of production by the direct producers and their utilisation of non-wage labour. Petty commodity production is, however, an homologising concept that combines within a single category a great deal of variation and differentiation among petty commodity producers.

3. In order to explain this degree of variation and differentiation, and to understand how informal sector activities are, or can be, maintained or modified, we need to analyse their patterns of work organisation and associated property relations, and also the various interpersonal and intergroup relations that sustain them. This requires the examination of the differential use and influence of social and cultural resources in the labour processes of small-scale production.

THE INFORMAL SECTOR IN PAPUA NEW GUINEA

Official interest in the urban sector in Papua New Guinea can be dated from 1973. In that year the Faber Report on Development Strategies for Papua New Guinea noted the comparative absence of small-scale indigenous urban economic
activities in Papua New Guinea compared with other developing countries and recommended that such activities should be encouraged (Faber et al. 1973). This recommendation was later embodied in the Government's Eight Aims of national development, the fourth of which called for 'an emphasis on small-scale, artisan, service and business activities, relying where possible on typical Papua New Guinean forms of business organisation' (National Planning Committee of Cabinet, 1974). In announcing these Aims to the House of Assembly (2 March 1973), the Chief Minister, Michael Somare declared:

... we will expand small-scale commercial activity. We will cut down the restrictions that prevent people from earning money by selling goods, supplying services or engaging in small-scale business. In particular we will conduct a proper review of current restrictions. We will begin to create a truly Papua New Guinean form of economy. Our current licensing regulations are borrowed from a Western style economy. They may have no meaning in an independent Papua New Guinea. This review should make it easier for Papua New Guineans to engage in food and drink processing and distribution, create industries, joinery and construction, tailoring, transport, personal services, retail trade and other business (quoted in Norwood 1978:59).

While there is no explicit reference to the 'informal sector' in these statements such a reference can be clearly inferred from their historical context. As discussed in section one, the concept of the 'informal sector' was enjoying considerable popularity in international debates on economic development in the early 1970s. Introduced by the anthropologist Keith Hart at a conference on urban unemployment in Africa (1971), it had been enthusiastically taken up by the International Labour Office in their influential 'World Employment Programme' aimed at overcoming the problem of Third World urban unemployment and poverty. Keith Hart was one of the contributors to the Faber Report (Walsh 1983: 414), and considering the general currency of the concept at the time, there is every reason to believe that it lay behind much of the thinking of the Papua New Guinean government on small-scale indigenous business development. The connection was made more explicit in the discussions and debates that followed.

In 1973, two academics from the University of Papua New Guinea, Lorraine Blaxter, a sociologist, and Peter Fitzpatrick, a lawyer, were appointed by the government to conduct a review of restrictive commercial licensing regulations (ibid.:414). They produced a discussion paper entitled 'The Informal Sector: a new strategy for development' (Blaxter and Fitzpatrick 1973) and a series of reports — on liquor trading, passenger motor transport, street trading and marketing, and small-scale enterprises — for an interdepartmental seminar in 1973 (Norwood 1978: 59; and Walsh 1983: 415). In 1974 they published a paper describing a number of legislative restrictions to the type of small-scale urban indigenous business development envisaged by the government in its development aims. These legislative restrictions, they argued, had been designed to protect existing, usually expatriate, traders, and to confine the native urban population to wage employment (Blaxter and Fitzpatrick 1974). It was recommended that these restrictions be removed.
The direction of Blaxter and Fitzpatrick's work was very much in line with the recommendations of the International Labour Office. The implication was that the low level urban informal sector activity in Papua New Guinea could be accounted for by the existence of restrictive commercial licensing regulations, and all that was required to encourage its development was the removal of those regulations. But not everyone was in agreement with this view. John Conroy, an economist from the University of Papua New Guinea, argued that the low incidence of urban informal sector activity in Papua New Guinea could be more readily explained by what he described as 'the relative affluence of the subsistence sector'. The rural standard of living, he argued, 'sets a base-rate for the levels of real income and physical exertion that most rural-urban migrants are willing to tolerate'; in Papua New Guinea subsistence affluence acted as 'a constraint on the will of urban dwellers to 'hustle' in the manner observed in other countries'. Subsistence affluence was 'a deterrent to the growth of the urban informal sector' (Conroy 1974:312).

The crux of Conroy's objection to the policy of urban informal sector promotion appeared to be the implicit cost it entailed for the rural sector. According to Conroy, the urban informal sector was a product of rural poverty, and he argued that in the absence of the dynamism provided by such poverty the diversion of resources to encourage urban informal activities implied the necessary cost of diverting those resources from the rural sector (ibid.). Furthermore, Conroy did not see urban informal economic development as something that needed to, or even could be, formally promoted. He stated that, 'the diversion of considerable resources to generate economic activities which elsewhere have occurred spontaneously is basically a contradiction in terms, involving, as it does, the formalisation of the informal' (ibid.: 313).

Over the next two years proposals for the promotion of the urban informal sector continued to be presented by government agencies. In 1975 the Central Planning Office warned against the 'staggering prospect... of there being by 1981, 185 200 adults, 86 500 of them men, in towns but not being part of the workforce in the formal sector of the economy'. They questioned the assumption that a programme of rapid industrialisation would be the answer to urban unemployment and suggested that a preferable policy would be to encourage the informal sector of the economy (Papua New Guinea Central Planning Office 1975: 22, quoted in Williamson 1977: 5). In a 'Draft Proposal for the National Development Strategy', (1976) the Central Planning Office recommended that:

The urban sector which should be greatly expanded to provide self-employment within towns is the 'informal' sector. This sector which includes the smallest enterprises, the self-employed and casually employed, is currently hampered by numerous government restrictions.... Government policy should encourage the numerous opportunities for self-employment (e.g. street vendors, building contractors, laundries, tailors, shoemakers) by removing restrictive legislation and providing advisory services through the Department of Business Development (Papua New Guinea Central Planning Office 1976, quoted in ibid.:6).

Peter Williamson, an economist at the National Planning Office, dissented from this view. He criticised the proposals of his own office and those of Blaxter and
Fitzpatrick, that the informal sector could be expanded by removing restrictive regulations. Concurring with Conroy he wrote that:

While the legal impediments identified by Blaxter and Fitzpatrick are important, they are clearly not the only reason why low income-earning labour-intensive activities are not more common in Papua New Guinean towns ... these marginal economic activities are simply the last resort of the desperate and poor, the seeming low incidence of these activities may simply mean, as Conroy has suggested, that people are not (yet) poor, or desperate enough.

I suggest that village life is, at this stage, still 'affluent' enough to make the marginal activities described in this paper seem unattractive to urban migrants (Williamson 1977).

Williamson's position was based not only upon the observation of subsistence affluence but also upon a political-economic critique of the informal sector concept that rejected the dichotomisation of the economy into formal and informal sectors. The economy, as Williamson described it, was not made up of separate sectors, but was a continuum along which there was a variety of opportunities, differentiated by their degree of access to the resources of the State and the exchange structures of metropolitan capitalism. Within that economy, he said, processes are at work which tend to inhibit people moving up the continuum. In order to describe their state of exclusion from access to the State and the exchange structures which the State administered, he proposed the concept of 'marginality' to refer to those 'informal' sector occupations with low levels of income and labour intensive forms of production. The 'Informal sector', he concluded, 'are simply the poor' (ibid.: 10-13).

In identifying informal sector activities with 'marginality' Williamson called into question policy proposals to promote the informal sector:

The so-called 'informal sector' and the activities people in this sector undertake are simply the outcome of the marginalisation of certain classes as the intrusion of a foreign economic system leads to uneven 'economic development' in the host country. It seems very strange, therefore, that policy makers would want to encourage this process (ibid.: 22).

It is highly unlikely, that the policy makers which Williamson referred to saw themselves as wanting to encourage this process. As Williamson himself pointed out, they tended to treat the concept of the informal sector as simply synonymous with small-scale business activity, and it was the latter which they were wanting to encourage. This conflation of terms, however, creates a serious problem, and Williamson was closer to the mark in his criticism of policy proposals when he pointed this out — the removal of legal impediments to commercial activity, he said, was more likely to lead to the expansion of a few small businesses than the growth of the informal sector (ibid.: 15). This was an important point and one which has considerable bearing upon the whole issue of informal sector promotion. It therefore deserves closer examination.
One of the most commonly accepted definitions of informal sector activity is that it consists of a range of income earning activities that exist outside the regulations imposed by the governing institutions of a society. It can be said, therefore, that only where such regulations exist is it possible to even speak of an informal sector. In this sense a proposal to promote informal sector activity by removing restrictive regulations can be said to be a contradiction in terms (see Conroy 1974), for it would in effect eliminate the conditions of its existence.

It is important to grasp this contradiction in its material aspect. Regulatory laws allow the existence of an informal sector, not simply by definition, but in reality, by making certain areas of production inaccessible to legitimate (formal) businesses. It is into these areas of production which informal operators move. With the abolition of restrictive regulations these informal areas of production become accessible to legitimate business and large numbers of informal producers can be forced out of business by a few expansionary formal sector enterprises. The result is an overall reduction in informal income or employment opportunities. It is here that the real contradiction informally promoting informal sector activity lies, but the contradiction is left unexposed by too close an indentification of the informal sector with small-scale business.

A similar problem arises from too close an identification of the informal sector with poverty. As we saw, Conroy argued that the informal sector in Papua New Guinea would remain negligible in the absence of the dynamism provided by rural poverty (Conroy 1974: 312), and Williamson basically concurred with this view, defining the informal sector as 'simply the last resort of the desperate and poor' (Williamson 1977: 12). A later contributor to the debate, Hugh Norwood objected to these depictions of the informal sector. He wrote that:

There is no reason at all why people working in the informal sector should not be happy to do so. Indeed it fits well with the Melanesian philosophy of life. To work in small groups, making things, building houses, growing food, marketing and fishing. You do not have to be desperate to do these things. Many people would prefer this type of life to a lifetime of working regular hours in a factory, government office or brewery (Norwood 1978:70).

This last view, it can be noted, is more in line with the findings of a large body of recent comparative research on the informal sector. In a recent collection of informal sector studies it was concluded that:

The informal economy is not a set of survival strategies performed by destitute people on the margins of society. Studies in both advanced industrial and less developed countries have shown the economic dynamism of unregulated income-generating activities and the relatively high levels of income of many informal entrepreneurs, sometimes above the level in the formal sector (Castells and Portes 1989:12).

My own observations of the informal sector in Port Moresby in 1992 support this view. I was told on several occasions and saw it convincingly demonstrated, that it was possible for a person to earn more in the informal sector in a single day
than some workers in the formal sector earn in a fortnight. Examples of such high income earners were a betel nut seller with a favourable spot in a market, and a producer and seller of home produced food items such as ice blocks, hard boiled eggs, popcorn and fried bread. Numerous instances also came to my attention of individuals deliberately leaving formal sector employment to take up informal sector occupations, such as the driving of a PMV. One informant completing his university degree that year planned to work for five years in a professional occupation until he had saved enough money to start an informal bottle collecting business. Other informants were employed simultaneously in both formal and informal occupations.

That these were not just recent developments is evident from data in a monograph on employment, incomes and migration in Papua New Guinea towns (Garnaut et al. 1977). The authors provided data showing that 'between half and two-thirds of mean earning informal incomes in most major towns had wage employment at the same time' (ibid.: 126). They also drew attention to the fact that some (though relatively few) men voluntarily outside wage employment earned informal incomes as high or higher than the national minimum rural wage (ibid.: 127). In Port Moresby, where the proportion of formal workers engaged in the informal sector was less than in most other centres, six percent of a sample of 371 male and 12.5 percent of a sample of forty-eight female workers in the formal sector were also engaged in the informal sector.

It should be noted that these comments are not intended to deny that some people for whom the informal sector is their only source of income are desperately poor. There are large numbers of poor people for whom the informal sector is their last resort. The point is, that to say that the informal sector is that alone, is to ignore many of its important features, and to fail to grasp, moreover, important aspects of its dynamic.

It is because many people in the informal sector are well established as successful entrepreneurs that the benefits of any successful attempt by the government to officially promote the informal sector are most likely to be reaped by them, at the expense of the less well established. These more successful informal entrepreneurs, if they are not transformed by government assistance into capitalist employers, are likely to expand their enterprises horizontally, diversifying into other informal sector activities, occupying larger and larger shares of the market. The overall effect would very likely be a decline rather than an increase in informal sector opportunities for the less well off.

The final issue raised by the debate on the informal sector in Papua New Guinea was that of its size and shape. Norwood (1978: 59) contested Conroy's description of the informal sector in Papua New Guinea as being of negligible proportions (Conroy 1977: 78) and listed with brief descriptions a wide array of informal sector activities — house construction, carving, handicraft manufacture, bottle collecting, firewood collecting, vehicle repairs, scrap metal processing, peri-urban fishing, urban gardening, market selling, and public vehicle operating (Norwood 1978: 61-64). Conroy was later to reply that his 'comments on the "negligibility" of the informal sector were set in a comparative perspective, where it is clearly embryonic. It may be growing, but is still negligible in relation to the level of income generated within the formal sector' (Conroy 1982: 16). He also
responded by pointing out that 'Much of the activity described by Norwood is peri-urban in nature and where it should be regarded as a development of the urban sector or an elaboration of the rural sector in response to market demands emanating from the urban sector, is a matter of definition' (ibid.: 16).

Commenting on these issues in 1983, Walsh wrote:

It is clear that while the informal sector was more developed than generally assumed, it did not display a wide range of activities. There were few manufactures or services to which those familiar with the African or Asian informal sector were accustomed. If, however, the Papua New Guinea informal sector was small, it seemed likely that this was due, at least in part, to the smallness and recency of its urban places; if it lacked variety it seemed probable that this was due (a) to the recent urbanisation of its indigenous citizens, their lack of any urban tradition and the inappropriateness of most of their rural skills in an urban milieu and (b) to the lack of opportunity to develop small-scale activities, formal or informal, in an urban economy which (i) in itself displayed limited economic functions, (ii) was dominated by two large overseas firms and entrenched small and middle-sized enterprises also controlled by aliens, and (iii) had poorly developed economic linkages with rural areas and the remainder of the country. There was no system, within the informal sector, of middleman or horizontal buying and selling typical of Third World economies with an urban tradition. The formal sector controlled all wholesaling and most retailing and the main commercial linkages were where the profits were — to the south (ibid.: 416).

While this comparison with African and Asian informal economies is revealing of what the informal sector in Papua New Guinea lacks, the question remains as to what its particular characteristics are. Conroy commented that 'the paradox of the informal sector in Papua New Guinean towns is that so much of it is based on an abundance of natural resources, such as unused peri-urban land and fisheries' (Conroy 1982: 16). This 'paradox' exists, however, only if one is wedded to a model of the urban informal sector forged in the cities of Africa, Asia or Latin America. In Papua New Guinea the historical, cultural and geographic conditions are different and if the particular features are to be understood then they need to be understood on their own terms. The existence of land available for gardening and housing in Port Moresby, for example, offers the greatest potential for the growth of its informal sector, making up perhaps for its lack of manufacturing. This is particularly the case if we include in the definition of urban informal sector, subsistence household gardening and self-help housing.

For example, one interesting aspect of urban activity in Port Moresby which was observed in 1992, and which relates to the peri-urban nature of some of Port Moresby's informal settlements, was the movement of people, currently housed in formal sector housing (low cost Housing Commission houses) and employed in formal sector jobs, to newly established informal settlements on the outskirts of the city where they are building their own houses and establishing their own food gardens while continuing to work in the city. This movement indicates the potential for a productive integration of formal and informal activities at the household level.
In Hugh Norwood's survey of urban villages and squatter settlements in Port Moresby (1984), a large variety of informal economic activities was recorded. A full list of these would include gardening, fishing, pig keeping, poultry keeping, firewood collecting, bead necklace making, bilum making, basket making, pot making, artifact carving, carving stools and tables, cane furniture manufacture, canoe building, boat building, vehicle repairing, copper wire salvaging, bottle collecting, signwriting, painting, storekeeping, beer selling, prostitution, betel nut selling, and PMV operating. To these activities we can add 'tuckerboxes' (small stores selling food and refreshment items); the home production of ice blocks, pastry, scones, cordial drinks, tea and coffee for selling at the markets; the reselling of cigarettes, apples, oranges, eggs (hardboiled) and secondhand clothes; the sewing and selling of clothes; lawn mowing and car cleaning. Some of these activities are on a very small scale, but others, such as the making and selling of ice blocks, popcorn, scones and cordial drinks at the market, are lucrative areas of home production which show a tendency towards large-scale production and the employment of paid workers.

We may conclude that these informal economic activities are sufficiently extensive and varied to warrant systematic and detailed investigation, but no such investigation has yet been undertaken. There have however, been a number of published surveys of particular informal sector activities. These concern small-scale retailing, street vending, fresh fish marketing, urban gardening, public motor vehicle operating, informal finance, and crime.

A SURVEY OF INFORMAL SECTOR ACTIVITIES IN PORT MORESBY

Small-Scale Retailing

In 1981, Geography students from the University of Papua New Guinea conducted a survey of 'lik lik stoa' in Port Moresby (Ranck et al. 1981). A 'lik lik stoa' is a small structure located in a residential front yard which operates as a small shop selling items to people in the local neighbourhood. The items most commonly sold are rice, tinned meat, tinned fish, cigarettes, soft drinks, sugar and soap. The survey identified a total of 375 such stoas in Port Moresby, plus more than fifty located in urban villages which were not included in the survey. Most stoas were located in suburbs in which a majority of people worked in unskilled or semi-skilled occupations.

Although the prices of goods sold in these stoas were higher than in larger retail stores and supermarkets, the lik lik stoa had the advantage of convenience, particularly as the majority of suburban residents had to rely on public transport to get to the city's major shopping centres. The stoas were usually owned and managed by the same person and were initially financed by the owner's own savings. Many had no paid employees but relied on unpaid family help. Stoas were often in very close proximity to one another serving relatively small populations. Profits were therefore very low, and in most cases existed only because labour was not counted as a cost. Over sixty percent of these stoas have been in business for three years or less and fifteen percent for four or more years. Most owners planned to stay in business as long as their stoas provided some
income. Some were even expanding into the recreation business by providing billiard tables.

The survey noted that mobile caravans specialising in the sale of fast foods and other refreshment items were related small-scale activities. These caravans were covered by legal restrictions requiring them to be located away from main thoroughfares, not within 100 metres of each other, and to move every eight hours. At the time of the survey only about a dozen of these outlets were in operation but none were complying with the rules of location and mobility. They were much more profitable than the average lik lik stoa.

Street Vending

In 1982, a survey of street vending was conducted by students at the University of Papua New Guinea (Walsh 1982). It was estimated that there were 353 street vendors in Port Moresby, and they were seen as a significant and growing part of the Port Moresby market scene. It was reported that for every four market sellers there was likely to be one or more selling on the streets.

The type of products sold on the street were, in order of relative importance: betel nut (57.1%); okari nuts (10.4%); European vegetables (8.8%); iceblocks (7.1%); handicrafts (6.6%); lime (5.5%); bilum strings (2.2%); and traditional vegetables (2.2%).

The average gross daily income from selling these products was as follows: betel nut, K6.79; lime, K4.29; nuts, K9.80; iceblocks, K7.80; bilum strings, K7.20; European fruit (apples, oranges) K7.46. For other produce, with numbers too few to analyse, the following gross incomes were recorded: shells K7 to K11; other handicrafts, K10 to K30 but sometimes nothing sold; apples and oranges, K17.90 net profit per box; eggs, K1.89 a dozen net profit.

As an illustration of the low profit obtained by most city vendors, betel nut and lime were given as an example:

The city bus seller usually buys from Mekeo villagers at normal prices. He resells, in small lots, with an average gross taking of K6.97. Subtracting the cost of his purchase of busi, he is left with a net profit (less travel and other possible expenses) of K2.33 a day, or K11.27 for a five-day week. These compare with K39.28 and K14.68 for the minimum weekly wage, respectively, or urban and rural workers (ibid.).

The term 'city vendor' is used to distinguish those vendors living in the city from those resident in rural villages who visit the city temporarily to sell their produce and stay with wanioks. Nearly half of the street vendors were village residents. They were mostly involved in selling betel nut (78%), okari nuts (14%) or handicrafts (5%). City vendors were mainly from urban villages (sellers of lime and handicrafts), from squatter settlements (selling betel nut, okari nuts, cane work, bilum strings and vegetables), or from low covenant housing (selling iceblocks and oranges). Most city vendors were either selling products produced
by themselves or were reselling produce bought from the markets. One fifth of
the city vendors had been selling on the street for five or more years.

The survey gave an analysis of the degree to which the households of street
vendors were dependent on the income from street selling. Nearly thirty percent
of the city vendors claimed that they provided the only income in their
households. A high proportion of these were betel nut sellers. Forty-two percent
of city vendors came from households with one paid worker, and twenty-six
percent came from households with two or more paid workers. The degree of
dependence on street selling was summarised as follows: casual income
supplementors, (20%); regular income supplementors, (52%); those fully
dependent on street selling, (28%).

Fresh Fish Marketing

In 1982, students from the Administrative College of Papua New Guinea
conducted an intensive three-week survey of Port Moresby markets to determine
the pattern of fresh fish marketing (Varpiam et al. 1984). The annual quantity of
fresh fish sold in Port Moresby was estimated as 733 tonnes, with an estimated
retail value of K1 103 994.

There were three main sources of fresh fish sold in Port Moresby: those
cought on the reefs in the proximity of Port Moresby; those freshwater species
cought at Waigani Swamp and Brown River; and those sea fish bought from
commercial prawn trawlers.

As an occupation, fish marketing was found to have a distinctly urban
character. Of the 640 fresh fish vendors counted during the survey period
(November-December) eight-five percent lived in either the National Capital
District or the adjacent Hiri District of Central Province. Fish vending also
appeared to be largely a part-time occupation. Only thirty-one percent of market
vendors were identified as full-time sellers. But fish marketing was the sole
source of income for forty-three percent of vendors. The rest were members of
households with other sources of income. Forty-nine percent indicated that at
least one person in their household was engaged in full-time wage employment
while five percent of sellers said they themselves were involved in other
businesses.

In terms of earnings from fresh fish vending, daily sales per vendor ranged
from K17.18 and K15.03 at Koki and Gordons markets, respectively, to K7.60 and
K5.20 at Waigani and Hohola. This can be compared with the daily minimum
wage at the time of K8.20. To these cash earnings should also be added the value
of fresh fish as a subsistence component of the households involved in selling.
Only three percent said they always sold all the fish they brought to the market.
The rest were either consumed by their household or given away.

The main barrier to the expansion of fresh fish marketing was said to be the
dominance of imported tinned mackerel in the urban diet. The average price of
fresh fish per kilogramme was calculated at K1.51. This was compared with the
price of canned mackerel at K1.29 per kilogramme. Taking into account
the smaller edible content per kilogramme of fresh fish, it was argued that tinned mackerel represented greater value for money, making fresh fish, especially the high priced reef fish, a luxury item.

Urban Gardening

A collection of studies of urban gardening in Port Moresby was published in Yagi-Amhu (1978). A more recent and relevant survey of 460 households in the Port Moresby suburbs of Morata and Waigani was carried out in April 1991 (Levett and Uvano 1992). The survey compares the commitment to urban gardening of households in different categories of housing, and demonstrates the considerable importance of urban gardening for households in the low cost and very low cost housing categories.

In terms of labour input into urban food gardening, the mean for the 460 households surveyed was calculated as twenty-two hours per week. But for households in the very low cost housing category the input was much higher, at thirty-three hours per week. The very low cost housing category also contained the highest proportion of households with gardens (seventy-seven percent compared with fifty-two percent of households in high convenant housing).

For households with gardens, the average estimated area was 350 square metres, but for households in very low cost housing the average was 445 square metres. Almost two-thirds of all households had gardens either around the house or on land away from the house, but very low covenant households (50%) found land away from the house. Overall thirty-six percent of the land available for gardening was cropped, but again very low cost housing had the highest proportion (42%).

The most popular crop was bananas followed by sweet potato and sugar-cane. Other widely planted staple crops in order of popularity were cassava, corn, yams and breadfruit. Albika was the most planted vegetable followed by beans and pumpkin.

For households with gardens, the mean estimated value of crops produced annually was K352. This represented almost half the value of fresh food purchases. For very low cost housing households, a slightly greater value of fresh food was produced in the gardens than that purchased. The overall return from the land was calculated at K2.46 per square metre per year. Finally, urban gardening was also seen as a significant employer. The survey reported an average of 2.37 unemployed adults per household, and the equivalent of approximately half of one adult, almost one quarter of the available labour force not employed for wages, was reported to be employed in gardening. The estimated average return on this labour was calculated at K0.28 per hour, approximately half the rural labour wage rate.

Levett and Uvano (ibid.) point out that the high mean estimated crop value of gardens of households in the low and very low convenant housing category, and the high proportion of labour absorption in urban gardening, indicate the
importance of this subsistence activity to low income groups, and for providing a
buffer against a lack of wage employment. The main constraints to gardening
were considered to be the physical environment, particularly poor soil
conditions, the harsh climate and shortage of land.

Public Motor Vehicles

In 1991, the National Statistical Office conducted a survey of Public Motor
Vehicle (PMV) operators in six provinces: National Capital District, Central
Province, Western Highlands (Mt. Hagen), Morobe (Lae), Madang and West
New Britain (Kimbe) (National Statistical Office 1990). The survey was designed
to collect financial and employment data and monitored the operations of four
types of PMVs — small buses (up to fifteen seats), large buses (twenty to twenty-
five seats), trucks of all sizes, and taxis (National Capital District only).

There were found to be considerable variations in the profitability of the
various types of PMV operations according to their locality of operation. The
survey showed average initial purchase prices and net operating surpluses for
the four types of PMVs, as follows:

Diagram I: Initial Purchase Prices and Net Operating Surplus of PMVs

<table>
<thead>
<tr>
<th>Type of PMV</th>
<th>Average Initial Purchase Price</th>
<th>Average Net Operating Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Buses</td>
<td>K30 000</td>
<td>K3 610</td>
</tr>
<tr>
<td>Small Buses</td>
<td>K18 000</td>
<td>K2 288</td>
</tr>
<tr>
<td>Trucks</td>
<td>K25 000</td>
<td>K3 910</td>
</tr>
<tr>
<td>Taxis</td>
<td>K15 000</td>
<td>K1 993</td>
</tr>
</tbody>
</table>

It was found that in many instances, operations were run at a loss when
depreciation was taken into account. But the operation of secondhand PMVs
was found to be widespread, and the low cost of used vehicles enabled small
operators to conduct a viable business.

In general, operators preferred to pay cash for vehicles rather than finance
their purchase through borrowing. Concessional interest rate loans were widely
available for small operators (11.5 percent per annum from the Agricultural
Bank), but large operators often paid a higher rate of interest to commercial
financiers (from fifteen percent per annum upwards).

Most PMVs (except taxis) had a two man crew, a driver and an offside. The
average fortnightly pay for drivers ranged from K100 to K120, and for offsiders,
from K50 to K60. Owner-operators invariably drove their own vehicles.

In the National Capital District, only two types of vehicle were monitored,
large buses and taxis. Of the 479 buses and eighty-five taxis registered with the
Land Transport Board in the NCD, the survey covered one hundred buses and
thirty-one taxis. For buses, the average operating surplus in the NCD was K8 050 per vehicle per year. The survey of taxis indicated an operating surplus of some K1 993 per annum, but this was thought to be an underestimate.

Operators of PMVs are required to register their vehicles with the Land Transport Board and obtain a licence entitling them to a particular route. The fares are fixed at forty toea for adults in Port Moresby irrespective of the length of the journey within the city boundaries. It is less for children and students.

The survey offered the opportunity for PMV operators to express grievances and suggestions for improving the PMV system. Most grievances and suggestions concerned some aspect of the system of registration: the time involved in issuing PMV licences was considered to be unnecessarily long; there were too many licences issued, adversely affecting profitability; limits were sought on the number of vehicles that individual operators were permitted to own, so as to ensure a fairer distribution of incomes and profits; fares were thought to be insufficient to allow the profitable operation of PMVs; PMV operators perceived themselves as providing a public service and thought that they should therefore be exempt from the full rate of import duty and sales tax; it was thought that the government should provide the same assistance to PMV operators as it did for other small entrepreneurs; large numbers of unregistered PMV operators were said to markedly affect the profitability of registered operators; the period of two years for the repayment of bank loans used to finance the purchase of PMVs was considered far too short.

In view of the highly regulated nature of PMV operators and the desire of PMV operators for even greater regulation in some instances, it is difficult, according to some definitions, to regard PMV operations as part of the informal sector, though they undoubtedly do constitute a very important sector of small-scale business in Papua New Guinea. It is significant that the country's entire public road passenger system is operated on this basis.

Finance

A study of informal finance services in Papua New Guinea was conducted in 1991 and the various sources of informal saving and credit that can be found in the urban areas were described by Fernando (1991). The principal informal savings arrangement is a form of rotating savings and credit association, known in Tok Pisin as 'sandes' (after the Pisin word for Sunday when the collections usually take place). These are found all over Papua New Guinea, but appear more commonly in urban and semi-urban areas among groups of low-income workers (ibid.: 6). The groups are usually made up of four or five members, all known to each other, and usually from the same occupational category, having similar income levels and working in the same institution. Each member contributes a fixed sum fortnightly with contributions ranging from K20 to K50. As the average size of a group is four or five, the total collection per round amounts from about K60 to K200. Recipients of the contributions are selected through consensus, and the cycle is completed within two and a half months (ibid.:7-8).
Analysis of Urban Household Reproduction

With regard to informal credit, there is a multiplicity of arrangements in Papua New Guinea, one of the most important being credit extended by wantoks. In general, these loans are interest free and do not have clear cut repayment arrangements. The lender simply expects some form of repayment at some time in the future (ibid.: 11).

In the urban sector, an emerging form of credit is the semi-professional moneylender. These are not necessarily wealthy people but come from a range of formal sector occupations: 'Data on twenty-three moneylenders showed that six of them belong to the low-income category of labourers, mail boys and casual drivers and another five are clerks. Only one could be categorised as a businessman' (ibid.: 13). These workers combine moneylending with their usual occupations, providing very short-term loans ranging from K10 to K200 (ibid.: 3).

The moneylenders deal with persons who are well-known to them in their own communities or work places. Therefore, their operational zones are small. Some lend to fellow office workers only, while some lend to people in their neighbourhood. Their loans are almost always for very short periods with interest rates varying from ten percent to twenty percent per fortnight. In several cases, however, the rate was as high as forty percent per fortnight (ibid.: 12).

Criminal Gangs

In a report by Bruce Harris (1988), the principal activities of criminal gangs were described as: breaking and entering private homes, shops and businesses; the theft and dismantling of vehicles for the sale of spare parts; extorting 'protection' money; drug trafficking and acting as hired thugs for politicians and businessmen. Harris described the development of these activities. He wrote that:

By the early to mid-1980s, the increase in break and enter, automobile theft, and other illegal activities led to the development of a fully formalised distribution network. Gangs had established relationships with particular businessmen who routinely bought stolen goods and resold them...An idea of the scale of this organised activity can be gleaned from the value of property stolen during this period...by 1984, as close as can be estimated... the value of property stolen had risen to approximately K8 500 000 as the total and K3 000 000 for NCD/Central (ibid.: 23).

As possible future developments for criminal gangs, Harris gave the following projections: closer and more complex relationships being built with other groups in the country involved in criminal activity; the development of distribution and marketing networks for stolen goods, including international contacts with Australia and the Philippines, the growth of the gang itself into a vertically integrated organisation with control over all aspects of the acquisition, distribution and eventual sale of stolen goods; increased drug trafficking with the production of cannabis in the Highlands, more hiring of gangs by politicians and businessmen to exact 'payback' from people who have thwarted them in some way, or to cause trouble or damage to political or business rivals (ibid.: 44-49).
These projections all entail an increasingly vertical integration of gangs with the formal sector, a development that would significantly transform their nature.

This eventuality was not borne out, however, by evidence of gang organisation in 1991. In a study conducted that year, Michael Goddard showed gangs have retained an essentially reciprocal mode of organisation and a horizontal form of integration into the wider community. It is this, he suggests, which accounts for the gangs’ resilience in the face of the State’s efforts to repress them. The gangs are bound into the community to a degree that frustrates attempts to break them up (Goddard 1992).

CONCLUSION

Given the current state of knowledge of informal sector activity in Papua New Guinea, as already summarised, it is difficult to make any definitive statement about its potential as a generator of economic growth and employment in Papua New Guinea. On the basis of the evidence from comparative studies of informal sector activities elsewhere, it would seem to be highly unlikely. In the extreme likelihood of there being a decline in wage employment in Papua New Guinea, however, the informal sector in Port Moresby may have some potential as an alternative source of income or livelihood for those people unable to find wage employment. The full assessment of this potential, however, would require a more thorough and systematic investigation of these activities than has been conducted so far. Some of the surveys summarised in this paper have been conducted on a fairly superficial level, as a teaching exercise for tertiary students, or under terms of reference not conducive to the discovery of the internal dynamics of the enterprises concerned.

The study of small-scale retailing was undertaken to answer the City Council’s concerns about whether lik lik stoas were an eyesore, whether they should be subject to a higher licensing fee, and what locational criteria should be applied to them (Ranck et al. 1982). The street vending survey was commissioned by a municipal authority to report on whether street vending was an urban nuisance (Walsh 1982). The fresh fish marketing survey was conducted to consider whether coastal fishing should be encouraged as an import substitution industry (Varplam et al. 1984). The FMV survey was conducted by the National Statistical Office to fill a gap in the Annual Business Census (National Statistical Office 1990).

Each of these surveys has produced information valuable for the understanding of the informal sector in Port Moresby, but most have been restricted by their terms of reference and their methodology, from producing the type and quality of information required for an understanding of the internal social dynamics of the sector. Such an understanding is vital if a true assessment is to be made of the sector’s capacity to act as a buffer for the rising level of wage unemployment in Papua New Guinea.

The main purpose of the opening discussion on the informal sector concept in this paper was to suggest lines of analysis useful for the production of such an
22 Analysis of Urban Household Reproduction

understanding. In respect of those ideas, the following suggestions for the
analysis of the informal sector in Port Moresby can now be made:

(a) The informal sector in Port Moresby consists of a heterogeneous and
dynamic set of economic activities. There is considerable variation
and differentiation among the participants in terms of income and
resources. Its boundaries with the formal sector are flexible and
permeable, with the movement of individuals and resources
between them. Many individuals occupy positions in both,
simultaneously. These factors are important for determining the
differentiating effect of different forms of government assistance
upon differently located and equipped informal sector enterprises.

(b) Strong linkages exist between informal and formal enterprises.
These are evident in the following areas:

- small-scale retailing: the lik lik stoas are linked to wholesale
  agencies which supply them and for whom they act as outlets
  for the wider distribution of imported commodities;

- street vending: some street vendors, such as sellers of apples,
  oranges and cigarettes are similarly linked to the formal
  sector, giving wider distribution to imported commodities;

- fresh fish marketing: there is a minimal linkage here in that
  commercial prawn trawlers are only one source of the supply
  of fresh fish in Port Moresby;

- public motor vehicles: these are highly regulated operations
  with routes, fares and licences controlled by a government
  agency. They are often financed by commercial banks at high
  rates of interest, and they perform an essential service
  without which all commercial and industrial activity in Port
  Moresby would cease; and

- criminal gangs: evidence exists for the vertical integration of
  criminal gangs into the formal sector for the supply of stolen
  goods and the provision of other illegal services, although it
  can be questioned whether this is becoming their dominant
  mode of organisation.

There are other spheres of informal sector activity, however, which are relatively
independent. The trade in betel nut, an indigenous product, is fully in the hands
of the local people. The marketing of fish caught locally, and the production
of food and craft products are also independent activities. Given that the quality of
non-integration into the formal sector is one of the characteristics shared by
informal economies of growth, these more independent activities may have the
greatest potential for development.
Conclusion 23

The linkages between the formal and informal sectors need to be analysed in terms of whether they act as constraining or enabling factors for the autonomous development of informal sector activities, and under what conditions they do so.

(c) The sociocultural infrastructure of the informal economy is perhaps its most obvious characteristic and its greatest resource.

This feature is not brought out in the very limited surveys of informal activity in Papua New Guinea that are available, but it is evident in the richer, more ethnographic studies of related activities, and to casual observation. Numerous kinship and ethnic solidarities, traditional trade relationships and traditional skill-bases exist, providing a solid sociocultural foundation for further informal sector development in Papua New Guinea. The all-pervading relationships of reciprocities, commonly disparaged as 'wantokism', sustain the dense networks of relationships that are necessary for the operation of informal economic activities and the distribution of resources throughout the informal sector.

Shared cultural and historical experiences provide different ethnic groups with advantages in particular occupational fields and areas of production. Highlanders, for example, have a strong tradition of entrepreneurial activity and highly developed agricultural skills. The Mekeo retain their traditional control of supply in the lucrative betel nut trade (Hau'ofa 1981: 18). Gulf migrants to Port Moresby have benefited from their long-term residence in Port Moresby through the close links they have been able to establish with the bureaucracy (Bryant 1979). New Guinea Islanders have educational advantages gained from their longer exposure to Western educational systems. Traditions of trade between ethnic groups provide the cultural basis of exchanges of other sorts, such as gifts of land use rights for urban housing settlements (Huber 1979). Connections between rural and urban branches of households facilitate the exchange of resources between rural and urban areas (Morauta 1979), and common origin from rural villages provides the basis of solidarity for the establishment of new urban settlements. Lastly, annual cultural festivals sustain the morale and vitality of ethnic communities, periodically renewing the sociocultural infrastructure upon which their economic relationships depend.

Exactly how these sociocultural resources are drawn upon in the processes of informal production and how they respond to administrative interventions and commercial exploitation are important questions for the future of the informal sector in Papua New Guinea.
A FRAMEWORK FOR THE ANALYSIS OF URBAN HOUSEHOLD REPRODUCTION IN PAPUA NEW GUINEA

UNEMPLOYMENT AND THE INFORMAL SECTOR

The 1980 census of population in Papua New Guinea revealed an overall rate of wage unemployment of sixteen percent. This figure averaged the rate for both rural and urban areas. In the urban areas the rate was nine percent for males and twelve percent for females (McGavin 1986: 34-35). Given the current trend of negative economic growth in Papua New Guinea, as outlined by the Deputy Prime Minister, Sir Julius Chan, in his statement to the National Parliament on 11 August, 1992 (Post-Courier, 13 August 1992), the figure for urban unemployment is likely to be far higher today than it was in 1980. It is also inevitable that it will rise further over the next decade.

As the Deputy Prime Minister stated, of the 52 000 school-leavers entering the labour force each year, over the next fifteen years only 10,000 will be able to be absorbed into formal sector employment. The remaining 42 000, he said, will have to find employment in the informal sector (ibid.). With an urban population in Papua New Guinea of about fifteen percent we roughly estimate that several thousand of these school leavers will be seeking employment annually in the urban informal sector. It is doubtful, however, whether this sector of the economy has the capacity to expand at a rate necessary to absorb this number unaided. This raises the question of the possibility of formally promoting the informal sector for employment absorption purposes. The problems associated with such a policy are, however, formidable.

As it is usually perceived, government assistance to the informal sector involves the provision of credit facilities, technical and managerial training, machinery and raw materials, and government contracts to small businesses. A number of problems exist with this strategy. These have been analysed by Chris Gerry in his study of small-scale businesses in the city of Dakar, Senegal (Gerry 1978).

The first problem is whether to allocate small business assistance, equitably among a large number of enterprises, or whether to allocate the assistance selectively. The problem with non-selective allocation is that it may encourage what Gerry calls 'predatory attacks' upon the small business promotion budget by already successful enterprises. Selective allocation, however, also has its problems. Essentially it disadvantages those who do not receive assistance. The few promoted enterprises expand in capacity, absorbing a greater share of the market and resources, thereby putting the unpromoted enterprises out of business, or at least drastically reducing their chances of survival. The aggregate effect of either of these courses of action on employment is negative, and existing problems of underemployment and impoverishment are compounded (ibid.: 1157-1158).

Such attempts at informal sector employment promotion fail because they are based upon the conventional development paradigm, which was responsible for the high rates of unemployment in the first place. This involves the narrow
definition of employment as 'wage employment' and the definition of 'development' as a high rate of economic growth, coupled with the diffusion of strong associative relationships.\(^6\) In this section it is suggested that, in the current context of economic stagnation in Papua New Guinea, what is required is a shift away from a focus on economic growth and the development of associative forms of sociality, to a focus on household survival and the reinforcement of networks of reciprocal social relationships.\(^7\) In Papua New Guinea, this would entail the provision of assistance for the promotion of urban subsistence and household production and the strengthening of urban ethnic communities.

**UNEMPLOYMENT AND HOUSEHOLDING**

The 1980 census found that fourteen percent of all urban households had no wage-earner (Morauta 1984: 2). These households were dependent for their survival on informal sector earnings, subsistence production and gifts from kinsepeople and neighbours. For the majority of people working in the urban informal sector in Papua New Guinea, earnings are relatively low, usually below the minimum urban wage. Earnings are also low for a large number of the workers in the formal sector; they are often insufficient on their own to sustain an urban household. This is why most urban households have two or more income earners. Multiple incomes are necessary for household survival.

David King has shown that in 1987 the mean population per household in Port Moresby was over seven people, and that the proportion of adults over eighteen years of age in these households was slightly more than fifty percent. However, not all of these adults were employed. In those households living in informal/self-help/squatter residential areas of the city the unemployment rate was twenty-four percent, producing a dependency ratio in these households of 1.4. To make matters worse, thirty-six percent of the employed adults in these households earned a gross income of less than K50 per week (King 1992: 15). For these households to survive they obviously must have access to resources other than through wage employment. Non-wage incomes have their origin in the wide range of unregulated economic activities which make up the informal sector. They also derive income from gifts and transfers of cash within kinship and neighbour networks. Cash incomes are supplemented by the home production of goods for self-consumption and barter (Morauta 1984).

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\(^6\) Associative relationships are based upon rational self-interest. The association formed is seen as existing for the individual benefit of its members and it is expected that all members will contribute equally and evenly. Examples of such associations are a trade union or a businessmen's association.

\(^7\) Reciprocal social relations are characterised by the idea that the interests of the group (e.g. a family) have priority over the immediate interests of the individuals, such that some members of the group will make individual sacrifices for which they will be compensated by other members in unspecified ways at different times.
Analysis of Urban Household Reproduction

The full range of the informal economic and household production activities to be found in Port Moresby have been described in the previous section. What we are interested in here is how these incomes and resources, which originate in a diverse range of productive activities and relationships, are drawn together for the purpose of household survival. We can call this the practice of ‘householding’. It is this practice which is the focus of attention in this section. Householding is an organisational practice which entails the management of sets of relationships between individuals, bound by mutual obligations, to share. An understanding of householding practices is important for assessing the options available to urban households in the face of rising levels of wage unemployment, and for assessing the effect upon urban household survival strategies of various proposals for government intervention in the urban economy, to prevent the development of widespread poverty. The object of this section is not to undertake an analysis of urban householding practices as they currently exist in Papua New Guinea — this would entail long term and intensive field work — but to simply suggest a framework of analysis for such research if it were to be undertaken.

WORK, THE HOUSEHOLD AND HOUSEHOLD REPRODUCTION

As a preliminary to this exercise, we need to define three main terms: work, the household, and household reproduction.

Work

The term ‘work’ is usually associated with formal employment. It has been pointed out, however, that this is a socially and historically narrow definition borrowed from recent industrial experience. It reflects the tendency in industrial society toward both the separation of the social and economic spheres of human life and the theoretical assumption of the predominance of the economic over the social (Mingione 1991: 73). The analysis of ‘householding’ requires us to go beyond this narrow definition of work to include not only:

all types of formal employment, but also the variety of irregular, temporary or occasional activities undertaken to raise cash and various activities that produce use values, goods and services for direct consumption ... the criterion for inclusion of an activity as ‘work’ is whether it contributes to material survival ... where survival is viewed as socially organised within a household structure (ibid.:74).

Within the definition, a variety of non-economic activities oriented towards the maintenance of social relationships necessary for household survival, can justifiably be included as ‘work’.

The Household

For census purposes, and for purposes of conducting statistically oriented household surveys, the household is usually defined as a physical unit of co-residence. Co-residence, however, is neither a necessary nor sufficient
requirement for engaging in the practice of householding. Co-residence does not necessarily entail income and resource sharing for the purpose of household survival, nor is it strictly necessary to be a co-resident in order to be involved in householding practices (ibid.:133). For the purpose of analysing householding practices, the household must be seen as both more flexible and more encompassing, as 'a set of changing social relations which establish a set of mutual obligations aimed at helping its members to survive' (ibid.:132).

As sets of relationships, rather than determinate sets of people, households are constantly changing. Kathie Friedman (1984) posits that:

The actual organisation of householding practices and thus the structure of the household as an income-pooling unit may vary along the following five dimensions:

1. the boundaries of membership defined by the operation of income-pooling (in terms of numbers, generation, kin-relatedness);

2. the percentage of kinds of income pooled (wages, profits, subsistence, rent, gifts) by age and gender of household members;

3. the degree to which the household is co-residential;

4. the allocation of tasks and rewards among household members (by gender and age group); and

5. the structure of internal decision-making within the household allocation of tasks, allocation of rewards, and collective behaviour vis-a-vis the outside world (including political action and investment) (ibid.: 48-49).

To these five dimensions of the household unit, Mingione adds recognition of the fact that the household is not an isolated system but is embedded in a variable social context made up of kinship, community, and friendship networks, all of which contribute in different ways to the pattern of household reproduction (Mingione 1991: 156).

The household, then, is a complex, socially embedded and dynamic organisation. This definition creates an immediate problem for empirical research into householding practices, for the most widely produced empirical data on households — census and household survey data — utilise definition of the household as a static co-residential unit. If we are to use this data in the analysis of householding practices then the substantial divergence of actual householding units from the statistical, co-residential household of census and household surveys, must be clearly spelt out and taken into consideration.
Diagram II: Framework for the Analysis of Household Reproduction:

Activities and Sources of Income *that Contribute to Household Reproduction

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MODE OF SOCIAL ORGANISATION</th>
<th>Associative</th>
<th>Informal</th>
<th>Reciprocal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>Formal work</td>
<td>Informal work Crime Tribute**</td>
<td>Self-provisioning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>Inheritance</td>
<td>Gifts</td>
<td>Domestic Work Ceremonial Gifts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State and private subsidies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Internal Resources:** Contributed by the households themselves

**External Resources:** Contributed by the State, etc.

Monetary Resources                  Non-Monetary Resources

* Sources of Income are distinguished from 'Activities' by italics.

** Tribute refers to income from traditional sources such as payment for use rights to customarily owned land or for political services.
Household Reproduction

In the social sciences, the concept of reproduction refers to the maintenance of human life. It is not limited to the notion of procreation but includes the reproduction of the social relationships necessary to sustain human life. For analytical purposes it is possible to distinguish between 'primary reproduction' and 'secondary reproduction' (Evers et al. 1984: 24). 'Primary reproduction' is the reproduction of human life and labour power. This is a complex process involving the production and processing of food, the education of children, the management of household relationships, the provision of housing, and many other aspects. 'Secondary reproduction' is the reproduction of the social and economic order in such a way as to ensure its continued existence (ibid.). In the context of the household, the concept of reproduction refers not only to the production of household members, but also the production and maintenance of the complex and diverse social relationships which allow that production to occur. As it is used here, the concept of 'household reproduction' is synonymous with the total social organisation of household livelihood and survival strategies. The following section offers a framework for the analysis of such practices.

STRUCTURE AND DYNAMICS OF HOUSEHOLD REPRODUCTION

Structure

In order to satisfy their reproductive requirements, households have at their disposal a variety of resources which they use to directly or indirectly obtain the goods and services they need. The direct use of resources involves subsistence production and domestic work. The indirect use of resources involves production for exchange to obtain a monetary income with which to purchase the required goods and services. The resources available to a household are labour power, land, tools, knowledge, materials, money, and social relationships.

In order to analyse the structure of household reproduction we can follow the following procedure:

1. Productive activities can be classified according to a tripartite division of formal, informal and household work:
   (a) Formal work consists of regulated wage employment and registered self-employment. It requires little elaboration here.
   (b) Informal work can include:

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8 This classification closely follows that provided by Mingione (1991: 79-86), but its categories are brought together in a different form and integrated in a single schema.
unregulated wage employment, commission selling and casual labour;

unregistered self-employment, such as gardening, fishing, hunting and raising animals for sale; small-scale manufacturing for sale; the provision of house building and maintenance services; vehicle repair; recycling; domestic service; barter; and begging; and

criminal activities such as black market selling; selling illicit goods and services; and theft.

(c) Household work includes:

various forms of production for home consumption such as the production of food, the construction and maintenance of housing, and the sewing and mending of clothes;

various forms of domestic work such as cleaning, childcare, shopping, preparing meals; and

ceremonial work for the maintenance of socially necessary relationships such as marriages and communal and kin-based forms of mutual assistance.

2. This classification of productive activities can be further broken down to distinguish between those activities which are oriented toward the production of material resources, and those which are oriented toward the maintenance of household members and their social relationships of mutual support.

3. As 'households survive not only by means of resources obtained through the work of their members but also through those received from external sources' (Mingione 1991: 82), a distinction can be made between those contributions to household survival that are made by households themselves and those which are contributed by other organisations such as the State, business organisations, and formal charitable institutions.

4. Monetary resources can be distinguished from non-monetary resources.

5. Importantly, productive activities can be distinguished according to their mode of social organisation, along a continuum from associative to reciprocal forms of social relationships (see Diagram II).
Structure and Dynamics of Household Reproduction

Dynamics

The household has been defined as a set of relationships, the boundaries of which are constantly changing, and the organisation of which is determined by internal and external factors. The most important internal factor in analysing the changing structure of household reproduction is the domestic cycle — the changing demographic composition of the household in terms of number, ages and gender of its members, brought about by births, deaths, ageing and marriages. The domestic cycle influences both the volume of the requirements of household reproduction and the size of the labour resources available to meet those requirements. That is, it affects the producer-consumer balance within the household. A further influence on the demographic composition of the household relevant to households in Papua New Guinea is the movement of individuals between its rural and urban branches.

In analysing the allocation of a household's labour resources, attention also needs to be given to the culturally defined division of labour. In Papua New Guinea, a large part of the household's subsistence work and nearly all of the domestic work is done by females of all ages, while male members over the age of twenty-five predominate in formal employment. Within the informal sector, the age and gender divisions are more variable, differing according to the particular activities engaged in. Changes in the demographic composition of the household can therefore affect the balance of resources available for formal, informal and household production and for productive and maintenance work within the household.

The analysis of external factors affecting the organisation of household reproduction would need to include relations between households and relations between individual households and the wider economy. Within the former, attention needs to be paid to networks of reciprocal relations of kinship and friendship and their expansion and contraction as the result of population movements and social mobility. With regard to relations between individual households and the wider economy, important determinants to household reproduction patterns are: long-term changes in labour and production processes which alter the qualitative demand for labour; medium-term cycles of economic growth and stagnation, which alter the quantitative demand for labour; and short-term, suddenly arising opportunities to increase incomes from formal, informal, or subsistence activities. These external factors also need to be considered in relation to the household division of labour. Given the predominance of male workers in formal employment and the predominance of female workers in domestic and subsistence work, if there is a decline in the availability of formal employment, then a surplus of male labour resources within the household will arise at the same time as an increase in the demands on household production. If males do not become more involved in household and domestic work then their labour resource will be wasted while female labour resources will be overburdened.

At the more general level of household organisation, economic development and industrialisation meant a progressive shift from work for direct household consumption, to work for wages. This trend can be analysed in terms of the
diminution of reciprocal networks, the elaboration of associational forms of organisation, and the increasing dependence of households upon monetary resources. (This is represented in Diagram II as a shift from right to left). These movements, however, are not irreversible. In conditions of economic stagnation and rising wage unemployment a pressure in the opposite direction is produced. As household monetary income becomes reduced, households are compelled to increasingly rely upon production for self-consumption, domestic work, and work for direct exchange, within reciprocal networks of neighbours, relatives and friends.

These changing demands on household resources and activities indicate the necessity for workers’ households, faced with increasing and persistent wage unemployment, to show remarkable adaptability if they are to survive. It is toward facilitating this adaptability, by assisting the expansion of urban subsistence and household production, and the networks of reciprocal social relationships upon which these productive activities depend, that government assistance to urban household survival can be most effectively directed.

THE PROMOTION OF SUBSISTENCE AND HOUSEHOLD PRODUCTION

During the 1970s, Papua New Guinea’s policy of assistance to the urban subsector for self-help housing was very successful. While this policy had its problems, it was remarkably successful and vastly superior to those pursued in some other parts of the world. Its success was the result of pre-existing relationships of community solidarity within the categories of the population receiving the assistance (Norwood 1979). A similar policy could be implemented for the promotion of urban subsistence gardening. Malcolm Levett and Markan Uvano have shown in a recent survey in Port Moresby, that urban gardening is highly productive in terms of both food production and employment provided. This is particularly so among the very low cost housing category of households, where urban gardening accounts for more than half of their fresh food requirements and provides employment for one quarter of the available labour force not employed for wages. Although in financial terms the return from gardening is not great, there was a strong desire on the part of these households to expand their gardening activities. The main constraints were seen as a shortage of land, poor soil condition and the harsh climate. These constraints could be overcome by making more land available and by providing simple technological inputs such as water and organic fertilizer (Levett and Uvano 1992). Such inputs would allow urban gardening to expand to its full potential, employing one household member full-time and providing the bulk of the household’s fresh food requirements.

At a more general level, the promotion of the informal and household sector of production could be achieved through the strengthening of their networks of reciprocal social relations. This might be achieved through the promotion of ethnic solidarities through the sponsoring of cultural festivals. Debora Battaglia, in her study of urban gardening and ethnic pride among Trobriand Islanders in Port Moresby provides an example of this strategy (Battaglia 1986).

However, in promoting reciprocal forms of social relations it needs to be recognised that these relationships can at times be excessively hierarchical and
authoritarian. Attention therefore needs to be given to the emancipation of individuals from out-moded, rigid, intra-family relations of gender and generational subordination. Liberation from these forms is necessary, particularly for women, to prevent their already heavy burden of domestic and subsistence work being made unbearable by the shift in household survival strategies towards increased household production. Liberation from the oppressive aspect of the cultural division of household labour would also free energy and talent for the creation of a more vigorous and innovative informal sector. Urban-rural household links may also be strengthened or renewed so that the rising social and economic burden upon households can be spread more broadly.

These suggestions for subsistence and household sector promotion are limited and superficial, based as they are upon a tiny amount of information available on actual household income and survival strategies. It may be expected, however, that research along the lines suggested in this paper would reveal a wider range of household production activities responsive to inputs of state resources.

CONCLUSION

Papua New Guinea is facing a situation of economic stagnation and rising wage unemployment, caused by events in the wider world economy, which are largely beyond its control. The Government is responding to this situation by trying to increase the Gross National Product through encouraging foreign investment in capital intensive extractive industries — industries well-known to be non-labour-absorbing. To absorb the expected rise in surplus labour power the Government is looking toward an informal sector which is unlikely to expand at the rate demanded of it without outside assistance. Overseas experience shows that state sponsored efforts to promote the informal sector through the input of conventional development resources produces a negative effect on employment.

The solution proposed in this paper is for state resources to be invested in the promotion of urban subsistence and household production and the expansion of the networks of reciprocal social relationships which form the social infrastructure for informal and household forms of production. To assess the viability of such a proposal more research is required into the processes of urban household reproduction. A framework for such research is presented in this paper.
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