

EMPLOYMENT AND INCOME FROM PRODUCTION IN DWELLINGS:
THE STATE OF THE ART

By

W. Paul Strassmann
Professor of Economics and Principal Investigator
Housing in Development Unit
Michigan State University
East Lansing, Michigan

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This report is about the business activities that can take place in and around a structure that also provides shelter, privacy, security, and other amenities for families, in short, a dwelling.* The report is not about employment in constructing or operating the dwellings as such, nor is it about the imputed income or housing services that the occupants receive from the structure.

History

Do-it-yourself production in homes has been a universal phenomenon throughout history, but usually the output has not been for sale. Either all was needed by the family, or as nowadays, the activity is one in which the household has no comparative advantage. Workers could produce more away from home at a place where complementary activities and equipment have been assembled. In the European Middle Ages, however, both retail and wholesale handicrafts like spinning, weaving, tailoring, cobbling, carpentering, etc., were carried on in dwellings. The front of the dwelling-workshop was a store for selling to consumers, peddlers, and large merchants. Selling became less important with the rise of the putting-out system in which the merchants retained ownership of materials that workers processed at home. At times each household would be specialized in a simple component or two, and the final product--a suit of armor or a set of harness--would be assembled in a central workshop. This system economized on capital in the form of buildings and tools but required more labor in transport and inspection. It lasted until the nineteenth century.

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As Economic Development became a field of study around 1950, some early writers recommended a large role for cottage industries and a putting-out system in villages and towns on the same grounds that had applied before the Industrial Revolution in Europe: scarce capital. Henry Aubrey argued that not only fewer buildings but also less urban infrastructure would be needed. ("Small Industry in Economic Development," Social Research, September 1951, pp. 296-7.) H. Bose deplored the decay of Indian cottage industries and believed that promoting them was the way to increase the earning capacity of the majority of people ("Economics of Small-scale and Cottage Industries in India," Indian Journal of Economics, October 1954, pp. 157-68, and January 1955, pp. 237-254).

But this view did not prevail. Albert Hirschman said it depended on the unjustified assumption that the supply of capital is fixed: He favored "the establishment of industries in cities precisely because it compels additional or complementary capital formation that otherwise might never have taken place." (The Strategy of Economic Development; New Haven: Yale University Press, 1958; p. 44.) The Indian government did support cottage production with subsidies, guaranteed supplies at low prices, assured markets at high prices, and with prohibitions and taxes on certain types of factory production and expansion. All this support cost more than the output (value-added) of the cottage industries. (V.M. Dandekar, Economic Weekly, July 6, 1957.) Bert Hoselitz noted that in Japan handicraft shops employing six or fewer workers had fallen from 55.6 percent to 23.5 percent of the industrial labor force during 1920-1939. ("Small Industry in Underdeveloped Countries," Journal of Economic History, December 1959, pp. 602-12.) What was rejected in Japan had a doubtful role elsewhere.

Misconceptions

The income-generating function of dwellings was also neglected because its two main components were usually assigned to separate analytical compartments. 1) Housing was said to be a part of consumption, even a basic need, or "elementary need" in the words of the Brandt Commission. 2) Earning an income was assumed to be an activity that, cottage industries having been rejected, took place outside of the home in offices and factories, hence requiring "industrialization." But most import-substituting factories could not operate efficiently for the low volume of demand in most countries, and they disappointed employment expectations. Housing standards copied from abroad or from expatriates were also extravagant and typically beyond the means of around two-thirds of the urban population. A further policy mistake was to build dwellings in factories: industrial prefabrication of large panels. The need to import and to amortize cranes and other heavy capital equipment raised costs and again precluded the very volume that is a prerequisite for industrialization.

More sensible policy shifts during the 1960's were a renewed stress on agriculture and the reorientation of factory production toward exports wherever possible. Though sound, neither of these strategies came close to generating enough employment.

As accelerated population growth led inevitably to an ever larger labor force, more and more people had to create their own jobs in selling, delivering, repairing, and a wide variety of small-scale services. These activities for years were seen as a peculiar aspect of a transitional stage and no more in favor than handicraft cottage industries. They were "underemployment," "disguised unemployment," or "marginal" and tolerated insofar as their factor prices reflected factor scarcities. Finally, however, their

relentless expansion and lack of enough alternatives ennobled them into the "informal sector." This term was coined by J. K. Hart in "Informal Income Opportunities and Urban Employment in Ghana," paper presented at the Institute of Development Studies, University of Sussex, September 1971, and printed in the Journal of Modern African Studies, Vol. 11, 1973, pp. 61-89. It was popularized in Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya (Geneva: International Labor Office, 1972). The conclusion was that "the informal sector, far from being only marginally productive, is economically efficient and profit-making" (p. 5). "The informal sector is not a problem, but a source of Kenya's future growth. In addition, it... will grow in the next 15 years." (p. 505.) The ILO report explored many of the characteristics, constraints, and possibilities of the sector but not its location, except for a passing reference to "the carpenter at work behind his dwelling, the tailor inside an unmarked mud and plaster hut..." (p. 225).

An Output-Oriented Approach: The Informal Sector

Having discovered the informal sector, the ILO naturally commissioned its study in countries besides Kenya. In Freetown, Sierra Leone, D. A. Fowler found that most informal sector enterprises were sole proprietorships, regardless of the age or education of the operator. Distinguished were those at fixed, mobile, and a combination of fixed and mobile locations. With respect to tenure, 25 percent were owners and 40 percent tenants. Lack of capital was the most important obstacle to starting a business, and even with capital 25 percent had trouble finding premises. The problem is not merely the cost of the structure but having one at a good location. Most enterprises were in retail trade. (D. A. Fowler, The Informal Sector of

Freetown, Sierra Leone (Geneva: International Labor Office, World Employment Program Research Working Paper, WEP2-19/WP26, 1978.)

Another ILO study discusses the findings of a census and sample survey of 24,000 informal enterprises in Lomé, Togo, in October and November 1977. They were found to be independent of commercial and industrial capital and

working primarily for low-income customers. They employed a fifth of the labor force. The study is oriented primarily toward employment and training. (G. Nihan, E. Demol, and C. Jondon, "The Modern Informal Sector in Lomé, International Labor Review, Vol. 118, No. 5, 1979, pp. 631-644.)

The latest ILO study of the subject is edited by S. V. Sethuraman, The Urban Informal Sector in Developing countries: Employment, Poverty and Environment (Geneva: ILO, 1981). On the basis of surveys of 16,000 informal sector units, the study reports the extent to which these operated out of dwellings--Jakarta 46 percent, Lagos 61 percent, and Kano 67 percent, among others. But the implications with respect to shelter construction are not examined. Enough material was found on the more traditional ILO topics of migration, labor markets, education, poverty alleviation, and basic needs satisfaction.

Some observers like Lisa Peattie consider the dualistic concept of urban formal and informal sectors wrong and unhelpful as a guide to policy. ("Anthropological Perspectives on the Concepts of Dualism, the Informal Sector, and Marginality in Developing Urban Economies," International Regional Science Review, Vol. 5, No. 1, 1980, pp. 1-31.) Instead there is a continuum of enterprises from smallest fly-by-night to large and bureaucratic with labor contracts of, not two, but varying degrees of job security and remuneration. Peattie's points are supported by surveys of the San Blas neighborhood south of Bogotá, Colombia. The importance of using dwellings productively emerges as a byproduct.

In San Blas 57 percent of homeowners with more than two rooms rented out space, and 54.3 percent of the neighborhood's 955 households were tenants. About 1 in 7 dwellings had a shop or was a business with a shelter on the premises. For example, a few small non-mechanized brick works are rented to operating households who also get a dwelling on the site. Husband and wife

grind the clay and shape the bricks, and their children help carry them to the oven. Such hand-made bricks and similar sewer pipes are delivered throughout the city to small owner-builders who buy in small quantities and cannot afford the best grade. Other shops that make metal doors, window frames, furniture, leather products, and paper bags also sell throughout Bogotá, where much clothing manufacturing "is carried out through a form of sub-contracting much like the putting-out system of nineteenth century England," (p. 9). Only the very smallest enterprises, like grocery stores, shoe repairers, and dressmakers, were oriented only toward the local neighborhood market. Many of these mingle the outside earnings of family workers with those from the shop, as well as sales with household use of the shop's output. Without records, profitability is a guess.

Several other surveys mention the location of enterprises, in dwellings or not, or conversely, the proportion of dwellings with shops of one sort or another. Bruce Stokes states that,

One in seven squatters in Mexico City's slums runs a small business, often out of his or her home. In the Pinto Salinas area in Caracas, nearly a third of the residents are tradesmen, such as tailors who also use their homes as places of business. (Local Responses to Global Problems: A Key to Meeting Basic Human Needs; Washington, D.C.: Worldwatch Institute Paper 17, February 1978.)

William Mangin reported that in a survey of about 1,500 dwellings in a squatter settlement of Lima, more than 100 sold something. "Converting the room that faces the street into a store is a very common pattern in rural Peru and is followed in barriadas. (William Mangin, "Latin American Squatter Settlements: A Problem and a Solution," Latin American Research Review, Fall 1967, pp. 65-98.) At the same time, B. S. Orlove has found that urban artisans in Peru are more likely to rent their shops than to work in their own dwellings. Employees of tailors and shoemakers, however, are likely to take their materials home for processing--a putting-out arrangement.

(B. S. Orlove, "Urban and Rural Artisans in Southern Peru," International Journal of Comparative Sociology, Vol. 15, September-November 1974, pp. 193-211.)

Describing a small Malaysian town, Pontian Kechil, R. J. W. Neville noted that almost no houses along the main road functioned purely as dwellings. Called "shophouses," they had shops on the ground floor and living quarters above. (R. J. W. Neville, "An Urban Study of Pontian Kechil, South-west Malaya," The Journal of Tropical Geography, October 1962, pp. 32-53.)

In terms of space, shophouses were much superior to conditions in Calcutta, where "The shops are usually very small--sometimes only 3 to 4 square yards in size--and the owner generally lives in it with his family, the 'resident part' being separated from the 'commercial part' by a curtain or temporary partition." (B. Dasgupta, "Calcutta's Informal Sector," Bulletin of the Institute of Development Studies, October 1973, pp. 53-75.)

In some parts of Africa, craftwork by men is carried out in the circular mud-walled, grass-roofed, entrance houses of family compounds. Men may be woodworkers, tailors, leatherworkers, pottery makers, glass-workers, or various types of smith. Women are more likely to be weaving in open-sided sheds within the family compound. (H. Vernon-Jackson, "Craftwork in E'ida (Nigeria)" Journal of the International African Institute, January 1960, pp. 51-61.) Location of work has been especially important for women, in part because of stress on household responsibilities and in part because of restrictions that are traditional in various cultures, especially in Moslem areas. Much international interest has been aroused about these issues, with description preceding recommendations. (See Report of a Feasibility Survey of Productive Income Generating Activities for Women in Bangladesh; Dacca, Bangladesh: Bangladesh Women's Development Program/UNICEF, October 1977.)

Economic surveys of small-scale or informal industries usually include an inventory of buildings with questions about construction cost or rental value, year of construction, kinds of materials, condition, and floor space. Some will ask about the percentage of floor space used for working or living, and others will merely inquire if anyone lives there or not. The objective is to identify the capital cost per unit of output of that enterprise and ultimately to estimate production functions.

The Housing Approach

Focus on the business-in-the-home as a major development opportunity has been inspired primarily, not by employment studies, but by problems in the shelter sector. As with other sectors, urban policies went through a number of stages, each disappointing. The basic aim, however, remained the same: To provide the poor with decent shelter and urban facilities at low cost. At first monopolistic landlords were perceived as the problem. Solution: low-rent, mass-produced public housing. In Hong Kong and Singapore it has worked, but elsewhere construction was far too costly, and the government proved to be an inefficient landlord, unable to prevent deterioration. Controlling the rent of private landlords similarly discouraged maintenance and new construction. The need to pay illegal "key money," as in Egypt (described by William C. Wheaton), served to exclude the poor more than ever. Private renting came to be so discredited that a major recent study, (A. A. Laquian and Stephen Yeh, Housing Asia's Millions; Ottawa: IDRS, 1979), makes no mention at all of this approach as a conceivable option.

Next came the phase of owner-occupied small houses built in sets of hundreds, even thousands. To make their financing possible, mortgages had to be lengthened and guaranteed, repayment was indexed to the price level or rising wages, and funds were mobilized from accumulated pensions or

special payroll taxes (that unfortunately encouraged mechanization). Brazil, Colombia, Mexico, and Peru have tried these methods. Still, costs proved to be too high, implying an unrealistic share of both GNP and of household income for most urban families. The situation was summarized by Orville Grimes in Housing for Low-Income Urban Families (Baltimore: Johns Hopkins, 1976).

The next solution was to make the houses smaller, from 100 m² in the 1960's to 70 m² in the early 1970's and 35 m² later in the decade. Finally it came down to building 20 m² core dwellings or merely to providing a serviced site with the expectation of selfhelp building by the occupants. Yet, acquisition of a serviced but shelterless site often means an inconvenience of guarding materials as well as having to pay new charges while rent payments are still due for the present dwelling. The poorest families cannot afford double payments, nor the time or cost of commuting. All these methods cannot bring down monthly housing costs enough, so the only alternative is to raise ability to pay in a way that involves the dwelling and its site.

A proposal by Peter Ward recognizes that land values in most settlements rise as development proceeds. If settlers are given double-sized lots (300-400 m²) and loans with a five-year grace period, they can eventually use half their land to pay off the loan. The assumption is that market appreciation will be more than the interest rate. (See Peter Ward, "Financing Land Acquisition for Self-build Housing Schemes," World Planning Review, February 1981, pp. 7-20.) Alternatively, house or lot can serve as collateral for a business loan.

Another approach is that of the Dandora Project, financed with World Bank support in Nairobi, Kenya. Occupants are encouraged to live in their future kitchen while financing additional rooms by taking in lodgers. Such subletting has been widespread in poor settlements but is usually condemned

and forbidden as exploitation and perpetuation of overcrowding. In a few countries, such as Colombia, some observers have nevertheless disputed this view and suggested something like the Kenyan approach. Among these are Edward S. Popko in Squatter Settlements and Housing Policy (Washington, D.C.: Office of Housing Occasional Paper, Spring 1980), and Carlos Zorro Sánchez and Edgar Reveiz Roldán, Estudio Sobre Los Inquilinatos (Vivienda Compartida en Arrendamiento) en Bogotá (Bogotá: Centro de Estudios Sobre Desarrollo Economico, University of the Andes, February 1974 and June 1976).

In a similar vein S. O. Bender has estimated the distributional effects of housing for the poor. Not only will they pay less for shelter but derive income from space rented out or used for commercial activities. In Ciudad Kennedy in 1965 about 20 percent of the single family dwellings housed commercial establishments, a development that the author approves in terms of its effect on income distribution. (S. O. Bender, "Low Income Housing Development and Income Distribution: The Impact of Growth and Change," in R. A. Berry and R. Soligo, eds., Economic Policy and Income Distribution in Colombia; Boulder: Westview Press, 1980, pp. 247-263.)

Housing, as Lisa Peattie has summarized it, is "for low-income people in developing countries, not merely part of the consumption package but of productive capital...People not only sell off part of their dwelling in the form of rental rooms or apartments, they mount shops, manufacture goods, sell services." To deprive them of this opportunity is to have "converted them into proletarians dependent on the sale of their labor to others." (Lisa Peattie, "Housing Policy in Developing Countries: Two Puzzles," World Development, December 1979, p. 1019.)

Planning Strategy

Much work remains to be done in defining a strategy toward rental housing. Is it efficient and fair to make a distinction between large and small landlords, old and new housing, the expensive and the cheap, the suburb and the inner city, the furnished and unfurnished? Perhaps the simplest and most important distinction is between the absentee and the resident landlord who is improving his own site and shelter while providing housing for others. In the 1980 Lima Home Improvement Survey under the MSU-AID contract, the relationship between landlords and tenants was touched on in a preliminary way. How far apart did they live? What were relative incomes? Did rent control

matter? Was maintenance adequate and were improvements made?

From recognizing that part of a dwelling can be used to earn an income from lodgers and tenants, one can easily go on to its utility in raising income in other ways--as a store, workshop, chapel, or dispensary of various services. Not every dwelling and every household can be involved in such activities, but as a British report put it,

The existing and perhaps fragile employment structure must be nurtured and built up--never destroyed...The area needs to be so structured that the growth of informal sector activities within the new development is naturally fostered. The sort of activities this is likely to include are the building on to houses of workrooms, kilns, and bakeries, the opening up of bars or roadside shops, and the conversion of back yards into builders suppliers depots. (Shankland Cox Partnership, Third World Urban Housing; Garston: Building Research Establishment, 1977.)

Physical planners have not readily taken to integrated work-at-home urban design. Their preference is for separating living, working, and recreation areas and designing what Le Corbusier called a "radio-concentric city of exchanges." According to Madhu Sarin, Le Corbusier's design for Chandigarh, the new capital of the Indian Punjab, shows an obsession with uni-functional land use. Le Corbusier and his successors insisted on a network of seven road types and on unaffordably high standards for dwellings. Construction workers could not rent or buy the cheapest dwellings that they themselves were building and had to live in "approved unauthorized" temporary encampments, that, in turn, attracted petty traders and artisans. From time to time during 1958-69, all were ordered to be evicted and moved to new temporary sites or one-room tenements. Meanwhile, given the value of time and access, informal sector activities naturally sprang up throughout the city

The authorities increasingly came to see this as a problem of control, almost as if the informal traders were a cancer perpetually threatening, like the squatters, to spread and despoil the carefully planned city. The methods of control used have varied from straight prohibition

(and confiscation of goods) to various kinds of exclusion devices such as the issuing of licenses and the formulation of successive sets of bylaws...

The master plan...makes for services both inappropriate and inaccessible for the majority of the population with low incomes. By contrast, the non-plan enterprises find the location and level of service where the greatest need is, and have other merits like making use of waste products and reprocessing wornout materials. (Madhu Sarin, "Planning Perspectives and the Urban Poor: the Chandigarh Experience," Development Research Digest, Spring 1978, pp. 17-18, based on Madhu Sarin, Urban Planning in the Third World: Conflicts and Contradictions in Chandigarh; Oxford: Alexandrine Press, 1978.)

Sarin concluded that "incremental improvement of dwellings depends heavily on the household's ability to sustain and improve its income. For this purpose, the multi-use of dwellings for petty trading, small industry etc. must no longer be banned, and income opportunities must be encouraged within residential areas." (p. 20.) A similar inefficient rigidity among planners with power was observed by Lisa Peattie in Ciudad Guyana, Venezuela. (Peattie, 1979, p. 1020.)

In both Singapore and Hong Kong, architects and planners have learned to blend space for working with that for living. In the more recent apartment buildings, the ground floors are reserved for use as workshops and stores. Problems of noise, fumes, and possible fires limit the conditions for setting up cottage industries within apartment blocks, but a variety of light and clean cottage industries are now permitted. Other activities can rent space in "flatted factories" or on the 10 percent of land now set aside for industries near housing developments. Since the highrise government-owned housing of Hong Kong and Singapore reflect very unusual conditions, any solutions from those cities are merely suggestive for other areas. (See James T. Winpenny, Housing and Jobs for the Poor, London: Development Planning Unit, Working Paper No. 2, 1977, and sources cited there.)

Doubts

The resistance of physical planners to unplanned uses of sites and structures is less surprising than doubts among social anthropologists. A few writers do appear on the verge of concluding that housing policy must encourage dwellings that generate a cash flow but never say so. Peter Lloyd's Slums of Hope? Shanty Towns in the Third World (London: Penguin, 1979) is full of insights about the migratory process, community structure, political consciousness, and a wide variety of economic issues. He notes that the typical migrant goes from casual jobs to formal sector employment and that "ultimately he aspires to self-employment," meaning an informal sector shop of his own. (p. 152.) This aspiration is fortunate since, "Given, the continuation of present patterns of national development...most will have to be absorbed into the informal sector" (p. 218). He continues,

National plans for economic development have hitherto tended to ignore the informal sector, assuming that it produced nothing and therefore could not be a candidate for expansion. Indeed, its activities were frequently constrained by harassment--the control of licenses for trading, the arguments that use of apprentices contravened labor codes. (p. 218.)

But Lloyd's view of housing policies fails to consider the full potential of less regulation and less harassment of informal shops or, as far as that goes, of allowing lodgers.

Self-help schemes seem...to offer a welcome solution. State investment is minimal and involves little transference of wealth to the poor, who themselves provide their savings and labor...Yet such schemes do nothing to resolve the problems of poverty--in fact in encouraging investment in housing, savings are directed away from more productive uses...Were the migrants largely reliant upon rented accommodation, we should expect them to move to better or poorer areas as they prosper or fail...But as we have seen, the shanty-town house constructed by its owner, is often difficult to sell. He is trapped within the settlement and must accept its future. (pp. 210-11).

Lloyd's omission of the commercial use of owner-built dwellings comes as a surprise after his earlier citation of a number of cases. He criticized the usual LDC formally built housing projects:

The houses tend to be very small. They are inadequate for a large family (or for taking in tenants), stringent regulations prevent their use as stores or workshops and miniscule gardens inhibit hort culture (p. 129).

As a typical Latin American case, he cited William Mangin's Carmen and Blas who tended a little shop in the front room of the house that they had built. "A television set, powered by electricity from a private generator in the neighborhood, helped to attract customers." (P. 123...The citation comes from Mangin's Peasants in Cities--Boston: Houghton Mifflin, 1970; pp. 47-54.)

African cases come from K. J. King, The African Artisan: Education and the Informal Sector in Kenya (London: Heinemann, 1977). Tailors and seamstresses work at home for fashionable boutiques. "The building and furnishing of middle-class homes is largely in the hands of such artisans...The other part of the informal sector exists to serve the poor...One woman launders for her neighbors so that they are free to take up full-time employment... They are patronized by those of the poor who will not enter the biggers shops either from shyness or from fear of insult and ridicule." (Pp. 143-44).

In the light of all this and more, it is puzzling that Lloyd does not answer his own question about the informal sector more decisively: "Should one plan for its growth or its obsolescence?" (P. 147.)

The Relation Between Research and Policy

The expansion of enterprises through the better design and use of sites and dwellings and the related financing of such building because of this extra income is a development that springs up naturally wherever it is allowed. Oddly enough, however, it is not naturally explored as important by analysts

who are concerned with closely related topics. This omission has meant failure to identify both those public policies that inhibit development and those that foster it. As with all phenomena, one must go beyond surface appearances and discover indirect, not immediately obvious, causes and a variety of possibly surprising consequences of different policies. Such analysis cannot be based on arbitrary assumptions. Guided by a review of the findings of others, one must first identify, classify, and count what actually goes on.

One should review case studies but note that these are likely to have a success bias. Failures disappear unnoticed. One success is Productos Ramo, S. A., the largest cake and pastry manufacturer of Colombia. In 1969, the firm employed 231 persons, baked 2,100 cakes per hour, and delivered them with 25 trucks to 15,000 retail sales points in Bogota for gross annual sales equal to US\$1.3 million. The firm had started sixteen years earlier in 1953 with three workers in a classic informal enterprise.

The manager, his wife and a maid worked in the kitchen of their home...The recipe was that of the traditional family cake of the manager's mother, and the size and shape of the cake was determined by the available pans.

The increase in sales made it necessary to employ more people. The manager added a new storey to his home to house the additional maids who lived there (as many as 20). He also bought a new oven and a mixer. Through a short-term commercial bank loan he was able to secure some transportation equipment, and he hired two drivers... In 1963 the firm moved to another site located in an industrial sector of Bogota.

A basic feature of the success of the company has been the idea of selling the cakes by pieces...In this way the product reaches consumers having a very low income level. (Daniel and Lucía Schlesinger, "Mass Production of Cakes in Colombia." Automation in Developing Countries; Geneva: International Labor Office, 1972; pp. 132-34.

Free space and the availability of informal labor allowed Productos Ramo to begin, but lack of space soon became a constraint. This story (without the spectacular success) can be repeated over and over. Louis Berger has

reported on three enterprises in the Mellassine settlement at Tunis. A metal worker/welder said "his most constraining factor is space." An aluminum pot-maker said, "his major problem is one of space." A shoemaker "feels that his cramped conditions are a very limiting factor." ("An Integrated Improvement Program for the Mellassine Quarter of Tunis," mimeographed report for the Regional Office of Housing and Urban Development, USAID, Tunis, June 1979). In his study of a poor neighborhood of Port-au-Prince, Haiti, Simon M. Fass has noted the use of dwellings "to sustain trade and manufacturing activities." (Simon M. Fass, "Families in Port-au-Prince: A Study of the Economics of Survival;" Washington: AID, mimeographed, September 30, 1977.)

Wherever it is allowed, of course, a high demand for space raises rents and leads to a supply response. In Mucheke, Zimbabwe, lived a widow who "let the empty rooms to lodgers and with their rent bought a store in a tribal area. The store soon prospered and with its profits and further rent, she bought several other stores in the country surrounding Fort Victoria." (A. K. H. Weinreich, Mucheke: Race, Status and Politics in a Rhodesian Community; New York: Holmes and Meier, 1976.)

A more recent study of Kuala Lumpur, Malaysia, by Morris Simon and Michael Emrick is preoccupied by "The Demise of the Shophouses" (Ekistics, September-October 1979, pp. 291-295). Both economic and demographic causes are noted: Retail trade has partly shifted toward larger scale department stores that hire employees who once felt obligated to work for the (extended) family in the shophouse. No rigorous economic analysis is attempted, but a survey of 40 Malay and Chinese shopkeepers showed that 24 (60 percent) "highly preferred" shophouses over separate living and working arrangements. They preferred the flexibility of quickly adapting hours of leisure and housework to whatever business opportunities might turn up. In low-income neighborhoods no immediate demise of shophouses was foreseen, but in central districts shophouses are being replaced

by more specialized modern structures. The replaced buildings had arcades over the sidewalk and were made of brick and roof tiles in accordance with the building and fire prevention codes introduced by the British in 1884.

None of these studies add up to a conclusive case for or against any specific policy. Work so far has shown that opportunities and problems exist, but their magnitude has not been surveyed. Existing studies do not define the role of onsite production or renting in economic development as a whole, nor, specifically in the improvement of housing conditions. Without more intensive surveys that are formulated within a comprehensive urban economic approach, identifying costs and benefits, the main questions cannot be answered.

Summary

Dwellings can provide not only shelter and housing amenities but also an income through rental space or use as a shop. Such income helps to finance the dwelling and its improvement. This income-generating, capital-saving possibility was widely exploited in Europe until about 1600 through the putting-out system. Up to the most recent decades lodgers and subtenants were common in most industrialized countries. Nevertheless, after some interest during the 1950's, these "dwarf enterprises" were excluded from a significant role in economic development. In the 1970's, however they reappeared analytically as part of the "informal sector." So far few writers have paid more than descriptive attention to the location of informal activities.

Research into housing shortages and their relief has meanwhile proceeded with little reference to industrial and employment strategy. Instead the

focus has been on the high cost of building, low incomes, and difficult access to capital markets. To reach a larger share of the population, planners have chosen to give less and less to prospective owner-occupants. Since that leaves improvement to selfhelp building, which is not costless, the need for higher incomes has not been eliminated. In most countries renting and subletting is either forbidden or discouraged through credit policy and stringent rent controls usually based on strong ideological preconceptions. Except among the most purist and old-fashioned urban planners, opposition to home production is less vehement, but no systematic exploration of its role has been made in the context of improving housing conditions. The practice of renting rooms and working at home is so widespread, however, that its dependence on and contribution to dwelling space can already be studied empirically. Such studies could identify how both productive employment and better housing can be brought about through improved policies with respect to allocation of land, finance, taxation, public investment, and training. Least expensive and most productive may be the elimination or simplification of various controls.

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