

actually this is a disappearing group. Class II enterprises are composed of the 41.2 per cent who have a net revenue of more than ₦11.00 a day. While the model considers several factors to explain the behavior of the informal trade sector as a whole, a necessary condition that this model points out why trading enterprises can continue to exist at very low sales volumes, such as ₦50.00 or less a week, or to gravitate to sales volumes barely sufficient to support an entire household, is that the enterprise is the sole source of income for the entrepreneur's household, or the enterprise is merely a supplementary source. Of the entrepreneurs in the sample, 1,317 or 54 per cent of the total are the sole earners in the household, while the rest have one to four other household members earning some income. Moreover, 30 per cent of the entrepreneurs have listed working proprietorship as both the main and subsidiary occupation. Hence, it is clear from these data that small scale trading is the sole means of support for some households and a subsidiary one for others, satisfying the necessary condition.

However, a more disturbing aspect of the sample is that only 1,715 or 71.5 per cent of the 2,402 enterprises deal with goods consumed daily. The others deal with such items like clothing, footwear, etc. (See Table 1.1). The model so far has dealt with enterprises selling goods consumed daily by household consumers, so that the confirmation of the model that was mentioned earlier may be questioned. One can argue of course that the behavior of the informal trade sector as a whole will reflect the behavior of the 71.5 per cent of all enterprises selling goods consumed daily. This may well be true, but a more proper approach is to incorporate in the model this aspect of reality and see how far the model is to be modified.

Table 47

DISTRIBUTION OF ENTERPRISES, IN TERMS OF WHAT
GOODS THE ENTERPRISE DEALS WITH

What Enterprise Deals With	Number of Enterprises	Percentage Distribution
1. Goods Consumed Daily	1,734	71.5
2. Clothing/Footwear/Accessories/ Jewelry	260	10.4
3. Household Durables/Other Durables	144	5.8
4. Business Durable Goods	108	4.3
5. Second Hand Goods	13	.5
6. Several of the above	13	.5
7. Educational Supplies	24	.9
8. Flowers	7	.3
9. Not Applicable	139	5.6
T o t a l	2,492	100.0

Let us note furthermore that approximately 97 per cent of the enterprises sell mostly to households (Table 48), and that 91.6 per cent sell to middle income or poor households (Table 49).

Table 43

DISTRIBUTION OF ENTERPRISE IN TERMS OF WHO BUYS
MOST OF THE GOODS SOLD BY ENTERPRISE

Who Buys	Number of Enterprises	Percentage Distribution
1. Household and Individuals	2,412 (7)*	96.7
2. Other Small Enterprises	65 (223)	2.6
3. Big Commercial/Government Enterprises	11 (15)	.4
4. Others	1 (1)	0.0
5. Don't Know or NA	3 (2246)	0.1
T o t a l	2,492	100.0

*Table 3 tabulates enterprises on the basis of the first answers to the question who buys. Those in parenthesis are for number of enterprises on the basis of second answers.

Table 49

DISTRIBUTION OF ENTERPRISES ACCORDING TO INCOME CLASS
OF HOUSEHOLDS BUYING FROM ENTERPRISE

Income Class of Household	Number of Enterprises	Percentage Distribution
1. Rich	119	4.3
2. Middle Income	2,000	80.3
3. Poor	232	11.3
4. Not applicable	91	3.7

Thus, the enterprises selling semi-durable and durable goods also sell to households constituting the market of Class II enterprises. Similar to Class II enterprises, the minimum size limitation of this class of enterprises in terms of sales is determined mainly by the nature of the goods these enterprises sell. Since these enterprises must be competitive with the formal sector enterprises, they must maintain a minimum array of goods to attract customers (even if only for that!), and in certain cases, maintain sufficient newness, to be "in". All this suggests a minimum sales volume if an enterprise is to survive. In relation to Class II enterprises, this sales minimum may be larger because semi-durables and durables in general are relatively dearer. The process of competition is also expected to make these enterprises gravitate towards this minimum sales volume. However, these enterprises are too heterogeneous because of specialization in commodities sold (for example, a garments and textile store will differ from a footwear store, etc.) so that there is no unique average size for them.

Thus, these enterprises selling durables and semi-durables may constitute sub-classes of the Class II enterprises accounting for 41.2 per cent of the total, and thus may be labelled Class IIb enterprises. (Class IIa consist of enterprises selling goods consumed daily, where $IIa + IIb = II$.)

But let us consider further the significance of the fact that Class IIb enterprises sell to households composing the market of Class I and Class IIa enterprises. The households buying from Class I enterprises, as we have seen, face the problem of rationing small amounts of income. Thus, we expect that purchases by those households of durable and semi-durable needs will be based primarily on cheapness of the basic product, i.e., such consumers will disregard various elements of product differentiation that may be prevalent in the more organized sectors of the economy and concentrate on the product and what needs it really satisfies, and on the price of these products. The basic rule that such households will tend to follow, given incomes which hardly make both ends meet, is to buy most cheaply. In other words, while the small trading enterprises dealing with durable and semi-durable goods have to contend with stiff competition with the formal sector, such small trading enterprises can still capture the low income market for as long as minimum price and quality requirements are satisfied. Besides, locational elements will always play a role in the existence of small trading enterprises.

Households composing the market of Class II enterprises earn more. In fact Class II enterprises have to be on their toes to retain their customers who could easily shift their purchases to the big formal enterprises. Thus, for purchases of durable and semi-durable needs, the pull

of the latter enterprises may leave little to the small trading enterprises. The reason for this is that when it comes to the daily needs of consumers, product differentiation between enterprises may be negligible but for durables and semi-durables, the differentiation is inherent not only in the product, but also in the supplier. For this reason, the relatively richer consumers can easily shift to the big enterprises. Nevertheless, those households just above the threshold income level will behave most likely like the customers of Class II enterprises.

This suggests that a more dependable market for Class IIa enterprises are those households forming the market for Class I enterprises, and the households on the lower end of the income scale of those households forming the market for Class II enterprises. This means that for as long as these low-income consumers exist, there is good reason for small trading enterprises, dealing in semi-durables without the frills and snobbishness of the big enterprises, to continue in existence. But while such enterprises can continue to serve the low-income market, it is not impossible to find within Class IIb, and perhaps also within Class II in general, entrepreneurs trying to break into the big, formal sector category. Inherent advantages of location, and the ability of the entrepreneurs, may allow this breakthrough.

A more basic reason for this inherent tendency for enterprises within Class IIb to make this breakthrough may be found. One reason mentioned above why, for any sales volume there may be an indeterminate amount of fixed capital investment is that for small entrepreneurs, the relative smallness of the available capital locks them in the relatively low-yield trade sector. That is, there is an insensitivity of investment to returns.

Moreover, we notice that as we move from Class I to Class II enterprises the capital requirements alone of the stock of goods being sold by the different enterprises increase. Especially within Class IIb, with the heterogeneity and much higher unit costs of goods being sold, this differentiation of the enterprises in terms of capital requirements takes place. Hence, at some critical value of this capital stock, the entrepreneur is freed from a low-yield sector. The crucial significance of this freedom is not that the entrepreneur will get out of trading per se but that, rather, he is now guided by cold capitalist calculation. He puts in only just as much capital in trade as could give him returns comparable to alternative investments. Moreover, his employment of labor will only be up to the point where the last laborer hired just pays for himself. Just as rationally, an enterprise can expand, breaking into the big firm sector category, where even the rich households become its customers. Table 49 indicates indeed that 4.8% of the 2,492 enterprises in the sample have rich households as their major market.

A major implication of all this is that the informal trade sector, which as a whole has failed to exhibit any regular production function as shown by the results of regression exercises made on the survey data (see above), contains within it a sub-set of enterprises where such regression exercises could yield a regular production function, and the reason regression using the complete data failed to show this regularity was that regularity within the sub-set was swamped by irregularity within the complementary set.

A candidate sub-set that may show this regularity is the set of enterprises which in Table 46 is composed of enterprises having weekly sales greater than ¥1,000 and accounting for 41.2 per cent. In terms of the unmodified model presented above, these consist of enterprises that have hurdled a size barrier so that now these enterprises are supplying commodities daily consumed to relatively richer households, and perhaps to some of the smaller enterprises. This sub-set actually encompass the enterprises dealing with goods other than goods consumed daily by households accounting for 23.5 per cent of the total.

We can also consider the following tables. Table 50 presents the distribution of enterprises based on fully paid employment. From this we note that 41.9 per cent of informal sector enterprises employ one or more fully paid employee. Table 51 on the other hand presents the distribution of enterprises on the basis of value of fixed capital owned.

Table 50

DISTRIBUTION OF ENTERPRISES BASED ON
FULLY PAID EMPLOYMENT

Fully Paid Employment	Number of Enterprises	Percentage Distribution
0	1,449	58.1
1	310	12.4
2	300	12.0
3 or more	433	17.5
T o t a l	2,492	100.0

Table 51

DISTRIBUTION OF ENTERPRISES BASED ON VALUE
OF FIXED CAPITAL OWNED

Value of Fixed Capital, Pesos	Number of Enterprises	Percentage Distribution
None	623	25.3
Less than 500	509	20.4
500 - 999	299	12.0
1,000 - 1,999	228	9.0
2,000 - 4,999	344	13.3
5,000 - 9,999	225	9.0
10,000 - 14,999	75	3.0
15,000 and above	189	7.5
T o t a l	2,492	100.0

Notice that enterprises with fixed capital greater than ₱1,000.00 accounted for 42.3 per cent of the total; and those with capital greater than ₱2,000.00 accounted for 33.3 per cent of the total. We do not have any basis to identify what the critical amount of capital is that frees entrepreneur from a low-yield investment, that is, what critical amount of capital is it that can be mobile between investments, seeking that which gives the highest return. Table 51 does not identify for us the group of enterprises we are looking for. Besides, Table 51 gives fixed capital investment, excluding the circulating capital of enterprises which, for trading enterprises, amounts to a significant value.

Further consider the distribution of enterprises based on entrepreneurial earnings (Table 52). Of the total, 39.8 per cent are accounted for by enterprises with weekly entrepreneurial income greater than ₱150.00, or roughly, a daily income of greater than ₱21.00.

Table 52

DISTRIBUTION OF ENTERPRISES BASED ON
ENTREPRENEURIAL EARNINGS
(WEEKLY)

Entrepreneurial Earnings	Number of Enterprises	Percentage Distribution
Less than ₱50	571	22.9
₱50 - 99	470	18.9
₱100 - 149	457	18.3
₱150 - 199	99	4.0
₱200 - 299	264	10.6
₱300 - 399	193	7.7
₱400 - 599	133	5.3
₱600 - 799	103	4.3
₱800 - 999	35	1.4
₱1,000 - 1,499	74	3.0
₱1,500 and above	88	3.5
Total	2,492	100.0

Using several criteria, the subset of enterprises where regularity between, say, value added per enterprise and capital and labor employment exists, and therefore, where such a relationship can be estimated, may be accounted for by 20-40 per cent of the total. On the basis of Table 50, 41.9 per cent may be too large. Fully paid employment is simply defined as full and part time workers minus unpaid workers, so that these employment figures do not reflect employment based on marginal output of workers. On the other hand, only 29.5 per cent of all enterprises employ two or more. While it does not follow necessarily that these 29.5 per cent of the whole operate along capitalistic lines, this figure may be a better estimate of the desired subset than the 17.5 per cent employing three fully paid workers or more. Based on Table 51, 19.5 per cent of the enterprises have fixed capital greater than ¥5,000. And if we take into account those with ¥4,000 or more (not reflected in the table), this set accounts for 24.5 per cent of the total enterprises. As we have said, the critical value of capital that makes the entrepreneur behave as a capitalist is unknown, so that all that we can do here is to indicate range of values where this is likely to be true. Based on Table 6 this range could be ¥1,000 and above or ¥4,000 and above, corresponding to enterprises accounting for 42.3 per cent of the total, or to only 24.5 per cent, respectively. The same qualitative statements can be derived from Table 52.

While we cannot be sure just what proportion of enterprises in informal trade sector operate as capitalistic firms, based on the tables

presented above we can almost be certain that they exist. They might account for 20 per cent or so of the total. Big or small, it is interesting to separate them from the rest of the sector. We can account for the uncapitalistic behaviour of the greater portion of enterprises within the informal trade sector. We must also find out how those who operate as capitalistic units make use of economic resources.

More interestingly perhaps is the separation that we can make of enterprises dealing with goods consumed daily, the Class I and Class IIa enterprises in the model above. It is clear from our preceding discussions that Class IIa enterprises may be operating or be in a position to operate as capitalistic firms. The interesting implication here is that separation of Class IIa from Class I, and a more detailed study of its characteristics may yield an optimum size trading enterprise dealing with goods consumed daily. The obvious policy implication concerns possible control of the big, established enterprises dealing with goods consumed daily. All these constitute agenda for future work.

For the present, let us see what our model has turned out to be. We were able to break up the enterprises selling goods consumed daily into Class I and Class IIa enterprises. The distinction is in terms of markets served, and size. We have indicated that there is a possibility that of the Class II enterprises a certain portion may be operating as capitalistic firms.

Insofar as capitalistic and non-capitalistic firms operate side by side in space, within each class, the size of each in terms of sales

will still be determined by their number. But conditions for entry or exit for capitalistic firms will differ from the rest. More concretely, given any average sales volume, the non-capitalistic firms may use more capital and employ more labor, than the capitalistic firm, because the latter will optimize use of these resources; and if this average sales volume goes down far enough, the capitalistic firm may be driven out, ahead of the non-capitalistic firms, if this decline in sales results in returns smaller than in alternative investments. Thus, if entry by non-capitalistic enterprises is free, capitalistic enterprises could hardly survive. Within Class IIa, where entry is relatively free because the capital requirements is small, it might be difficult for capitalistic enterprises to survive. However, it was already pointed out above that peculiar to trading, location is a monopolistic element, providing a barrier, not necessarily insurmountable, to entry. This provides avenue for the growth of an optimum size trading enterprise operating as a capitalistic firm.

For Class IIa enterprises, barriers to entry include, in addition to location, the capital intensiveness of the trade. These factors do not put an end to competition; they simply make operation by non-capitalistic enterprises more difficult, except in the fringes. Thus, within Class II firm size in terms of sales may be determined principally by the size of the market and the number of firms, but with the important proviso that this number, as it is determined by entry and exit, allows each of the enterprises to earn returns comparable to alternative investments. In other words, within Class IIa, there will be a tendency for enterprises to grow towards some optimum size.

One final point to be considered concerns the enterprises dealing with business durable goods (Table 47). We may disregard these enterprises since they constitute a small percentage of the whole (3%), i.e., the behavior of the informal trade sector as a whole will not be affected one way or the other by the behavior of this small segment. We take this position here noting that this conclusion need not be affected even if this segment were not disregarded. Table 48 shows that households and small enterprises account for practically all the customers of small trading enterprises. In fact it appears from Table 48 that of the 108 enterprises dealing with so-called business durable goods (Table 47), about half sell mostly to households or individuals. Thus, while the data are not clear, it looks like the number of enterprises that sell strictly business durable goods may be fewer than the 108 reflected in the data. As in our discussion regarding Class IIa enterprises, their selling to small enterprises was not precluded. For basically the same reasons, Class IIb enterprises may in fact sell to other small enterprises without affecting our model in any significant manner.*

Finally, let us re-state the model in a form that can be easily confirmed or denied by the data on hand.

*Nevertheless, for enterprises selling strictly business durable goods to other enterprises, a different model is appropriate to explain their behavior. This is no longer attempted here due to the fact that the insignificant number of such enterprises will hardly affect the behavior of the informal trade sector. More specifically, the poor regression results could be accounted for by the 98-99 per cent of Class I and II enterprises.

Let N_i = number of enterprises in the informal trade sector in class i , $i = I, IIa, IIb$

H_i = number of households constituting market for enterprises in class i , $i = I, IIa, IIb$

Where

H_I are households earning income $Y < \bar{Y}$; H_{IIa} are households earning income Y , where $\bar{Y} < Y < \bar{Y}$; and H_{IIb} are households $H_I + H_{IIa}$. (Equating H_{IIb} to $H_I + H_{IIa}$ is a simplification. See above).

$\bar{Y}$ = threshold household income separating Class IIa buyers from formal sector buyers.

then,

$$(1) \quad N_i = a_i H_i Y_i \quad i = I, IIa, IIb$$

This specification incorporates the major assumptions of the model

(1) the markets for the different classes of small trading enterprises are confined principally to certain households earning incomes within specific ranges; (2) Each enterprise within each class has a definite share of this market; and (3) The linear relation between number of enterprises and the product of number of households and average household income puts a limit to the size of each enterprise. While the consequences of these assumptions have been brought out above, one may better appreciate these by thinking of a different specification. For example, letting $H_i Y_i = N_i$, the equation could be $N_i = a_i + a_i^1 M_i - a_i^2 M_i^2$, which says that the number of enterprises beyond some value of M_i will in fact go down. This

possible if, for example, the optimum size trading enterprise is larger than what it is in the beginning, and all enterprise owners calculate on the basis of capitalist rationality. This is especially relevant for Class IIb enterprises so that this alternative specification may fit better Class IIb than does equation 1 above. Thus, equation (1) indicates that either the size of enterprise the informal sector started with was already the optimum size so that even with the use of capitalist calculation the number of enterprises simply expands with the expansion of the market, or the number of enterprise the sector started with was not the optimum size, but entrepreneurs as a whole are not calculating capitalists so that the number of enterprise expands linearly with the expansion of the market just the same. The latter is a more plausible position to take as indicated in the discussion above. But this is the position which will be tested below, by considering other implications of equation 1, from which we get

$$(2) \quad \frac{dN_i/dt}{N_i} = \frac{dH_i/dt}{H_i} + \frac{dY_i/dt}{Y_i} \quad i = I, IIa, IIb$$

Under the simplifying assumption that we have made, i.e., that $H_I + H_{IIa} = H_{IIb}$, one can simply dichotomize households into the informal sector buyers and the formal sector buyers, H_1 and H_2 where $H = H_1 + H_2$. H_1 and H_2 are separated by the threshold income $\bar{Y}$: H_1 households receive income smaller than $\bar{Y}$ and H_2 households receive income greater than or equal to $\bar{Y}$. Thus,

$$(3) \quad H_1 = P_1 H,$$

where P_1 is H_1/H . From this we get

$$(4) \quad \frac{dH_i/dt}{N_i} = \frac{dP_i/dt}{P_i} + \frac{dH/dt}{H}$$

Assuming further that $\frac{dH_I/dt}{H_I} = \frac{dH_{II}/dt}{H_{II}}$, and $\frac{dY_I/dt}{Y_I} = \frac{dY_{II}/dt}{Y_{II}}$, we have

$$(5) \quad \frac{dH/dt}{N} = \sum_{i=1}^{\text{III}} \frac{dN_i/dt}{N_i} \frac{N_i}{N} = \frac{dH_I/dt}{H_I} + \frac{dY_i/dt}{Y_i}$$

$$= \frac{dP_i/dt}{P_i} + \frac{dH/dt}{H} + \frac{dY_i/dt}{Y_i}$$

where $N = N_I + N_{IIa} + N_{IIb}$

To get estimates of P_1 requires specification of the household income $\bar{Y}$. From Table 53 we see that the proportion of households to total households in Manila and Suburbs earning income less than ₱2,400.00 increased from 29.9 per cent in 1957 to 32.7 per cent in 1971; and for those earning less than ₱3,500.00. The corresponding change was from 48.5 per cent to 51.3 per cent. Slight declines took place in the intervening years 1961 and 1965. Thus, P_1 grew at an annual geometric rate between 0.75 per cent and 0.4 per cent. On the other hand, average income for those households earning less than ₱3,500.00 increased from ₱2,418.00 in 1957, to ₱2,434.00 in 1961 and to ₱2,444.00 in 1965. Then falling to ₱2,343.00 in 1971, a fall corresponding to -0.2 per cent per annum between 1954 and 1971. What is clear from all these trends is that changes in P_1 and Y_1 compensated for each other. Thus, according to equation 5, the change in the number of enterprises can be accounted for by the

change in the total number of households. If we take the geometric rate of growth of population in Manila and Rizal of 6.4 per cent between 1960 and 1970 to proxy for this change in the number of households, we come out with the same figure for growth of enterprises.

Table 53

CUMULATIVE FREQUENCY DISTRIBUTION OF HOUSEHOLDS
BY INCOME CLASS IN METRO MANILA
1957-1971
(Per Cent)

Real Income* Class	Y e a r			
	1957	1961	1965	1971
Less than ₱2,400	29.9	29.5	27.0	32.7
Less than ₱3,500	43.5	48.2	46.7	51.3
Less than ₱5,500	69.7	66.5	63.2	69.3

*Income as indicated in Family Income and Expenditure Surveys for relevant year are deflated by CPI Manila (1965=100) to arrive at these real income figures. To get percentage of households belonging to income class lower than ₱2,400 for example, interpolation was resorted to. Thus, 11.9 per cent of households had income between ₱2,000 and ₱2,499 in 1965. Four-fifths of 11.9 or 9.5 of these households are considered to have income less than ₱2,400. This percentage added to those for the lower income classes lead to a cumulative percentage of 27.0 in 1965. This procedure was followed in the derivation of data in this table.

The survey results however give the age structure of enterprises summarized in the following table (Table 54):

Table 54

DISTRIBUTION OF ENTERPRISES ON THE BASIS OF
AGE OF ENTERPRISE

Age of Enterprise	Number of Enterprises	Percentage Distribution
Under 1 year	1	0.00
1 - 2 years	183	0.07
2 - 5 years	644	0.26
5 - 10 years	770	0.31
10 - 20 years	567	0.23
Above 20 years	327	0.13
T o t a l	2,492	100.0

This age structure implies an average geometric growth rate of 9.4 per cent or, taking end points, an annual growth rate of 10.1 per cent. These figures may overstate the actual growth rate for two reasons. One proceeds from the fact that there is some degree of ambiguity in the data. For example, of the 567 enterprises belonging to age category 10 - 20 years (Table 59), some may actually be older than 20 years. It is more common for respondents to answer that the enterprise is 20 years old even if it actually is closer to 21 years than for them to say they are over 20 years old when they are only 19 pushing on 20. In other words the rough dividing line between age classes in our data may account for the overstatement of the rate of growth.

The second factor that may account for this is the fact that some of the 2,492 enterprises in the sample may no longer belong to the informal sector. As we have indicated above, some of the enterprises satisfy some "bigness" criteria. The validity of this argument hinges on the assumption that this adjustment is greater than the opposite adjustment due to the fact that some formal sector enterprises who were once small are naturally excluded from the sample.

At any rate, if we assume a 10 per cent adjustment on both counts, i.e., 10 per cent of the 2,492 enterprises are excluded and 10 per cent of those enterprises claiming to be 10 to 20 years old are considered above 20 years old, we end up with a growth rate of 6.7 per cent in the number of enterprises. This estimate is still higher than the theoretical expectation of 6.4 per cent.

What does this imply for the model? Certainly the specification (equation 1) understates the actual rate of growth of informal sector enterprises, but such a specification is actually a simplification of the model presented earlier. As discussed earlier, the size of informal sector trading enterprises engaged in items consumed by households daily would tend to be smaller if what predominates in the sector are entrepreneurs who supplement their current consumption stream. While nothing conclusive can be said, it seems that the simultaneous increase in the proportion of households belonging to the lower class coupled with a fall in real income is more conducive to the appearance of such enterprises used as supplementary source of consumption. Hence, the tendency will be for the size of enterprises to decline, which change is assumed away by

equation 1. Thus, the evidence provided by the age structure of the informal trade sector fails to confirm equation 1 specification of the model. If the actual rate of growth in the number of enterprises were smaller than the expected rate, then this piece of evidence would damage the model beyond repair. That it is in fact greater lends credence to the model specification not captured by equation 1, which says, among other things, that enterprises operating as subsidiary sources of consumption will tend to be smaller in size than other enterprises, and that viability of capitalistically organized enterprises will be precarious.

Some of the crucial results from the model of the informal trade sector presented above are the following: two classes of enterprises exist, each class supplying to a particular income class of consumers. Class I caters to low income groups, and another class, Class II caters to somewhat higher income groups and tends to be bigger in terms of sales and stock of goods, than the other class. Within the Class I, non-capitalist entrepreneurs dominate, such that employment of capital as well as labor, does not follow a definite pattern, in relation to sales or value added for example. Class II, composed of enterprises dealing mainly with durable and semi-durable consumption goods as well as bigger enterprises dealing with goods consumed daily, may be made up of non-capitalistically organized enterprises and capitalistically organized ones. The proportion of the latter is rather small, especially in relation to the whole informal trade sector. There is free competition within the sector such that each enterprise within definite classes in the sector tends to get a definite

share of the aggregate market, with the result that the sizes of all enterprises, within classes, tend to be the same. The sizes to which enterprises gravitate do not follow from the profit maximizing criterion of capitalist rationality so that these sizes cannot lay claim to being optimum sizes.

All these conclusions are by no means fully confirmed. The data that we have do not deny either the model and the conclusions derived from it. At least these conclusions can be taken therefore as working hypotheses, and at best, as valid generalizations of the informal trade sector. If these are taken as working hypotheses, they indicate ways whereby they may be denied or further confirmed, strengthening confidence in the use of the model. Along these lines we have suggested disaggregation of the data: (1) data on gross revenue, entrepreneurial income, fully paid employment, and value of fixed capital owned, be compiled in terms of (a) goods enterprise deals with, and (2) for each of the enterprise categories based on what goods enterprise deals with, cross tabulation of gross revenue with entrepreneurial income, fully paid employment, and value of fixed assets used, and cross tabulation of the other pairs of variables above.

With these data and with the use of appropriate statistical techniques, we might be able to determine optimum size enterprises for those dealing with goods consumed daily, and for the others. While this result might await results of similar studies on the formal trade sector, it is clear what the policy implications are, viz, inducing development of one sector at the expense of the other. Other exercises may be performed, all geared towards refining policy packages for the sector. But while all these are useful proposals for future work we can in the meantime still

see on the basis of data already available whether further confirmation of our results are forthcoming. More indirect methods are available.

Across the whole informal trade sector, it is important to establish that enterprises operating like capitalist enterprises are few. The reason for this is that if such enterprises are in fact many, constituting a significant portion of the total, then the poor regression results that we got can hardly be explained. Moreover, the model presented above can hardly stand. Data on maximum and minimum wages paid by enterprises provide information necessary to establish this fact. Tables 55 and 56 show the distribution of enterprises based on maximum wages paid to men and women workers, respectively.

Table 55

DISTRIBUTION OF ENTERPRISES BASED ON MAXIMUM
WAGE PAID TO MALE WORKERS

Wages	Number of Enterprises	Percentage Distribution
Less than ₱5.00	2,067	82.9
₱5.00 - ₱9.99	165	6.6
Greater than ₱10.00	260	10.4
T o t a l	2,492	100.0