

Fred Fisk and “subsistence affluence”: part 2

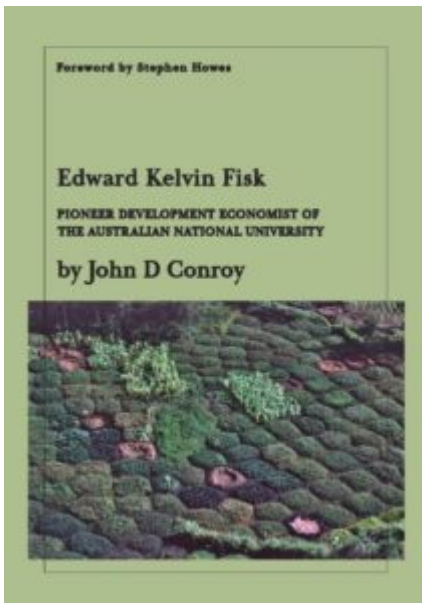
by John Conroy

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Women building composted sweet potato mounds, Tambul, Western Highlands, PNG

Photo Credit: Mike Bourke



This is my second post on Fred Fisk, best known for the idea of “subsistence affluence” in Papua New Guinea. After about 1970, Fisk’s energies were directed to smaller Pacific states, characterised by degrees of subsistence affluence. He signalled this by referring to “**self-subsistent indigenous peasants** of the Pacific” — people who still had land “in *relative abundance*”.

Fisk had substituted shades of grey for the black-and-white of **his original model**. But whereas the **Lewis model** dealt with over- and under-population, Fisk’s model was restricted to “lucky” places — as he believed the Pacific states to be. The difference was that between “special” and “general” cases. Whereas Fisk dealt with special cases, characterised by degrees of affluence, Arthur Lewis had set out a general theory, applicable to all cases, to deal with the Bangladeshes of this world.

From 1965, Fisk worked in Fiji, where he found two familiar situations: racial imbalance, as in Malaya, and “the prevalence and *relative* affluence of subsistence”, as in PNG. Fiji followed Malayan precedent by prioritising economic growth over “**the vital problem of racial imbalance**”. Its colonial administrators saw subsistence as an obstacle to development, believing that “rural economic development would only be possible with **non-Fijians**”.

Instead, Fisk urged that rural Fijians be given “special treatment” to draw more of them into the advanced sector. They should be assisted “to gain the experience, skills, and other requirements to qualify for **higher places of responsibility and**

income". Fisk's normative position was always to preference indigenous peoples. Otherwise, Fijians would be "left behind" while others benefited from growth in the advanced sector, leading to "a potentially dangerous situation". He believed subsequent events vindicated this view when, after successive coups in 1987, Fiji became an independent republic under a nationalist government. This precipitated economic disruption and brain drain.

Afterwards, Fisk continued to argue for subsistence as a secure base, from which indigenous peoples would "reach out" to the advanced sector while remaining within a safe domain — now renamed "the mixed subsistence/cash sector". This new term signalled a change of emphasis. Affluence in the Pacific islands would be seen as occurring on a continuum, along which particular populations experienced varying degrees of wellbeing. He would deemphasize the processes of "transition", because a growing majority of Pacific cultivators — albeit still relying on subsistence for most of their food — had already "transitioned". But the "mixed" sector would continue to support the majority of Fijians and would remain central to his strategy for their advancement — as also for indigenous peoples elsewhere in the Pacific.

In the other Pacific island states, their "mixed" sectors were "dominant in every way" — producing most exports, feeding most people and providing the largest share of productive employment. They were "the most stable centre of productivity, and [their] immense share of productive capital in land, crops, housing and other improvements is ... almost impossible to move and re-allocate". Fisk foresaw the small states evolving into systems of quasi-traditional small farm production, able to operate within their modernising macroeconomies.

Fisk's "mixed sector" would require official recognition and policy support. To restore traditional staples to Pacific diets, cultivators must maintain traditional strengths while adapting to new conditions. Improved cultivation methods and institutional arrangements to overcome transport and marketing problems would restore the competitiveness of traditional foods in urban and overseas markets. A policy framework was needed, in which governments supply public amenities — transport, infrastructure, agricultural extension — and private interests create retail systems providing "incentive goods" to rural people. This was the "complex of factors necessary to provide the incentive and opportunity for increased production".

By the late twentieth century Fisk believed any notion of organically separate subsistence sectors in the region was unhelpful — although continuing subsistence activity was essential. Subsistence should now be seen as a zone of "non-monetary economic activity". This newer term, a refinement of his "mixed subsistence/cash sector", described households operating to sustain themselves within the macroeconomies of the small states, by "producing, consuming and exchanging

goods and services outside the monetary system”.

“**Non-monetary activity**” was “that part of an economy in which economic activity is not monetised [because] the subsistence sector can no longer be considered purely as a group of people, nor as a set of specific areas in a country, because nearly all groups of people, right down to individual families, now use money for at least some of their needs”. Such non-monetary activity had been neglected as “backward”. But, paradoxically, it was also the smallest island countries’ greatest (perhaps only) source of comparative advantage. It ensured “their economic and political independence” because it provided basic household needs. It yielded a traditional, healthy diet, maintained “a substantial reserve of unused labour effort”, and a reserve of land with capacity for cash-earning activities. Finally, it assured a “built-in system of social security” for subsistence households.

The smallest states still suffered **multiple disadvantages**, however, including the minute scale of their activities, distance from international trading routes and (in some cases) wide dispersion of their tiny populations. This “pattern of disadvantage” inhibited effective “linkages” with the international economy. But Fisk pointed to an intriguing implication: **the linkage situation cuts both ways**. While islanders are disadvantaged in international trade, they enjoy “an equal and opposite advantage” when producing for consumption at home. This situation gave the smallest states that comparative advantage (mentioned above) “which alone can ensure their economic and political independence”. In detailed country-level analyses, Fisk assessed their individual longer-term prospects in terms of his criteria.

Finally, it is necessary to report Fisk’s **eventual disillusionment** with development consulting, which he had practiced after retiring from ANU in the 1980s. He came to doubt the usefulness of most consulting activity in the Pacific islands, for reasons including the pressures imposed on counterpart officials in recipient countries. Governments had “very limited capacity to absorb and use such major intellectual inflows” and were “swamped” by the volume of specialist advice “that they could not put to effective use”.

In my book, I argue that Fred Fisk has a good claim to be regarded as the Australian National University’s first development economist. While we might debate the relevance of subsistence affluence to today’s PNG and Pacific economies, there is no doubt an objective assessment of Fisk’s career should acknowledge the originality of his analysis and the sincerity with which it was offered.

Read part 1.

To find out more, read John Conroy’s new book, Edward Kelvin Fisk: Pioneer

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development economist of the Australian National University, *available for free download* from the *Devpolicy website*. Join us at the *launch of the book* by Professor Jane Golley and Emeritus Professor Hal Hill on 14 April 2025 at 5:00 PM in the foyer of the Hedley Bull building at the Australian National University.

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