



Navajo Nation informal economy: Survey results from flea markets

June 2017

Background:

Many studies of Navajo economy revolve around the formal economy; big business, tourism revenue, and mineral extraction revenue. A dated report on the Fiscal Year Annual Revenue of 2003 for the Navajo Nation shows that 51% came from Mining, 32% from taxes, and 17% from tourism/other¹. Our economy lacks diversity and it can be seen with high rates of poverty and unemployment. The unemployment rate of the Navajo Nation is 42% and 43% are living below the poverty line².

The data shows the big three revenue sources of the Navajo Nation but it doesn't highlight the informal economy. With a high level rate of unemployment, many Navajos have entered the informal economy to provide for their families. The informal economy is described as "a set of economic activities, enterprises, jobs, and workers that are not regulated or protected by the state"³ which makes it difficult to track and measure. Little has been done to study the informal economy so Dine Policy Institute took the initiative to get a glimpse of the informal economy by measuring the flea market.

Informal Economy:

The flea market exists in the informal economy thus it is often overlooked when studying the Navajo economy. The flea market exists within the community and contributes to the local economy but many vendors may travel to sell their products. The Navajo flea market is a staple in the Navajo social experience. There are four major flea market settings in the Navajo Nation and each space draws large crowds. The flea market is a setting for small businesses of the Navajo Nation even though most of these vendors aren't recognized as formal small businesses.

The Navajo Nation has placed small business growth as a priority and a means to economic development. With the closing of the Navajo Generating Station and the lack of diverse Navajo economy, the shift towards small business is accelerated.

Diné Policy Institute surveyed the vendors of the flea market to better understand the informal economy from the vendor's perspective. Flea markets are the setting of transactions and services that go unregulated and under studied. The task of the survey was to identify how big of a role the flea market plays with regards to vendors. We asked about income to get a glimpse of how many vendors rely on the flea market as their main source of income. To understand the impact of the flea market, we asked whether the revenue from flea markets supported their families. We left the interpretation of "family" for each participant to describe. We asked if there are any challenges their businesses face. The final questions revolve on what the local and centralized government can do to help their businesses.

Findings:

¹ <http://navajobusiness.com/fastFacts/EconomicSectors.htm>

² ibd

³ <http://www.wiego.org/informal-economy/about-informal-economy>

The survey provides a very limited look at the Navajo informal economy but it does highlight some factors to consider. We surveyed 85 vendors from four different flea market sites. We surveyed Tuba City, Kayenta, Chinle, and Window Rock.

62% were **females**, **33%** were **male** (*Figure 1*).

55% said that it was their main source of income, **45%** did not (*Figure 2*).

77% said that it supported their family, **21%** said that it did not support their family (*Figure 3*).

Many of the vendors believe that “**lack of capital**”, “**lack of infrastructure**”, and “**weather conditions**” hinder their business. Most participants did not answer the questions but that could be attributed to the vague question or they didn’t think anything hindered their business. Some of the other answers involved “**lack of security**”, “**high overhead costs**”, and “**no place to sell**” (*Figure 4*).

When it came to the question of chapter house assistance, most vendors chose not to answer. The vendors who did answer believed that the chapter house can help their businesses by providing infrastructure or by building indoor selling areas. A lot of responses came in the form of creating, building, and maintaining areas for their business. These responses align with the challenges of “**lack of infrastructure**” and “**weather conditions**”. Some even said that microloans from the chapter houses would help their businesses and this can be a response to the “**lack of capital**” that some vendors answered. Infrastructure was the topic that received the largest responses (*Figure 5*).

The responses to the question of Navajo Nation assistance received different responses. Of those that did answer, the responses ranged from “**advertisement**”, “**zone land for selling**”, and “**providing infrastructure**”. There was more emphasis on advertisement for these vendors. Other responses were “**microloans**”, “**improvement to market**”, “**create policy for vendors**”, “**providing a building for selling**”, and “**security**” (*Figure 6*). It’s important to note that the responses differ when the question related to centralized government rather than local.

Our findings provided an insight into distances traveled for each flea market. We were surprised to see that vendors would travel, on average, 66.2 miles to each site (*Figure 7*). The participants in the flea market would travel a large distance to provide or sell goods. Flea market vendors tend to be mobile. Some of the vendors spoke of traveling to different spots to maximize profit. Despite flea markets being placed based and a site for the local economy, many vendors travel from other areas to participate and contribute.

Conclusion:

The data suggests that vendors prefer that their local government assist with the flea market in their area. Yet, when it was asked what the centralized government could do, vendors said advertisement would help. The current administration is focusing on small businesses of the Navajo Nation as a means to economic development and that provides the chance for assisting the flea market and the participants.

Chapter houses were empowered with political authority by the Local Governance Act (LGA) to support local businesses and it shows that many vendors believe that chapter houses can help with their businesses. We suggest that chapter houses provide infrastructure for the area; paved roads, shade, electricity, water, and/or indoors flea market buildings.

The Navajo Nation government can focus on advertisement and linking tourism to these flea markets. Developing areas for flea markets that are within the vicinity with tourist hotspots would help local vendors and the local economy. Linking tourism, one the pillars of Navajo Nation revenue, with these flea markets can open doors for these vendors to expand and provide for their families. Kayenta is a place of great tourism and it has one of the largest flea markets on the Navajo Nation. This can be the spot for channeling tourist into the local economy by creating spaces for vendors near the tourist sites or advertising the current flea market to tourist by creating infrastructure and signs.

More than half of the flea market vendors are female. More than half rely on it as their main source income while many say it supports their families. Many of them travel about 60 miles to engage in the flea market. This suggests that many vendors rely heavily on the flea market for their income. The flea market is an important space for the local economies within the Navajo Nation. Some have said that the flea market acts as an alternative source of income when they are not able to get a job. The flea market plays an important role in providing for families even if it is temporary for some vendors.

Recommendations:

Community Land Use Plan Committee (CLUP) should identify areas where formal fleas markets can be establish and proactively pursue land withdrawal to facilitate informal markets.

Once Land has been successfully withdrawn establish signs for advertisement and fencing for safety and establish zoning.

Plan infrastructures: Piping for restrooms, communal sinks for food vendors, electricity for expanded gathering for potential community events (powwows, performances, song and dance, workshops, presentations). Overhead shade for vendors, pave the market area to enable vendors to sell during unfavorable weather conditions (rain, snow, mud).

Security and over sight needs to be provided to regulate illegal items and provide a safe environment where good and services can be exchange in a safe location.

Navajo Nation should invest in flea markets areas, especially in small communities where there is a lack of super markets and franchises. Local producers can fill the supply needs of the people who have limited access to transportation.

Procurement policies should favor local vendors who can supply the needs of local government organizations. These policies should be enforceable with justification needed if unable to order from a local vendor. If this policy is practice local government organizations and departments can be used as anchor organizations creating a demand for local vendors.

Figure 1:

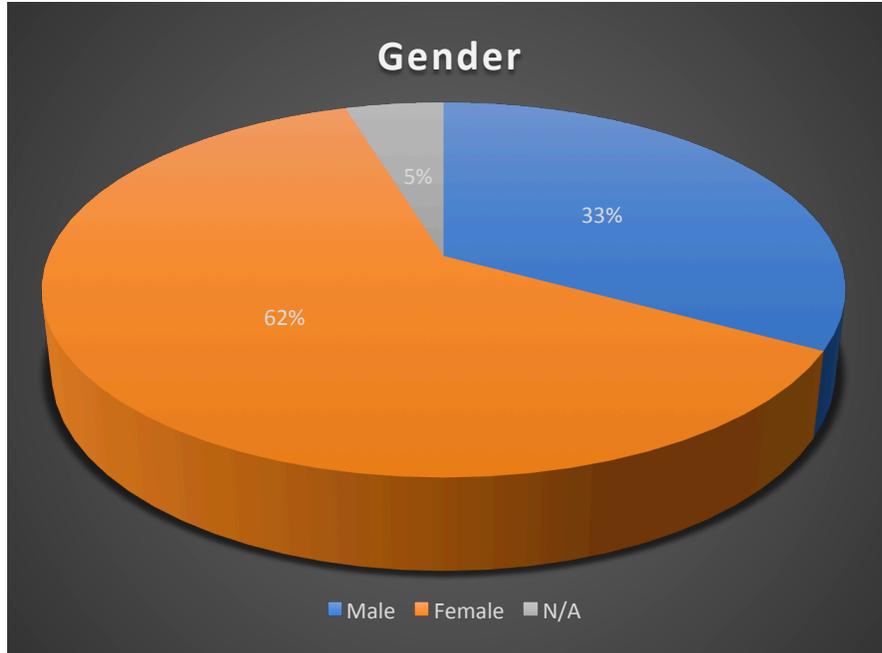


Figure 2:

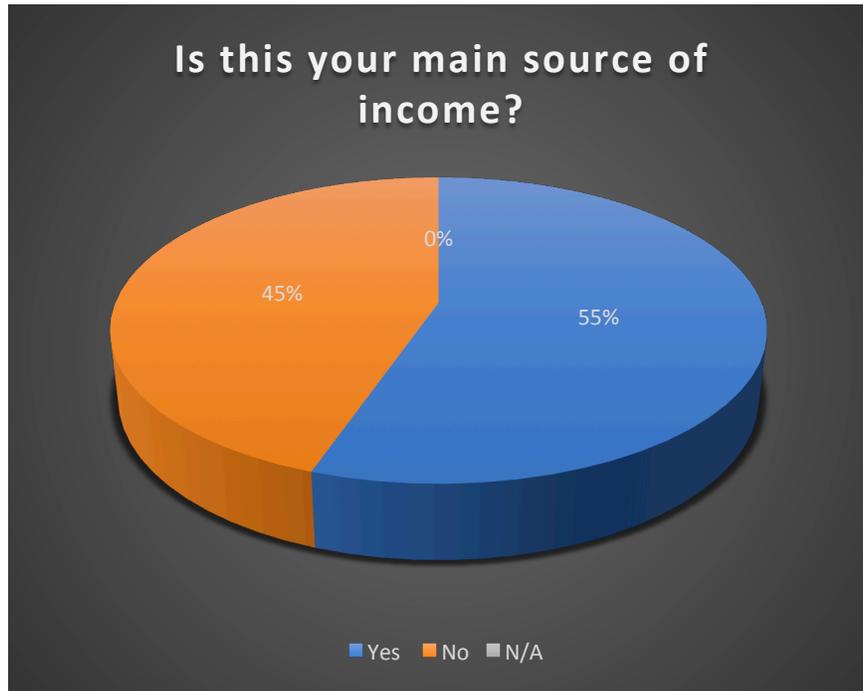


Figure 3.

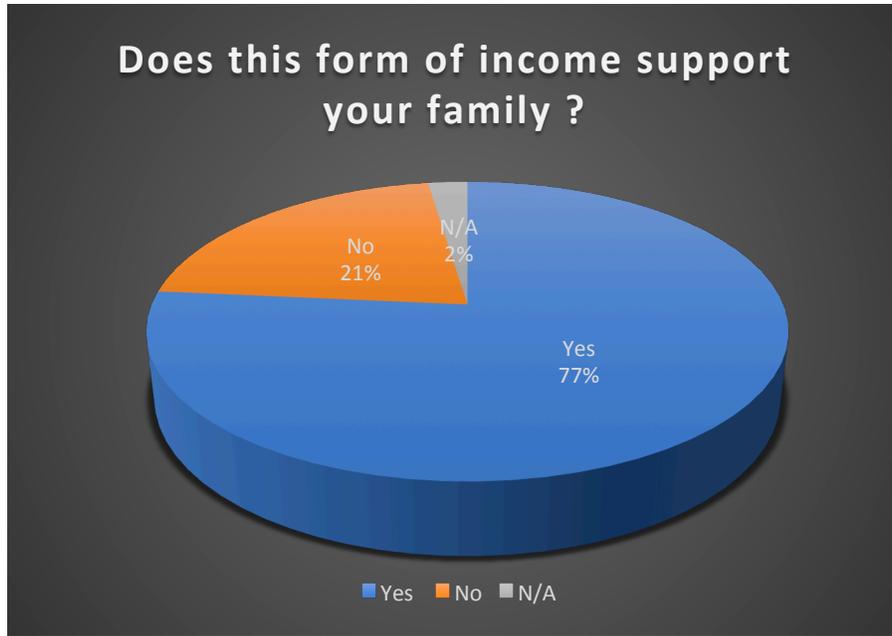


Figure 4.

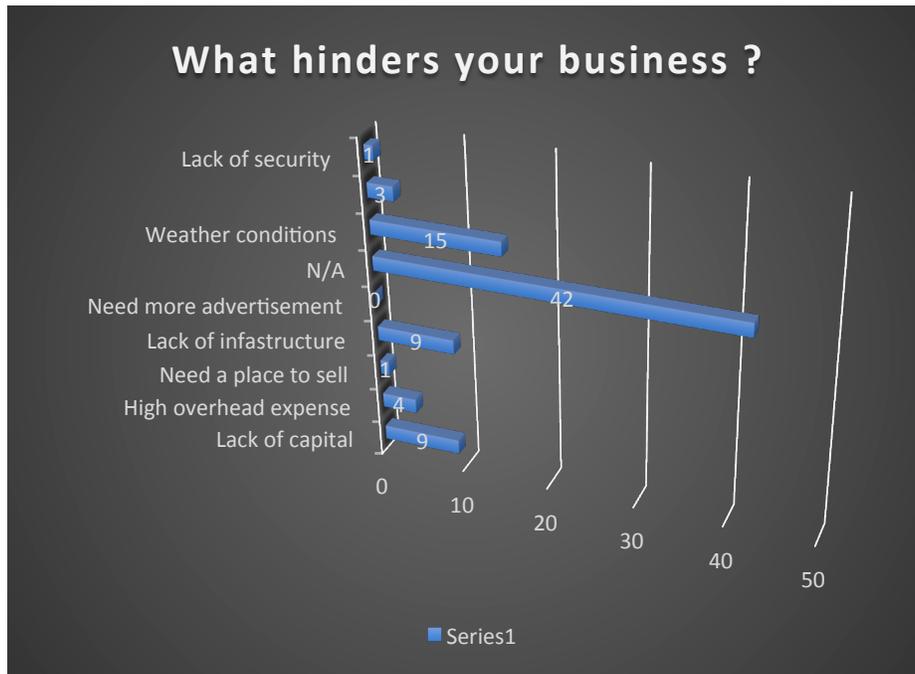


Figure 5.

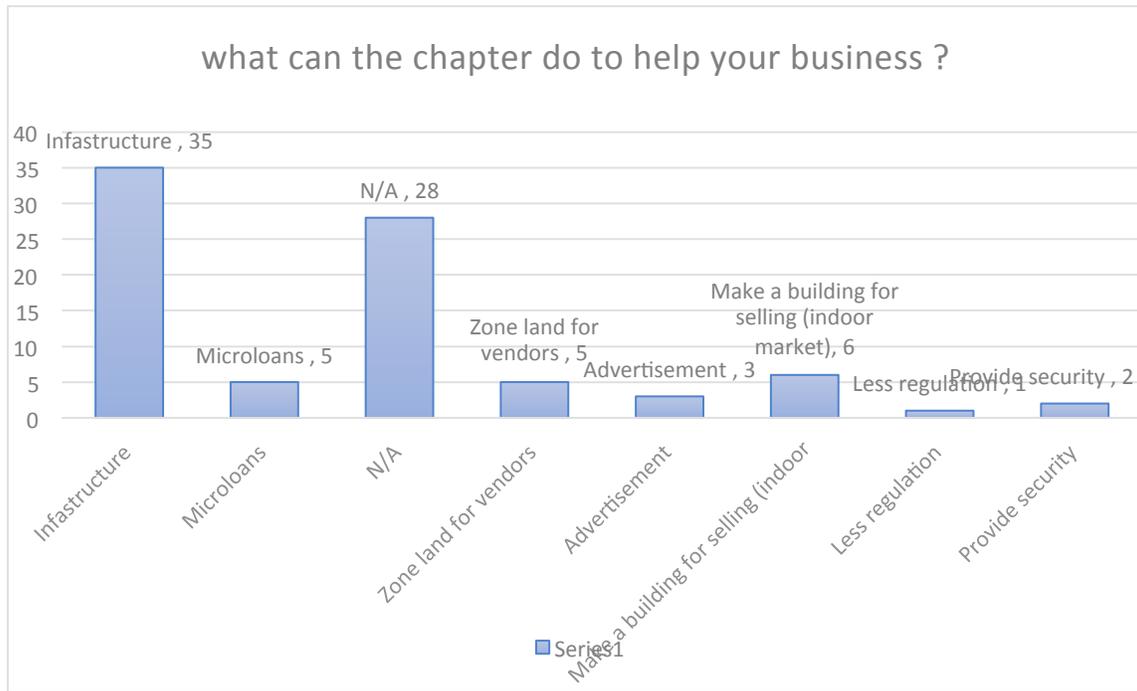


Figure 6.

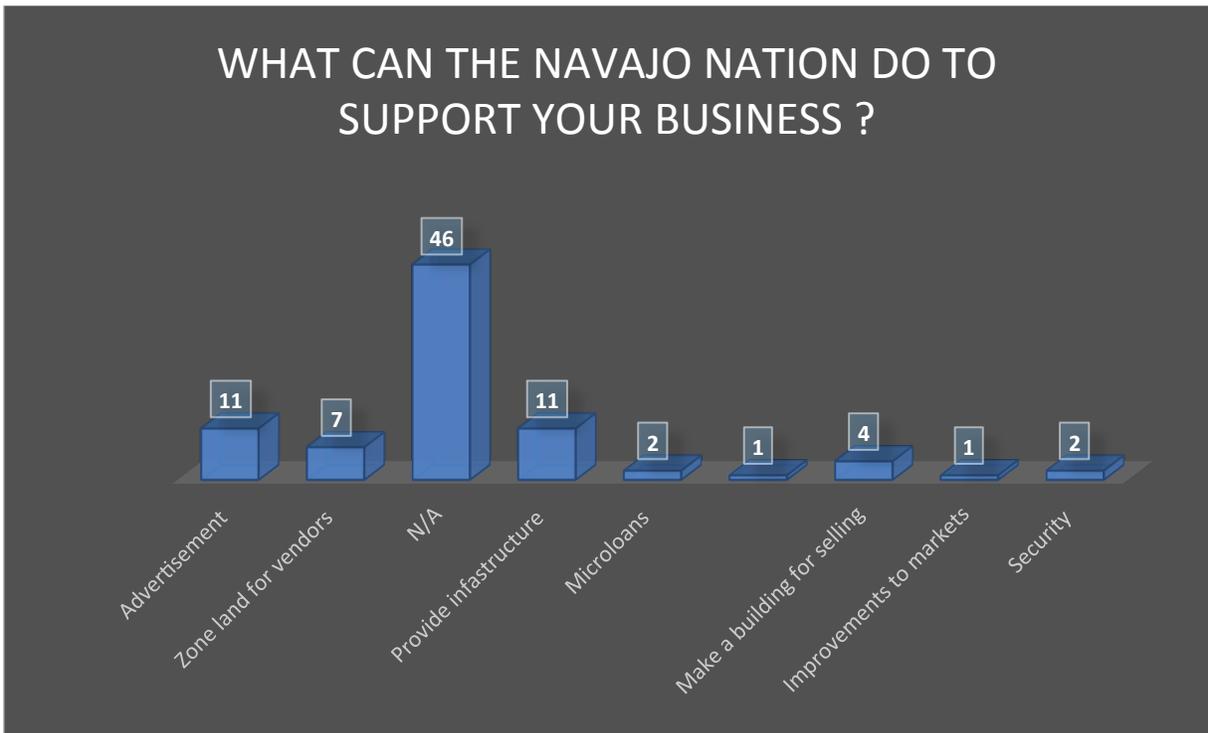


Figure 7.

