Trust and Social Capital in Urban Kenya and Tanzania

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Abstract

Stable networks of cooperation, through which persons act under assumptions of reciprocity, promise-keeping and trust, are necessary for any society to flourish. These relationships have been described as "social capital", defined as the norms and networks that enable collective action. Whilst study of social capital has generated much attention from those interested in its consequences for economic development and social unity, there remains a certain gap within the social sciences between homo economicus assumptions of self-motivated behaviour and manifestations of social capital. This invites analysis into the causes of social capital, which is the question taken up in this thesis. Asking what necessary conditions facilitate social capital's emergence, this study analyses trustful relationships in urban Kenya and Tanzania.

Urban living acts as a litmus test to trust relations and helps expose the necessary forces for social capital's creation. Alongside this, the research sites of Kenya and Tanzania assisted in controlling for historical and cultural factors that may blur causal accounts of social capital. The two countries share similarities in their political, social and economic histories and, at the same time, exhibit diverging political emphases since independence and resulting levels of citizen-on-citizen trust. The country-level similarities and differences thus help contrast the lower levels of urban trust found in Kenya against the higher levels found in Tanzania, allowing in-depth examination of the conditions that support social capital's emergence.

Evidence is offered firstly through qualitative exploration of the formation of trustful relationships in economically competitive scenarios. Study of a single social network of plastic-bag sellers in Mwanza, Tanzania, reveals the importance of early anchors of trust as zones of reputation-indication. The comparative experiences of local market-sellers in Kisumu, Kenya, and Mwanza, Tanzania, support understanding higher levels of trust to pervade in Tanzania than in Kenya, and evaluate the influence of ethnic homogeneity for community solidarity. Interviews with business owners of Nairobi, Kenya, and Dar es Salaam, Tanzania, proceed to offer insights on alternative, normative dimensions that may help explain different levels of trust found amongst citizens.

To measure the quantitative extent of trust and particular factors influential for its formation, "trust games" were deployed in Nairobi and Dar es Salaam. The experiments were engineered to test areas of common knowledge, specifically ethnicity and the "social virtue" of integrity. Engaging with common knowledge variables in this way offered for analysis areas of mutual understanding between citizens. Alongside confirming higher levels of trust in Tanzania than in Kenya, the games revealed how common knowledge of ethnicity and integrity bore influential effects on levels of trust that were country-specific. Whilst common knowledge of ethnicity tended to have a negative impact on levels of cooperation in Tanzania as compared to Kenya, the effect was the opposite for the social virtue of integrity.

The thesis' central argument is that congruence between citizens on what marks out a trustworthy person is a precondition for relationships of trust to emerge; some symmetry in the moral discourse surrounding agency, character and reputation is thus critical for bringing about the economic and political benefits associated with social capital.

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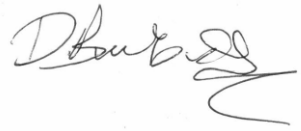
This thesis is dedicated to David Sperling.



Dominic Burbidge

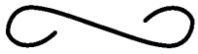
Nairobi, 2 Oct 2013

Majambo ya binadamu yana kujaa na kupwa

Yakidakwa yamejaa huongoza ushindini;

Yakipuuzwa, safari yote ya maisha yao

Hubakia katika maji mafu na madhilifu



There is a tide in the affairs of men

Which taken at the flood, leads on to fortune;

Omitted, all the voyage of their life

Is bound in shallows and in miseries

"Julius Caesar", translated into Kiswahili by Julius Nyerere

1.

Introduction

> Nothing in her definitely placed her; she was a rare, a special product. Her singleness, her solitude, her want of means, that is her want of ramifications and other advantages, contributed to enrich her somehow with an odd, precious neutrality, to constitute for her, so detached yet so aware, a sort of small social capital.
> —Henry James[1]

This perplexing quote describes Prince Amerigo's impression of Charlotte Stant in *The Golden Bowl*. The Prince is swept up in admiration because she displays, amongst other qualities, a certain maturity and independence, something he feels lacking in his spouse. It is the second known use of the term "social capital", and comes in trying to capture 'some gift of nature to which you could scarce give a definite name.'[2] Social capital has come to be understood in academia as the social networks that support collective action, something looking to both the individual and the collective and explaining how they relate. It is our mission here to give it a definite name; that is, to explain its micro-foundations and the relational dynamics that spark its inception.

This study analyses coordinated behaviour amongst citizens in contexts of economic competition or scarcity. Specifically, the thesis asks: *what causes the emergence of trusting-trustworthy relationships between people?* The phenomenon of cooperative action and shared purpose between members of society has been pursued in sociology and political science since the end of the 1980s through popular endorsement of the term "social capital". The aim here is to investigate how social capital emerges at its most elementary stages. In order to address the topic in a systematic way,

[1] James, H., *The Golden Bowl* (London: Methuen, 1904), p. 56.
[2] Ibid.

evidence is taken from the urban experiences of two countries: Kenya and Tanzania. We focus throughout on *urban areas* because urban living presents a challenge to trusting-trustworthy relationships by requiring citizens to maintain levels of interdependent exchange despite the intractability of persons. This means that, from a social science perspective, studying the urban helps isolate conditions for social capital.

Whilst studies have associated trust and social capital with political and economic benefits,[3] there has been less investigation into what brings it about in the first instance. Indeed, studies of the early formation of trusting relations between citizens have tended to employ behavioural economic methodologies;[4] the assumptions of these models mean social capital counts as a public good and seemingly cannot come about as a result of individual interests.[5] In social dilemmas, acting in one's individual interest means the public good or optimal outcome is not achieved. At the same time, social capital is usually recognised as a product of the *community* and not of state action, able to overcome social dilemmas through the power of norms and networks. There is a certain gap, therefore, between the observed macro manifestations of social capital and the micro explanations of the formation of trust between citizens. These two levels need to be connected at the meso-level before a coherent account of social capital can be offered. As Granovetter remarks: 'A fundamental weakness of current sociological theory is that it does not relate micro-level interactions to macro-level patterns in any convincing way.'[6] As an attempt to fill this gap for the more narrow area of social capital and trust studies, this thesis interprets the relational dynamics influencing social

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[3] Putnam, R. D., *Making Democracy Work* (Princeton: Princeton University Press, 1993), with Robert Leonardi & Raffaella Nanetti; Fukuyama, F., *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995); La Porta, R., Lopez-de-Silanes, F., Shleifer, A. & Vishny, R. W., 'Trust in Large Organizations'. Working paper, No. 5864, National Bureau of Economic Research, Cambridge, MA (Dec 1996); Knack, S. & Keefer, P., 'Does social capital have an economic payoff? A cross-country investigation'. *Quarterly Journal of Economics*, Vol. 112 (1997), pp. 1250-1288; Posner, E. A., *Law and Social Norms* (Cambridge, MA: Harvard University Press, 2000); Putnam, R. D., *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000); Knack, S., 'Social Capital and the Quality of Government: Evidence From the States'. *American Journal of Political Science*, Vol. 46, No. 4 (2002), pp. 772-785; Bjørnskov, C., 'The Happy Few: Cross-Country Evidence on Social Capital and Life Satisfaction'. *Kyklos*, Vol. 56, No. 1 (2003), pp. 3-16; Heinemann, F. & Tanz, B., 'The impact of trust on reforms'. *Journal of Economic Policy Reform*, Vol. 11, No. 3 (2008), pp. 173-185; Helliwell, J. F. & Huang, H., 'How's Your Government? International Evidence Linking Good Government and Well-Being'. *British Journal of Political Science*, Vol. 38, No. 4 (2008), pp. 595-619; Bjørnskov, C., 'How does social trust lead to better governance? An attempt to separate electoral and bureaucratic mechanisms'. *Public Choice*, Vol. 144, No. 1/2 (2010), pp. 323-346.

[4] For example, Coleman, J. S., *Foundations of Social Theory* (Cambridge, MA: Harvard University Press, 1990); and Gambetta, D. (ed.), *Trust: Making and Breaking Cooperative Relations* (Oxford: Blackwell, 1988).

[5] Putnam, 1993, p. 170.

[6] Granovetter, M., 'The Strength of Weak Ties'. *American Journal of Sociology*, Vol. 78, No. 6 (1973), pp. 1360-1380, p. 1360.

capital's creation. The study of urban scenarios requiring trust thus serves the research agenda by focusing in on interpersonal dynamics necessary for trustful relationship emergence.

The argument of the thesis is that congruence between citizens on what marks out a trustworthy person is a precondition for relationships of trust to emerge; some symmetry in the moral discourse surrounding character is thus instrumental for the economic and political benefits associated with social capital. By exploring urban situations where cooperation is needed in the midst of economically competitive scenarios, the thesis identifies areas of mutual vulnerability where common understandings emerge to facilitate interpretations of good character and right action. From these experiences, we identify how congruence in moral discourse for individual-level interactions helps lead to collective action and social capital. The term "congruence" is used to describe the coherence of normative communication between citizens. The study does not, therefore, rely simply on holding constant institutional or structural differences between Kenya and Tanzania but additionally delves into the study of citizen-on-citizen communicative interactions *within* the two countries to unpack necessary conditions for the formation of trustful relationships generally. The thesis asks to what extent different climates of discussion over what constitutes reliability and trustworthiness explain differences in levels of social trust and argues that the inclusive and mutually understood nonethnic nature of Tanzanian moral discourse can be associated with that country's greater levels of trust. This makes no assessment on whether political action can encourage or dissuade social trust and states only that the emergent dynamics of trusting-trustworthy relationships have not been as inhibited in Tanzania by a confusion of normative frameworks. Whilst the salience of making comparison between these two countries provides additional help in framing and isolating conditions for trusting-trustworthy relationships, the unit of analysis remains these relationships themselves. In this way, the study provides a framework for connecting research on social capital as a macro sociological phenomenon to the interpersonal dynamics of trusting relations between citizens at the micro level.

By way of situating and refining the research question, this chapter first explores the literature on social capital, noting its key theorists and where points of disagreement are particularly acute. It is found that existing studies reflect a disjuncture between models of individual motivation as based on interest pursuit and models of group solidarity and cooperation. Despite popular support

in the social sciences for the concept of social capital, there is little in studies of micro-level interpersonal trust that mirrors networked cooperative ties or explains how they can be maintained in urban environments. In this way, the literature review identifies the space for the current study and demarcates the extent to which social capital theorists have so far documented the political, economic and social dimensions of trust and community solidarity. Settling on a definition of social capital which has the flexibility to incorporate most of its strands, the chapter makes explicit the area of social capital research which the overall study contributes to. After then discussing the literature that pertains to the particular area under analysis—motivation for social capital's creation—the chapter expounds the thesis' approach and clarifies its research question. We ask what brings about the emergence of trusting-trustworthy relationships in urban society, taking seriously social discourse over motivations and trustworthiness. In pursuit of this strategy, trust is defined below as intentional unity, not viewed as simply the summed parts of a single decision to trust together with a single decision to reciprocate. Upon distinguishing the agenda in this way, we briefly introduce the countries to be explored empirically throughout the study before closing with an outline of the thesis' structure, offering a brief summary of the empirical lenses and findings of each chapter. The general aim of this introduction is to situate the research question within what is already known about social capital and to clarify the area of inquiry: seeking an answer to why social capital emerges when it does.

What is social capital?

The concept of social capital is most commonly associated with the works of sociologist James S Coleman and political scientist Robert D Putnam, and it is to these two scholars that contemporary studies look when adopting the general theory and holding it against the light of empirical findings. Nevertheless, it is important to recall an earlier use of the concept—only recently discovered by contemporary authors—situated in the work of John Dewey at the start of the 20th century. Dewey explores the importance of sympathy, described as 'a cultivated imagination for what men have in

common and a rebellion at whatever unnecessarily divides them'.[7] Drawing from a pool of vocabulary being used to explain the process of industrialisation, Dewey weds his approach with Adam Smith and David Hume's emphases on empathy, common-feeling and moral sentiments.[8] As such, the tradition of social capital links back to theorists attempting to come to terms with the industrial revolution and that aspect of society which is lost when labour becomes wage-based, land becomes tenant-based, and all members of society forced by rapid development of the factors of production to become seemingly more self-seeking than other-seeking. Dewey's critical pragmatism brings together the terms 'social' and 'capital' alongside exploring how 'all that we call society, state, and humanity are the realization of these permanent and universal relations of persons which are based upon active sympathy.'[9] He used the term "social capital" in four publications, the first of which appeared in the year 1900.[10] Subsequently, the educationist Hanifan directed attention again to the power of community that seemed to have died away, and posited in 1916:

> In the use of the phrase *social capital* I make no reference to the usual acceptation of the term *capital*, except in a figurative sense. I do not refer to real estate, or to personal property or to cold cash, but rather to that in life which tends to make these tangible substances count for most in the daily lives of a people, namely, goodwill, fellowship, mutual sympathy and social intercourse among a group of individuals and families who make up a social unit...[11]

In Hanifan we see an echo of Dewey's use, though focused more on the practical question of education and the place of the school within the community. Hanifan clearly studied Dewey—who was, amongst other things, an authoritative philosopher for educationists of the early 20th century—but it is unclear whether he took "social capital" directly, despite citing Dewey for numerous other topics and even studying with a friend of Dewey's in 1908.[12]

Although these thinkers first introduced the term, it would be wrong to project back an image of a century-long school of thought culminating in the works we see today. Putnam makes

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[7] Dewey, J., *The Middle Works, 1899-1924* (Carbondale and Edwardsville: Southern Illinois University Press, 1980), Vol. 6 (1916), p. 128.
[8] Farr, J., 'Social Capital: A Conceptual History'. *Political Theory*, Vol. 32, No. 1 (2004), pp. 6-33, p. 16. See Smith, A., *The Theory of Moral Sentiments. To Which is Added a Dissertation on the Origin of Languages* (London: Cadell, 1767), 3rd Ed.; and Hume, D., *A Treatise of Human Nature* (Oxford: Oxford University Press, 1978 [1739-40]), 2nd Ed.
[9] Dewey, J., *The Early Works, 1882-1898* (Carbondale and Edwardsville: Southern Illinois University Press, 1967), Vol. 2 (1887), p. 294.
[10] Farr, 2004, p. 17.
[11] Hanifan, L. J., 'The Rural School Community Center'. *Annals of the American Academy of Political and Social Science*, Vol. 67 (Sep 1916), pp. 130-138, p. 130 (emphasis in original).
[12] Farr, 2004, p. 19.

reference to Loury, Bourdieu, Jacobs and Seeley et al,[13] and for the earliest use of the term notes Hanifan. In this way we see a reading back into earlier sociological, philosophical and political literature by contemporary authors in order to source the tradition more comprehensively and understand why its recent emergence has chimed with what seems to be a buried academic instinct. The mixture between etymological investigation of the term "social capital" and the history of ideas which bear similarities to current understandings but were expressed with different catch-words (or no catch-words at all) further complicates this sewing together of the past. In pursuit of similar ideas not necessarily expressed under the same term, Putnam draws heavily on Alexis de Tocqueville's *Democracy in America*, which looked at how associational life and active participation amongst citizens was connected with the success of a healthy polity.[14] Lichterman considers how Tocqueville imagines civic life and notes three features: 1) '*meaningful* relationships that people develop and transform in the course of interaction in civic groups'; 2) engaging '*routinely* in civic relationships over time, not merely sporadically'; and 3) generating '*social capacity*' such that people 'work together organizing public relationships rather than ceding those relationships entirely to market exchange or administrative fiats of the state'.[15] One part of *Democracy in America* that helps demonstrate Tocqueville's perspective and the conduciveness of this to the social capital school is his discussion of *mores*, the 'customs and conventions embodying the fundamental values of a group or society.'[16] Tocqueville writes:

> I have said earlier that I considered mores to be one of the great general causes responsible for the maintenance of a democratic republic in the United States.
>
> I here mean the term "mores" (*moeurs*) to have its original Latin meaning; I mean it to apply not only to "*moeurs*" in the strict sense, which might be called the habits of the heart, but also to the different notions possessed by men, the various opinions current among them, and the sum of ideas that shape mental habits.

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[13] Ibid, p. 7. For works related to social capital from these authors, see Loury, G. C., 'A dynamic theory of racial income differences'. Ch 8 of Wallace, P. A. & La Mond, A. M. (eds.), *Women, Minorities, and Employment Discrimination* (Lexington, MA: Heath, 1977); Bourdieu, P., 'The Forms of Capital'. Ch 6 of Sadovnik, A. R. (ed.), *Sociology of Education: A Critical Reader* (New York: Routledge, 2011); Jacobs, J., *The Death and Life of Great American Cities* (New York: Random House, 1961); and Seeley, J. R., Sim, A. & Loosley, E. W., *Crestwood Heights: A Study of the Culture of Subaltern Life* (New York: Basic Books, 1956).

[14] Tocqueville, A., *Democracy in America* (New York: Random House, 1945 [1835]).

[15] Lichterman, P., 'Social Capital or Group Style? Rescuing Tocqueville's Insights on Civic Engagement'. *Theory and Society*, Vol. 35, No. 5/6 (Dec 2006), pp. 529-563, pp. 534-5 (emphases in original).

[16] *Collins English Dictionary* (Glasgow: HarperCollins Publishers, 1998), 4th Ed., p. 1011. From the Latin *mōs*, meaning custom.

> So I use the word to cover the whole moral and intellectual state of a people. It is not my aim to describe American mores; just now I am only looking for the elements in them which help to support political institutions.[17]

Putnam refers to Tocqueville as the 'patron saint of contemporary social capitalists'[18] and it is clear that both the late French aristocrat and this newly founded tradition share much, most notably a relaxed attitude when moving from the social to the economic or political, which in turn allows the sourcing of cooperation or institutional development in cultural norms and values.[19] In this vein, another text supportive of the social capital argument is Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, which identified how a particular religious group was conducive to the development of the market economy through its collective understanding of the value of business.[20] Broadly, the social capital literature does the same by explaining institutional performance with reference to associational traditions, 'a transfer of ways of thinking from one realm to another.'[21] It is through this that Putnam's linking of associational membership as the main 'building blocks' for active citizenship and governmental stability has reinvigorated interest in the explanatory power of norms.[22] By nature of the wideness of its appeal, therefore, discussions from the history of social scientific thought that could contribute to a re-discovered (or re-imagined) social capital tradition are legion. Even Dewey, the first known user of the term, makes reference to the thoughts of the utopian socialist Edward Bellamy:

> His picture of a reign of brotherly love may be overdrawn. But the same cannot be said of his account of freedom in personal life outside of the imperative demand for the amount of work necessary to provide for the upkeep of social capital. In an incidental chapter on the present servility to fashion he brings out the underlying principle. "Equality creates an atmosphere

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[17] Tocqueville, A., *Democracy in America* (London: Fontana Press, 1969), p. 287. For others' adoption of Tocqueville's phrase "habits of the heart", see Putnam, 1993, p. 11; and Bellah, R. N., Madsen, R., Sullivan, W. M., Swidler, A. & Tipton, S. M., *Habits of the Heart: Individualism and Commitment in American Life* (London: University of California Press, 1996), p. xlii.

[18] Putnam, 2000, p. 292. Earlier in the book, Putnam also makes reference to Tocqueville as the 'patron saint of American communitarians' (p. 24).

[19] See, for example, how Tocqueville finds that cultural solidifications and an emphasis on equality amongst immigrants to the American colonies helped ensure the emergence of a stable republican democracy over the long term. Tocqueville, 1945, Book I, Chapter II.

[20] Weber, M., *The Protestant Ethic and the Spirit of Capitalism* (London: Unwin University Books, 1930 [1905]). (Note that Tocqueville also places great importance on the contribution of religion.) Coleman cites the work of Weber's as central to his approach to sociology but not in the context of the phenomenon of social capital. Coleman, 1990, p. 7.

[21] Arrow, K. J., 'Observations on social capital'. Ch 1 of Dasgupta, P. & Serageldin, I. (eds.), *Social Capital: A Multifaceted Perspective* (Washington, D.C.: The World Bank, 2000), p. 4.

[22] Putnam, 1993. Lichterman sees Putnam's quantification of associational behaviour to be a bridge too far for Tocqueville. Lichterman, 2006, p. 531.

> which kills imitation, and is pregnant with originality, for everyone acts out himself, having nothing to gain by imitating anyone else." It is the present system that promotes uniformity, standardization, and regimentation.[23]

Despite these links to an aged tradition of thought, however, Farr notices a key difference between those older thinkers who were coming to terms with the de-humanising experience of urbanisation and modernisation, and the contemporary sociologists of social capital:

> The political economists of the nineteenth century—from Marx to Marshall to Bellamy—took capital from the social point of view. Today's social capitalists, apparently, take "the social" from capital's point of view. The one reflected an age coming to terms with capital, the other an age coming to capital for its terms. Then, "social capital" expressed an explicit antithesis to an unsocial perspective upon capital, now, an implicit antithesis to a non-capitalist perspective on society. "Social capital" was once a category of political economy in a period of its transformation, now one of economized politics, expressing the general dominance of economic modes of analysis in society and social science.[24]

This instructive distinction helps contemporary users of the concept see the fundamental reason for its controversy—disagreement over what unit of analysis social capital is exploring. Portes, for example, notes mutually exclusive definitions of the term: social capital can mean '(1) a source of social control, (2) a source of family-mediated benefits, and (3) a source of resources mediated by nonfamily networks.'[25] Additionally, we can ask, is social capital a product of the individual, the family, or the community? Or is it further a product of entire nations? Popularity for the term mushroomed upon Putnam's work *Bowling Alone: The Collapse and Revival of American Community*, where the unit of analysis could be criticised as having held together all the flexibility of older generations' appreciation of "the good old days".[26] The tension can also be seen in the work of Coleman, who defines social capital in one paragraph as both 'a capital asset for the individual' and something 'lodged neither in individuals nor in physical implements of production.'[27] Coleman's general approach is to apply assumptions of neoclassical economics to sociology, which in turn fosters both enthusiasm in explaining community attributes and caution against assuming them. In a

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[23] Dewey, J., 'A Great American Prophet'. *The Later Works of John Dewey, 1925-1953* (Charlottesville, Virginia: InteLex, 1996), Vol. 9 (1933-4), pp. 104-5. Originally published in *Common Sense*, Vol. 3 (Apr 1934), pp. 6-7. See Bellamy, E., *Equality* (New York: Appleton, 1898); and *Looking Backward, 2000-1887* (Boston, 1888).
[24] Farr, 2004, p. 25.
[25] Portes, A., 'The Two Meanings of Social Capital'. *Sociological Forum*, Vol. 15, No. 1 (2000), pp. 1-12, p. 2.
[26] Putnam, 2000. See, for example, p. 25, which demonstrates also Putnam's resistance to such criticisms and his commitment to seeking impartial answers.
[27] Coleman, 1990, p. 302.

1966 paper that discusses how humans come together to organise public finance, Coleman states his perspective clearly:

> we will take at the very outset the premise of the individual position, as the only one from which a theorist can legitimately proceed. The reason for this, of course, is that to assume anything more, such as a supra-individual entity like a family or a state, with goals and interests of its own, is to take as given what we must prove. As theorists, our biological raw material is individual men, about whom we can assume only that they will act in their own interest as they perceive that interest.[28]

Coleman's suggested solution for the question of how humans come to act collectively is that one makes 'psychic investments in objects outside oneself',[29] an argument which begs the question on whether one can rely on others to also make such psychic investments. When lack of clarity over the unit of analysis is joined with the reputed ability of social capital to increase through use,[30] it is easy to see how social capital can be written off as 'tautological'[31] and 'synonymous with each and all things that are positive in social life.'[32] Part of the dilemma of the concept's inconsistent analytical use has come about because criticising the de-humanising dynamics of capitalism necessarily takes on some of the vocabulary and lenses of what is being criticised, leading in its most complete phase to social capital becoming not just a way of understanding immaterial networks of relations but a discrete property in and of itself, on a par with economic capital in both its multiplying effects for human productivity and the extent to which it can be empirically measured.[33] Just as the process of industrialisation facilitated a certain rationalisation of the person qua economic individual, so too does social capital, as a criticism of capitalist dynamics, demand a rationalisation of the spirit of cooperation towards an image of the economic individual. For example, Svendsen and Svendsen, advocates for social capital research, argue how:

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[28] Coleman, J. S., 'Individual Interests and Collective Action'. *Papers on Non-market Decision Making*, Vol. 1, No. 1 (1966), pp. 49-62, p. 54.
[29] Ibid, p. 58.
[30] See Gambetta, D., 'Can We Trust Trust?' Ch 13 of Gambetta, D. (ed.), *Trust: Making and Breaking Cooperative Relations* (Oxford: Blackwell, 1988), p. 234; and Ostrom, E., 'Social capital: a fad or a fundamental concept?' Ch 9 of Dasgupta, P. & Serageldin, I. (eds.), *Social Capital: A Multifaceted Perspective* (Washington, D.C.: The World Bank, 2000), pp. 179-80.
[31] Portes, A., 'Social Capital: Its Origins and Applications in Modern Sociology'. *Annual Review of Sociology*, Vol. 24 (1998), pp. 1-24, p. 5.
[32] Portes, 2000, p. 3.
[33] Portes notes how a 'conceptual stretch, initiated by political scientist Robert Putnam, made possible to speak of the "stock" of social capital possessed by communities and even nations and the consequent structural effects on their development.' Portes, 2000, p. 3.

> intangible forms of capital, for example, cultural and social capital, should be accounted for alongside the more traditional, visible capitals such as physical and economic capital. In such an approach, culture is seen as no less economic than economics, and vice versa, and various forms of intangible, normative resources such as trust, cooperative skills, tolerance, optimism and happiness are included in the equation...[34]

This position of analysing social connections as a form of material capital has been rejected by Arrow. His criticism centres on how social capital accumulation does not require 'deliberate sacrifice in the present for future benefit' as other forms of capital do.[35] Indeed, the 'essence of social networks is that they are built up for reasons other than their economic value',[36] such reasons being direct goods such as socialising. Underlying this tension is how viewing social connections as a form of capital runs against the spirit of the Protestant work ethic, which emphasised present frugality for future gain, and included sobriety in social affairs amongst the areas of necessary sacrifice. Furthermore, European and American experiences of the industrial revolution associates machinery and technology as central examples of capital, and these modes of production were often alien or anathema to social living. For these reasons it is almost certain that rising interest in social capital will continue to upset previous definitional limits on what should count as capital.

The popularity and distinct contribution of the social capital tradition lies in observing that which binds heterogeneous persons in their pursuit of cooperative endeavours—an academic contribution novel insofar as it tells us more than models alienated from human diversity or capacities for social communication already do. It is because of this tentative position between structure and agency that contemporary definitions of social capital re-describe the concept as a discrete variable for each level of cooperative behaviour under investigation. Many of the general attempts at deciphering what social capital can be defined as concentrate on comparing existing

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[34] Svendsen, G. T. & Svendsen, G. L. H., 'The troika of sociology, political science and economics'. Ch 1 of Svendsen, G. T. & Svendsen, G. L. H. (eds.), *Handbook of Social Capital: The Troika of Sociology, Political Science and Economics* (Edward Elgar: Cheltenham, 2009), p. 1. As another example, a World Bank piece used the concept of social capital in investigating poverty in Tanzania and explained how the study 'explored the role of social capital as a determinant of household welfare alongside other determinants, such as human capital, physical capital, natural capital, and access to markets. Social capital can be defined as the web of groups, associations, networks, and norms of trust at the community level that form the social underpinnings of poverty and prosperity.' Narayan, D., *Voices of the Poor: Poverty and Social Capital in Tanzania* (Washington, D.C.: The World Bank, 1997), p. 3.

[35] Arrow, 2000, p. 4.

[36] Ibid.

definitions and seeking consistency,[37] and yet sometimes the reason for the settling on one over another by individual authors is not frequency of previous use but the demands of what works for the unit of analysis then under study. Social capital is defined by Ostrom and Ahn, for example, as 'an attribute of individuals and of their relationships that enhance their ability to solve collective-action problems',[38] and this is in part because their attention is on the question of how one person comes to trust another in a game theory or microeconomic context. In contrast, Woolcock and Narayan do not make reference to social capital as an attribute of individuals and focus instead on the collective: 'social capital refers to the norms and networks that enable people to act collectively'[39]—something that reflects their evaluation of economic development. Interestingly, the avoidance of explicit reference to individualistic capital possession is also held to by Putnam's definition: 'features of social life—networks, norms, and trust—that enable participants to act together more effectively to pursue shared objectives',[40] which, in turn, facilitates a more seamless focus on the aggregate implications of social capital for national development.

These internal troubles between its individual and collective locations also help explain the distinction between "internal" and "external" social capital, whereby internal "bonding" fosters localised unity and cooperation for members of a closed group, whilst external "bridging" develops larger extracommunity networks.[41] The phenomenon of "dark" or "negative" social capital is understood to arise from a cancerous growth of internal bonds at the expense of bridging to wider society.[42] In this way, social capital can exclude outsiders from networks and also restrict the individual freedom of group members, one example of which is Loury's understanding of how poorer black workers cannot gain entirely meritocratic access to the labour market because '[t]he social

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[37] Comparative lists of definitions of social capital can be found in Adler, P. S. & Kwon, S., 'Social Capital: Prospects for a New Concept'. *Academy of Management Review*, Vol. 27, No. 1 (2002), pp. 17-40, p. 20, and Dubé, K., 'Social Capital and HIV/AIDS in Siaya District, Kenya: A Theoretical and Empirical Critique'. MPhil thesis, Queen Elizabeth House, University of Oxford (2005), p. 11.

[38] Ostrom, E. & Ahn, T. K., 'The meaning of social capital and its link to collective action'. Ch 2 of Svendsen, G. T. & Svendsen, G. L. H. (eds.), *Handbook of Social Capital: The Troika of Sociology, Political Science and Economics* (Edward Elgar: Cheltenham, 2009), p. 20.

[39] Woolcock, M. & Narayan, D., 'Social Capital: Implications for Development Theory, Research, and Policy'. *The World Bank Research Observer*, Vol. 15, No. 2 (2000), pp. 225-249, p. 226.

[40] Putnam, R. D., 'Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America'. *Political Science and Politics*, Vol. 28, No. 4 (1995), pp. 664-683, pp. 664-5.

[41] Woolcock & Narayan, 2000, p. 231. See also Vervisch, T., & Titeca, K., 'Bridging community associations in post-conflict Burundi: the difficult merging of social capital endowments and new 'institutional settings''. *Journal of Modern African Studies*, Vol. 48, No. 3 (2010), pp. 485-511.

[42] Portes, 1998, p. 15.

context within which individual maturation occurs strongly conditions what otherwise equally competent individuals can achieve.'[43] This position has also been adopted and significantly expanded by Bourdieu, who observes how class divisions are maintained through 'involvement in the game which produces the game';[44] that is, the discrimination of tastes and fashions in a way that is inaccessible to the uninitiated. On the aggregate level, such "games" falsify capitalism's supposed meritocracy:

> To a given volume of inherited capital there corresponds a band of more or less equally probable trajectories leading to more or less equivalent positions (this is the *field of the possibles* objectively offered to a given agent), and the shift from one trajectory to another often depends on collective events—wars, crises etc.—or individual events—encounters, affairs, benefactors etc.—which are usually described as (fortunate or unfortunate) accidents, although they themselves depend statistically on the position and disposition of those whom they befall (e.g., the skill in operating "connections" which enables the holder of high social capital to preserve or increase this capital)...[45]

This aspect of "dark" social capital is important but not explored in this thesis. Its argument is influenced by a Marxist undercurrent which sees the class system as key for explaining persistent social division, and therefore makes presumption on the motivations of actors to exclude. As Bourdieu concedes to some extent, the position is rooted in a predominantly economic sense of capital[46] which means, at base, viewing social capital as able to bring about inclusion within a community only as a by-product of intentional exclusion between communities. Because the aim of our study is to explore motivations for the early emergence of trusting relations, we cannot assume motivations of exclusivity before observing collective behaviour, valuable though this simplification may be in predicting the impact of social capital for economic and political outcomes. Furthermore, recent scholarship has called into question this supposed dichotomy between bonding and bridging, through which, 'without really thinking about it, we assume that bridging social capital and bonding social capital are inversely correlated in a kind of zero-sum relationship'.[47] As a general trend, the social capital tradition has, since Putnam, avoided making assumptions on both the motivations and

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[43] Loury, 1977, p. 176.
[44] Bourdieu, P., *Distinction: A Social Critique of the Judgement of Taste* (Cambridge, MA: Harvard University Press, 1984), p. 86.
[45] Ibid, p. 110 (emphasis in original).
[46] Bourdieu, 2011, p. 91.
[47] Putnam, R. D., '*E Pluribus Unum*: Diversity and Community in the Twenty-First Century'. *Scandinavian Political Studies*, Vol. 30, No. 2 (2007), pp. 137-174, p. 143.

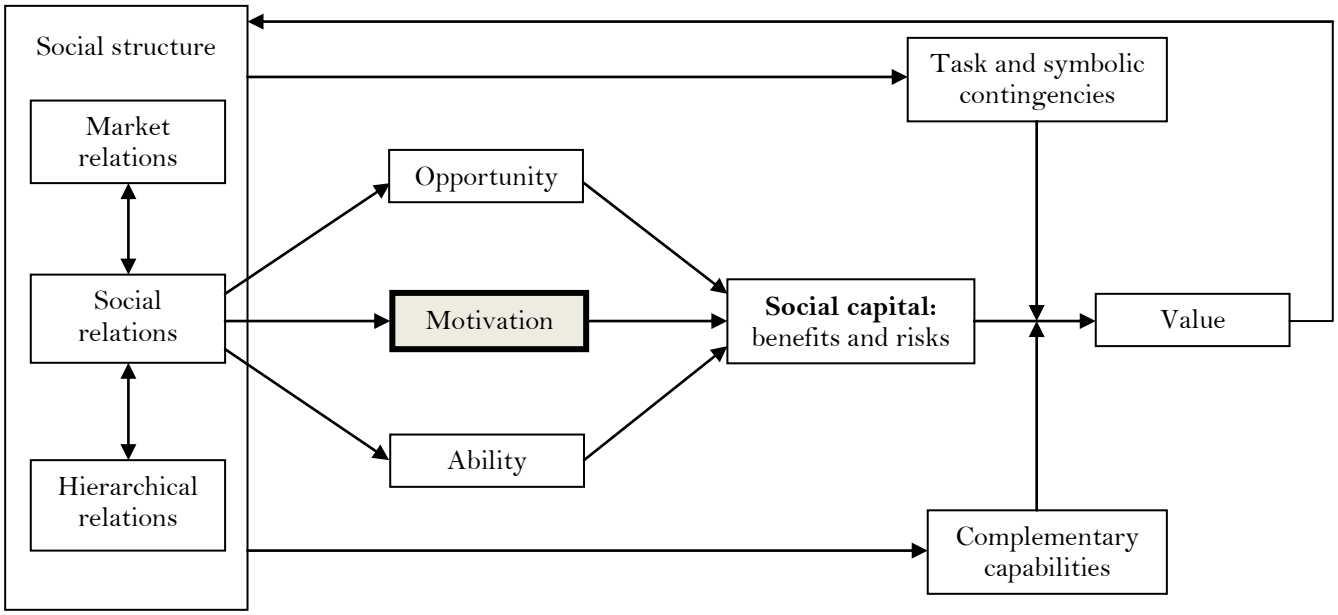
end goals of associational behaviour in order to allow for a possible connection between social capital and civil society or community, the latter two concepts also often bearing undefined ends. For us, the benefit of such a strategy lies in creating space for open investigation into the intentions at play when persons form cooperative relations.

As the research question examines infant conditions and motivations for the emergence of trusting-trustworthy relationships, focus is not made on the effects of social capital (which may be positive or negative), nor on how social capital increases through use. The study explores social capital as a dependent variable and considers reasons for its initial emergence. In terms of an open framing of social capital's constitution, Adler and Kwon develop a conceptual model (displayed in figure 1.1) which brings together the different strands of the social capital tradition whilst retaining how the overall dynamic has an element of self-perpetuity (that social capital can increase through use and diminish through lack of use). Their main contribution lies in making a simple distinction between the causal and consequential stages of analysing social capital in their definition: 'Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor.'[48] Their model gives three factors that together directly generate social capital: 1) the opportunity of interacting with others in a social or networked context; 2) the motivation to cooperate that arises through trust, norms and instrumental obligations 'created in the process of dyadic social exchange'; and 3) the ability, competencies and resources at the nodes of the network.[49] The focus of this thesis is on the second of these (highlighted in figure 1.1): how social relations come to *motivate* the creation of social capital. In this way, we explore case studies of the emergence of trusting-trustworthy relations where it can be assumed that there are people one can network with (*opportunity*) who are capable of supporting one's ends (*ability*). These are normal assumptions for studies of collective action, but it should be noted nevertheless that where such items are missing, those motivated to trust will not be able to express it. Indeed, for this reason our investigation into the causes of social capital can be said to identify necessary rather than sufficient

[48] Adler & Kwon, 2002, p. 23. This definition is also useful as it manages to link the different emphases given to social capital by authors that are often thought to hold irreconcilable positions, providing room for both individual and group social capital and reconciling to some degree social capital's critical and creative contributions.
[49] Ibid, pp. 24-7.

conditions for trust. By selecting empirical scenarios where there are persons within reach who also have the ability to support one's aims, we take for granted the two additional factors of opportunity and ability in order to isolate the question of what motivates the formation of trusting-trustworthy relationships.

Figure 1.1 A conceptual model of social capital[50]



Motivation for trustful cooperation

In a cross-discipline evaluation of research on trust, Rousseau et al find consensus on trust being 'a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another'.[51] A similar definition can be found in the writings of Gambetta, who views trust as 'a particular level of the subjective probability with which an agent

[50] Adapted from Adler & Kwon, 2002, p. 23.
[51] Rousseau, D. M., Sitkin, S. B., Burt, R. S. & Camerer, C., 'Not so Different after All: A Cross-Discipline View of Trust'. *The Academy of Management Review*, Vol. 23, No. 3 (1998), pp. 393-404, p. 395 (emphasis omitted). For a further definition of trusting behaviour in social psychology that is inclusive of "accepting vulnerability", see Deutsch, M., 'Cooperation and Trust: Some Theoretical Notes'. In Jones, M. R. (ed.), *Nebraska Symposium on Motivation* (Lincoln: University of Nebraska Press, 1962), pp. 275-319. See also Buchan, N. R., Croson, R. T. A. & Dawes, R. M., 'Swift Neighbors and Persistent Strangers: A Cross-Cultural Investigation of Trust and Reciprocity in Social Exchange'. *American Journal of Sociology*, Vol. 108, No. 1 (2002), pp. 168-206, p. 170.

assesses that another agent or group of agents will perform a particular action'.[52] These approaches to motivation to trust come in support of Coleman's commitment to discussing trust first and foremost in terms of an initial decision by the individual to trust or not to trust. Coleman devotes 11 pages of analysis to the trustor before noting: 'I have said nothing about the behavior of the prospective trustee.'[53] In this way, his strategy for understanding the emergence of trusting relationships places emphasis on trust as a cost-benefit expectation. Coleman argues that

> the elements confronting the potential trustor are nothing more or less than the considerations a rational actor applies in deciding whether to place a bet. The actor knows how much may be lost (the size of the bet), how much may be gained (the amount that might be won), and the chance of winning. These and only these are the relevant elements. If he has no aversion to or preference for risk, it is a simple matter for him to decide whether to place the bet. It can be expressed in this way: if the *chance of winning*, relative to the *chance of losing*, is greater than the *amount that would be lost* (if he loses), relative to the *amount that would be won* (if he wins), then by placing the bet he has an expected gain; and if he is rational, he should place it.[54]

Empirical work has backed this definition by identifying how so-called trusting persons may just be persons more willing to take a gamble. In playing trust games with members of Peruvian microcredit associations, for example, Karlan notes anecdotally how some participants accompanied their decision to trust with the words "Voy a jugar" (Spanish for "I'm going to play"), as if viewing it 'as a gamble, to "play" or not, and not merely as an act of trust'.[55] Similarly, Knack and Keefer distinguish between trust and civic cooperation by measuring a lack of trust as 'expectations of whether others will act opportunistically at one's expense', and civic cooperation as 'respondents' own stated willingness to cooperate when faced with a collective action problem'. The authors therefore argue trust to be a form of expected behaviour, and civic cooperation to be one's level of willingness to cooperate outside of any particular relational expectation, which 'thus can be thought of as "trustworthiness."'[56] The same association between risk tolerance and willingness to trust is made by Barr et al, who follow Hardin in considering how trusting peoples are 'by their very nature

[52] Gambetta, 1988, p. 217.
[53] Coleman, 1990, pp. 97-108.
[54] Ibid, p. 99 (emphasis in original).
[55] Karlan, D. S., 'Using Experimental Economics to Measure Social Capital and Predict Financial Decisions'. *The American Economic Review*, Vol. 95, No. 5 (2005), pp. 1688-1699, p. 1694.
[56] Knack & Keefer, 1997, p. 1258.

risk takers', such that 'developing and maintaining social capital in this entrepreneurial form requires the repeated risk-taking that results from trusting in others.'[57]

Schechter agrees with Gambetta on conceptualising trust as 'an agent's subjective probability that another agent will perform an action beneficial to him',[58] a definition that accepts trust as a rational choice of identifying whether the expected payoff is higher than the cost of investing. As Barr elucidates, '[i]f Agent T believes that Agent R has such preferences, i.e., expects Agent R to be trustworthy, it is rational for Agent T to behave in a trusting way.'[59] Considering trust as expectation of a favourable best response from the other is agreed with by numerous other authors.[60] In summary of the approach, the expected utility from outcome *a*, *E(a)*, can be defined as

$$\frac{r}{1-r}(p_a) \cdot u_a$$

where r is the person's level of risk tolerance (a figure between 0 and 0.5), p_a is the expected probability of a (between 0 and 1) and u_a is the utility of a. Perceptions of the other person's trustworthiness comes into the analysis through p_a, the probability that a will come about. So long as the individual in the position of trustor is rational, he or she will trust if $E(a) > 0$. Schechter evaluates the salience of this type of utilitarian definition of trust by comparing a trust game with a risk game and finds that 'the risk game is significantly predictive of play by the trustor in the trust game.'[61] In further support of this way of looking at trust, Barr finds Zimbabwean villagers in resettled villages to be less trusting than villagers of older villages, and suggests this is due to

[57] Barr, A., Ensminger, J. & Johnson, J. C., 'Social Networks and Trust in Cross-Cultural Economic Experiments'. Ch 3 of Cook, K. S., Levi, M. & Harden, R., *Whom Can We Trust? How Groups, Networks, and Institutions make Trust Possible* (New York: Russell Sage Foundation, 2010), pp. 68-9. See also Hardin, R., *Trust and Trustworthiness* (New York: Russell Sage Foundation, 2002).
[58] Schechter, L., 'Traditional trust measurement and the risk confound: An experiment in rural Paraguay'. *Journal of Economic Behavior & Organization*, Vol. 62, No. 2 (2007), pp. 272-292, pp. 272-3.
[59] Barr, A., 'Trust and Expected Trustworthiness: Experimental Evidence from Zimbabwean Villages'. *The Economic Journal*, Vol. 113 (2003), pp. 614-630, p. 615.
[60] Schechter, 2007, p272-3; Yamagishi, T. & Yamagishi, M., 'Trust and commitment in the United States and Japan'. *Motivation and Emotion*, Vol. 18, No. 2 (1994), pp. 129-166, p. 131; Hardin, R., 'Trusting Persons, Trusting Institutions'. Ch 8 of Zeckhauser, R. J. (ed.), *Strategy and Choice* (Cambridge, MA: MIT Press, 1991), p. 187; Fishman, R. & Khanna, T., 'Is Trust a Historical Residue? Information Flows and Trust Levels'. *Journal of Economic Behavior & Organization*, Vol. 38, No. 1 (1999), pp. 79-92, p. 80; and Ostrom & Ahn, 2009, pp. 22-3; Fafchamps, M., 'Spontaneous Markets, Networks, and Social Capital: Lessons from Africa'. *Global Poverty Research Group* (Nov 2006), p. 7.
[61] Schechter, 2007, p. 273.

resettled villagers' greater uncertainty in the behaviour of others.[62] Some evidence weighs against concluding on this correlation between risk-taking and trusting behaviour—Eckel and Wilson, for example, find the two factors to not be correlated[63]—but such counter evidence is limited.

As empirical study of the initial stages of trust moves closer to what motivates a first step in trust creation (placing trust in the other), analysis of causation takes on a position synonymous with "rational", interest-chasing behaviour. At one point, for instance, Schechter notes how it was perhaps good that her experiment's participants played both the roles of trustor and trustee in a trust game because, just as Burks et al argue,[64] this reduces the sense of responsibility and guilt amongst participants and so allows one to more closely isolate the variables of trust beliefs and risk aversion.[65] But what are 'trust beliefs' minus a community's senses of guilt and responsibility? As Schechter's findings make clear, when trust is defined as believing in an expected payoff, there is no difference between willingness to trust and levels of risk tolerance—but is this trust?

Such an approach sits uncomfortably with the original researchers on the elementary stages of trust, who attracted interest through the extent to which they disproved the fundamental assumption in economics, that 'individuals act in their own self interest'.[66] Other-regarding behaviour initiates relationships of trust and so it seemed that willingness to trust could be thought of as synonymous with social capital: both were ways of describing that union with others which allowed the person to jump the gap from being self-interested to being collectively-interested. As Arrow claimed much earlier, 'what are in a slightly old-fashioned terminology called *virtues* in fact plays a significant role in the operation of the economic system.'[67] Taking this novel connection between social and economic life forward, studies of national economies reflected over the value of *a special glue* able to bind people through common understandings, habits, expectations, norms and

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[62] Barr, 2003. See also discussion in Schechter, 2007, p. 274.
[63] Eckel, C. & Wilson, R., 'Is trust a risky decision?' *Journal of Economic Behavior & Organization*, Vol. 55 (2004), pp. 447-465.
[64] Burks, S. V., Carpenter, J. P. & Verhoogen, E., 'Playing both roles in the trust game'. *Journal of Economic Behavior & Organization*, Vol. 51 (2003), pp. 195-216.
[65] Schechter, 2007, pp. 275-6.
[66] Berg, J., Dickhaut, J., & McCabe, K., 'Trust, Reciprocity, and Social History'. *Games and Economic Behavior*, Vol. 10 (1995), pp. 122-142, p. 122.
[67] Arrow, K. J., 'Gifts and Exchanges'. *Philosophy & Public Affairs*, Vol. 1, No. 4 (1972), pp. 343-362, p. 345 (emphasis in original).

values.[68] It is in recognition of the importance of trust for economics that Dasgupta begins his short introduction to economics with a chapter entitled "trust".[69] How is it that, in spite of a certain mystical reverence for associating trust with culture, goodwill and social capital, studies have come to substitute it for a notion of risk-taking in pursuit of a probable outcome?

By defining trust as 'belief that the trustee will reciprocate',[70] assessment of the likelihood of reciprocation has been separated from social context and redeployed as an individualistic phenomenon. Social context may still feature but it does so as a still photograph: the individual makes her choice as if the decisions of everyone else were frozen in time.[71] Granovetter's model of collective action, which looks at how the individual relies on an assessment of the general mood in others before acting, is perhaps a good example. Assuming rational actors with individual preferences, Granovetter defines a person's threshold for joining others' behaviour as 'the proportion of the group he would have to see join before he would do so'.[72] The model rates actors in terms of this threshold and shows how an equilibrium outcome can come about step-by-step, given the individual preferences of others. Granovetter's findings complement game theory by seeing decision-making in a staggered, rather than simultaneous, fashion. In this way, the author believes the model can help the more normative or cultural theories of sociology, which

> end up assuming, implicitly, a simple relation between collective results and individual motives: that if most members of a group make the same behavioural decision—to join a riot, for example—we can infer from this that most ended up sharing the same norm or belief about the situation, whether or not they did so at the beginning.[73]

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[68] Fukuyama, 1995; Zak, P. J. & Knack, S., 'Trust and Growth'. *The Economic Journal*, Vol. 111, No. 470 (2001), pp. 295-321; Sabatini, F., 'The labour market'. Ch 16 of Svendsen, G. T. & Svendsen, G. L. H. (eds.), *Handbook of Social Capital: The Troika of Sociology, Political Science and Economics* (Edward Elgar: Cheltenham, 2009); Bjørnskov, C., 'Economic growth'. Ch 20 of Svendsen & Svendsen, 2009; Arrow, 1972; and Hall, P. A. & Soskice, D. (eds.), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001). The latter focuses more on institutional differences for shaping strategic interaction between persons but defines institutions broadly as 'a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive, or material reasons' (p. 9).

[69] Dasgupta, P., *Economics: A Very Short Introduction* (Oxford: Oxford University Press, 2007). See chapter 2, 'Trust'.

[70] Schechter, 2007, p. 274.

[71] See Smith, C., *What is a Person? Rethinking Humanity, Social Life, and the Moral Good from the Person Up* (Chicago: The University of Chicago Press, 2010), p.240.

[72] Granovetter, M., 'Threshold Models of Collective Behavior'. *American Journal of Sociology*, Vol. 83, No. 6 (1978), pp. 1420-1443, p. 1422.

[73] Ibid, p. 1421.

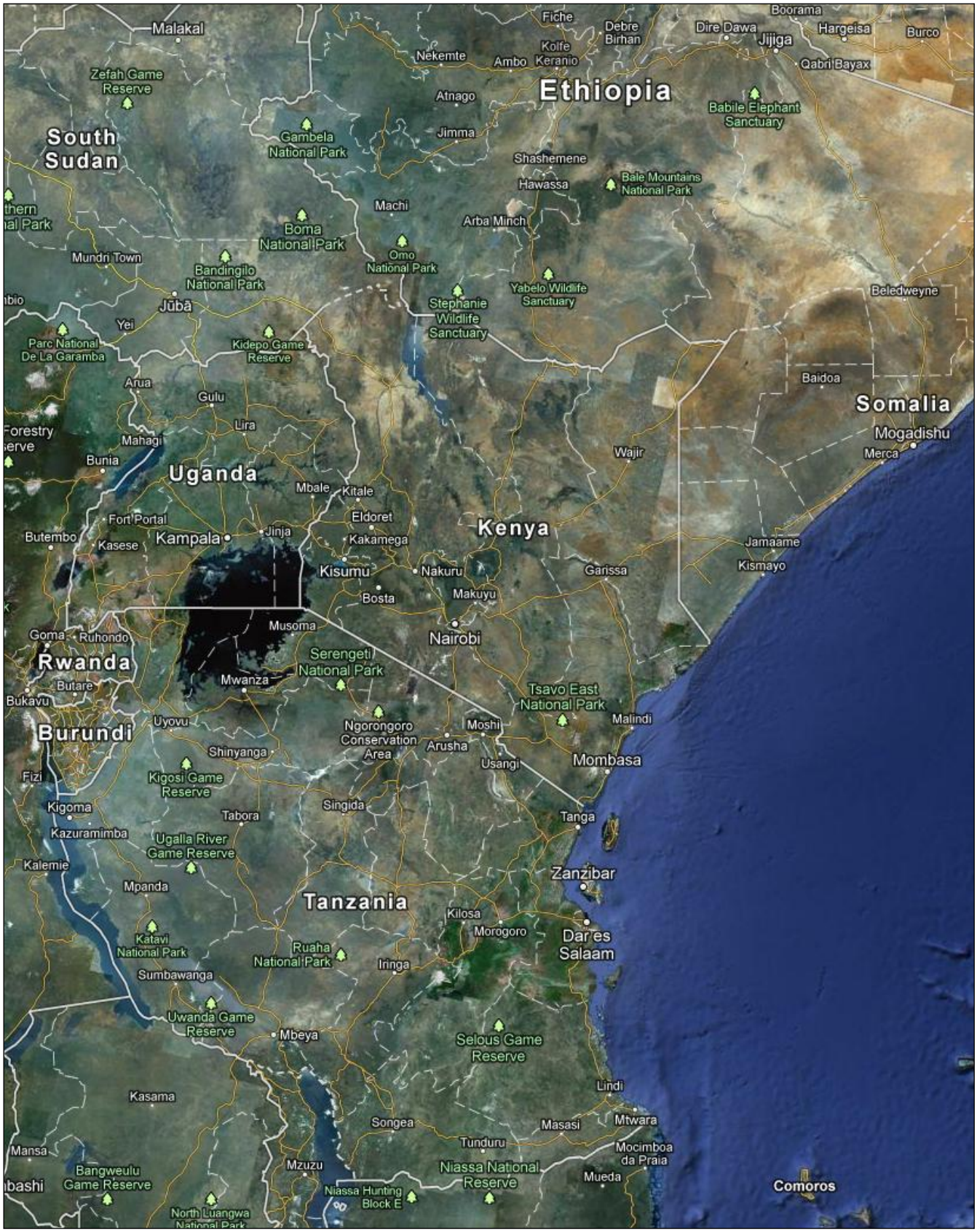
But this accusation against cultural or normative theories tells us less about *their* deficiencies as it does the deficiencies of a utilitarian understanding of the individual which, grounding causes of behaviour in the constant of preferences and the coefficient of risk aversion, rationalises social norms as chain reactions of individualistic pursuits. As Christian Smith points out, even in examples of network analysis, 'it is not possible to perform a satisfactory structuralist analysis without presupposing something about the nodes whose relations are structured,'[74] in this case that actors trust out of self-interest. Reducing analysis to such a base point is, however, detrimental because it cuts adrift the view that social capital is able to help overcome social dilemmas. There is an urgent need to rethink how our understanding of trust can complement studies of social capital, and this is the need the present study responds to.

Kenya and Tanzania

The study is grounded in human experiences and practices, and seeks an in-depth study of particular communities in order to provide a solid basis to help connect trust to the broader phenomenon of social capital. The choice of studying the formation of trusting relationships in Kenya and Tanzania is introduced in more detail in chapter two under the lens of explaining empirical methodology, and chapter three provides a more thorough introduction to how their respective histories and social experiences frame discussions of trust respectively. Notwithstanding it is important by way of introduction to provide here a light treatment of their political histories.

[74] Smith, 2010, p. 237.

Figure 1.2 Kenya and Tanzania[75]



[75] Google Maps. https://maps.google.com/ (accessed 23/07/12).

Kenya

Before any territory was demarcated as "Kenya", the space was host to various groups, with the period 16,000 to 8,000 BC dominated by hunter-gatherers of the Khosian language family.[76] Their dominance was then interrupted by the migration of the Southern Cushites in the fourth millennium BC who 'spread first over a considerable portion of modern-day Kenya and then into central northern Tanzania' between 3,500 and 1,000 BC.[77] By 100 AD Bantu-speakers entered the region,[78] originally from West Africa and amidst their ranks the Kikuyu, Kamba and Luhya.[79] During this time Arab trade with the coast began to grow, with Arab and Persian settlements emerging by the 8th century. Particularly, Arabs built the port city of Mombasa and maintained trade links from there to other city-states. In the 16th century the Portuguese took Mombasa in a bid to control the Indian Ocean but by the end of the 17th century the island city had fallen under the control of the Sultanate of Oman. Mombasa then became central to official British influence over the territory of Kenya, which dates from 1888 when the Imperial British East Africa Company entered the scene.

In 1895 the British government declared a protectorate over Kenya which went on to become a colony in 1920. Between the years 1952 and 1960 the Mau Mau indigenous group rose up against the colonial authorities, leading to an intense period of domestic conflict foreshadowing independence in 1963. Under President Jomo Kenyatta, the early years of independent rule saw dispute over the nature of state and constitution as political organisations demanded a more devolved government whilst ethnic Somalis in the north of Kenya fought against the state for secession.[80] Internal contestation between those who stood by the country's regions and those who were instead committed to a centralised state eventually led to the former's repression by Kenyatta and his party, most notably by making the rallying cries for local government and economic redistribution appear as self-interested, ethnic-based demands. Formal political opposition thus

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[76] Ehret, C., *The Civilizations of Africa: A History to 1800* (Oxford: James Currey, 2002), pp. 51-3; Ambrose, S. H., 'Archaeology and Linguistic Reconstructions of History in East Africa'. Ch 7 of Ehret, C. & Posnansky, M. (eds.), *The Archaeological and Linguistic Reconstruction of African History* (London: University of California Press, 1982), p. 111.
[77] Ehret, 2002, p. 121-2.
[78] Iliffe, J., *A Modern History of Tanganyika* (Cambridge: Cambridge University Press, 1979), p. 35.
[79] Ehret, C., *An African Classical Age: Eastern and Southern Africa in World History, 1000 B.C. to A.D. 400* (Charlottesville: The University Press of Virginia, 1998), p. 36; see also Ambrose, 1982, p. 115.
[80] Branch, D., *Kenya: Between Hope and Despair, 1963-2011* (London: Yale University Press, 2011), pp. 28-35.

collapsed, beginning the trend of de facto one-party rule. Upon Kenyatta's death in 1978, Daniel arap Moi took leadership, winning successive uncontested elections and formalising the one-party state in 1982.[81] Corruption and the progressive marginalisation of key groups led to discontent with Moi's rule and began cries for genuine democratic participation, including an unsuccessful coup two months after the one-party state was made official. Under international pressure Moi allowed multi-party elections and won on this basis the 1992 and 1997 elections when opposition groups consistently disintegrated into rival camps.

The year 2002 saw the victory of Mwai Kibaki to the presidency with Moi not standing given the restriction of a two term constitutional limit. Kibaki built much of the support for his campaign on disgust for the impunity and corruption of Moi's elites but the Kibaki-led government proceeded to involve itself in ever grander graft projects, peaking with the Anglo-Leasing scandal exposed by permanent secretary of the government John Githongo in 2006. A year before this, Kenyans went to the polls to vote on a new constitution that would allow for a further concentration of power in the hands of the president, and tallied against it. When Kibaki stood as the incumbent leader in a general election held at the end of 2007, numerous areas of the country descended into violence alongside contestation over the results of the election, caused by the perceived rigging of ballot boxes. Kibaki nevertheless claimed victory and, under international pressure, formed a power-sharing government with presidential candidate Raila Odinga becoming prime minister to calm the ongoing political upheavals and divisions. Contemporary violence based on ethnic lines is tied in Kenya to contestations over land ownership—particularly in the country's fertile Rift Valley—and the desire for patrimonial benefits from the state. In a bid to start with a clean sheet and restructure governance, a further constitutional referendum was called in 2010, this time proposing a devolved system of government which found a majority of support amongst voters. Upon the Kenyan parliament failing to organise a local tribunal under which to try suspects of the post-election violence of 2008, the International Criminal Court stepped in to prosecute six key suspects, four of whom were confirmed to face trial.[82] One of these, Uhuru Kenyatta, stood for presidency in the 2013

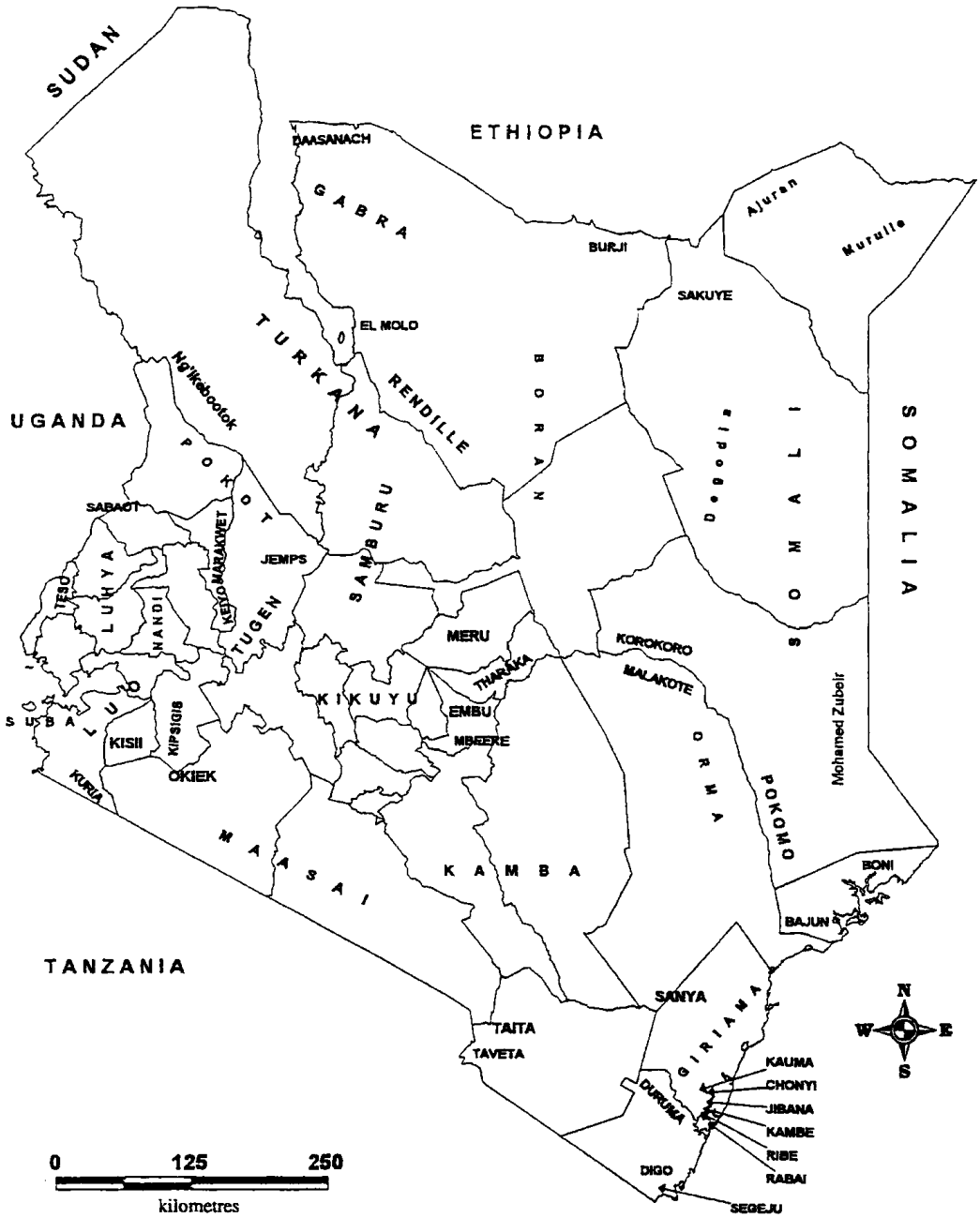
[81] US Department of State, 'Background note: Kenya' (07/05/12). http://www.state.gov/r/pa/ei/bgn/2962.htm (accessed 28/07/12).
[82] International Criminal Court, 'Kenya, ICC-01/09: Situation in the Republic of Kenya'. http://www.icc-cpi.int/menus/icc/situations+and+cases/situations/situation+icc+0109/ (accessed 24/07/12).

elections and won, representing a break between Kenya's domestic politics and international views on appropriate methods of justice.[83]

The trajectory of Kenya's politics has seen an emphasis on ethnic identities, resulting in the filtering of concepts of equal citizenship through local discourse over tribal role and responsibility. This can be seen historically in terms of Kenyatta's commitment to tribal values as prior to national values in his considerations of the Kikuyu and nation-building[84] and also in the importance of ethnic identities and membership for contemporary politics, with politicians regularly described as representing particular ethnic areas, and competition over land and state patronage frequently forming along lines of politicised ethnicities. Contemporary Kenya holds a population of 41m, with her capital Nairobi constituting 3.5m of this and acting as an economic hub to the East African region.[85] Figure 1.3 shows the country's ethnic geography, giving statistics for the proportions of the population of each main ethnic group.

[83] Burbidge, D., '"Can someone get me outta this middle class zone?!" Pressures on middle class Kikuyu in Kenya's 2013 election'. *Journal of Modern African Studies*, Vol. 52, No. 2 (2014a), forthcoming.
[84] See, for example, Kenyatta, J., *Facing Mount Kenya: The Traditional Life of the Gikuyu* (London: Heinemann, 1938).
[85] World Bank, 'African Development Indicators' (2010). http://databank.worldbank.org/ (accessed 21/09/12).

Figure 1.3 Ethnic diversity of Kenya[86]



Ethnic groups as % of population (2009)	
Kikuyu	17%
Luhya	14%
Kalenjin	13%
Luo	11%
Kamba	10%
Somali	6%
Kisii	6%
Mijikenda	5%
Meru	4%
Turkana	3%
Maasai	2%
Teso	1%
Others	8%

[86] Map obtained from Maundu, P. M., Ngugi, G. W. & Kabuye, C. H. S., *Traditional Food Plants of Kenya* (Nairobi: National Museums of Kenya, 1999). http://www.cd3wd.com/cd3wd_40/cd3wd/AGRIC/H1093E/EN/B567_3.HTM (accessed 21/09/12). Ethnic group percentages obtained from Kenya National Bureau of Statistics, *Census 2009* (2011). http://www.knbs.or.ke (accessed 12/10/12).

Tanzania

The territory of Tanzania is host to the Olduvai Gorge, known as the 'cradle of mankind' as it holds some of the earliest fossils of human beings.[87] The early history of populations in the region is similar to Kenya's, with Bantu-speakers arriving at around the first century in numerous migrations that mixed with existing hosts. The 16th century saw the Portuguese seize the island of Zanzibar (*Unguja*) until the 18th century when Arabs and dwellers of the coast drove the Portuguese away. Seyyid Said, an Omani, claimed the island together with a coastal strip in 1840 and, from his capital in Zanzibar, managed slave and ivory trade penetrating as far as central Africa.

In 1888 the German East Africa Company leased from the Sultan of Zanzibar the coastal strip with the German government taking over directly when revolt compromised the company's administration. Between the years 1905 and 1907 a large-scale rebellion erupted, named *Maji Maji* after the rebels' belief in magical water that would protect bodies from the bullets of the colonials.[88] The danger was put down ruthlessly by colonial authorities, with a famine-ridden aftermath securing a total death count amongst the rebels estimated at between 250,000 and 300,000.[89] Germany remained in control of the territory until the close of the First World War when the British received a mandate to administer the territory through the League of Nations. The colony was renamed in 1920 as Tanganyika Territory and transferred to the Trusteeship System of the United Nations in 1946. Unlike in Kenya, there was no military resistance in Tanganyika to British colonial rule, and cries for independence were instead framed as appeals to the rights of sovereignty supported in theory by the Trusteeship System. Julius K Nyerere, teacher turned activist, led a coalition to advocate for independence and achieved this for Tanganyika in 1961. The island of Zanzibar received its independence in 1963 and the two united to form Tanzania the following year. Whilst reference is made throughout the thesis to Tanzania, analysis and description is of the mainland only (previously Tanganyika) as political and social developments in Zanzibar are particular enough to constitute a separate study.

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[87] Tanzania Adventure, 'Olduvai Gorge – Cradle of Mankind'. http://www.tanzania-adventure.com/olduvai.htm (accessed 24/07/12).
[88] Iliffe, 1979, ch 6. *Maji* being Kiswahili for *water*.
[89] Ibid, p. 200. This compares against the rebels killing only 15 Europeans.

Independence in Tanzania has been dominated by the main party, Chama cha Mapinduzi (CCM),[90] which has remained in power up until the time of writing. CCM began life as the Tanganyika African National Union (TANU) and was renamed CCM in 1977 when TANU joined with the Afro-Shirazi Party of Zanzibar. In 1965, soon after independence, Tanzania officially became a one-party state. The 1967 Arusha Declaration gave the single-party system its fighting creed by emphasising a policy of socialism and self-reliance, supporting commitment to a planned economy and the nationalisation of industries. Most notably, the declaration was followed by a policy of villagization whereby smaller villages were grouped together under the misplaced hope of becoming more productive, as well as to promote solidarity and citizenship. Nyerere was influential as a socialist thinker and an advocate of pan-Africanism, and in 1979 felt compelled to declare war on Uganda after incursions were made by Ugandan soldiers into Tanzanian territory. Nyerere thus came to oust Idi Amin before stepping down from office in 1985. Nyerere's presidency was followed by Ali Hassan Mwinyi who took a liberalising approach to society and the economy, the latter in response to pressure from foreign donors. In 1992, during his second term, Mwinyi introduced multi-party politics with support from international actors in addition to Nyerere. In 1995 Benjamin Mkapa won election under a multi-party system in representation of CCM on a platform of anti-corruption. Nevertheless, by the time his second term in office ended in 2005, he had become the subject of allegations of corruption himself, most notably over the privatisation of Kiwira Coal Mine. In 2005, Jakaya Kikwete took office, having previously been barred by Nyerere from standing for the presidency because he was too young. Kikwete's focus has been on facilitating new private-sector investments, fighting corruption and maintaining the ruling party's dominance in the face of slowly growing support for opposition party Chama cha Demokrasia na Maendeleo.

In terms of overall trends, Tanzania has seen an emphasis on equal citizenship that is more impartial to ethnic or religious identity. As described in greater detail in chapter three, Nyerere's political creed avoided the framing of development in terms of a need for within-tribe cohesion and instead lay stress on political equality through citizenship and economic equality through socialism and the avoidance of a capitalist penetration of social relations. Although Tanzania's economic

[90] See Green, E., 'The political economy of nation formation in modern Tanzania: explaining stability in the face of diversity'. *Commonwealth & Comparative Politics*, Vol. 49, No. 2 (2011), pp. 223-244, p. 238.

policies have undergone a transformative liberalisation since Nyerere's leadership, political rhetoric has retained this commitment to nationhood and equal citizenship over ethnic, regional or religious identities. This attitude has assisted the promotion of a more standardized and universal use of Kiswahili, as well as supported a greater integration of social norms and practices across ethnic traditions. Tanzania currently holds a population of 45m, of which 3.3m is in the city of Dar es Salaam, the country's capital up until 1973 when Nyerere announced the political centre to be the more central city of Dodoma.[91] Tanzania is sometimes claimed to be 'the least homogeneous nation in the world'[92] because of her numerous ethnic groups; figure 1.4 shows her ethnic geography.

[91] World Bank, 2010; International Fund for Agricultural Development, 'Dodoma: Where the Elephant Sank'. http://www.ifad.org/media/pack/dodoma.htm (accessed 21/09/12). The coastal city of Dar es Salaam remains most important economically.
[92] Kurian, G. T. (ed.), *Encyclopedia of the Third World: Volume III* (Oxford: Facts on File, 1992), 4th Ed., p. 1866.

Figure 1.4 Ethnic diversity of Tanzania[93]

Ethnic groups as % of population (1957)	
Sukuma	13%
Nyamwezi	4%
Makonde	4%
Haya	4%
Chagga	4%
Gogo	4%
Ha	3%
Hehe	3%
Nyakusa	3%
Luguru	2%
Bena	2%
Turu	2%
Sambaa	2%
Zaramo	2%
Iramba	2%
Others	46%

[93] Map adapted from Department of Lands and Surveys, *Atlas of East Africa: Tanganyika* (Dar es Salaam: Government Press, 1956), 3rd Ed., p. 14. The Tanzanian government have avoided collecting population statistics on ethnic distribution since the colonial era. The percentages provided are therefore from the 1957 census. East African Statistical Department, *Tanganyika Population Census 1957: Tribal Analysis* (Nairobi, Aug 1958), pp. 1-3.

Thesis structure

Following on from this, chapter two considers the methodology of the study, detailing how comparative techniques help leverage analysis in tandem with a vertical deepening into stages behind trust creation. The chapter explains how the various methods for gathering empirical material connect, and why numerous empirical angles on the research question were selected. Chapter three introduces Kenya and Tanzania with specific attention to the research question. As a background to how the historical trajectories of the two countries invite analysis on the causes for the emergence of social capital, the chapter considers the social structures that frame and govern interdependent exchange between persons in urban environments. This does not answer questions surrounding the causes for motivations to trust but provides necessary illustration of the context within which trusting dynamics are operating, and indicates the additional benefits to the research question of the experiences of Kenya and Tanzania.

Chapter four begins direct analysis of necessary conditions for the emergence of trusting-trustworthy relationships by taking an in-depth look at a single trust network in urban Tanzania. In general, throughout the thesis, case study material draws on scenarios of economic competition to help highlight where trusting-trustworthy relationships form in the face of incentive structures that would be thought to support a more individualistic pursuit of goals (at the expense of group coordination). In this vein, the fourth chapter conducts ethnographic investigation into young male plastic bag sellers of Soko Kuu market in Mwanza, Tanzania, who operate in a competitive and informal economic setting but nevertheless strike up some relationships of trust and interdependent exchange in small groups. By examining the nature and dynamics of what constitutes trustworthiness in the eyes of plastic bag sellers, the way in which mutual need is translated into reputational criteria is identified under the term "anchors of trust". Anchors of trust act as foci for cooperative action and provide support for the emergence of trusting-trustworthy relationships when the communication of mutual gain meets with sufficient indication of one's reliability. The contribution of such a concept to the study of social capital lies in the due regard it gives for contextualised understandings of trustworthiness, and hence trustworthiness' ability to bridge the gap between social reputation and economic reliability.

Chapter five explores comparative trusting-trustworthy networks in Kisumu (Kenya) and Mwanza (Tanzania) amongst market-sellers of various local markets. Evidence is drawn from interviews and focus groups where participants discussed the process of trust formation and group solidarity in reference to the provision of public goods. Because both cities exhibit a lack of government provision of public services, the need for community organisation provides a lens through which to assess the forming of trusting-trustworthy relationships. In keeping with quantitative studies of comparative levels of trust between Kenya and Tanzania (described in chapter three), Tanzania is found to display greater capacities for the community-based solving of collective action dilemmas. Furthermore, the findings from Kisumu and Mwanza provide additional support for how ethnic heterogeneity in Tanzania does not erect barriers for cooperative action, even when compared against the operations of an ethnically homogeneous Kenyan population. In terms of assessing what brings about the formation of trusting-trustworthy relationships in urban environments, therefore, the findings encourage examination of other, non-ethnic factors that may be at work.

Chapter six takes evidence from interviews with business owners and compares solutions to the principal-agent problem between Nairobi and Dar es Salaam. The chapter looks specifically at what counts as trustworthy behaviour in the eyes of employers and how trustworthiness is indicated or signalled within the firm. By analysing within-firm dynamics, we maintain a focus on the problem of forming relationships of trust in competitive economic scenarios, except that whereas chapters four and five considered peer-on-peer dynamics, here analysis is made of the vertical relations of trust between persons in authority and those under that authority. Business owners were asked about their decisions to employ and sack, and what advice they would give to other entrepreneurs on important indicators of trustworthiness useful for deciding whether to take on a potential employee. Alongside giving detailed examples of where trust is maintained and where it breaks down, business owners shared thoughts on the more abstract question of what human qualities a reliable employee is likely to demonstrate. Whereas Nairobi employers focused on the character traits of integrity and honesty, Dar es Salaam employers emphasised the need for a positive mental attitude or being someone with initiative. Based on experiences of having to form trusting-trustworthy relationships

in economically competitive scenarios, these accounts help shed light on different normative frameworks at play when citizens interpret trustworthiness.

Chapters seven and eight incorporate the earlier qualitative findings into the deployment of quantitatively-measurable trust games in Nairobi and Dar es Salaam. First, in chapter seven, trust games are conducted with randomly selected citizens of both cities and it is found that Tanzanian citizens display stronger willingness to trust and be trustworthy—a finding in keeping with survey data and the thesis' qualitative work. Chapter eight then compares the results of these "standard" trust games with two adaptations of the game which, respectively, introduce the variables of common knowledge of ethnicity and common knowledge of integrity, and evaluate the effects these areas of social discourse have on the formation of trusting-trustworthy relationships. Common knowledge of both coethnicity and noncoethnicity are found to have a damaging impact on the development of cooperative relations in Tanzania but a supportive role in Kenya, reflecting the different trajectories in political discourse between the two countries over the past century. In terms of the integrity game, the chapter presents evidence on the widespread willingness to signal honest character to one's partner in both countries, but that amongst Kenyan participants this was followed by noncooperative behaviour in the game whilst in Tanzania participants combined the initial signalling of integrity with cooperative play. Results from a comparative deployment of the integrity game in Kenya and Tanzania therefore suggest that the latter holds a stronger social norm of integrity than the former, something that in turn helps explain motivations behind Tanzania's greater levels of trust.

Chapter nine concludes analysis by situating the findings in the recent interest in social capital studies of Africa. The thesis' findings reconnect micro-level frameworks to the phenomenon of social capital and so accommodate African experiences into a broader social capital research agenda. At the same time, our conclusions demand, in particular, a deepened understanding of motivations to trust that is not currently present.

Overall, the role of this work is to listen-in on the early stages of trusting-trustworthy exchanges so as to offer a synthesising account of how such relationships emerge and what forces are in play in their micro-level formation. To achieve this, the study examines numerous cases of

trusting-trustworthy relationships amongst urban citizens in two countries of East Africa, and leverages a comparative method to help assess the factors of influence.

2.

Methodology

> In the case of all things which have several parts and in which the totality is not, as it were, a mere heap, but the whole is something beside the parts, there is a cause...
> —Aristotle, *Metaphysics* [1]

Before offering empirical insights, it is necessary to establish the method behind the project and the way different observations are strategised into a single argument that answers the research question. As mentioned in chapter one, the thesis seeks to fill a theoretical gap in the social sciences through analysing real-life experiences and practices. The theoretical gap consists in a lack of synchronisation between studies of social capital and behavioural economic accounts of trusting-trustworthy relationships. The real-life experiences explored in its pursuit are examples of trusting-trustworthy behaviour in urban Kenya and Tanzania. The central issue to be discussed in this chapter, therefore, is how the choices of gathered empirical material suit the overarching research question. The approach is to face head-on the challenge of drawing clear conclusions from empirical material in a way that returns the reader to answering the original question. Providing a guide and justification of the general approach, therefore, this chapter outlines the methodological choices made and how they relate to the empirical evidence exhibited throughout the thesis.

To structure this navigation, the chapter first explores the theory underpinning our understanding of trust. This is based on literature on trust within the social sciences, and follows on

[1] Aristotle, *Metaphysics*, Book H 1045a. http://classics.mit.edu/Aristotle/metaphysics.8.viii.html (accessed 24/05/11).

directly from chapter one's framing of the research question. Secondly, the chapter details the nature of the horizontal comparisons drawn between Kenya and Tanzania throughout the empirical work that follows. We justify the value of these comparisons, and the specific roles they play at each stage of the argument. Thirdly, the chapter outlines how evidence was also chosen to vertically zone-in on the early stages in forming trusting-trustworthy relationships, from a starting point of more meso- and network-based observations of collective action to, finally, experiment-based evaluations. This provides the backdrop for the choice of experimental methods that in the latter stages complement the thesis' comparisons. Finally, the chapter provides an overview of the complementarity of the mixed methods used.

The theoretical approach to the study of trust

Discussion of the elementary stages of trust as produced through individual interest pursuit has encountered difficulties in connecting with the concept of social capital as a group phenomenon. We propose, therefore, a change of focus: to examine the nature of trusting-trustworthy relationships rather than single decisions to trust. What follows in this thesis, therefore, is a study of the infant stages of trust that takes seriously trust and trustworthiness as a relational dialogue. There is nothing in this approach unacceptable to those who consider the decision to trust a cost-benefit analysis, but by taking the relational dialogue as a unit of analysis in of itself, we hope to deepen this understanding and, in so doing, better serve social capital theorists who link trustful bonds of solidarity to a-market benefits. In this way, the research strategy connects with existing studies in the social sciences of the early formation of trusting-trustworthy relationships such that they may be in sync with the findings of social capital literature.

A trusting-trustworthy relationship is defined as *intentional unity*. It is the stable disposition to cooperate, coordinate and collectively act for the common good of parties within the relationship. Intentional unity means actors seek each other's good as a collective, pursuing the interest of the group rather than their individual interests. The empirical material presented in this thesis consists

of an exposé of numerous such relationships in urban areas of Kenya and Tanzania, asking how these relationships emerge at their most elementary stages.

The term "emergence" is not used to describe any progress through historical stages à la Hegel or Marx, and does not take the developing world to be useful from the perspective of modernism. It is being used, as according to Christian Smith, to describe 'the process of constituting a new entity with its own particular characteristics through the interactive combination of other, different entities that are necessary to create the new entity but that do not contain the characteristics present in the new entity.'[2] In this case, decisions to trust one another can emerge to form a trusting-trustworthy relationship, and this does not mean the relationship that emerges is reducible to single decisions to trust or be trustworthy (fitting with the observation on causality made by Aristotle at the chapter's start). By noting how trusting-trustworthy relationships are emerged social realities—greater than the sum of their parts—an avenue opens for threading together individual-level dynamics to account for the larger phenomenon of social capital.

To explain this approach, it is important to note how levels of such "emergence" are analytically rather than spatially distinct,[3] a point in tune with Durkheim's methodology and his more organic view of society.[4] The notion is not foreign to microeconomics as it is also present, for example, in the works of Ostrom whereby, '[a]fter many interactions, the more successful strategies come to prominence in the population.'[5] Such 'culture-gene coevolutionary theory' has been extensively explored by Henrich et al, involving particular use of Kenyan and Tanzanian rural experiences to understand pre-industrial society.[6] There, combined anthropological, psychological,

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[2] Smith, C., *What is a Person? Rethinking Humanity, Social Life, and the Moral Good from the Person Up* (Chicago: The University of Chicago Press, 2010), pp. 25-6.
[3] Ibid, p. 32.
[4] Sawyer, R. K., 'Durkheim's Dilemma: Toward a Sociology of Emergence'. *Sociological Theory*, Vol. 20, No. 2 (2002), pp. 227-247. This analytical style is also present in Durkheim's view of the mind as 'an emergent property of biological organisms', a stance echoed by Smith who notes how without a theory of emergence, '[t]he mind is finally nothing but physical, neurological brain activity.' Bellah, R. N. (ed.), *Emile Durkheim: On Morality and Society* (Chicago: The University of Chicago Press, 1973), p. xix; Smith, 2010, p. 38 (see also pp. 55-6 for Smith situating Durkheim within his approach).
[5] Ostrom, E., *Understanding Institutional Diversity* (Princeton: Princeton University Press, 2005), p. 125.
[6] Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E., Gintis, H., McElreath, R., Alvard, M., Barr, A., Ensminger, J., Henrich, S. H., Hill, K., Gil-White, F., Gurven, M., Marlowe, F. W., Patton, J. Q. & Tracer, D., '"Economic man" in cross-cultural perspective: Behavioral experiments in 15 small-scale societies'. *Behavioral and Brain Sciences*, Vol. 28, No. 6 (2005), pp. 795-855, p. 812; Ensminger, J., *Making a Market: The institutional transformation of an African society* (Cambridge: Cambridge University Press, 1996); Ensminger, J., 'Market Integration and Fairness: Evidence from Ultimatum, Dictator, and Public Goods Experiments in East Africa'. Ch 12 of Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E. & Gintis, H. (eds.), *Foundations of Human*

economic and evolutionary methodologies engage in innovative research that seeks to unify the behavioural sciences whilst at the same time identifying what activities are distinctly human.[7] The approach of this thesis is more modest, though the implied transformative power of human relationships is similar. We take urban Kenya and Tanzania as interesting for hosting examples of the human capacity to cooperate and establish guiding norms of conduct. Collective action dilemmas in urban Kenya and Tanzania thus invite a myriad of social questions *on a par* with 'New York, London, Solingen and Sarajevo', to borrow Lonsdale's description.[8]

Cross-cultural research into the human capacity for collective action has pointed to a particular need for examining cooperation in the context of the urban. Ensminger describes results from experimental games with members of the Orma tribe in Kenya as 'consistent with the general finding from the overall cross-cultural project that shows fairness increasing with market integration.'[9] This she takes as supportive of Montesquieu's statement that commerce 'polishes and softens barbaric ways', a direct challenge to the view, dominant since the 19th century, that the impersonalism of city life is soul destroying.[10] Though the urban may present a challenge to social norms and trust, in a Janus-faced way it also acts as their potential source of standardisation.

As units under study, trusting-trustworthy relationships are subjected throughout the thesis to an incremental process of observational deepening as we delve into their dynamics to understand the *what* and *how* of their formation. Gerring distinguishes between 'exploratory' and 'confirmatory/disconfirmatory' social science, which 'constitute two moments of empirical research, a generative moment and a sceptical moment, each of which is essential to the progress of a

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Sociality: Economic Experiments and Ethnographic Evidence from Fifteen Small-Scale Societies (Oxford: Oxford University Press, 2004); Marlowe, F., 'Dictators and Ultimatums in an Egalitarian Society of Hunter-Gatherers: The Hadza of Tanzania'. Ch 6 of Henrich et al, 2004; and McElreath, R., 'Community Structure, Mobility, and the Strength of Norms in an African Society: The Sangu of Tanzania'. Ch 11 of Henrich et al, 2004.

[7] Gintis, H., Bowles, S., Boyd, R. & Fehr, E. (eds.), *Moral Sentiments and Material Interests: The Foundations of Cooperation in Economic Life* (London: MIT Press, 2005); Richerson, P. J., Boyd, R. T. & Henrich, J., 'Cultural Evolution of Human Cooperation'. Ch 19 of Hammerstein, P., *Genetic and Cultural Evolution of Cooperation* (Cambridge, MA: MIT Press, 2003); Bowles, S. & Gintis, H., 'Origins of Human Cooperation'. Ch 22 of Hammerstein, 2003.

[8] Lonsdale, J., 'Moral Ethnicity and Political Tribalism'. Ch 6 of Kaarsholm, P. & Hultin, J. (eds.), *Inventions and Boundaries: Historical and Anthropological Approaches to the Study of Ethnicity and Nationalism*, Papers from the researcher training course held at Sandbjerg Manor 23 to 29 May 1993 (Roskilde, 1994), p. 141.

[9] Ensminger, 2004, p. 380. For the general finding, see Henrich et al, 2005, p. 808.

[10] Ensminger, 2004, p. 357.

discipline.'[11] The current endeavour seeks to explore in this way the nature of trusting-trustworthy relationships. The method of large-N statistical detection followed by small-N testing presented by Lieberman is here, thus, inverted.[12] We first make qualitatively-rich exploration of the texture of trusting-trustworthy relationships and gradually bring analysis to the point where a generated theory of their nature can be tested for causal factors. As part of this general method, country-level contrasts provide leverage in framing key differences in the conceptions of political community under which trusting-trustworthy relationships may emerge (chapter three), and are useful for verifying particular independent variables (chapters five and eight). However, these contrasts are not essential to the theory-generating side of the argument.

As Gerring notes in recounting the value of case study research, '[o]ften the connections between a putative cause and its effect are rendered visible once one has examined the motivations of the actors involved.'[13] In grounding information first in the qualitative accounts of citizens of East Africa, this project gives weight to exploring action as intentional and, pace Weber, takes the social sciences to be 'distinct from the natural sciences precisely because their subject matter is meaningful action'.[14] In this way, by engaging in the meanings, conceptions and deliberations of actors themselves, connecting the smaller phenomenon of trust to the larger phenomenon of social capital can best be achieved. Gerring's references to cause and effect may alarm readers who associate with a Humean view of causation as identifiable through independent, repeated effects—something difficult to achieve in some social science work if either the cause or effect are infrequently observed or context contingent. Delving deeply into the study of human processes and habits can compensate for this, as the isolation of key social conditions or human motivations help establish determining factors. The value of such a strategy is apparent in this study, for a strict focus on independent and repeated effects is rendered hazardous by the closeness and potential overlap between the concepts of trust, economic need and social capital. Study of causation is therefore taken to consist in interpretive investigation into the 'internally related mental dispositions, meanings, intentions,

[11] Gerring, J., 'What Is a Case Study and What Is It Good for?' *American Political Science Review*, Vol. 98, No. 2 (2004), pp. 341-354, p. 349 (emphasis omitted).
[12] Lieberman, E. S., 'Nested Analysis as a Mixed-Method Strategy for Comparative Research'. *American Political Science Review*, Vol. 99, No. 3 (2005), pp. 435-452.
[13] Gerring, 2004, p. 348.
[14] Hekman, S. J., 'Weber's Concept of Causality and the Modern Critique'. *Sociological Inquiry*, Vol. 49, No. 4 (1979), pp. 67-76, p. 67.

social contexts and structures', as suggested by the school of critical realism.[15] Under this lens, explanatory factors are approached by finding the reasons for behaviour within contexts where human motivation can be interpreted, meeting also with our definition of a trustful relationship as one of intentional unity. As such, the question of "what causes?" opens debate on *necessary conditions* for trusting-trustworthy relationships to emerge, and does not create an exhaustive model of all the sufficient conditions for a trustful society.

The general research question—*what causes the emergence of trusting-trustworthy relationships between people?*—thus opens assessment on whether taking societal-held perceptions of human relations seriously yields insight into motivations for cooperation. As stated above, areas of social perception or common knowledge are not being argued as sufficient conditions for trust or trustworthiness, but are nevertheless being hypothesised here as necessary conditions.[16] The key point is that due to the potential overlap of concepts of trust, trustworthiness and social capital, a combined in-depth and analytical study of trusting-trustworthy relationships is deemed most appropriate in providing answers to how relationships of trust emerge to contribute to community solidarity and social capital.

Throughout the study I use the term "we" to denote myself and the reader. This is precisely because what follows is an investigation into norms of behaviour that seeks to imitate the inclusive, discursive style of Aristotle,[17] as well as in preference of a more hermeneutical approach to social science able to connect with the deliberate dimensions of human interrelationships and trust formation.

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[15] Ekström, M., 'Causal Explanation of Social Action: The Contribution of Max Weber and of Critical Realism to a Generative View of Causal Explanation in Social Science'. *Acta Sociologica*, Vol. 35, No. 2 (1992), pp. 107-122, p. 107. See also Smith, 2010, pp. 92-3.

[16] Ekins discusses how group action cannot be wholly down to common knowledge, but this does not mean it is irrelevant. Ekins, R., *The Nature of Legislative Intent* (Oxford: Oxford University Press, 2012), pp. 48-9.

[17] MacIntyre, A., *After Virtue: a study in moral theory* (London: Duckworth, 1985), 2nd Ed., pp. 147-8; Annas, J., *Intelligent Virtue* (Oxford: Oxford University Press, 2011), pp. 3-4, 170.

Horizontal comparisons between Kenya and Tanzania

The study looks for answer to the general research question through comparative analysis of examples of trusting and trustworthy behaviour in urban areas of Kenya and Tanzania. The research strategy thus joins understanding of the interpersonal with a comparative approach to find evidence on the nature of social trust in Kenya and Tanzania. The aim is to provide contextualised investigation into the human interactions that facilitate cooperation in urban East Africa, taking evidence from the cities of Nairobi, Kisumu, Mwanza and Dar es Salaam (the first two of Kenya and the latter two of Tanzania). By engaging with qualitative and quantitative data-gathering strategies, the empirical sections present a triangulation of methods to get at the nature and source of trust creation accurately, whilst bearing in mind throughout the need to contextualise these relationships.

Unlike a small-N study, this thesis does not take the two countries of Kenya and Tanzania as its two units of comparison. For example, we do not draw a continuum between country-level experiences to identify a single cause of trust. At the same time, however, an exposure of the key differences between the two countries does act as an investigatory tool that helps verify the impact of key differences in social structures framing decisions to trust. In this way, Mill's method of difference, that 'no factor can explain both an outcome and its opposite',[18] provides some assistance in contrasting the two countries so as to analyse the impact of particular variables, moving towards a more concrete understanding of *why* trusting relations sometimes develop. Nevertheless, throughout the thesis, we take the object under study to be the relationships themselves rather than the nation-wide experiences of Kenya and Tanzania.

What makes horizontal comparisons between Kenya and Tanzania useful for identifying factors of relevance to the formation of trusting-trustworthy relationships? First, the two countries hold many similarities. As well as being similar in population size, Kenya and Tanzania border each other in East Africa, both forming coasts on the Indian Ocean and bays on Lake Victoria. They

[18] Savolainen, J., 'The Rationality of Drawing Big Conclusions Based on Small Samples: In Defense of Mill's Methods'. *Social Forces*, Vol. 72, No. 4 (1994), pp. 1217-1224, p. 1218.

perform similarly in levels of perceived corruption[19] and, most importantly, 'share a common and related history dating back to the precolonial era, a common culture and ethnic makeup, and a common set of geographical and natural conditions that bear on the day-to-day lives of their people.'[20] Within social science literatures, Kenya and Tanzania are held to be comparable case studies due to their similarities in historical trajectories up until the Arusha Declaration of January 1967. After this, the two countries came to 'pose the classic choice between concentration on the expansion of the national pie versus concentration on the distribution of the pie', setting at odds programmes of patron-client capitalism and one-party socialism.[21] All these factors, coupled with the somewhat arbitrary boundaries of colonialist rule, render the differences found in Kenya and Tanzania a 'natural experiment'[22] through which 'students of comparative development can hold constant most variables other than the development strategies themselves, and thereby reach more accurate assessments of the impact of these strategies.'[23] Although the present study does not evaluate relative achievements in developmental success, the closeness of Kenya and Tanzania is nevertheless used to exhibit two highly comparable fora of citizen-on-citizen relations. Drawing parallels and differences between the two countries thus helps verify (though not generate initial ideas on) what factors are important for bringing about trustful relationships.

In terms of country-level comparative work, interesting insights for sub-Saharan Africa and the developing world at large were provided by two edited books which made direct comparison between Kenya and Tanzania over social policy, both edited by Joel Barkan.[24] Attention has also been brought to bear on the two countries' foreign policies, most importantly their respective relationships with the International Monetary Fund.[25] Pinckney and Kimuyu compare Kenya and Tanzania over their land policies in rural areas; and Knight and Sabot employ the 'natural

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[19] Figures from the Corruption Perceptions Index for 2011 rate Kenya as 2.2 out of 10 and Tanzania as 3 out of 10, where a lower score indicates greater perceived corruption. Transparency International, *Corruption Perceptions Index* (2011). http://cpi.transparency.org/cpi2011/results/ (accessed 20/07/12).
[20] Barkan, J. (ed.), *Politics and Public Policy in Kenya and Tanzania* (New York: Praeger Publishers, 1984), p. 3.
[21] Ibid, p. 11.
[22] Miguel, E., 'Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania'. *World Politics*, Vol. 56 (2004), pp. 327-362, p. 327.
[23] Barkan, 1984, p. 4.
[24] Ibid.; and Barkan, J. (ed.), *Beyond Capitalism vs. Socialism in Kenya & Tanzania* (London: Lynne Rienner Publishers, 1994).
[25] Gordon, D. F., 'Anglophonic Variants: Kenya versus Tanzania'. *Annals of the American Academy of Political and Social Science*, Vol. 489 (1987), pp. 88-102.

experiment' to evaluate developing world education strategies.[26] More recently, in an article entitled *Tribe or Nation*, Miguel contrasted the two East African countries by identifying how in Kenya public goods were provided less in communities more ethnically divided, whilst in Tanzania communities tended to enjoy the same amount of public goods irrespective of levels of ethnolinguistic fractionalization.[27] Answering why this was the case, Miguel pointed to the nation-building project Tanzania embarked upon, seeing it as having fostered

> trust across ethnic groups and a strong sense of identification with members of other groups as fellow Tanzanians; these emotional bonds—together with frequent village meetings and active local government institutions—have allowed diverse Tanzanian communities to thrive where diverse Kenyan communities fail.[28]

In arriving at this conclusion, Miguel engaged in a comparison of two districts, Busia of Kenya and Meatu of Tanzania, looking into survey data collected between 1996 and 2002. This study seeks in some way to build on the interest that work sparked by asking how it is that trusting-trustworthy relationships have formed to such divergent degrees, despite the two countries' similar starting points. Readers who look for research on the effectiveness of coethnic bonds for encouraging trusting relationships will, therefore, be challenged: Miguel's work identifies a certain trend in East African cooperative action that is an anomaly to those who consider common ethnicity to be a determinant of social capital. The study explores causes for the emergence of trusting-trustworthy relationships from the perspective of citizens in economically competitive scenarios and attempts to keep as open as possible the question of what role ethnicity may play.[29] For this particular question, the greater ethnic diversity in Tanzania than in Kenya, which holds also for the urban centres where empirical evidence is taken in this thesis, means contrasting the experiences of the two countries can help establish the relevance of that particular factor for bringing about trustful citizen exchanges.

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[26] Pinckney, T. C. & Kimuyu, P. K., 'Land Tenure Reform in East Africa: Good, Bad or Unimportant?' *Journal of African Economies*, Vol. 3, No. 1 (1994), pp. 1-28; Knight, J. B. & Sabot, R. H., *Education, Productivity, and Inequality: The East African Natural Experiment* (Washington, D.C.: The World Bank & Oxford University Press, 1990).
[27] Miguel, 2004.
[28] Ibid, p. 360.
[29] Nevertheless, to evaluate the comparative strength of this overall approach with theories that consider coethnicity to have a positive effect on willingness to trust (particularly where coethnic motives may be misleadingly avoided in field interviews), quantitative assessment of the explanatory power of coethnicity is made in chapter eight.

In sum, the comparative approach of evaluating the formation of trusting-trustworthy relationships across two countries helps generalise findings in five broad areas:

1. the nature of trusting-trustworthy relationships in urban and economically constrained environments;
2. relative differences in levels of trust;
3. the role of ethnicity in trust formation;
4. common conceptions of trustworthiness; and
5. whether congruence over common conceptions of trustworthiness facilitates the early emergence of relationships of trust.

Cross-country comparisons are not necessary for providing material for these five areas. Nevertheless, they can act as a useful complement to any study. Here they add to the analytical rigour by helping identify where factors are not simply context contingent and hold generalisable merit in answering the research question of how trusting-trustworthy relationships come about.

Vertical analysis on trusting and trustworthy behaviour

In answering what are necessary conditions for the emergence of trusting-trustworthy relationships, a range of methods are employed throughout the study to triangulate and expose essential dynamics at work. These represent a vertical zooming-in ever closer to individual decisions to trust or act trustworthily, from a starting point of observing dynamics of group-level cooperation. In addition to the horizontal comparative method outlined above, therefore, the study exhibits a gradated, vertical analysis, established through a tiered method of gathering data from specifically chosen angles.

In total, the thesis' empirical material draws from 110 in-depth interviews, 6 focus groups and trust games with 486 randomly selected citizens (see appendices one to three for lists of interviewees). The study's employment of various methodologies brings attention to the elementary stages of trust from diverse angles, approaching analytical rigour step-by-step from a culturally-sensitive starting point. This mixed-method approach means the thesis' argument does not rely on one piece of evidence or one angle only but on an array of perspectives that are, in turn, suitable for accommodating audiences from numerous methodological schools. This is not to say that a purely anthropological or ethnographic approach to the study of trust would not be relevant. Indeed, by

exploring numerous examples of how trusting-trustworthy relationships are formed in urban East Africa, a necessary sacrifice of depth has been made. The justification of the present approach, however, lies in the need to answer the research question on its own terms. As outlined in chapter one, inspiring this study is the present disconnect between micro studies of trust and macro studies of cooperation and social capital, where cost-benefit evaluations of decisions to trust or be trustworthy do not fully account for norms and networks of collective action. This in turn demands that an answer to the problem approaches equally generalisable conclusions. A strictly ethnographic approach would establish the theory-generating side of the argument though may not fully satisfy social capital readers who seek to apply the findings immediately to theoretical evaluations of the formation of trusting-trustworthy relationships. Combining vertical analysis of stages of forming relationships with cross-country comparisons better meets the needs of social capital readers, and can help ease the argument's application to other case studies around the world.

The theoretical puzzle at the heart of the investigation is the causes for trust in competitive scenarios. Human relationships in contexts of free market economic decision-making provide a good example of just that type of social trust. Business-related activities, or interactions based on economic need, usually showcase scenarios of natural competition insofar as public or state interference is absent. Taking a tiered strategy of increasing analytical depth thus provides a levelled deepening of evaluations of decisions to trust or be trustworthy that zones in on necessary conditions for trust to emerge.

How does a tiered strategy of data gathering influence the choice of empirical material? Asking what facilitates willingness to trust, fieldwork first makes in-depth study of plastic bag sellers in Soko Kuu market of Mwanza, Tanzania (chapter four), ensuring cultural and ethnographic sensitivity is maintained in order to appreciate the relational dialogue that goes into decisions to trust or be trustworthy. Placing these intensely personal networks of trust under a comparative microscope, analysis is then made between market-sellers' citizen-on-citizen relationships in Kisumu, Kenya, and Mwanza, Tanzania, focusing on levels of cooperation in the organisation and provision of public goods (chapter five). This implements horizontal tools of comparison in order to question and re-evaluate understandings of the importance of common ethnicity on the formation of trust relationships. Nevertheless, as with the prior discussion of plastic bag sellers in Mwanza,

attention is placed on network dynamics, without yet accounting for first steps in the formation of relationships of trust. Turning focus then to principal-agent trust, the next stage of data gathering consists of interviews with private sector businesspersons in Nairobi, Kenya, and Dar es Salaam, Tanzania. The aim here is to engage in closer and more intensely critical participant observations of the trust process, again keeping to scenarios of economic competition. Finally, trends of citizen-on-citizen trust were evaluated through the deployment of "trust games", which artificially isolate decisions to trust or be trustworthy so as to maximise the generalisability of conclusions about the causes and nature of trusting-trustworthy relationships. One key argument of this chapter's methodological outline is that starting with experimental trust games that artificially isolate decisions to trust would be methodologically hazardous because due regard might not be given to the contexts, relationships and social networks that permeate social trust. Instead, this study chooses to concentrate on social details before progressing to isolate key decisions of whether to trust or not. This approach therefore represents a staged, vertical deepening of what is under study, benefitting throughout its analysis from horizontal, comparative social science tools.

Applying mixed methods

Given this diversity of methods and approaches, there therefore remains a need to establish whether the particular methods used in each of the study's empirical chapters are complementary, and how they can speak to each other in fruitful dialogue.

In all research there is a dilemma of classifying and categorising variables, causes and descriptions found in the field. As Ostrom explains, '[i]n empirical field studies, the researcher's task is to discover the linguistic statements that form the institutional basis for shared expectations and potentially for the observed regularity in behavior.'[30] The aim is to best obey Durkheim's dictum, that '[s]cience, in order to be objective, must take its departure not from concepts whose formation has preceded it, but from sense data; from these must be directly drawn the components of

[30] Ostrom, 2005, p. 171.

its initial definitions'.[31] To achieve this initial pressing of the ear to the ground, the first stages of data gathering in chapters four, five and six are qualitative, concentrating on providing room for citizens of Kenya and Tanzania to express ideas as to what qualities or assets in a person encourage a willingness for others to place trust in them. The first chapter detailing these qualitative accounts, chapter four, studies young male plastic bag sellers in Mwanza and consists of evidence gathered from 20 interviews, semi-structured in nature though clustered around the shared themes that pertain to common professional situations and dilemmas. Fifty interviews with market-sellers of Kisumu and Mwanza then form the corpus of evidence for chapter five, in addition to six focus groups. These engage with comparison between Kenya and Tanzania on capacities for collective action, and give special reflection on the role of levels of ethnic homogeneity for trustful relations. Finishing qualitative evaluations, chapter six zones in closer to the initial decisions of individuals to trust others by taking evidence from business owners who delegate authority and decision-making to employees. For this "principal-agent" study in Nairobi and Dar es Salaam, a businessperson was defined as an individual involved in profit-seeking activity in the private sector at the risk-taking level, undertaking the employment of others. Participants were selected on the basis of fitting these criteria and otherwise chosen from a range of identity backgrounds and business sizes, in order to support the search for common themes of trust regardless of particular industry or business size. For this stage, 41 businesspersons were interviewed--20 in Nairobi and 21 in Dar es Salaam. The focus on a particular decision of trust, again in an economically competitive setting, ensured vertical zoning-in on reasons to trust, whilst at the same time leveraging a comparative method that evaluates differences in responses between the two countries.

Quantitative data gathering consisted of an employment of identified common themes into a constructed game which tested their salience in explaining social trust. Many types of social dilemma games could have been legitimately employed in support of the research question. However, in order to achieve a high degree of analytical detail such that levels of trust between the two countries could also be comparatively quantified, we avoided using those trust games that only identify whether participants trust or do not trust. The prisoners' dilemma, for example, gives

[31] Durkheim, É., *The Rules of Sociological Method; and Selected Texts on Sociology and its Method* (London: MacMillan, 1982), p. 81.

participants only the options of "cooperate" or "do not cooperate". Similarly, in Rosenthal's illustrations, the first player merely makes a decision to trust or not to trust in the other's decision-making capacity.[32] Commons dilemma games do facilitate measuring degrees of trust though the personal trust under analysis may be mixed with overall confidence in the wider group's established practices of decision-making. Overall, because of the extent to which it provides a quantitative measurement for *degrees* of social trust at the individual-to-individual level, we selected the "trust game" to form the basis of quantitative empirical analysis of the very first decisions involved in forming a trusting-trustworthy relationship.

The trust game was developed by Berg, Dickhaut and McCabe in 1995 in order to closely examine levels of trust away from the elements of social interaction that normally communicate trustworthiness (it was originally termed by the authors the "investment game").[33] Participants were split into rooms A and B and each given $10 as a show-up fee. Participants of room A could then choose to send a portion of their $10 to someone they were paired to in room B. Pairings were unknown and anonymity was maintained by money being passed between the rooms in envelopes by moderators. The portion of money that room A participants sent was tripled en route to their respective pairs in room B. Room B participants could then decide how much of this they would keep, and how much they would return to their room A pair. As the authors explain, '[b]y guaranteeing complete anonymity and by having subjects play the investment game only once, we eliminate mechanisms which could sustain investment without trust; these mechanisms include reputations from repeat interactions, contractual precommitments, and potential punishment threats.'[34]

The point of the trust game is to provide a repeatable, laboratory-friendly scenario which can expose levels of trust amongst participants that are in excess of the noncooperative predictions of neoclassical game theory. Levels of trust are already understood to be improved by small groups

[32] Rosenthal, R. W., 'Games of Perfect Information, Predatory Pricing and the Chain-Store Paradox'. *Journal of Economic Theory*, Vol. 25 (1981), pp. 92-100.
[33] Berg, J., Dickhaut, J. & McCabe, K., 'Trust, Reciprocity, and Social History'. *Games and Economic Behavior*, Vol. 10 (1995), pp. 122-142.
[34] Ibid, p. 123.

and frequent face-to-face encounters,[35] and so the investment game isolates willingness to trust in credit or debit of this by replaying a scenario where group and face-to-face interaction is absent. As Ostrom explains in commentary,

> The baseline game is barren of many of the social factors that are thought to affect trust. The players are strangers and do not even see one another. There is no way that they can establish a link to one another through promise-giving or the like. [...] The baseline game represents a situation requiring trust in about as pristine a form as one can imagine.[36]

Games do not represent society. They are only deployed as a research strategy to single-out an explanatory link.[37] This further reinforces the value of combining their use with qualitative data gathering, and ensuring those qualitative appreciations precede and frame the boundaries to the experimental methods.

Overall in this study, it is the qualitative and quantitative methods that together provide analysis of society in terms of networks of trust. A surgeon's scalpel, games are used to isolate and measure the strength of particular observations on the emergence of trusting-trustworthy relationships. They feature as a final section of the general strategy of combining horizontal comparative methods with vertical deepening on stages of trust creation.

Conclusion

Taken together, the data gathering strategy facilitates a zooming-in from community networks of trust to micro-analysis of trusting decisions, aided in its analysis through comparative techniques. Qualitative accounts of the dynamics of trusting-trustworthy relationships come through interviews with those operating in competitive economic environments, where success requires fostering

[35] de Waal, F. B. M., *Tree of Origin: What Primate Behavior Can Tell Us About Human Social Evolution* (London: Harvard University Press, 2001); *Our Inner Ape: The Best and Worst of Human Nature* (London: Granta, 2005); Richey, S., 'Manufacturing Trust: Community Currencies and the Creation of Social Capital'. *Political Behavior*, Vol. 29 (2007), pp. 69-88, pp. 74-5.
[36] Ostrom, 2005, p. 72.
[37] Poulsen, A., 'Cooperation: evidence from experiments'. Ch 3 of Svendsen, G. T. & Svendsen, G. L. H. (eds.), *Handbook of Social Capital: The Troika of Sociology, Political Science and Economics* (Edward Elgar: Cheltenham, 2009), p. 37. As Habyarimana et al describe: 'Experimental games offer a means of isolating and testing the independent explanatory power of each mechanism.' Habyarimana, J., Humphreys, M., Posner, D. N. & Weinstein, J. M., 'Why Does Ethnic Diversity Undermine Public Goods Provision?' *American Political Science Review*, Vol. 101, No. 4 (2007), pp. 709-725, p. 712.

relationships of interpersonal trust. Indicators of trust are then tested rigorously for their explanatory power, independent of their social context. On the comparative, horizontal dimension, the tiers of data gathering allow for a thorough exposition of urban centres' dynamics, such that an effective comparison can be made between Kenya and Tanzania. At the same time, it is not claimed that an exhaustive account of trust relationships in each of the two countries is being presented. Rather, the examples facilitate deeper discussion on the nature of trustful relationships, how they are generated at embryonic stages, and what necessary conditions for their formation can be identified. Rosenthal presents a game which tests one's faith in the other being someone who will act well on one's behalf. Equally, our research method searches East Africa for the elements that make up just such confidence in the other being a 'very sensible person'.[38]

[38] Rosenthal, 1981, p. 93.

3.

A Background to Social Trust in Kenya and Tanzania

When the Stranger says: "What is the meaning of this city?
Do you huddle close together because you love each other?"
What will you answer? "We all dwell together
To make money from each other"? Or "This is a community"?

Oh my soul, be prepared for the coming of the Stranger.
—T. S. Eliot[1]

Kenya and Tanzania are two East African countries often compared by scholars of Africa. They were selected as areas of study in order to assist in identifying what is important for the emergence of trusting-trustworthy relationships in urban environments. Empirical evidence presented throughout the thesis is thus drawn from urban areas of the two countries, namely the cities of Nairobi and Kisumu in Kenya, and Dar es Salaam and Mwanza in Tanzania. By way of introduction, this chapter illustrates how urban Kenya and Tanzania provide a wealth of information on the intricacies of trust creation and how, when looked at comparatively, they assist in commenting on social trust more generally. The purpose of the chapter is to describe social connections between citizens in urban areas of the two countries. In pursuit of this goal, the chapter explores social norms affected and established at key historical experiences and through independence-era articulations of political community. This helps give structural background to contemporary citizen-based decisions to trust,

[1] Eliot, T. S., *Choruses from The Rock* (1934). http://www.tech-samaritan.org/blog/2010/06/16/choruses-from-the-rock-t-s-eliot/ (accessed 10/05/13).

though is by no means a full historical account. The chapter does not seek final evaluation of the relative strengths of social links between citizens but merely attempts to introduce themes of similarity and difference that are to be examined more systematically through the empirical work that follows. It is these themes of similarity and difference between Kenya and Tanzania that have made the two countries so attractive as comparative political science cases, and so it is only right they are outlined before empirical results are considered.

The term *social structure* is used as a way of describing what is being illustrated, without giving a full account of the debate within sociology over its definition. Our use of the term is in keeping with Sewell, who agrees with much of its contemporary academic use whilst emphasising how sufficient space must nevertheless be given to human agency, such as voluntary action and citizen-generated conceptions of community.[2] As Sewell maintains, structures

> are constituted by mutually sustaining cultural schemas and sets of resources that empower and constrain social action and tend to be reproduced by that action. Agents are empowered by structures, both by the knowledge of cultural schemas that enables them to mobilize resources and by the access to resources that enables them to enact schemas.[3]

This concession on the importance of agents' interaction with structure is important because the present study explores decisions to trust within the realm of human agency and, like Sewell, refrains from claiming a simple or direct causal connection between the social structures described in this chapter and present-day sociological outcomes of trust or trustworthiness.[4] The social structures of interest here are those that frame interdependent exchange between persons, corresponding to 'social structure' in Adler and Kwon's model, as described in figure 1.1 of chapter one. *Interdependent exchange* refers to transactions and promise-making engaged in at a citizen-level for the pursuit of human goods. We explore how such exchanges are structured socially, with a particular focus on historical articulations of political community.

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[2] Sewell, Jr., W. H., 'A Theory of Structure: Duality, Agency, and Transformation'. *American Journal of Sociology*, Vol. 98, No. 1 (1992), pp. 1-29. See also Smith, C., *What is a Person? Rethinking Humanity, Social Life, and the Moral Good from the Person Up* (Chicago: The University of Chicago Press, 2010), pp. 168-9.
[3] Sewell, 1992, p. 27.
[4] Following this line of thinking, we employ the sociologist Christian Smith's definition of social structures: 'durable patterns of human social relations, generated and reproduced through social interactions and accumulated and transformed historically over time, that are expressed through lived bodily practices, which are defined by culturally meaningful cognitive categories, motivated in part by normative and moral evaluations and guides, capacitated by and imprinted in material resources and artifacts, controlled and reinforced by regulative sanctions, which therefore promote cooperation and conformity and discourage resistance and opposition.' Smith, 2010, p. 326.

The discussion is provided as follows. First, we explore the rise of the stranger in East Africa, outlining and introducing the increasing relevance of intractable members of the community for understanding urban social developments. In this way, we situate the comparative evaluation of political community presented here in terms of narratives that help citizens form expectations of others. Secondly, the chapter identifies two key historical episodes of relevance for evaluating citizen relations in East Africa: slavery and colonialism. The work of Nunn and Wantchekon demonstrates how the experience of slavery framed and affected trustful relations in East Africa. Additionally, the chapter describes how British colonial rule encouraged codification of identities along ethnic lines, paving the way towards ethnic-based political discourse after independence. On this point, the experiences of Kenya and Tanzania differ, with the mixed effect of German and British administration of Tanzania rendering resort to indirect rule through chieftainship less absolute. Following on from this, theoretical considerations are made in the chapter of the effect of identity and ethnicity for citizen discourse on reputation and cooperation, including a brief literature review of how understandings of ethnicity have developed within political science that help put into context the effects of colonial methods of rule for more recent trends of identity discourse. Citing Lonsdale's distinction between moral ethnicity and political tribalism, we note the peculiarity of the urban and the need to explore moral deliberation between ethnic groups as well—even in Kenya where there are larger ethnic blocks. Fourthly, the chapter considers conceptions of political community in the age of independence, asking how independence leadership differed between the two countries and how these differences affected citizen interactions. The purpose is not an exhaustive history but an overview of those political factors most relevant for discussing trust in the two countries. Conclusions are drawn with reference to survey data on contemporary levels of trust in Kenya and Tanzania, identifying key trends as in keeping with the secondary source analysis of citizen relations referred to throughout the chapter.

Impossible as it is to give a full account of the evolution of social norms and political discourse in Kenya and Tanzania, the chapter nevertheless attempts to grapple with the extent to which the two countries have each maintained shared behavioural practices inclusive of the "stranger"—that person unlikely to be encountered repeatedly and so difficult to form a long-term relationship with. The purpose of the exercise is to interpret the nature and reach of political trends

as structures relevant for situating trusting decisions. It may be that individuals are unequal and ethnically diverse, and yet the political economy frames trusting scenarios by virtue of providing some modus operandi for mutually beneficial exchange.

The stranger

Why focus on urban areas when examining trust creation? A member of society unique to urban life is the *stranger*. Simmel examined at the start of the 20th century the particularity of social roles in urban contexts as a way of coming to terms with the changes wrought by urbanisation. Although he distinguished between the *stranger* and the *wanderer* (on the basis that the former 'comes today and stays tomorrow' whereas the latter 'comes today and goes tomorrow'[5]), Simmel concedes that the stranger is colloquially understood as representing the problem of intractability in urban environments, and so it is this term that will be adopted in what follows.[6] The stranger presents a challenge to trust creation and trust maintenance because he or she is a person unknown and unlikely to be encountered again. On the one hand, culturally sensitive accounts of trust dynamics find sufficient reason for the breakdown of trust in urban society to lie in the stranger's lack of interpretable identity; whilst, on the other hand, game theory accounts observe the absence of expected re-encounters with the stranger to be the trust-diminishing force. Both perspectives employ different vocabulary towards a very similar argument and the conclusion is clear: the trusting of strangers is a difficult status quo for any society to achieve.

The advance of the stranger into African social life has come through the process of urbanisation, with Bryceson noting in reference to Tanzania how

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[5] Simmel, G., 'The Stranger' (1908). Ch 10 of Levine, D. N. (ed.), *Georg Simmel: On Individuality and Social Forms. Selected Writings* (Chicago: University of Chicago Press, 1971), p. 143.

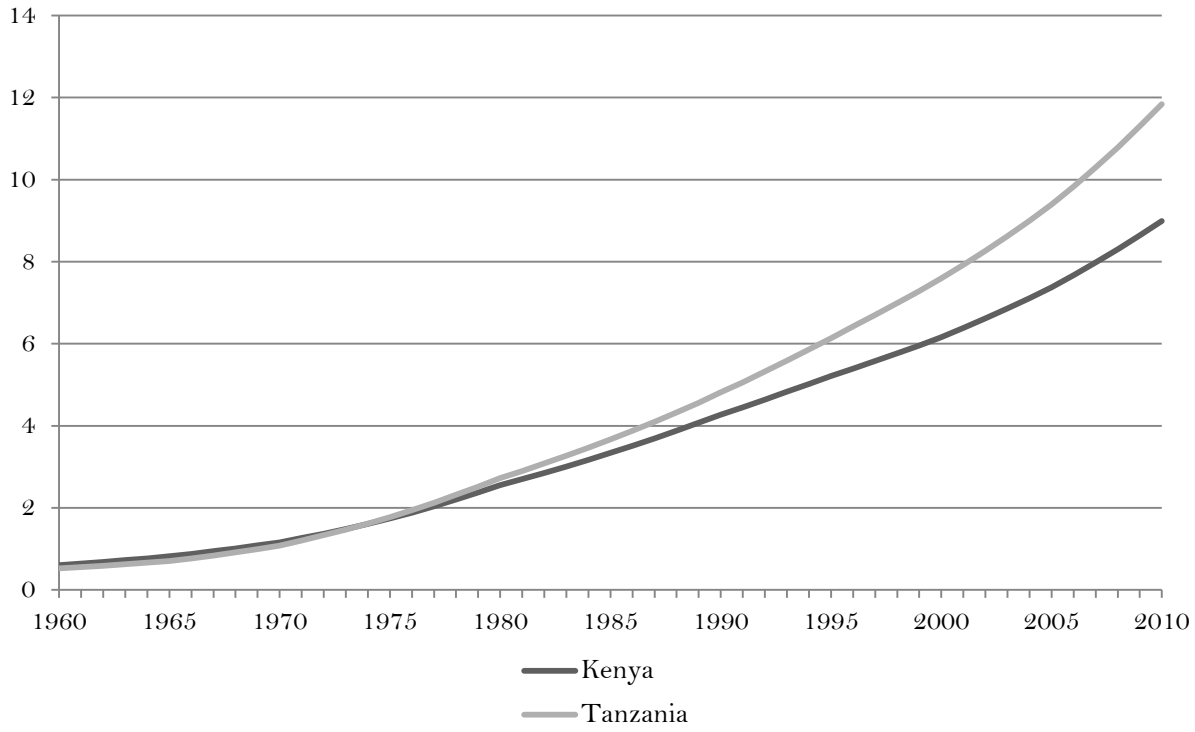
[6] Ibid. Wood compares her use of "stranger" against Simmel's understanding of the wanderer and comments: 'We shall describe the stranger as one who has come into face-to-face contact with the group for the first time. This concept is broader than that of Simmel, who defines the stranger as "the man who comes today and stays tomorrow, the potential wanderer, who although he has gone no further, has not quite got over the freedom of coming and going". For us the stranger may be, as with Simmel, a potential wanderer, but he may also be a wanderer who comes today and goes tomorrow, or he may come today and remain with us permanently.' Wood, M. M., *The Stranger: A Study in Social Relationships* (New York: Columbia University Press, 1934), pp. 43-4. This account agrees with Wood's terminology.

> a population cut-off of 15,000 people generally constitutes a sufficient nucleus of residents to catalyze daily market exchange and cosmopolitan social interaction well beyond familial ties. Residents become increasingly distanced from direct consumption of own produced food and natural resources immediately procured from their locality. In other words, the urban locality is the site of expanding service and commodity exchange, eroding the direct connection between producer and the environment in the process of need fulfillment. Instead a proliferating economic division of labour between residents, but also between residents and economic agents from the world beyond, evolves.[7]

Debate on the extent of urbanisation in Africa is sometimes undermined by gaps in census data and limited analytical separation of rural-urban migration from natural urban population growth.[8] In a critical review of existing findings on urbanisation in Africa, Potts compares urban population growth with national population growth and finds 'the urbanisation levels of many countries are increasing slowly—if at all', contrary to the general impression.[9] The analysis fails to convey, however, how "stagnant" rates of rural-urban migration still lead to large increases in urban populations, especially when a country's urban population is also growing rapidly itself. For both Kenya and Tanzania, increasing urbanisation is occurring hand in hand with general population growth, bringing about large numbers of urban residents and, importantly for this study, a sustained proliferation of the stranger.[10] Figure 3.1 displays the total urban populations of Kenya and Tanzania—the slightly higher trend in Tanzania in keeping with that country's higher general population growth.

[7] Bryceson, D. F., 'Birth of a market town in Tanzania: towards narrative studies of urban Africa'. *Journal of Eastern African Studies*, Vol. 5, No. 2 (2011), pp. 274-293, p. 275.
[8] Potts, D., 'Whatever Happened to Africa's Rapid Urbanisation?' *Counterpoints* (Africa Research Institute, Feb 2012), p. 2. For a demographic survey of urbanisation in Tanzania, see Muzzini, E. & Lindeboom, W., 'The Urban Transition in Tanzania: Building the Empirical Base for Policy Dialogue'. *World Bank* (2008). http://siteresources.worldbank.org/CMUDLP/Resources/tanzania_wp.pdf (accessed 03/06/12).
[9] Potts, 2012, p. 1.
[10] Ibid, p. 4.

Figure 3.1 Total urban population in Kenya and Tanzania (millions)[11]



The uniqueness of the urban stranger is perhaps best described in contrast with the intimacies of rural life.[12] In his anthropological account of the Haya, a people of north-western Tanzania, Weiss describes the closeness of rural space:

> One night after dark, a housemate was shocked to hear our neighbor pounding cassava into flour for the evening's meal. "Pounding *ugali* at this time of the night! Better I should go hungry!" When I asked what was so unusual about this activity he suggested that when people hear pounding during the night they assume that a thief is at work. Anyone who has yet to finish such tasks in the daylight is, at least according to my friend, assumed to have used the cover of darkness to steal food, which must then be (rather audibly) prepared at night.[13]

The regularity of close living with the same neighbours leads seamlessly to the formation of common norms and understandings, which further heighten in importance with shared knowledge of them. The urban area sees a collapse of such regularities, and the density of intractable,

[11] World Bank, 'African Development Indicators' (2010). http://databank.worldbank.org/ (accessed 21/09/12).
[12] This is not to say, of course, that there are no strangers to rural areas, only that even newcomers to rural neighbourhoods hold similar capacities to be known and know others through repeated encounters given their smaller size, and this is more difficult in urban contexts.
[13] Weiss, B., *The Making and Unmaking of the Haya Lived World: Consumption, Commoditization, and Everyday Practice* (Durham & London: Duke University Press, 1996), p. 85.

unaccountable people can threaten the stability of older social norms. Perhaps the best illustration of the difference of the urban to the rural in East Africa lies in how the Swahili developed two words for the spirits that hold the world in check, distinguishing between ancestral spirits, *mizimu*, and spirits as understood within Islam, *jinn*. The former is now used to refer to rural spirits and the latter urban.[14] It is alongside the transformation of previous norms and understandings that the stranger enters one's urban living space: unknown and difficult to hold to account.

Looking into social trust in Kenya and Tanzania, we are interested in those ways in which the stranger is incorporated into the trust fabric of society such that, despite her eclectic attendance of one's social space, she may be cooperated with. This is a strained research task, most notably because decisions to trust are so often misplaced, and so it should be clarified from the beginning that a full account of degrees of trust, trust imbalances and trust abuses is not being made. Rather, the study is limited to identifying where the dual combination of the trusting and trustworthy person meet in urban areas, and asking the nature of motivations that bring this relationship about. Conceptions of political community are, in part, attempts to incorporate the stranger into a common narrative, linking citizens in a way that professes to help overcome economic dilemmas of scarcity and noncooperation.

Historical forces influencing contemporary trust

Turning to evidence on the journey of social norms in Kenya and Tanzania as social structures for decisions to trust, an extremely important feature of the second millennium was the normalisation of slavery, only challenged comprehensively by the 20th century. Here slavery is considered because it provides an important backdrop that helps explain levels of trust in East Africa, a point demonstrated clearly in the work of Nunn and Wantchekon. This is not to say that linear conclusions can be drawn between experiences of slavery and present-day trust practices, only that

[14] Nurse, D. & Spear, T., *The Swahili: Reconstructing the History and Language of an African Society, 800-1500* (Philadelphia: University of Pennsylvania Press, 1985), p. 95.

ignoring the influences of periods of slavery in a historical overview of East Africa would not do justice to its general importance in having shaped social relations and trust over time.

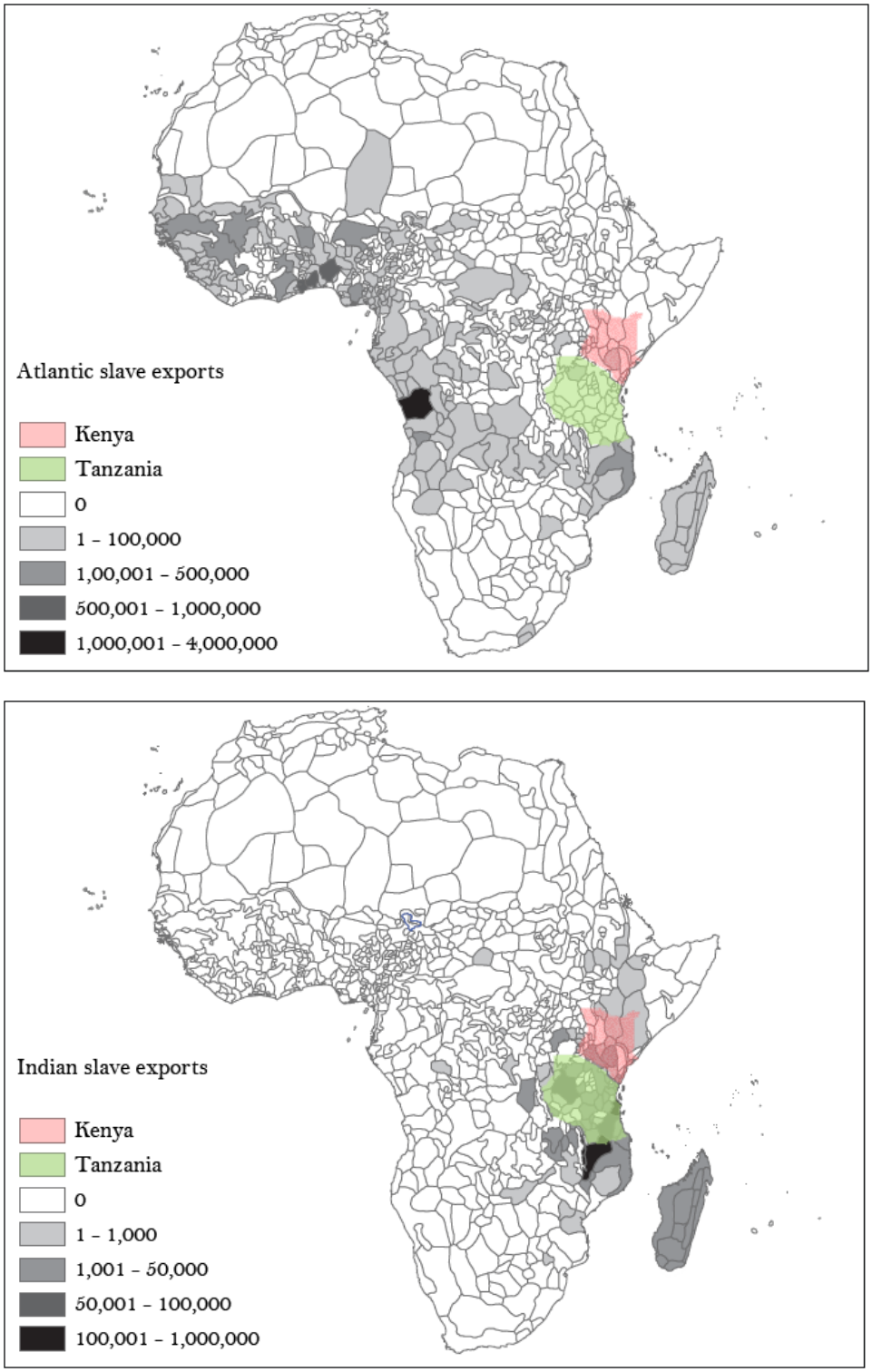
The relevance of slavery and the slave trade for eroding social norms and trust is only too apparent when the practice combined with capitalist penetration. As Iliffe recounts:

> Although Arabs rarely raided for slaves in Tanganyika, their willingness to buy them was obviously the main stimulus to the trade. Some militarised African peoples raided their stateless neighbours systematically, especially in the south. More slaves were probably ordinary war-captives. Some were victims of localised brutality or social oppression. Most of those whose personal stories survive were kidnapped as children, for adult males were too prone to escape. Men also continued to sell their relatives or even themselves during famine. As the trade became increasingly pervasive, attitudes to life and freedom were brutalised. There are stories of men selling their wives for guns in Upare. By the 1890s the Doe were paying bridewealth in slaves and a traveller found the Chief of Ubungu playing the African board game, *bao*, with bullets for counters.[15]

Prior to capitalist expansion through coastal trade, slavery in East Africa was 'confined to the courts of powerful chiefs, where it was a relationship of dependence rather than chattel slavery.'[16] The movement from a contractual relationship between master and slave where protection was given to prisoners of war or men unable to pay their debts in return for servitude, to the buying and selling of slaves as commodities, was a crucial step in the role slavery was to play in demolishing norms of trust between persons. From the 1860s, guns were provided by coastal traders so that regional big men could raid for slaves.[17] In a part of the world where '[m]en measured out their lives in famines',[18] vulnerable persons were too easily transformed into objects of exchange. Figure 3.2 illustrates volumes of slaves involved in the transatlantic and Indian Ocean slave trades according to their ethnic areas of origin, with the present day locations of Kenya and Tanzania indicated.

[15] Iliffe, J., *A Modern History of Tanganyika* (Cambridge: Cambridge University Press, 1979), p. 50.
[16] Ibid, p. 17.
[17] Håkansson, T., 'Rulers and Rainmakers in Precolonial South Pare, Tanzania: Exchange and Ritual Experts in Political Centralization'. *Ethnology*, Vol. 37, No. 3 (1998), pp. 263-283, p. 278.
[18] Iliffe, 1979, p. 13.

Figure 3.2 Estimated numbers of slave exports from the (1) transatlantic and (2) Indian Ocean slave trades between 1400 and 1900 [19]



[19] Adapted from Nunn, N., & Wantchekon, L., 'The Slave Trade and the Origins of Mistrust in Africa'. *American Economic Review*, Vol. 101, No. 7 (2011), pp. 3221-3252, p. 3230. The grey lines on the maps divide Africa into ethnic constituencies when displaying estimated numbers of slave exports.

Nunn and Wantchekon compare the extent of slavery with present survey levels of trust and find 'individuals belonging to ethnic groups that were most exposed to the slave trades exhibit lower levels of trust in their relatives, neighbors, coethnics, and local government today'[20] despite it being almost 100 years since the trade. Across Africa the authors find stronger levels of trust the further away from the coast communities are (where the slave trade was often most intense), and note how this cannot be due to capitalist penetration in general because samples outside of Africa which experienced capitalism without a slave trade have no such correlation.[21] As a historical fact that helps explain social mistrust in Africa, therefore, slavery is a defining experience: habits of practice that normally facilitated interdependent exchange between persons were deeply affected. Nunn and Wantchekon's findings help demonstrate both the extent to which trust is dependent on the longue durée of social relations, and the particular importance of slavery for having destabilised social norms of that period throughout East Africa.

The research sites this study takes evidence from—Nairobi, Kisumu, Dar es Salaam and Mwanza—therefore have each had different experiences with regard to slavery. Dar es Salaam, as a coastal city, is perhaps the place that has most suffered exposure to the trade, meaning that it is more likely to have suffered resulting destabilisations in social norms and levels of trust. However, the cities of Kisumu and Mwanza are both closer to the interior of Africa and, by bordering on Lake Victoria, they are comparable in terms of Nunn and Wantchekon's association between distance from the coast and exposure to the slave trade, meaning the direct comparison between the two cities in chapter five is additionally appropriate. However, for comparisons between Nairobi and Dar es Salaam, their varied distance from the Indian Ocean means that such comparisons—present in chapters six, seven and eight—are less likely to yield higher levels of trust in Dar es Salaam than in Kenya. Given that the methodologies deployed in this study in fact find higher levels of trust in Dar es Salaam than in Nairobi, we do not pursue further as causes for these differences the historical effects of slavery that Nunn and Wantchekon identify.

Slavery has, in any case, not been the sole determining factor for structuring social relations in East Africa. A further historically powerful episode affecting the structuration of relationships

[20] Ibid, p. 3222.
[21] Ibid, p. 3249.

and norms came through the colonial administration, considered here only insofar as it dictated terms for citizen-on-citizen engagement. Colonialism emphasised a codification of social relations, an illustration of which comes from the personal letters of Francis Hall to his father between the years 1892 and 1901. As a pioneer, Hall paved the way for a British administration of Kenya by constructing outposts and roads and managing informal diplomatic relations between tribes. Arguably one of those most in possession of a 'common touch' with natives of East Africa,[22] Hall learnt Kiswahili and interacted regularly with locals, particularly around Machakos of central Kenya. Interestingly, his central complaint from time spent in the field came not from when he was rammed by a rhino or bitten by a cheetah but from the ever increasing bureaucracy. In perhaps far-sighted prediction of what was to come, Hall complains about the administration to his father:

> As for any connections with the natives or any knowledge of one's District, this is apparently a secondary consideration nowadays, for one can never get any relief from ink slinging, & if one was to leave the Station for a week, there would be enough accumulated clerical work to give anything but a type-writer scrivener's cramp.[23]

> Dispatches fly round by hundreds; if papers would do it, this would be the best governed country in the world. However one of these days, when the natives have wiped out a few Europeans, they may learn wisdom, & the only thing is to hope not to be amongst the first victims...[24]

The quotes bear mysterious resemblance to the comments of Anderson who evaluates British treatment of the Mau Mau as displaying 'something compellingly distinctive about the institutional bureaucratization of war in Kenya that sets it apart'.[25] He comments:

> The war against Mau Mau was fought not just by the military, or by the police, but by the civil administration, in a pervasive campaign that sought to strip the rebels and their sympathizers of every possible human right, while at the same time maintaining the appearance of accountability, transparency, and justice.[26]

In both Anderson's comment and those of Hall, there is suggestion that the British colonial system focused more on keeping coherent its internal administration than developing external social relations between communities. This codification was accompanied by solidification of ethnic

[22] Sullivan, P. (ed.), *Kikuyu District: Francis Hall's letters from East Africa to his father, Lt. Colonel Edward Hall, 1892-1901* (Dar es Salaam: Mkuki na Nyota Publishers, 2006), p. xvi.
[23] Ibid, p. 155.
[24] Ibid, p. 162.
[25] Anderson, D., *Histories of the Hanged: Britain's Dirty War in Kenya and the End of Empire* (London: Phoenix, 2005), p. 6.
[26] Ibid.

identities through "divide and rule" methods of government administration, which rewarded loyalty to the colonial power through standardised systems of chieftaincy.

Because the territory of Tanganyika shifted hands from German rule to British rule at the close of the First World War, less of an exhaustive attempt was made to bureaucratise the state-society relationship. Nevertheless, indirect rule abounded throughout British Africa and was applied with particular enthusiasm in Tanganyika by Sir Donald Cameron who had developed the system of 'indirect administration' in Nigeria before being appointed governor of Tanganyika Territory in 1925.[27] Mamdani describes the style of rule as having created 'decentralized despotism'[28] through which

> Britain, more than any other power, keenly glimpsed authoritarian possibilities in culture. Not simply content with salvaging every authoritarian tendency from the heterogenous historical flow that was precolonial Africa, Britain creatively sculptured tradition and custom as and when the need arose. [...] By this dual process, part salvage and part sculpting, they crystallized a range of usually district-level Native Authorities, each armed with a whip and protected by the halo of custom.

Reference to culture and custom was explicit, but only in the context of its use for state administration. Insofar as local systems of authority were reworked by the state to form part of a system of central coercion, they became alienating social structures, decreasingly relevant to citizen-level reputational discourse and the forming of trusting-trustworthy relationships.

Despite the hefty influence of Sir Donald Cameron in establishing indirect rule in Tanganyika, the country's history of colonial chiefdoms is more eclectic than Kenya's and therefore weaker. Earlier German rule destroyed the authority of chiefs, causing them to suffer a prolonged institutional absence before their reintroduction by the British.[29] Given their obvious colonial heritage, therefore, as early as 1962 the Tanganyika African National Union (TANU) withdrew the power of chiefs to administer law and order, and chiefly authority was soon done away with

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[27] Yeager, R., *Tanzania: An African Experiment* (Hampshire: Westview Press, 1982), pp. 12-3. See Cameron, D., 'Principles of Native Administration and Their Application'. *Local Government Memoranda: No. 1* (Dar es Salaam: Government Printer, 1930).
[28] Mamdani, M., *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism* (Princeton: Princeton University Press, 1996), p. 37.
[29] Feierman, S., *Peasant Intellectuals: Anthropology and History in Tanzania* (Wisconsin: University of Wisconsin Press, 1990), pp. 16-7.

completely.[30] By contrast, Kenya has suffered the colonial atomisation of culture for political ends to continue through her history, leaving a mark on modern developments such as the rise and fall of the Kenya African Democratic Union (KADU), the concept of regional rule through majimboism, and debate over the ethnic-centrism of multi-party politics from 1992. Kenya's history of independence is littered with promising political candidates being accused of representing only one ethnic group, and it is difficult to deny how this follows in part from the bureaucratic structuration of ethnic identity under British colonialism. Permeating these episodes is the tug of war between the nation and the region whereby the 'bifurcated state' seeks to maintain an aura of incommunicability of moral discourse between ethnicities.[31]

Ethnicity and identity

Any consideration of ethnicity from colonialism to independence-era politics requires, however, that adequate appreciation be made of developments within political science in understanding ethnicity. It is especially important here because the chapter focuses on historical experiences of Kenya and Tanzania and how they inform links between citizens and articulations of political community. This sub-section therefore gives a brief review of the literature on ethnicity before discussing politics of ethnicity in Kenya and Tanzania.

Since the 1980s, it has been a combination of rational choice and institutional analysis—rather than cultural analysis—that has taken social science inquiry forward into the nature and role of ethnicity. Institutionalist and rational choice approaches grew in part through powerful critique of the vagueness and tautology of the culturalist trend that preceded it. For example, Geertz, a characteristic example of a culturalist, described that

> the peoples of the new states are simultaneously animated by two powerful, thoroughly interdependent, yet distinct and often actually opposed motives – the desire to be recognized as responsible agents whose wishes, acts, hopes, and opinions "matter," and the desire to build an efficient, dynamic modern state.[32]

[30] Ibid, p. 229.
[31] Mamdani, 1996, pp. 300-1.
[32] Geertz, C., *The Interpretation of Cultures: Selected Essays* (London: Fontana Press, 1993 [1963]), p. 258.

In arguing such, Geertz was criticised by Esman as being 'rooted in late eighteenth and early nineteenth century historicist ideas'[33] and by Eller and Coughlan as trying to defend a point of view that is expressly '*ab origine* and *causa sui*'.[34] The perceived problem was assuming ethnic identities to be immovable characteristics of the person, and in turn deducing human motivations on the basis of these fixed ethnic identities.

A sense of mystery about community and solidarity was observed in the culturalist tradition, connecting loosely the concepts of ethnicity, culture and nationalism. The counter-argument hailed instead from more analytical philosophical inspirations and precisely sought to shred any sense of mystery or inevitability. Focus was made instead on causality, leaving only those culturalist claims that could be redeployed as determinable variables with any credibility. Community and history ceased to be understood as a directional whole and became interpreted as a platform where individual interests play out; community became a space where preference sets harboured within each individual formed and clashed. Culture, in this description, was more a modifier or source for individual interests and, at worst, a shroud concealing the material dynamics at play in human interactions. Culture was no longer assumed a source of unity.

For Africa, the implications of this shift in understanding ethnicity broke forth with Ranger's considerations of how European traditions brought to the continent had effectively been 'invented'.[35] The argument, much as with Mamdani's later piece *Citizen and Subject*,[36] was that colonial authorities squeezed and reshaped African communities to streamline administration whilst creating symbolic justifications for the new institutions that could help frame them as legitimate. As such, 'British administrators set about inventing African traditions for Africans.'[37] As part of the

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[33] Esman, M. J., *An Introduction to Ethnic Conflict* (Cambridge: Polity Press, 2004), p. 31.
[34] Eller, J. & Coughlan, R., 'The poverty of primordialism: the demystification of ethnic attachments'. *Ethnic and Racial Studies*, Vol. 16, No. 2 (1993), pp. 187-92 & pp. 199-201. Found in Hutchinson, J. & Smith, A. D., *Ethnicity* (Oxford: Oxford University Press, 1996), p. 45 (emphasis in original). 'Causa sui' is a term associated with the continental philosophies of Spinoza, Freud and Sartre. Sartre notes: 'if we can raise the question of the being of the for-itself articulated in the in-itself, it is because we define ourselves *a priori* by means of a pre-ontological comprehension of the *ens causa sui*.' Sartre, J., *Being and Nothingness: An Essay on Phenomenological Ontology* (Oxford: Routledge, 1943), p. 622. The bordering on tautology is only too apparent.
[35] Ranger, T., 'The Invention of Tradition in Colonial Africa'. Ch 6 of Hobsbawm, E. & Ranger, T. (eds.), *The Invention of Tradition* (Cambridge: Cambridge University Press, 2012 [1983]), p. 211.
[36] Mamdani, 1996.
[37] Ranger, 2012, p. 212.

ongoing analytical critique of culturalist assumptions, this re-evaluation of the political uses of culture paved the way for exploring how both colonial and post-colonial elites in Africa have manipulated ethnicities for personal gain, with Ranger further expanding on the state's capacities for bringing about 'imagined' traditions.[38] An extreme example of how ethnicities have come to be understood as open to political manipulation lies in conflict studies. There, the persistent salience of ethnicity in the midst of conflict has been noted whilst simultaneously resisting the assumption that conflicts are being caused by the existence of ethnic differences per se. Explanation has formed instead on how ethnic identities may be malleable and, therefore, also politically interpretable—incited at the behest of certain leaders. In the midst of security dilemmas especially, defined as situations 'in which each party's efforts to increase its own security reduce the security of the others',[39] it is easy to see how identities can work as fall-back options for group solidarity, given the tension over one's own vulnerability. In this way, politics can be read from 'a different perspective that does not focus on ethnicities as such but on the context in which ethnicities are recruited for social and political purposes.'[40] Ethnic identities are formed, wound-up or weakened over time, and can act as a 'smoke-screen behind which the real business of politics is conducted.'[41]

This development in questioning assumptions of fixed identities and noticing how identities can be manipulated for political ends has influenced the way ethnicity in East Africa is seen, a prime example of which is Lynch's *I Say to You*, a study of ethnic politics amongst the Kalenjin.[42] The broader developments in thinking about ethnicity are thus important for helping interpret how ethnicity may be affecting social relations in Kenya and Tanzania, and how ethnic identities may in turn be influencing levels of trust and practices of trust between citizens. Leading on from discussions of how colonials used traditions and customs of Africa, Klopp goes describes how in the

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[38] Ranger, T., 'The Invention of Tradition Revisited: The Case of Colonial Africa'. Ch 2 of Ranger, T. & Vaughan, O. (eds.), *Legitimacy and the State in Twentieth-Century Africa: Essays in Honour of A. H. M. Kirk-Greene* (London: MacMillan, in association with St Antony's College, Oxford, 1993), 81.
[39] Snyder, J. & Jervis, R., 'Civil War and the Security Dilemma'. Ch 1 of Walter, B. F. & Snyder, J. (eds.), *Civil Wars, Insecurity, and Intervention* (New York: Columbia University Press, 1999), p. 15.
[40] Hoyweghen, S. V. & Vlassenroot, K., 'Ethnic Ideology and Conflict in Sub-Saharan Africa: The Culture Clash Revisited'. Ch 2 of Doom, R. & Gorus, J. (eds.), *Politics of Identity and Economics of Conflict in the Great Lakes Region* (Brussels: VUB University Press, 2000), p. 95.
[41] Chabal, P., 'The (De)Construction of the Postcolonial Political Order in Black Africa'. *Africa Today* (Canberra: ANU Press, 1996), p. 71.
[42] Lynch, G., *I Say to You: Ethnic Politics and the Kalenjin in Kenya* (Chicago: The University of Chicago Press, 2011). For wider discussions of ethnicity, see especially pp. 12-29.

contemporary era Kenya's ethnic relations have helped form a 'bifurcated world' where ethnic barons 'continue to move between being "ethnic chiefs" in rural areas, speaking the language of "custom" over land and threatening violence against "outsiders" to using liberal rhetoric and portraying themselves as protectors of "private property rights" to facilitate their own accumulation.'[43] Exploring the roots of this division, Lonsdale recounts how, in 1920s Kenya,

> Dominance seemed to be exercised, whether by white over black or between one African and another, by personal suasion and violence rather than through the impersonalities of property and the law. Because the only accepted political categories were those of race and tribe, they were separated and subdivided by the state rather than given any joint focus for negotiation and mobilisation by recognition in the central governing institutions.[44]

How communicable can social norms be between ethnic groups? Did the weaknesses of British colonial penetration of Tanganyika lead to greater inter-ethnic normative coordination or less? The comparison between Kenya and Tanzania is well-suited to this question and has direct relevance for evaluating the strength of the stranger's place in urban areas of each country. The make-up of Kenya differs from Tanzania in its concentration of larger ethnic groups. As described in chapter one, Tanzania has over 120 distinct ethnic groups, the largest of which comprises only 13 percent of the population. In contrast, Kenya's five main ethnic blocks capture 70 percent of her population.[45] Even though larger ethnic blocks could be imagined as allowing for democratically conducive intra-ethnic discourse, the reality of political division in Kenya more likely approaches Hale's concept of a 'core ethnic region'.[46] This he defines (in the context of ethnofederal states) as 'a single ethnic federal region that enjoys dramatic superiority in population'. Hale argues that the existence of such regions tends

> (1) to promote the rise of "dual power" situations that are frequently at the heart of state breakdown and revolution; (2) to reduce the capacity of central governments to credibly commit

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[43] Klopp, J. M., 'Can Moral Ethnicity Trump Political Tribalism? The Struggle for Land and Nation in Kenya'. *African Studies*, Vol. 61, No. 2 (2002), pp. 269-294, p. 287.
[44] Lonsdale, J., 'The Depression and the Second World War in the Transformation of Kenya'. Ch 4 of Killingray, D. & Rathbone, R. (eds.), *Africa and the Second World War* (Hampshire and London: The Macmillan Press, 1986), p. 102.
[45] Yeager, 1982, p. 2; Barkan, J., 'Divergence and Convergence in Kenya and Tanzania: Pressures for Reform'. Ch 1 of Barkan, J. (ed.), *Beyond Capitalism vs. Socialism in Kenya & Tanzania* (London: Lynne Rienner Publishers, 1994), p. 10.
[46] Hale, H. E., 'Divided We Stand: Institutional Sources of Ethnofederal State Survival and Collapse'. *World Politics*, Vol. 56, No. 2 (2004), pp. 165-193, p. 166.

> to the security of ethnic minority regions, and; (3) to facilitate the collective imagining of a core-group nation-state separate from the union state.[47]

Though Hale's analysis applies to federal states, a similar dynamic can be observed in Kenya, helping demonstrate the particular way in which large ethnic blocks, when codified through the colonial experience, may act as tinder to the fire of political division. Core ethnic regions have thus been found to increase the propensity for state collapse.[48]

Discussion of the power of identity to structure relationships socially and politically in East Africa is most forcibly provided by Lonsdale, who develops the concept of 'moral ethnicity' to describe the internal deliberation of an ethnic group over what constitutes good and right action. This concept is pertinent to discussions of trusting-trustworthy relationship formation regardless of location. As Lonsdale affirms it, moral ethnicity describes 'the common human instinct to create out of the daily habits of social intercourse and material labour a system of moral meaning and ethnical reputation within a more or less imagined community.'[49] A prime example Lonsdale uses to explain his thesis is the dispute between Stanley Mathenge and Dedan Kimathi—both Mau Mau leaders but the former a founder of an illiterate group of fighters and unwilling to conform to the standards of a bureaucratic political administration. Disagreement erupted within the Mau Mau when those prepared to enter into dialogue with state administrators justified their move with a rejection of Kikuyu custom as a vehicle of elders' selfishness. As Lonsdale describes it,

> the heart of the forest dispute lay in the literates' response to the *riigi* thesis that power must rest on personal reputation within the small moral community. Kimathi and Njama countered that their unlettered opponents, far from being concerned for the accountability of power, were themselves selfish, clannish intriguers who fanned parochial envy for lack of personal merit. Statesmanship, they self-righteously insisted, was an acquired skill and hard work, not a favour.[50]

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[47] Ibid.

[48] See also Collier, P. & Hoeffler, A., 'On economic causes of civil war'. *Oxford Economic Papers*, Vol. 50, No. 4 (1998), pp. 563-573. Further in support of Kenya's reality of ethnic factionalism, Elischer considers all significant political parties from 1992 to 2007 to represent 'ethnic parties'. He comments: 'By and large Kenyan parties and Kenya's political discourse are not structured around ideological ideas. Instead parties are heavily personality driven.' Elischer, S., 'Political Parties, Elections and Ethnicity in Kenya'. Ch 9 of Branch, D., Cheeseman, N. & Gardner, L. (eds.) *Our turn to Eat: Politics in Kenya Since 1950* (Berlin: Lit, 2010), pp. 219-20.

[49] Lonsdale, J., 'Moral Ethnicity and Political Tribalism'. Ch 6 of Preben Kaarsholm & Jan Hultin (eds.), *Inventions and Boundaries: Historical and Anthropological Approaches to the Study of Ethnicity and Nationalism*, Papers from the researcher training course held at Sandbjerg Manor 23 to 29 May 1993 (Roskilde, 1994), p. 132.

[50] Ibid, p. 146 (emphasis in original). *Rigii* refers to the door that protects a household.

Faced with the alien operation of colonialism, Kikuyu had to choose between conformity to the state or retreat into ethnic custom, a choice which highlighted how distant and incommunicable the two positions were. Lonsdale explains how:

> Mau Mau was thus divided by that central issue in all multi-cultural politics—not just in Africa—whether equal citizenship is best preserved by institutions that obey the superior claims of public neutrality or, rather, that recognise the cultural particularities within which people are formed as social beings; even within this parochial forest arena, that was what fired the argument between Parliament and *riigi*.[51]

The key mechanism at work in moral ethnicity is the prioritisation of reputation as interpreted through local norms and customs.

Lonsdale sharpens the concept of moral ethnicity by contrasting it against 'political tribalism', described in Cheeseman's words as 'a device used by elite actors to mobilise support based on the manipulation of a community's fear of exclusion from power and access to resources.'[52] Moral ethnicity and political tribalism are framed as a 'dialectical tension'[53] that helps explain the tumultuous journey of the nation-state in Africa. Taken on its own, moral ethnicity is one of precious few examples of an empirically rich account of ethnicity combined with a positive audit of its possible contribution to national life. As Lonsdale posits:

> Moral ethnicity may have to be recognised as a good in itself; it may be the precondition for allowing equality of both personal esteem and legal status for members of ethnic minorities. But how to prevent such recognition of moral ethnicity from degenerating into political tribalism is an unsolved problem, one indeed that has scarcely begun to be addressed, either in New York, London, Solingen and Sarajevo or in Monrovia, Nairobi, Soweto and Mogadishu.[54]

At the same time, criticism can be levelled at the extent to which Lonsdale reifies ethnicity. Discussion of the Kikuyu alone biases the argument towards assuming clear ethnic boundaries that facilitate sheltered moral deliberation, an assumption that would hold less seamlessly for other

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[51] Ibid, p. 147.
[52] Cheeseman, N., 'Kenya Since 2002: The More Things Change the More They Stay The Same'. Ch 6 of Mustapha, A. R. & Whitfield, L. (eds.), *Turning Points in African Democracy* (Suffolk: James Currey, 2009), pp. 99-100.
[53] Lonsdale, J., 'Moral & Political Argument in Kenya'. Ch 5 of Berman, B., Eyoh, D. & Kymlicka, W. (eds.), *Ethnicity & Democracy in Africa* (Oxford: James Currey, 2004), p. 76.
[54] Lonsdale, 1994, p. 141.

groups such as the Kalenjin or Swahili.[55] Similarly, there is an inherent tension in the very term *ethnicity* that makes it a complicated vehicle for promoting political accountability. Whilst Africanist scholars have widely concluded on the arbitrariness of many current ethnic categories because of their solidification during the colonial era,[56] here we find a commitment to ethnicity as integral to human nature. Lonsdale makes, for instance, universalised comments on ethnicity, such as: 'Ethnicity is always with us; it makes us moral—and thus social—beings';[57] and 'Ethnicity is a universal cradle of civility',[58] but how is one to reconcile the supposed arbitrariness of ethnicity with this universality? Lonsdale closes his 2004 piece with the words: 'any future crisis of government in Kenya might be answered more effectively from below by a revived, and generalized, deep moral ethnicity.'[59] What would that look like? How can something ethnic be generalised at the level of state institutions?

To help avoid this analytical tension, we make additional focus throughout this thesis on the *moral and normative in themselves* alongside the ethnic. Lonsdale's stress on the importance of reputation need not be confined to internal ethnic discourse in terms of its theoretical contribution. This is not to deny how the experiences of the Kikuyu were, over the 20th century, one of the most powerful displays of intra-ethnic discourse on identity, purpose, role and reputation. Anderson describes the Mau Mau struggle of the Kikuyu against colonial rule in the years 1952 to 1960 as becoming 'more and more like a civil war' as it was 'waged between rebels and so-called 'loyalists''.[60] The way in which memory of this conflict was then avoided by Jomo Kenyatta[61] and subsequently re-imagined by others as a nation-wide independence moment has come alongside profound debate on the relevance of the Kikuyu for contemporary Kenya.[62] Despite the obvious importance this

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[55] In reference to the Kalenjin, see Lynch, G., 'Histories of Association and Difference: The Construction and Negotiation of Ethnicity'. Ch 8 of Branch, D., Cheeseman, N. & Gardner, L. (eds.), *Our turn to Eat: Politics in Kenya Since 1950* (Berlin: Lit, 2010), pp. 185-6.
[56] Ranger, T., 'The Invention of Tradition in Colonial Africa'. Ch 6 of Hobsbawm, E. & Ranger, T. (eds.), *The Invention of Tradition* (Cambridge: Cambridge University Press, 1983); Ranger, T., 'The Invention of Tradition Revisited: The Case of Colonial Africa'. Ch 2 of Ranger, T. & Vaughan, O. (eds.), *Legitimacy and the State in Twentieth-Century Africa: Essays in Honour of A. H. M. Kirk-Greene* (London: MacMillan, in association with St Antony's College, Oxford, 1993); Lynch, 2010, p. 177.
[57] Lonsdale, 1994, p. 132.
[58] Lonsdale, 2004, p. 77.
[59] Ibid, p. 94.
[60] Anderson, 2005, p. 4.
[61] Ibid, p. 336.
[62] See, for example, discussion and hype surrounding the supposed return to Kenya of Stanley Mathenge. Branch, D., *Kenya: Between Hope and Despair, 1963-2011* (London: Yale University Press, 2011), pp. 288-94.

internal Kikuyu search for identity has had for Kenya, it is not equally applicable to frame all debate on identity, purpose, role and reputation in East Africa as played out intra-ethnically, especially when the methods of reputation building and reputation breaking—such as the evaluation of behaviour through interpersonal narration, the comparison of action with proverbs or accumulated wisdom, or the assessment of actions as considerate towards others—are common between ethnic groups.[63] Further, although there is insufficient space to explore their impact here, music, fashion and culture of course play key roles in transforming identities, bearing inter-ethnic influence.

Part of the reason Lonsdale sees moral discourse as situated within ethnicity is his separation of material concerns common to all from an understanding of culture and cultural change. For example, in commenting on precolonial Kenya, Lonsdale remarks:

> People lived an ethnicity rather than rationalized it, having little need to defend its ways against outside oppression. It was the culture in which they earned their living, discharged social obligations, resolved disputes, earned reputation and trust as self-realized men or women—*hommes ou femmes accompli/es.*[64]

Such a perspective runs against both new institutional economics and schools within evolutionary anthropology, which view culture as 'decision-making rules-of-thumb employed in uncertain or complex environments',[65] and therefore rationalizable given histories of physical, economic or demographic circumstances. For example, North claims:

> Institutions are the rules of the game in a society or, more fundamentally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in

[63] To take a merely anecdotal example, many of the proverbs found within ethnic moral discourses can find equivalent moral messages in proverbs of other ethnic groups and languages. The Kikuyu saying, 'Cia thogori itiyũraga ikũmbĩ', for instance, literally translates as: bought things do no fill the granary. The meaning is that you should not hope to become rich without cultivating your fields, that doing well requires hard work. The Luo ngeche saying, 'Giri ema chodi luya', literally translates as: it is your possession or something you own that makes you sweat. The meaning here is that achievement through your own sweat is what gives satisfaction. Despite their different cultures, languages and expressions, the two sayings are both emphasising the virtue of industriousness, being someone who is hard-working. At the same time, *even if* meanings were found to be entirely different, the process of narration and the interpretation of action illustrate a process of moral deliberation that seems essential to human society. Barra, G., *1000 Kikuyu Proverbs* (Nairobi: Kenya Literature Bureau, 2010), 3rd Ed., p. 6; and Odaga, A. B., *Luo Proverbs and Sayings* (Kisumu: Lake Publishers, 1995), p. 31.

[64] Lonsdale, 2004, pp. 77-8.

[65] Nunn & Wantchekon, 2011, p. 3226. For a comprehensive example of using the new institutional economic perspective to analyse developments in social norms amongst the Orma of northeastern Kenya, see Ensminger, J., *Making a Market: The institutional transformation of an African society* (Cambridge: Cambridge University Press, 1996).

> human exchange, whether political, social, or economic. [...] Institutions reduce uncertainty by providing a structure to everyday life.[66]

Such theories are readily employable for discussions of urban Africa because their interpretation of the evolution of social norms holds capacity for inter-ethnic dialogue, especially relevant for when living spaces are shared and economic markets mutually accessible. In the urban, ethnic customs collide and are forced into a process of moral deliberation that draws from common examples and situations. Our discussion thus focuses more on moral discourse per se than moral ethnicity. An essential feature of urban Africa is its inter-ethnic coordination challenges.

Political community and the age of independence

The keenest demonstration of developing social norms and common practice across disparate groups comes from independent Tanzania. In bringing attention to these experiences it is worthwhile to contrast the leadership style of Julius Nyerere, independence leader of Tanzania, against that of Jomo Kenyatta, independence leader of Kenya. Previous comparative research on Kenya and Tanzania has concentrated on the framing of the former as capitalist and the latter as socialist in order to learn lessons on economic development, with Barkan's *Politics and Public Policy in Kenya and Tanzania*, published in 1984, presenting a collected volume on the comparative significance of Kenya's capitalist drive and Tanzania's socialist drive.[67] His subsequent 1994 piece, *Beyond Capitalism vs. Socialism in Kenya & Tanzania*,[68] refines the analysis to take note of how Kenya and Tanzania actually share more than these Cold War categories led us to believe. Indeed, there is need to turn again to this comparative history, now that the study of African politics has broken so clearly from the context of the Cold War, and to re-evaluate the political rhetoric of Nyerere and Kenyatta in the light of their domestic contexts. One area of particular misconception is viewing Nyerere's commitment to one-party socialism as comparable to the political systems of the Soviet

[66] North, D. C., *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990), pp. 3-4.
[67] Barkan, J. (ed.), *Politics and Public Policy in Kenya and Tanzania* (New York: Praeger Publishers, 1984).
[68] Barkan, 1994.

Union and China during the Cold War. Part of the reason Tanzania was considered such a socialist country was because of its aid relations with East Germany and China, even though Nyerere consistently committed the country to a policy of non-alignment. Nyerere resented economic blackmail from the West and so welcomed aid from Communist countries on the basis that 'just as an aid donor was not expected to agree with every Tanzanian policy, so acceptance of aid by Tanzania did not imply approval of every policy of the donor.'[69] In this way Nyerere's position was more nuanced. As Gordon commented in 1987,

> Nyerere criticized the Soviet Union for supporting Idi Amin, and he criticized Washington for "intimidating and threatening" Indian Ocean countries in its efforts to obtain military bases following events in Iran and Afghanistan. In a speech in 1980, Nyerere reiterated his long-held belief that "non-alignment is the only basis on which a small and weak state like ours can maintain its political independence."[70]

Nyerere was deeply anti-capitalist and that is, for many, sufficient for identifying him over the years as socialist. But Nyerere's understanding of socialism was Fabian—something he had come into contact with while studying in Edinburgh[71]—and therefore uncomfortable with class revolution almost as much as with unfettered capitalism. Nyerere developed the Kiswahili term *ujamaa* in a 1962 pamphlet to describe his position[72] and, as Coulson explains, '[h]e rejected *jamii* and *ujima*, since both had been used to translate the English 'communism', and instead chose the abstract noun that comes directly from the word for the extended family'.[73] Consider, for example, one extract from Nyerere's writings:

> "UJAMAA", then, or "Familyhood", describes our Socialism. It is opposed to Capitalism, which seeks to build a happy society on the basis of the Exploitation of Man by Man; and it is equally opposed to doctrinaire Socialism which seeks to build its happy society on a philosophy of Inevitable Conflict between Man and Man.[74]

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[69] Coulson, A., *Tanzania: A Political Economy* (Oxford: Oxford University Press, 1982), p. 142.
[70] Gordon, D. F., 'Anglophonic Variants: Kenya versus Tanzania'. *Annals of the American Academy of Political and Social Science*, Vol. 489 (1987), pp. 88-102, p. 99.
[71] Coulson, 1982, p. 237. See also Smith, D. R., 'The Influence of the Fabian Colonial Bureau on the Independence Movement in Tanganyika'. *Monographs in International Studies* (Ohio: Ohio University, 1985), p. 30. Fabian socialism clearly continued to influence Nyerere as he corresponded regularly with the Fabian Bureau and the British Labour Party when strategising TANU's campaigns of the 1950s and early 1960s. Smith describes the letter writing between the Fabian Bureau and TANU as 'virtually all on a first name basis'. Ibid, p. 46.
[72] Nyerere, J. K., *'Ujamaa': The Basis of African Socialism* (Dar es Salaam: Tanganyika Standard Ltd, 1962).
[73] Coulson, 1982, p. 235.
[74] Nyerere, 1962, p. 8.

The categorisation of Tanzania as a socialist country nevertheless came after the Arusha Declaration of 1967 when Nyerere pursued the state ownership of industries and opened the doors to a policy of villagization whereby citizens were grouped together to enhance production through state-directed agricultural reform.[75] A central thrust of the Arusha Declaration was the curbing of the salaries and privileges of state personnel, which proved wildly popular across the country and led to enormous, spontaneous marches between cities in support of Nyerere.[76] The policy of villagization was not so popular and yet became enthusiastically endorsed by state bureaucrats. One elder described what the process involved by saying:

> We were required to live together in villages. Villagization caused several villages to be formed whereas previously houses were scattered. People were brought together to be close to schools, health facilities, churches and mosques. Because a lot of these facilities were already in place in Katoro many people were moved here. It started to be like a town from that time because so many people were moved from the *porini* [bush].[77]

From the economic point of view villagization was disastrous, achieving little but a loss of production and an attack on local farming knowledge.[78] However, what is sometimes not appreciated is the extent to which it was linked with a process of decentralization of the state through greater centralization of rural life. Villagization is described by Green as 'the creation of collective villages along Soviet lines'[79] but the reality of the Tanzanian experience was less the dictating of a national plan of action than the localisation of government.[80] Schneider, for example, notes that the policy should not be described as a Cartesian, top-down plan but rather one that grew in authoritarian

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[75] Schneider, L., 'Freedom and Unfreedom in Rural Development: Julius Nyerere, Ujamaa Vijijini, and Villagization'. *Canadian Journal of African Studies*, Vol. 38, No. 2 (2004), pp. 344-392.
[76] Coulson, 1982, p. 183. Topan notes how Nyerere's ujamaa campaign additionally increased the general use of Kiswahili for political discourse. Topan, F., 'Tanzania: The Development of Swahili as a National and Official Language'. Ch 14 of Simpson, A., *Language and National Identity in Africa* (Oxford: Oxford University Press, 2008), pp. 258-9.
[77] Quoted in Bryceson, 2011, p. 278.
[78] Coulson, 1982, p. 262.
[79] Green, E., 'The political economy of nation formation in modern Tanzania: explaining stability in the face of diversity'. *Commonwealth & Comparative Politics*, Vol. 49, No. 2 (2011), pp. 223-244, pp. 228-9.
[80] Ingle, for example, states: 'During the course of the interpretation of the Arusha Declaration, the role of the local community received more and more emphasis in the whole process of national development. The ujamaa village concept aimed at revitalizing the traditional village along lines that were compatible with African socialism and traditional values. Subsequent statements by various ministers and a final major paper in the Arusha sequence reiterated the importance of the locality and local participation in development efforts.' Ingle, C. R., *From Village to State in Tanzania: The Politics of Rural Development* (London: Cornell University Press, 1972), pp. 9-10.

tendencies only in response to its failings.[81] The need to get directly involved with village-level development meant, as Coulson describes, that 'villagization (unlike ujamaa) was accepted as desirable by nearly all government staff, and gave them something that they could be proud of at a time when economically the country was not doing very well.'[82]

To the extent to which Nyerere positioned himself as anti-capitalist in a country of extreme poverty, his political thought can better be described as republican, a political tradition 'unanimous in casting freedom as the opposite of slavery, and in seeing exposure to the arbitrary will of another, or living at the mercy of another, as the great evil.'[83] Just as republicanism was born in the context of the slavery of Ancient Rome and Greece, so too did the Tanzanian state emerge out of a conscious knowledge of East African slavery and colonialism, both experiences demonstrating the need for a government that defends the sovereignty of its people. In 1959, for example, Nyerere made explicit reference to the ideal of Greek city-states in which '[a]uthority and responsibility did not rest with a single individual or a small group of citizens, but rested with the entire citizenry together.'[84] A 1958 pamphlet sees Nyerere equate private property in an unequal world with slavery by writing: 'When a lot of people accept the introduction of a method which will enable a few people to claim ownership of a thing which is actually God's gift to all His people, they are in actual fact, voluntarily accepting slavery.'[85]

In contrast Kenyatta, independence leader of Kenya after being imprisoned by the British for suspected Mau Mau affiliation, felt the success of nationhood to reside precisely in the development of smaller groups. As Branch describes, Kenyatta 'thought ethnic unity to be the first priority of any Kenyan politician; only then could attention turn to building the nation.'[86] Close to his release from detention in 1961, Kenyatta commented, 'I believe in the unity of all Africans, but tall buildings do

[81] Schneider, L., 'High on Modernity? Explaining the Failings of Tanzanian Villagisation'. *African Studies*, Vol. 66, No. 1 (2007), pp. 9-38.
[82] Coulson, 1982, p. 255.
[83] Pettit, P., *Republicanism: A Theory of Freedom and Government* (Oxford: Oxford University Press, 1997), pp. 31-2. See also Skinner, Q., *Hobbes and Republican Liberty* (Cambridge: Cambridge University Press, 2008), p. ix; and Skinner, Q., *Liberty before Liberalism* (Camrbidge: Cambridge University Press, 1998).
[84] 'Misingi ya Demokrasi'. *Sauti ya TANU*, No. 47. Quoted in Feierman, 1990, p. 226.
[85] Nyerere, J. K., *Freedom and Unity: A Selection from Writings and Speeches 1952-65* (London: Oxford University Press, 1967), p. 56.
[86] Branch, 2011, p. 8.

not come from nowhere, they have to be built by laying one stone on top of another.'[87] In terms of the social norms that structure relations between persons of different communities, this emphasis encouraged the continuation of the British colonial view of African cultures and customs as irreconcilable primordial traditions. Such is apparent in Kenyatta's political work *Facing Mount Kenya*, where explicit reference is made to culture:

> ...it is the culture which he inherits that gives a man his human dignity as well as his material prosperity. It teaches him his mental and moral values and makes him feel it worth his while to work and fight for liberty.[88]

In prioritising tribal identity over the national, Kenyatta led the way in embracing 'competitive multiculturalism, in which the government makes no effort to tame local identities or to promote a coherent national culture'.[89] Githiora agrees that the post-independence Kenyan state 'did not waver from the colonial project built around a focus on ethnic and regional interests and control',[90] and in this way supported the disunity of ethnicities described in Lonsdale's concept of political tribalism.

A telling social norm for which Kenyatta and Nyerere displayed opposite opinions was the question of land ownership. Compare the following two quotes, the first Kenyatta and the second Nyerere:

> I regard titles as a private property and they must be respected [...]. I would not like to feel that my *shamba* [smallholding] or house belongs to the Government. Titles must be respected and the right of the individual safeguarded.[91]

> If we allow land to be sold like a robe, within a short period there would be only a few Africans possessing land in Tanganyika and all the others would be tenants. [...] If two groups of people were to emerge—a small group of landlords and a large group of tenants—we would be faced with a problem which has created antagonism among peoples and led to bloodshed in many parts of the world. Our forefathers saved themselves from this danger by refusing to distribute land on a freehold basis.[92]

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[87] Quoted in Branch, 2011, p. 8.
[88] Kenyatta, J., *Facing Mount Kenya: The Traditional Life of the Gikuyu* (London: Heinemann, 1938), p. 317.
[89] Branch, D. & Cheeseman, N., 'Conclusion: The Failure of Nation-building and the Kenya Crisis'. Ch 11 of Branch, D., Cheeseman, N. & Gardner, L. (eds.) *Our turn to Eat: Politics in Kenya Since 1950* (Berlin: Lit, 2010), p. 245 (emphasis omitted).
[90] Githiora, C., 'Kenya: Language and the Search for a Coherent National Identity'. Ch 13 of Simpson, A., *Language and National Identity in Africa* (Oxford: Oxford University Press, 2008), p. 246.
[91] Kenya National Archives, MSS 12/21. Quoted in Branch, 2011, p. 9.
[92] Nyerere, 1967, pp. 55-6.

It is interesting that 50 years after these statements it is only Kenya that is rife with contestations over land and confusion over what constitutes legitimate ownership.[93] As a subject that speaks volumes on the lack of congruence of social norms within Kenya (and based in turn on the settling of colonials in areas already densely populated by Africans), the issue at conflict is not so much who has the land but the cacophony of narratives over what confers exclusive access to it.[94] Klaus compared understandings of private property between the Rift Valley and Coast Districts of Kenya and found four main types of land claims salient amongst citizens: 1) insider-outsider; 2) ethnic patronage; 3) title deed claims; and 4) ancestral claims.[95] Across the whole of Kenya, we can posit six competing narratives. A person with the "right" to possess a piece of land may be: 1) he who owns the title deed; 2) he who worked the land for the colonials; 3) he who resided on the land first; 4) he who fought for independence; 5) he who was granted no land upon independence; and 6) he who will make the land productive for Kenya's development. These narratives are contested between citizens and manipulated by politicians for the sake of electoral support. Pinckney and Kimuyu find that when comparing two similar coffee-producing areas—Murang'a of Kenya and Kilimanjaro of Tanzania—in both places 'indigenous tenure systems continue to dominate centrally-imposed changes in land tenure long after the initial reforms.'[96] Observing the period of 1963 onwards, however, the authors find an increase in land inequality in Murang'a as compared to Kilimanjaro and note how this is due not to the buying and selling of land so much as community methods of partitioning land at inheritance.[97]

The general way in which national and ethnic identities interact more in Kenya than in Tanzania is captured by Afrobarometer data which asked citizens how they would feel if they had to choose between their national and ethnic identities. Figures 3.3 and 3.4 display the results,

[93] At the same time, it should be noted how Kenya has, since independence, been challenged with lower amounts of arable land per person than in Tanzania (with 2008 figures describing Kenya with 0.14 hectares of arable land per person against 0.23 hectares per person in Tanzania). World Bank, 2010. See also Green, 2011.
[94] See, for example, discussions of land contestation in Carrier, N. C. M., *Kenyan Khat: The Social Life of a Stimulant* (Leiden: Brill, 2007), pp. 31-2.
[95] Klaus, K., 'Contentious Land Narratives and Electoral Violence in Kenya'. Working paper, APSA annual conference, Chicago (2013), p. 12.
[96] Pinckney, T. C. & Kimuyu, P. K., 'Land Tenure Reform in East Africa: Good, Bad or Unimportant?' *Journal of African Economies*, Vol. 3, No. 1 (1994), pp. 1-28, p. 6.
[97] Ibid, pp. 21-2.

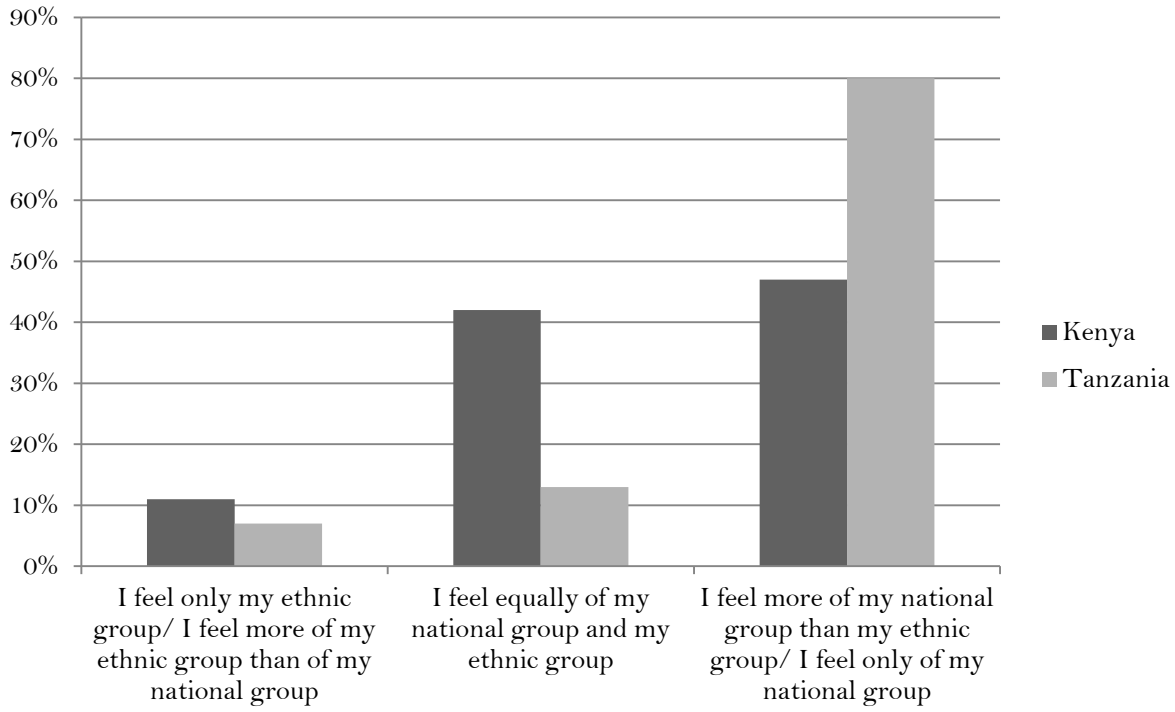
identifying a 31 percent exclusive affiliation with one's national identity in Kenya compared with 69 percent in Tanzania.

Figure 3.3 Choosing between national and ethnic identity (2008)[98]

	Kenya (urban)	Tanzania (urban)	Kenya (countrywide)	Tanzania (countrywide)
I feel only [ethnic group]	4%	2%	3%	3%
I feel more [ethnic group] than [nationality]	7%	6%	8%	4%
I feel equally [nationality] and [ethnic group]	33%	12%	41%	13%
I feel more [nationality] than [ethnic group]	21%	11%	15%	9%
I feel only [nationality]	33%	65%	31%	69%
Not applicable	1%	2%	1%	1%
Don't know	1%	1%	1%	1%

[98] Afrobarometer, 'Round 4 Afrobarometer Survey in Kenya' (2008a), p. 53; & 'Round 4 Afrobarometer Survey in Tanzania' (2008b), p. 54 (Q83). http://www.afrobarometer.org/ (accessed 23/09/12). Responses to this question were perhaps affected by respondents feeling a civic responsibility to answer favourably for their national identity, especially as 48 percent of Kenyan respondents and 43 percent of Tanzanians professed at the end of the survey to thinking the government was the institution that had sent the interviewer.

Figure 3.4 Comparing national and ethnic identity preferences (2008)[99]



As social structures relevant for decisions to trust, conceptions of political community provide a platform for citizens to communicate needs and interests, and perhaps see these exchanges develop into coordinated action. The view that only the social norms that exist within ethnic groups provide pertinent social structures is not a safe assumption for the study of East Africa because of the contemporary need to research inter-ethnic interaction in urban areas. More generally, the understanding that all person-to-person moral deliberation is a feature of ethnically-bounded culture does not do justice to the fluidity and material importance of social norms or the communicative capacity of persons. As politically comparable country experiences, postcolonial Tanzania displays greater congruence of social norms in terms of a nation-centred citizenship. Part of the reason for this has been the different attitude projected by Nyerere as to what constitutes citizenship and national unity. Nyerere's approach of inclusive moral discourse on the basis of political equality or republicanism worked against colonial insistence on the incommunicability of ethnic groups whilst Kenyatta's emphasis on tribe before nation subdivided social norms on lines of ethnicity.

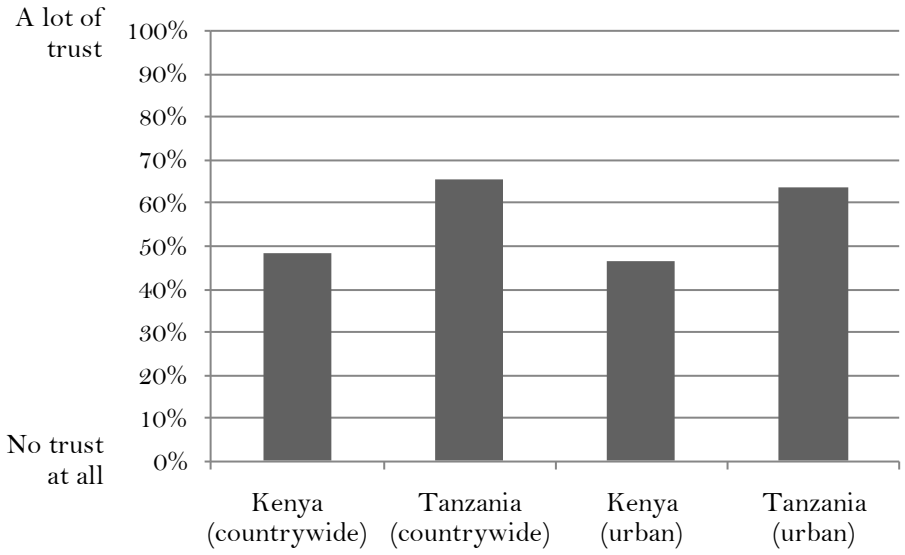
[99] Ibid. Responses displayed in this graph exclude "don't know" and "not applicable".

Conclusion

Our discussion here of social structures relevant to citizen-level trust emphasised interactions between inter-ethnic discourse and the moral articulation of citizenship. Whilst both Kenya and Tanzania suffered a deep challenge to trusting relations through the capitalism-aided market for slavery, their respective exposures to colonial rule was different, with the mixed heritage of German and British colonial administration making the British policy of indirect rule less transformative in Tanzania as a force for dividing identity on the basis of ethnicity. Further to this distinction, the contrasting approaches to political community by Kenyatta and Nyerere led to a focus in Kenya on tribe before nation, and a focus instead in Tanzania on nation before tribe. For the inclusiveness of the stranger in multi-ethnic cities, these trends suggest Tanzanian experiences to more readily structure trust scenarios as open to coordination with strangers. The suggestion is, therefore, that for practices of interpersonal exchange and trust formation, Tanzania holds a political culture with greater applicability and inclusiveness towards urban anonymity and, hence, the urban stranger. This is by nature of her de-politicisation of ethnic identities and endorsement, instead, of republican sentiments of citizenship.

In line with concluding in this way on Tanzania's more inclusive sense of political community, survey data shows anticipated trust in other citizens to be higher in Tanzania than in Kenya, both in general and in urban zones. Figure 3.5 presents Afrobarometer data, which asked respondents how much one is willing to trust other citizens of one's country.

Figure 3.5 Trust in other citizens of one's country (2008)[100]



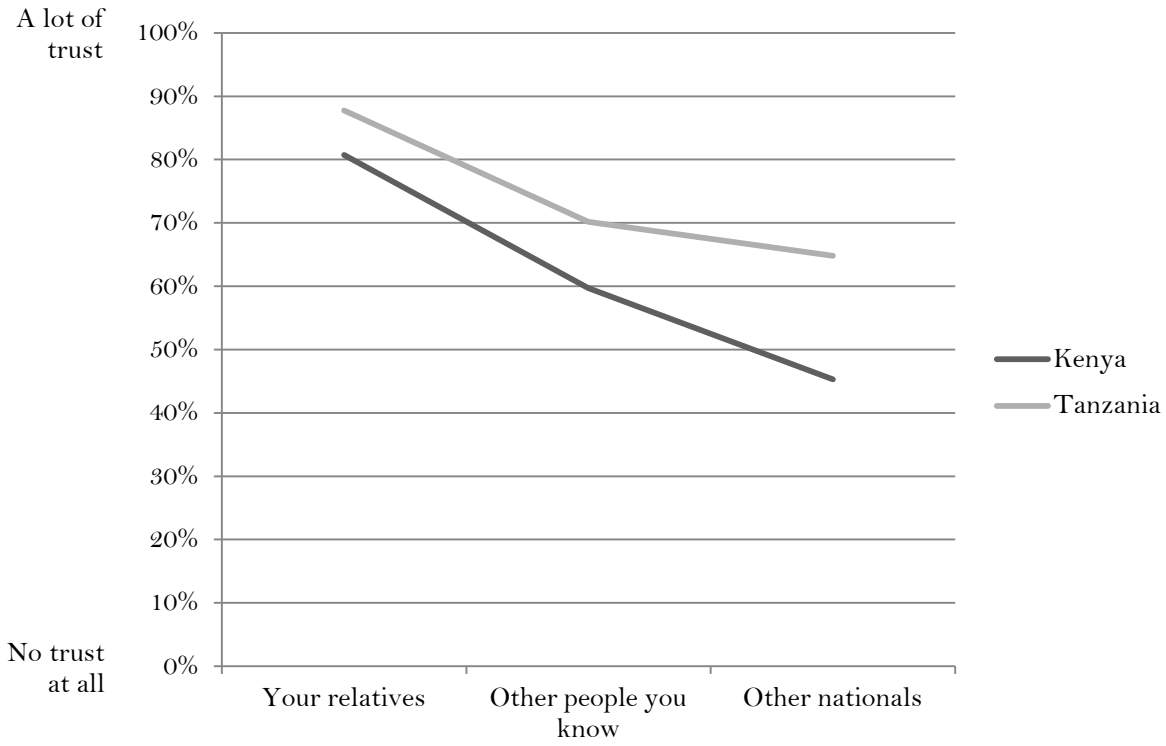
As we would expect, both Kenya and Tanzania show slightly lower willingness to trust in urban areas compared with when the rural is included in a countrywide assessment, though the differences between urban and rural responses are not statistically significant.[101] More importantly, however, the data identifies higher levels of both countrywide and urban trust in Tanzania than in Kenya, with the significance of these differences at $p < 0.001$. These statistical measures are not intended to prove preceding discussions on Kenya and Tanzania's differences; they highlight how quantitative evidence on the distinction between the two countries is not in disagreement with secondary literature.

Looking into how willingness to trust changes as the social group in question broadens, survey data again supports our comparative description of Kenya and Tanzania. Figure 3.6 shows willingness to trust relatives, others one knows, and other nationals. There is, naturally, a downward trend in both countries as one moves outside of one's closest networks. Nevertheless, the levels of expressed trust in Kenya are lower at every stage than in Tanzania, and there is less of a

[100] Afrobarometer, 2008a, p. 54; & Afrobarometer, 2008b, p. 55 (Q84c). The question was, 'How much do you trust each of the following types of people: Other Kenyans[/Tanzanians]?' Answers were scored so that a general comparison between Kenya and Tanzania could be achieved ('not at all' = 0; 'just a little' = 0.33; 'somewhat' = 0.67; 'a lot' = 1). Results were also modified to exclude respondents who replied 'don't know'.
[101] Differences between urban and rural responses in Kenya are significant at $p = 0.261$; and for Tanzania, $p = 0.076$. The statistical significance test for Kenya excludes those residing in Internally Displaced Persons camps.

drop in trust in Tanzania when moving from other people one knows to other nationals. These surveyed differences between the two countries are statistically significant at $p < 0.001$ for all three trust questions.

Figure 3.6 Trust in relatives, other people known, and other nationals (2008)[102]



Unique experiences in the two countries have resulted in these different levels of trust. In this respect, Kenya and Tanzania provide room for comparative evaluation that can assist in understanding the conditions for social trust to emerge. Although this chapter's understanding of social structures has given information on some of the social structures relevant for trusting scenarios, it has not informed on what it is about such interactions that leads to trusting-trustworthy relationships. We now turn to the question of how initial stages of trust form in cases of urban situations requiring cooperation.

[102] Afrobarometer, 2008a, pp. 53-4; & Afrobarometer, 2008b, pp. 54-5 (Q84). As with figure 3.5, answers were scored to allow general comparison ('not at all' = 0; 'just a little' = 0.33; 'somewhat' = 0.67; 'a lot' = 1).

4.

Early Anchors of Trust[1]

> Your corn is ripe to-day; mine will be so to-morrow. 'Tis profitable for us both, that I shou'd labour with you to-day, and that you shou'd aid me to-morrow. I have no kindness for you, and know you have as little for me. I will not, therefore, take any pains upon your account; and should I labour with you upon my own account, in expectation of a return, I know I shou'd be disappointed, and that I shou'd in vain depend upon your gratitude. Here then I leave you to labour alone: You treat me in the same manner. The seasons change; and both of us lose our harvests for want of mutual confidence and security.
> —David Hume, *A Treatise on Human Nature*[2]

Some level of trust is necessary for any transaction.[3] Industrialised or developed economies guarantee efficiency through the mature use of institutional securities to contract but even the most secure institutions will rest on some interpersonal knowledge foundation for three reasons.[4] First, newcomers must be oriented towards rules and practices and so depend on the interpersonal education of economic and legal institutions—the populations most dependent on orientation being fresh migrants and the young.[5] The second reason institutions are not entirely sufficient guarantors

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[1] This chapter is a revised and updated version of Burbidge, D., 'Trust Creation in the Informal Economy: The Case of Plastic Bag Sellers of Mwanza, Tanzania'. *African Sociological Review*, Vol. 17, No. 1 (2013a), pp. 79-103.

[2] Hume, D., *A Treatise of Human Nature* (Oxford: Oxford University Press, 1978 [1739-40]), 2nd Ed., pp. 520-1.

[3] Ostrom & Ahn, 2009, p. 23. See also Zak, P. J. & Knack, S., 'Trust and Growth'. *The Economic Journal*, Vol. 111, No. 470 (2001), pp. 295-321.

[4] Sen explains, 'Successful markets operate the way they do not just on the basis of exchanges being "allowed," but also on the solid foundation of institutions (such as effective legal structures that support the rights ensuing from contracts) and behavioral ethics (which makes the negotiated contracts viable without the need for constant litigation to achieve compliance). The development and use of trust in one another's words and promises can be a very important ingredient of market success.' Sen, A., *Development as Freedom* (Oxford: Oxford University Press, 1999), p. 262.

[5] Hursthouse aptly describes how, in general, ignoring the importance of the young and their gradual process of habit maturation and inter-generational formation has come at the peril of theories of human conduct. Hursthouse, R., *On Virtue Ethics* (Oxford: Oxford University Press, 2001), p. 14. As she explains, Aristotle

of conduct is that the institutions are human-made and so human-breakable, a dilemma popularly described as the problem of the legislators—*who regulates the regulators?*[6] Any structure built by humans can be broken by humans, no matter how cleverly designed. And so, even though contemporary political science focuses on institutional design, we know that political and economic stability do not ultimately lie in the strength of the pots but in the potter's hands. Thirdly, transaction costs would be too high without any trust.[7] Highlighting the need in words akin to Hume's, Arrow posits that

> Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time. It can be plausibly argued that much of economic backwardness in the world can be explained by a lack of mutual confidence.[8]

Agency-centred trust creation is therefore of fundamental importance. In order to gather evidence on the interpersonal development of trusting-trustworthy relationships, focus is made here on a tiny political economy that exists in the private and informal sector. Throughout the thesis, empirical material on interpersonal trust is obtained from private-sector case studies in order to best include the strains on trust normally brought about by the scarce-resource, competitive environment of the free market. The present chapter therefore inspects an economically active population that operates informally. As a case study, the informal sector displays an absence of institutional guarantees of trust. Contemporary literature's distinction between the "informal" and "formal" economy we take to be synonymous with the distinction between economic activity outside and inside systems of state regulation, respectively. The term "informal sector" first came into use with Hart's analysis of the Ghanaian economy,[9] and was popularised with study of Kenyan employment

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'never forgets the fact that we were all once children. To read almost any other famous moral philosopher is to receive the impression that we, the intelligent adult readers addressed, sprang fully formed from our father's brow. That children form part of the furniture of the world occasionally comes up in passing (about as often as the mention of non-human animals), but the utterly basic fact that we were once as they are, and that whatever we are now is continuous with how we were then, is completely ignored.'

[6] From the Latin 'Quis custodiet ipsos custodes?'—attributed to Roman poet Juvenal. See Satire VI, 'The Ways of Women', lines 347-8. http://www.tertullian.org/fathers/juvenal_satires_06.htm (accessed 14/08/12).

[7] The latter two of the three points are made by Arrow, K. J., *The Limits of Organization* (London: W. W. Norton, 1974), pp. 72-3. Note that Arrow is reflecting more on the value of adhering to authority, rather than trust between citizens.

[8] Arrow, K. J., 'Gifts and Exchanges'. *Philosophy & Public Affairs*, Vol. 1, No. 4 (1972), pp. 343-362, p. 357.

[9] Hart, K., 'Informal Income Opportunities in Urban Employment in Ghana'. *Journal of Modern African Studies*, Vol. 11, No. 1 (1973), pp. 61-89.

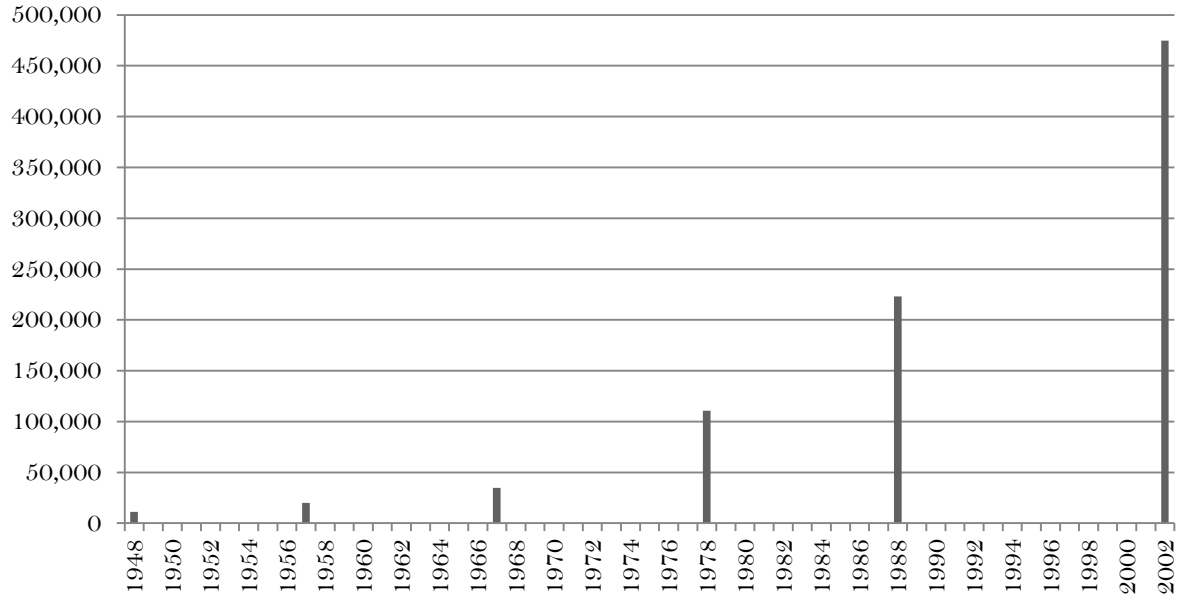
conditions.[10] We employ Bagachwa and Ndulu's definition: 'a set of activities that lies largely outside of government regulation and supports.'[11] It should be noted that this definition returns to Hart's original understanding of the informal, criticised as tautological and dualistic. Breman complained that the distinction was 'analytically inadequate' and further warned that by grouping economic activity arbitrarily 'we lose sight of the unity and totality of the productive system.'[12] But though the border between the informal and formal is drawn somewhat arbitrarily, it is a border marked by local authorities on a daily basis—invented and so important.

This chapter examines closely the political economy and trust dynamics of plastic bag sellers of Soko Kuu market (literally, *main market*) in Mwanza, the second biggest city of Tanzania and located on the bay of Lake Victoria.[13] In 1892 Mwanza was officially recognized as an outpost of the German colonial government and is situated within the Sukumaland area, dominated by those of Sukuma ethnicity, Tanzania's largest single ethnic group.[14] Nevertheless, despite the relative homogeneity of Mwanza's early history, the city's opportunities have 'attracted large numbers of male and female immigrants from both the surrounding region and other parts of the country, a process reflected in Mwanza's multiethnic, polygot population.'[15] The population of Mwanza City is 477,000,[16] with census findings from 1948 onwards displayed in figure 4.1. Although recent data on the city's ethnic composition is not available due to the government's avoidance of these topics in

[10] International Labour Organisation, *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya* (Geneva: International Labour Organisation, 1972). See, by way of explanation of various uses of the term, Bagachwa, M. & Ndulu, B., 'Structure and Potential of the Urban Small-Scale Production in Tanzania'. Ch 4 of Swantz, M. L. & Tripp, A. M., *What Went Right in Tanzania: People's Response to Directed Development* (Dar es Salaam: Dar es Salaam University Press, 1996), pp. 70-1; and Guha-Khasnobis, B., Kanbur, R. & Ostrom, E., 'Beyond formality and informality'. Ch 1 of Guha-Khasnobis, B., Kanbur, R. & Ostrom, E. (eds.), *Linking the Formal and Informal Economy: Concepts and Policies* (Oxford: Oxford University Press, 2006), pp. 1-2.
[11] Bagachwa & Ndulu, 1996, p. 71.
[12] Breman, J., 'A Dualistic Labour System? A Critique of the 'Informal Sector''. *Economic and Political Weekly*, Vol. 11, No. 48 (1976), pp. 1870-1876, p. 1871.
[13] Flynn, K. C., 'Food, Gender, and Survival among Street Adults in Mwanza, Tanzania'. *Food and Foodways*, Vol. 8, No. 3 (1999), pp. 175-201, p. 176.
[14] Flynn, K. C., *Food, Culture, and Survival in an African City* (New York: Palgrave Macmillan, 2005), p. 8. See also The United Republic of Tanzania, *Mwanza Region: Socio-Economic Profile* (Dar es Salaam: National Bureau of Statistics & Mwanza Regional Commissioner's Office, 2003), 2nd Ed., p. 5.
[15] Ibid, pp. 11-12.
[16] Association of Local Authorities of Tanzania, 'Local Democracy in Mwanza, Tanzania'. Excerpt of report, found in: International Institute for Democracy and Electoral Assistance (International IDEA), *Democracy at the Local Level in East and Southern Africa: Profiles in Governance* (International IDEA publication, 2004), p. 39.

censuses,[17] the population is understood to be ethnically diverse[18] with the Sukuma comprising the largest single group and other important ethnic groups such as the Kerewe and Zinza making up other blocks of the city's population.[19] Figure 4.2 gives the ethnic composition based on the 1957 census, conducted by the colonial authorities of Tanganyika. The sellers of Soko Kuu market are understood to reflect the diversity of Mwanza City, with Flynn noting the market to have '200-plus food vendors of primarily Sukuma, Jita, Kerewe, Kuria, Ha, Haya, Nyamwezi, and Chagga descent' in her 1990s fieldwork.[20]

Figure 4.1 Population of Mwanza City, Tanzania[21]



[17] The last racial census was conducted in Mwanza in 1957. See *Tanganyika African Census Report (1957)* (Dar es Salaam: Government printer, 1963). Flynn, 2005, p. 12.
[18] Suriano, M., 'Popular Music, Identity and Politics in a Colonial Urban Space: The Case of Mwanza, Tanzania (1945-1961)'. Ch 12 of Locatelli, F. & Nugent, P. (eds.), *African Cities: Competing Claims on Urban Spaces* (Leiden: Brill, 2009), p. 263.
[19] Association of Local Authorities of Tanzania, 2004, p. 40.
[20] Flynn, 2005, pp. 47-8.
[21] 1948, 1957 and 1967 data obtained from Henin, R. & Egero, B., 'The 1967 Population Census of Tanzania: A Demographic Analysis'. *University of Dar es Salaam, Research Paper No. 19* (1967), p. 49; 1978 data obtained from The United Republic of Tanzania, *1978 Population Census Volume IV: A Summary of Selected Statistics* (Dar es Salaam: Bureau of Statistics, 1982), p. 9; 1988 data obtained from The United Republic of Tanzania, *Sensa 1988: Preliminary Report* (Dar es Salaam: Bureau of Statistics, 1988); 2002 data obtained from The United Republic of Tanzania, *Census 2002: Analytical Report* (Dar es Salaam: Bureau of Statistics, 2006), p. 18. http://www.nbs.go.tz/takwimu/references/2002popcensus.pdf (accessed 1/10/12). Data from 2002 is a summation of the populations of Ilema and Nyamanga Districts of Mwanza Region, which is where the city of Mwanza is located.

Figure 4.2 Ethnic composition of Mwanza City, Tanzania[22]

Ethnic group	Percent of city population
Sukuma	29%
Nyamwezi	10%
Luo	6%
Haya	6%
Kerewe	4%
Manyema	4%
Ha	3%
Jita	3%
Zinza	3%
Ganda	2%
Zaramo	2%
Kwaya	2%
Kuria	2%
Nyasa	2%
Others	22%

Though the focus on the main market of Mwanza does not purport to be generally representative of East African socio-economic conditions, the choice of investigating local market interaction supports the research question by exhibiting a zone of mature commoditisation of economic activity and specialisation of labour. As such, the case study focuses in on the thesis' overall research question of trust dilemmas in urban areas. As Bryceson remarks, African market towns 'are centres of proliferating relations of commodity production and exchange, transcending the ethos of household self-sufficiency that prevails in the countryside.'[23] In this way, detailed study of one particular market is made here to open questions indicative of a wider trend, presenting a useful focal point for discussion of the dynamics of trust creation peculiar to the urban environment. The purpose is to get to grips with a single example of trust formation that can begin analysis on how trust is formed and maintained. Particularly, by engaging in detail, an interpretation of the movement from interpersonal practice to the establishment of norms can be most easily worked towards. In this vein, the chapter does not provide any comparative interpretation of levels of trust in Kenya versus Tanzania. Instead, by noting the importance of *anchors of trust* in translating interpersonal

[22] East African Statistical Department, *Tanganyika Population Census 1957: Tribal Analysis* (Nairobi, Aug 1958), p. 237.
[23] Bryceson, D. F., 'Birth of a market town in Tanzania: towards narrative studies of urban Africa'. *Journal of Eastern African Studies*, Vol. 5, No. 2 (2011), pp. 274-293, p. 286.

relationships into stable and community-wide norms of behaviour, the *how* of trust formation is discussed.

Evidence is taken from interviews with boys and young men whose profession consists of the wholesale purchase and individual retail of different types of plastic bag in the main market of Mwanza, an economic activity firmly located in Mwanza's informal sector. Twenty in-depth and semi-structured interviews were conducted over August 2010, in addition to time spent observing the business setting and practices. Interviews were each allotted an hour, though were sometimes concluded earlier due to emotional tension, especially amongst the youngest participants. Interviewees were told of no financial incentive prior to coming to the interview but were offered initially a drink and something to eat. All questions and answers were conducted in Kiswahili, the lingua franca of East Africa and normally participants' first language, with translation into English provided through the assistance of a local interpreter. The topics discussed included a full explanation of the dynamics of the profession plus a detailing of the participant's personal history and aspirations. At the close of each interview, interviewees were gifted with financial compensation for the time spent away from work, amounting to just over half a day's typical profit. They were not told they would receive this prior to the interview but news did in part spread.[24] Initial contact with interviewees was normally made through spontaneous introductions at their place of work and the interviews took place in a cafe five minutes' walk from the market. Some participants were snowballed for by asking respondents if they could introduce the researcher to other bag sellers they know. The total number of bag sellers is not a fixed number because it fluctuates daily but, nevertheless, the figure of 20 respondents represents a substantial proportion, approaching perhaps half the total number. Figure 4.3 shows the location of Soko Kuu in Mwanza City, and figure 4.4 displays the market itself. As can be observed, Soko Kuu is not an unmanageably large market. The research site included the street-selling zones surrounding the gazetted buildings (the blue and red areas).

[24] This did not distort participation much as most candidates were actually disappointed upon learning from peers that this was all they would receive.

Figure 4.3 Mwanza City, Tanzania[25]

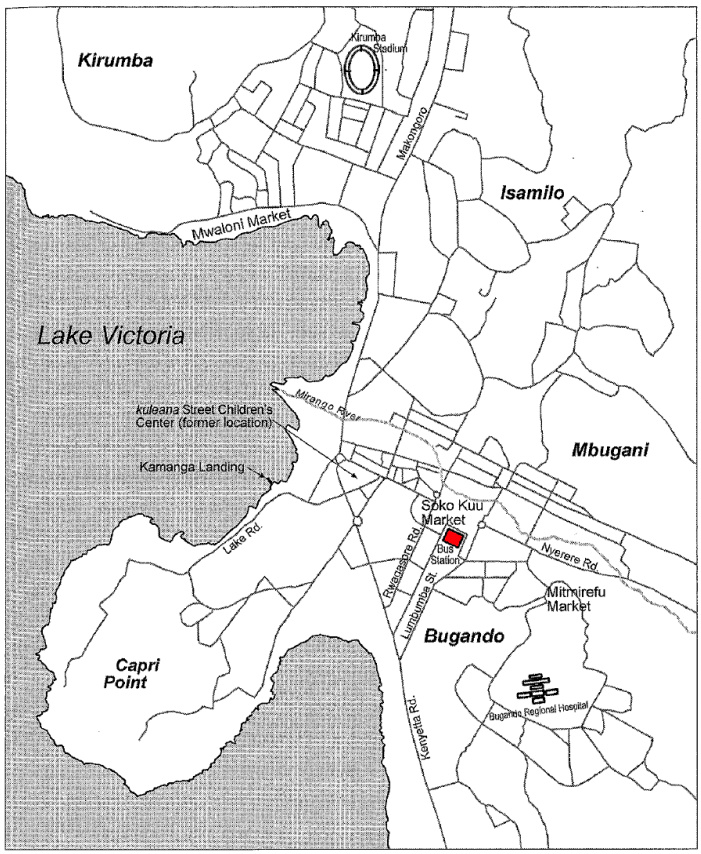
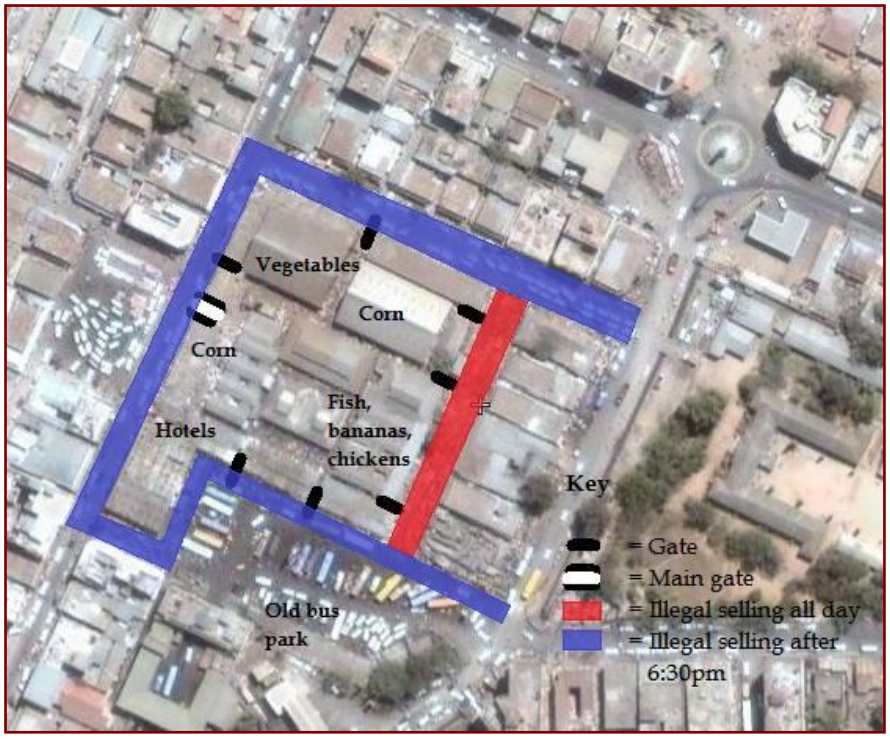


Figure 4.4 Soko Kuu, Mwanza City[26]



[25] Flynn, 2005, p. 11.
[26] Adapted from Google Maps. http://maps.google.com/ (accessed 16/03/10).

The focus in this chapter is on an economically challenged population, studied from the perspective of their profession, that '*laissez-passer* by which the individual finds a place in two-dimensional social space: a situational work location on the horizontal plane and a vertical position within the society's social hierarchy.'[27] While much political economy inquiry into sub-Saharan Africa explores citizens' socio-economic challenges in getting by, we look here into a type of work qua profession, some members of which suffer greatly from poverty, while others do not. The point is to capture *trust creation*—a factor often missed when attention is placed on poverty or dependency.[28] As Bryceson remarks, '[e]mphasis on the problems of the continent's mega cities has been unduly pessimistic about the scope for proactive rather than reactive or even degenerative human agency in African urbanization.'[29]

Under analysis are the early stages of forming trusting-trustworthy relationships in a tiny political economy. The chapter first presents an embedded account of the status and economic position of plastic bag sellers of Soko Kuu. Due to a number of factors, the reputation and social standing of bag sellers is very low, presenting a tough challenge for when they attempt to strike up relationships of trust. Nevertheless, the fact that plastic bag sellers achieve relatively high levels of profit in such an informal setting presents a puzzle as to how the trust needed for all economic activity (and especially informal economic activity) has been secured. Acknowledging the lack of institutional guarantees for entrenching or enforcing these relationships of trust, the phenomena of *anchors of trust* is identified as instead supporting the early hardening of social norms between parties. Trust anchors are the positive opposite to cooperative dilemmas: opportunities for building relationships of trust, based on mutually perceived vulnerability.

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[27] Bryceson, D. F., 'Africa at work: transforming occupational identity and morality'. Ch 1 of Bryceson, D. F. (ed.), *How Africa Works: Occupational Change, Identity and Morality* (Warwickshire: Practical Action Publishing, 2010), p. 4 (emphasis in original).

[28] For an extreme example of how emphasis on poverty and dependency can lead to impoverished analysis of Mwanza, Tanzania, see the documentary film *Darwin's Nightmare* (France, Austria & Belgium: Hubert Sauper, 2004) and the excellent review, Molony, T., Richey, L. A. & Ponte, S., "Darwin's Nightmare': A Critical Assessment'. *Review of African Political Economy*, Vol. 34, No. 113, pp. 598-608.

[29] Bryceson, 2011, p. 287.

Plastic bag selling in Soko Kuu

It is common amidst local markets of East Africa that plastic bags are bought as additional items and not distributed freely, even when accompanied by a purchase. However, Soko Kuu stands out as different from many markets of the region by the fact that there are also specialist bag-only sellers, detached from the particular stalls or vending points. Whilst other markets—even within Mwanza—tend to store such carrier bags with the goods on sale, goods sellers in Soko Kuu do not. The main reason for this difference is that the market activity of Soko Kuu has become dominated by the outside street selling that has mushroomed alongside a drastic to-and-fro between hawkers and Municipal Council authorities. It is illegal to sell on the streets outside the market and the local authorities periodically raid such zones, spoiling and confiscating goods.[30] At the same time, because of the convenience of not having to enter the market, and the greater likelihood of getting lower prices from those who do not need to factor rent or taxes into their costs, purchasing on the streets immediately outside the market is preferred by most. Inside, the market is increasingly being used as a wholesale supply point, also because of the night-time security that can be guaranteed there. The fresh fish, meat and chicken sales continue vibrantly due to the superior storage points offered by the market infrastructure. Over time, however, the exodus of the majority of sales to the streets—which lack the space and organisation to have proper stalls or selling spaces—has inhibited the standard practice of storing plastic bags at market stalls. In response to this situation, specialist plastic bag sellers meet demand in a more flexible manner.

The entire population of plastic bag sellers is male and the age range is relatively wide.[31] The two youngest interviewees were 13 but there was consensus amongst the plastic bag sellers on knowing and dealing with colleagues as young as six, seven, eight and nine, and one 14 year-old

[30] See Burbidge, D., 'A View of State-Citizen Interaction in Kenya and Tanzania'. Ch 9 of Kankindi, A., Odhiambo, T. & Burbidge, D. (eds.), *Governance Papers 1: Governance Challenges in East Africa* (Nairobi: Focus Publishers, 2011).

[31] Why no females are involved in the profession is not fully known. Respondents commented only that bag selling was not for girls and that there are no female bag sellers. It is generally understood that young women in difficult financial situations can find much easier employment as house-helps, and are likely to in any case be strongly put off by the aggressive attitude of the male bag sellers that dominate the profession. For comment on this in the related area of Mwanza's street children populations also being dominated by males, see Lockhart, C., 'The Life and Death of a Street Boy in East Africa'. *Medical Anthropology Quarterly*, Vol. 22, No. 1 (2008), pp. 94-115, p. 112, note 1.

respondent recounted how he had started bag selling at the age of six.[32] The oldest respondent was 30 and this is believed to be the uppermost example. The average age of respondents was 18.

The bag seller population represents a diverse and energetic section of the male youth, very much exploring the path in-between departure from school and basic career aspirations. The job consists of patrolling the points of sale of Soko Kuu and searching for customers in need of carrier bags. Sellers usually spread over one arm the different sizes of bags they are selling to be easily identifiable. They will normally offer their item as soon as they spot a goods transaction, but will sometimes be called for by goods sellers if no bag seller is immediately forthcoming. Soko Kuu opens at 8am and closes at 6:30pm, though selling occurs before and after this time in the adjacent streets.

The reputation of a bag seller

In her anthropological account of Soko Kuu, Flynn notes the 'crowd of characters' that form the mosaic of market life:

> There were customers pushing through the crowd to make their purchases, joined by an occasional thief stealing fruit or a partial sack of grain, as well as the destitute begging for handouts. The resulting clamor was augmented by Soko Kuu's location between busy Rwagasore and Market streets, the congested Mwadeco bus station and a crowded taxi stand...[33]

As a professional group, bag sellers are perceived to be carrying out a low-skill job with small but consistent profits. What most marks their reputation, however, is a strong conviction amongst goods sellers and customers that they are thieves. Bag sellers are known to be operating against a backdrop of poverty, of which they exhibit some of the most prominent examples, and this encourages the view that they would do anything to make ends meet. In addition, the general understanding in urban Tanzania of a well brought up child tends to prioritise the importance of school education and so those bag sellers under the age of 16 working on weekdays will likely constitute, in the eyes of others, examples of problematic upbringing. Of the 20 participants, two were total orphans and six

[32] Interview 6, Alex, 14.
[33] Flynn, 2005, p. 47.

had only one parent (additionally, many of the parents were not in frequent contact). The family is generally understood in Tanzania as the most important body for moral formation and so non-schooled youths operating independently of their family structure exude clear signals of low social status.

The importance of age in categorising reputation and social standing in Tanzania also plays an integral part in the political economy of Soko Kuu. As throughout Tanzania, elders must be greeted with "shikamoo" (*greetings* or, literally, *I hold your feet*) and they will respond with "marahaba" (*very well* or *thank you*), an exchange not maintained in Kenya. In this vein, those older have a commonly appreciated responsibility to guide and watch over the behaviour of youths. Most particularly, all youths can be reprimanded as if they are one's very own children, with Phillips remarking how 'eldership (*uzee*) remains a powerful cultural concept that organizes people, practices, and relationships.'[34] Such cultural norms translate seamlessly into evaluations of status between plastic bag sellers, dividing persons into age groups and guaranteeing older sellers a natural authority.

It was difficult to get at whether or how regularly bag seller interviewees engaged in stealing. Instead of asking directly, which might have compromised respondents' openness, inquiry was made into whether interviewees knew of peers who stole, and whether the general perception that bag sellers were thieves had truth to it. From responses to these questions it can certainly be maintained that stealing does occur but that the practice is engaged in partially.[35] Bag selling involves running from stall to stall and deftly navigating narrow avenues of the market. Bag sellers, especially young ones, do therefore sometimes use their profession as an excuse for pick-pocketing and stealing from stalls. Interestingly, many bag sellers resent the reputation on the basis that such thieves may not be real bag sellers at all. This diversity in professional commitment is apparent to bag sellers and not to others. As one bag seller mused, 'With that place [the market], everybody has their own character. Some are thieves, others are good.'[36] The same respondent explained the difficulty of forming friendships because of this tension: 'In the market I do have friends but I don't

[34] Phillips, K. D., 'Pater Rules Best: Political Kinship and Party Politics in Tanzania's Presidential Elections'. *PoLAR*, Vol. 33, No. 1 (2010), pp. 109-132, p. 117.
[35] Interview 4, Dole, 20/21; Interview 8, Isaac, 13; Interview 9, name withheld, 16; Interview 17, Jose, 14; Interview 20, Sabato, 18.
[36] Interview 9, name withheld, 16.

encourage friendship. Sometimes you can invite someone to your house and then you find that they have stolen everything.'[37] The perception of the prevalence of thievery is the single biggest determinant of bag sellers' reputation in the eyes of goods sellers. As one respondent noted, 'My mother normally tells me she does not like this business because she thinks I'm becoming a thief.'[38]

Despite this reputation, bag sellers strongly believe themselves to be equal members of the market when that identity is politicised in response to coercive action by the Municipal authorities. As one respondent explained, 'I've done this business for a long time and I know myself that what I'm doing is legal [...]. But there are those people who are just thieves [...] and they give us a bad name.'[39] The episodes when the local authorities conduct sweeps against illegal street selling epitomize this unfortunately Janus-faced perception. Bag sellers carry their bags on their arms and so have no problem escaping the Municipal raids. Some, however, pity their fellow traders (many of whom are middle-aged women) and so stand and fight against the authorities to give goods sellers more time to gather their items and escape. Speaking of the Municipal authorities, one seller recounted: 'They don't come to us [bag sellers] directly. We are there because of those people selling tomatoes. When they beat them we feel so bad that we sometimes fight the Municipal and then they fight back.'[40] The contradictory reputations of bag sellers come to the fore in the very same instance because some can use the confusion caused by the raids as a chance to steal. As one interviewee explained: 'The Municipal normally harass the hawkers. You find that those selling bags run with them and then the hawkers think the bag sellers are stealing from them as they run.'[41] This poor reputation—whether justified or not—presents a serious challenge to trust creation both within the group of bag sellers (bonding social capital) and the group's links with goods sellers or customers (bridging social capital). The question then is, given the inability of frequent interaction alone to produce trust, how have bag sellers developed adequate systems of signalling trustworthiness, sufficient for participation in an informal and intensely competitive political economy?

[37] Ibid.
[38] Interview 8, Isaac, 13.
[39] Interview 20, Sabato, 18.
[40] Interview 2, Michael, 19.
[41] Interview 17, Jose, 14.

Daily profit margins

As has been advanced theoretically, trust is a necessary prerequisite for economic activity, especially in the informal sector. The very fact that bag sellers have found a niche of profitable economic activity, whose services are relied upon by the whole market population, therefore shows that they have somehow managed to overcome the lack of confidence brought on by their reputation. That bag sellers have succeeded in maintaining and promoting a position within the local political economy is evidenced by an examination of their levels of profit. In mid-2010, the wholesale purchase and individual retail of the two most commonly sold plastic bags gave an average profit of 95 TSh per item. These two bags are normally bought in batches of 50 and there are no costs in sourcing as the reams of bags are sold wholesale at one stall within the market. Figure 4.5 shows the buying and selling prices of these two bags.

Figure 4.5 Prices and profit margins per bag for the two most used bags (TSh)[42]

Bag	Buying price	Selling price	Profit per bag
Small blue	50	100	50
Medium black	60	200	140

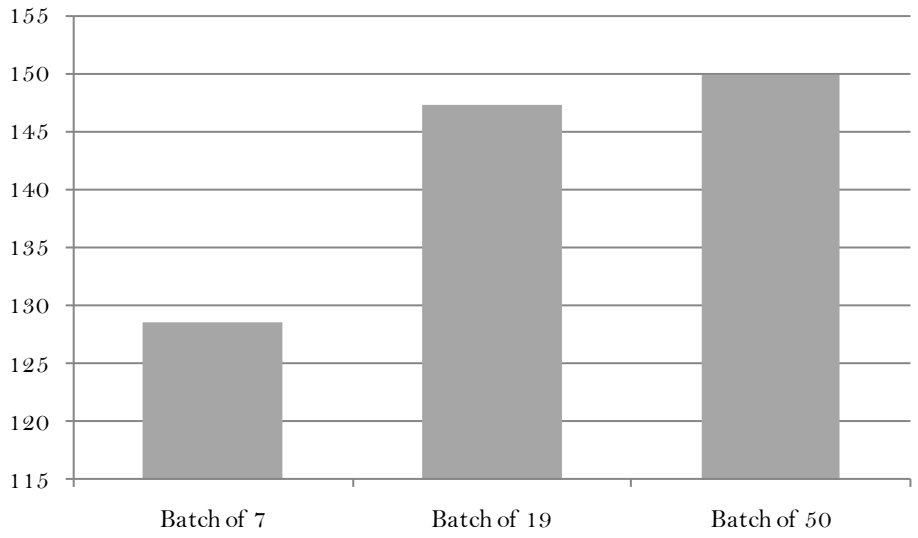
Interestingly, the same prices for each of the items were maintained by every respondent even though it is commonly understood throughout local markets of East Africa that prices are open to bargaining. The main reason for the rigidity of the prices lies in the fact that there is no variation in the quality of the good. Additionally, plastic bags are very low cost items whose prices cannot be easily broken down by the Tanzanian currency. 100 and 200 TSh are single coins, the equivalent of 0.07 or 0.15 US$ respectively.[43] Rarely, but sometimes, bag sellers will allow a bartering down of prices by 50 TSh for the small blue bag if this is all the money the buyer has. This would only be

[42] Buying prices shown per bag, calculated according to wholesale batches of 50.
[43] The equivalent US$ is provided at the exchange rate used by IMF staff in 2010. See International Monetary Fund, 'World Economic Outlook Database, April 2011'. Tanzania 2010 IMF staff estimate. http://www.imf.org/external/pubs/ft/weo/2011/01/weodata/index.aspx (accessed 21/08/11).

accepted by the bag seller if he wishes to get rid of a final batch of bags and the buyer has the correct amount in change.

Whilst prices are on the whole fixed, costs are not constant. In the economy of Soko Kuu bag selling, there are clear economies of scale for those bag sellers with the capital to buy larger wholesale batches. Figure 4.6 shows the changes in profit per item when buying wholesale in different amounts.

Figure 4.6 Profit per sale of medium-sized black plastic bag (TSh)



This market structure rewards stable and disciplined bag sellers, an interesting phenomenon given the fact that most bag sellers are already aspiring towards building up capital in order to expand into another business. Bag sellers are reinforced in the perceived benefits of this through participation in the bag selling wholesale market whereby capital retention is rewarded through greater profit margins.[44]

Answers as to daily levels of profit amongst bag sellers gave an average of 2,825 TSh, the equivalent of 2.11 US$.[45] Daily profit depended on hours worked and skill at spotting sales. Bag

[44] Interview 8, Isaac, 13.
[45] It could be criticised that answers were inflated to impress the listener but it is equally likely that some respondents felt the need to tone down accounts of their daily profit in the hope of receiving financial support

sellers can work seven days a week but most take Sunday off and many go to work somewhat intermittently during the week. For the sake of providing a yardstick for analysing the profitability of the profession, assuming a five day week schedule, a typical plastic bag seller would earn 734,500 TSh per annum (549 US$), almost the same as Tanzania's 2010 average GDP per capita of 733,303 TSh (548 US$).[46] The level of profit is relatively large given their economic background. Interestingly, although plastic bag sellers have a much lower social standing than goods sellers and hawkers, their level of daily income can be higher. Achieving this sort of profit and handling this amount of economic activity demands, of course, networks of trust. *How are trust networks formed in economically competitive environments?*

The journey to plastic bag selling

Almost half of respondents had come from neighbouring towns or rural areas, with the others having been born in the city of Mwanza. For those who had come from other areas, Mwanza presented all the attractiveness of African city life.[47] 'The way it appears,' explained one participant, 'it looks more developed. Where I am from, it is a village.'[48] The enduring attractiveness of Mwanza for the young males mostly lay in the relatively easier ability to get cash. As one respondent claimed, 'I found it to be a very good place where you can just get money. In Musoma you need to cultivate and wait for the harvest before you can get any money.'[49] Some of the bag sellers who grew up outside of Mwanza do in fact use a portion of their income to visit their place of origin. However, their general impression is of others wanting to follow their example and come to Mwanza which, together with

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from the researcher. Against the view that figures were lied about is the fact that independently produced answers clustered around similar figures.

[46] International Monetary Fund, 2011.

[47] Evans, R., 'Poverty, HIV, and Barriers to Education: Street Children's Experiences in Tanzania'. *Gender and Development*, Vol. 10, No. 3 (2002), pp. 51-62, p. 56; Bryceson, D. F., 'The Urban Melting Pot in East Africa: Ethnicity and Urban Growth in Kampala and Dar es Salaam'. Ch 11 of Locatelli, F. & Nugent, P. (eds.), *African Cities: Competing Claims on Urban Spaces* (Leiden: Brill, 2009), p. 251.

[48] Interview 2, Michael, 19.

[49] Interview 15, Willi, 18.

the developed attachment of the city as a new home,[50] means none of the respondents expressed a desire to return to their place of origin more permanently.

The question of how one gets into the practice of bag selling starts to shed light on the intricate networks involved in the profession. Overwhelmingly, the practice of selling bags has spread through the relationships of friends and family. A common remark was: 'There's this day I was with a friend. He said, "Why don't we go selling bags?" He really managed to convince me. The following day I went with him.'[51] This very same respondent in turn convinced another, who recounted in a separate interview: 'Hamisi introduced me where to buy the bags and my sister gave me some money.'[52]

The experience of one brother teaching the other was indicative of the trend. Chema came to stay in Mwanza from Tarime in 2008. His younger brother soon followed him and first worked with an older lady, helping her to sell tea at the market. Chema, after himself discovering and starting the business of bag selling, told his brother to follow and quit the tea selling:

> You know, when he started, he came to the market with the tea and started selling tea. So he sold his tea and then I told him, "Put that tea aside." Then I bought a few bags for him and I gave him. He sold the bags for three to four hours and then he got a profit of 1,500 TSh. The following day he came again with the tea. After selling the tea for some time, then I gave him some bags. He sold again, and got 1,500 TSh. Then it went like that, the third day, the fourth day, the fifth day. Then he went to—you know with the business of tea, he was employed by another mama—so he went and told this mama that now, from today, I want you to give me time so I sell here up to this point and then I continue with my selling of bags. But the mama did not like it and she started to envy him. Then that is when he decided. I told the brother, "Why don't you just leave that work, come and do *your* business?"[53]

Because the two brothers' parents lived in Tarime, the rejection of the relationship with the befriended mama represented a severe loss in social security. At the same time, however, the increased income from bag selling meant the brothers went on to hire a basic room and no longer had to stay on the streets. This dynamic display of reorganising social relationships and working quickly towards finding accommodation is in direct contrast with Lockhart's account of experienced Mwanza street boys who, despite strong ambitions, put off practical steps towards improving their

[50] Interview 5, Hamisi, 18.
[51] Ibid.
[52] Interview 9, name withheld, 16.
[53] Interview 1, Chema, 22.

condition.[54] The youths investigated by Lockhart between 1997 and 1999 did wash cars for money but the social hierarchy they were involved in meant profit was looted from them by older gangs of street dwellers.[55]

Some previous exposure to the market, either as a buyer or a seller,[56] climatises one to the bag selling industry and builds confidence for taking up the profession. Participation in bag selling normally requires an end to school commitments. All young sellers expressed a strong desire to return but cited reasons of financial constraint as to why this was not possible.[57] One respondent explained how:

> I went up to Standard 7 [end of primary school] but I did not do exams. I am out of school because I did something wrong. I beat a student there and was told to not come back for three months. After those three months I did not go back.[58]

Whilst most bag sellers received encouragement from family or extended family in Mwanza because it would help contribute to household income, one respondent revealed the extent to which he was deceiving his mother, a seller of vegetables also in Soko Kuu, in order to continue working despite her disapproval:

> I used not to do business before. I used to just help my mother with her work there. She sells vegetables. [...] Before, because I used to help my mother with her business I used to see these others selling bags. One day I asked my mother for 3,000 TSh saying I wanted it for clothes. I was lying to her and I bought bags with it. Then I sold the bags and made profit. [...] She doesn't like me selling. I time her and hide. I make sure she sees I'm the first one home. [...] Normally I have to take food from her to home. If she sees me then I just say I am here for the food. When I get the food I rush home and put it there and then rush back to the market and make sure my mother doesn't see me. [...] My father is worse: he really doesn't want me to do this business. But he leaves early for work and comes back late.[59]

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[54] Lockhart, 2008, p. 112.
[55] Ibid, pp. 102-3. The contrast between that account and the present one suggests it would be beneficial from a policy perspective if further exploration was made into what informal economic activities support a practical pursuit of childhood and young adult aspirations, and what activities instead reinforce reluctance towards investing in self-development. The present account suggests that economic activities enjoying economies of scale help discipline the self-employed into saving and developing more of a daily work routine. The best scenario for a young, out of school aspirant seeking to move away from poverty would therefore be a business holding economies of scale for incremental expansion. This would need to be combined, of course, with opportunity for the safe storage of capital.
[56] Respectively, interview 10, Juma, 17; interview 6, Hassani, 13.
[57] Answers to such questions may have been biased in the hope that the interviewer might take pity and provide financial support.
[58] Interview 10, Juma, 17.
[59] Interview 13, Dayson, 15.

Relationships and networks with goods sellers

The point of contact for introduction to the business of bag selling constituted a key relationship of trust. At the same time, in order to grow in the business, extensions and fresh connections of trust have to be made. Buyers to the market are numerous and inconsistent and so provide few opportunities for building strong relationships. Two other relationships will therefore be considered in understanding the networks of trust important for the bag seller. The first is between bag sellers and goods sellers; the second between bag sellers themselves.

The relationship between bag sellers and goods sellers is prefaced by the reputation of the unknown bag seller as a thief. At the same time, there is interdependence between the two groups as bags are wanted when making sales of goods and bag sellers want goods sellers who will look out for them over their peers when in need of a bag. The interdependence is part of day-to-day market life:

> If you are a new person here you just try to build trust with the sellers [of goods]. After some time the customers will come and the sellers will know you. [...] The way you can build trust is by knowing a seller who sells and you are standing by.[60]

Bag sellers do not have the constancy in location or uniqueness of product that could bridge relationships of trust with market customers but goods sellers do. Fostering relationships with the latter therefore facilitates indirect customer loyalty for bag sellers.

Forming a relationship of trust with a goods seller is relatively easy. It involves being open to lending a hand when asked, perhaps in moving market goods or in supplying a bag on short-term credit. Such practices are subtle indicators of reputation and implicitly check whether a bag seller is a thief or not by testing the self-giving of their disposition. As Fafchamps observes, '[t]he more bad agents there are, the more valuable relationships are, and the easier it is to sustain contracts on the strength of relationships alone.'[61] It seems as humans we find it difficult to perform Machiavelli's suggestion 'to choose the fox and the lion' at the same time,[62] and so can quickly be found out to be foxes or lions on the basis of how we perform small acts. There are no foolproof tests, and this is not

[60] Interview 5, Hamisi, 18.
[61] Fafchamps, M., 'Spontaneous Markets, Networks, and Social Capital: Lessons from Africa'. *Global Poverty Research Group* (Nov 2006), p. 26.
[62] Machiavelli, N., *The Prince* (Hertfordshire: Wordsworth, 1993 [1513]), p. 138.

a theory that *once a free-rider, always a stupidly obvious free-rider*, but it is nevertheless worth highlighting that goods sellers do employ tests, and these work a lot of the time. Asked how he has managed to build up such strong relationships with goods sellers, for example, one 17 year-old bag seller responded, 'They give money for you to buy them something and bring it back. If you don't steal the money but bring them what they want then you win their trust.'[63] Whereas a test of trust might be assumed as in itself already a breach of trust, one participant proudly expressed how he thought such goods sellers 'treat us as humans.'[64] If reputation can be built up enough, it is more likely to lead to another avenue of income: carrying the goods of a customer for the rest of their shopping time, in exchange for a tip.[65]

The general relationship of goods sellers to bag sellers is tense because of the poor reputation of the unknown bag seller. As has been shown, saving grace lies in the interdependence between the two professions and the resulting signalling of reputations.

Relationships and networks between bag sellers

The economic consideration of competition in the context of scarce resources is even more keenly exhibited in the case of bag seller-on-bag seller trust because direct competitiveness seemingly replaces any notion of interdependence. It is the most important professional relationship for bag sellers—if only because bag sellers themselves are the only group who do not start with the premise that bag sellers are generally thieves—and thus has led to innovative methods for trust indication. Exploration of trust creation between bag sellers forms the remainder of the chapter. The discussion first looks at the low level of general trust and then shows the interpersonal avenues bag sellers have used to overcome this. The focal point for disagreement between bag sellers is competition for sales. As mentioned previously, there is very little room for bag sellers to incite or retain customers through integrity or salesmanship. The buyer is usually committed to the purchase simply by nature of the fact that he or she has already purchased goods that need to be carried. In addition, the prices

[63] Interview 10, Juma, 17.
[64] Interview 3, Nashon, 24.
[65] Interview 20, Sabato, 18.

of the bags are commonly known and kept to. The question for the bag seller, therefore, is not *how well one sells* but *how many one sells*. Lack of ability to elicit added value to their product increases the propensity towards shameless competition between bag sellers.

The main manifestation of peer-on-peer competition comes through barging a fellow bag seller out of the way so that one gets the sale. As one respondent explained, 'That type of life is there whereby we disagree mostly. If there is a customer then we rush to overtake the others to get the sale.'[66] Another respondent commented, 'Sometimes we don't get on well. A customer comes and both of you want to sell so you disagree and maybe you fight.'[67] Fighting can be immediate or outside the market, after it has closed. In this way, bag sellers who have upset others may be tagged for a later beating, so long as they are someone without too many friends to stick up for them. There is a central area of dispute as to whether sales should go to the bag seller who spotted the sale first or the bag seller who arrived first. Asked whether he would fight someone for a sale, one respondent answered, 'I'd fight; I'm the one who saw it first.'[68] However, he acknowledged that his energetic approach was not endorsed by everyone, and added that '[a]t the end of the sales in the evening they will come for you.'[69] Such areas for conflict had come to be expected: 'Some disagreement is normal. You might find that it is you who identifies a customer first and then it is you who might disagree or fight a bit.'[70]

Bag sellers complain at the lack of trust between themselves, not because it leads to worse sales but because it creates an unhappy and upsetting working environment. One bag seller complained, 'There is this disagreement or envy. That is there if there is someone selling more.'[71] Another bag seller lamented, 'We don't have that unity. [...] We found ourselves in the market and no-one knows one another's background. We just see each other and then go home. I don't know if that unity will ever be there.'[72] Asked whether he has friends who are also bag sellers, one

[66] Interview 16, Lameek, 18.
[67] Interview 10, Juma, 17.
[68] Interview 19, Joanes, 17.
[69] Ibid.
[70] Interview 13, Dayson, 15.
[71] Interview 3, Nashon, 24.
[72] Interview 20, Sabato, 18.

respondent answered: 'No, we do not have any good relationship amongst ourselves. We are not even united. We are everyday fighting amongst ourselves.'[73]

The irrelevance of ethnicity in the professional setting

Scholarship has gone a long way in demonstrating how tribe and ethnicity do not play determinate roles for sociological outcomes but are nevertheless sometimes operative in the politicisation or entrenchment of group identities by elites in scenarios of scarce resources or insecurity.[74] The intensely competitive environment of bag selling in Soko Kuu would, therefore, normally be expected to result in ethnic division—not because the ethnicities are themselves opposed but because there is a lack of generalised trust or formalised justice. The competitive and easy descent towards physical violence should encourage individuals to bind themselves ethnically for the sake of protection. The absence of tribal division is, therefore, deeply curious.

Tribe or ethnicity did not feature in interviews as a natural consequence of comment around the topics of bag selling and personal biography; discussion of the importance of one's ethnic group had to be brought up by the researcher. As one respondent remarked:

> With the question of tribe it is not there at all and I have never thought about it. With me I was born here [Mwanza], went to school here. I cannot even speak the [tribal] language. I just know my tribe because that is what my parents are, but I can only speak Kiswahili.[75]

A higher than usual number of Kuria featured in the sample as compared with the percentage of Kuria in Mwanza (9 of the 20 respondents), most likely due to the way in which bag sellers often entered the profession through suggestions of family, as outlined previously. However, when questioned on whether tribe had any significance for one's profession, or whether one could rely on

[73] Interview 1, Chema, 22.
[74] Esman, M. J., *Ethnic Politics* (New York: Cornell University Press, 1994); *An Introduction to Ethnic Conflict* (Polity Press: Cambridge, 2004); Chabal, P. & Daloz, J., *Africa Works: Disorder As Political Instrument* (Oxford: James Currey, 1999); Horowitz, D. L., *Ethnic Groups in Conflict* (USA: University of California Press, 2000); and Berdal, M. & Malone, D. M. (eds.), *Greed & Grievance: Economic Agendas in Civil Wars* (London: Lynne Reinner, 2000).
[75] Interview 20, Sabato, 18.

other Kuria sellers more, for example, respondents insisted it did not make a difference.[76] If one gets into a fight, friends are the ones who protect you, not coethnics.[77]

Kinship and tribe did have some significance when participants reflected on how strong their safety net was if things were to take a turn for the worst and they were no longer able to support themselves; if respondents had family, they would at those times turn to them for help. In this vein, one interviewee commented that, 'We get along well with our own tribe. We are united so even if one is injured we look after them.'[78] The importance here, however, was on family obligations if things go wrong. From the purely professional perspective of bag selling, coethnicity does not guarantee someone will not steal one's sale. Mwanza has acted as an identity melting-pot by virtue of it being a fast-growing city, and so those dealing with the buzz of Soko Kuu market enjoy exposure to all walks of life the city has to offer. One Haya bag seller from Kigoma commented, 'My friends are of different tribes and even some of them I do not know their tribe.'[79] And, as another respondent judged, 'A friend can help you more than a relative.'[80]

The relevance of age in the professional setting

Competition for sales and the resulting fights that break out are, however, intensely connected to age. As has been pointed to above, age plays an enormous role in determining status within the community of Soko Kuu. This can be understood as an integral element of social life throughout the continent. As Chabal affirms, age

> is significant not just in terms of social hierarchy and political prominence – both of which are undeniably crucial – but also in terms of one's own identity. However irrelevant it may seem in the era of fast modernity and sweeping globalisation, the notion of age group continues to have strong resonance in everyday life.[81]

[76] Interview 9, name withheld, 16; Interview 15, Willi, 18.
[77] Interview 15, Willi, 18.
[78] Interview 1, Chema, 22.
[79] Interview 5, Hamisi, 18.
[80] Interview 3, Nashon, 24.
[81] Chabal, P., *Africa: The politics of suffering and smiling* (Pietermaritzburg: University of KwaZulu-Natal Press, 2009), p. 39.

Amongst bag sellers of Soko Kuu, there is a frequently referred to division between "older" and "younger" bag sellers. When asked to say at what age one becomes an older bag seller, answers clustered around 17 to 19. The threshold is sometimes vague and one's membership in either category will also depend on the ages of those one socialises with.

Older sellers frequently expressed their deep resentment at the younger sellers. As one 18 year-old recounted,

> There are these small children. Actually they are not supposed to be selling. Those selling with tables don't like them and chase them out, but they have come for their needs, the same way you have. [...] There are people who feel they are not supposed to be there; they are a nuisance.[82]

Other older sellers showed contempt for the supposed financial needs of the young ones, and felt they should in any case be in school. As men, older sellers believed they had greater responsibilities and more of a need for sales. On the issue of responsibility to earn enough to provide for others, however, the reverse was often the case. Younger bag sellers frequently had siblings depending on them for food and support in going to school.[83] All unmarried, the older sellers couched their greater right to work not on responsibility towards family but on the principle that they were past school and so this was their only option to earn: 'Those who are older than us don't like us. They try to chase us away, saying we don't have needs like they do.'[84]

Age difference takes on most relevance when fights break out between bag sellers. As one respondent explained, 'Yes, normally if someone takes your customer then there is a problem. If he is older then you let it happen. If they are your age you fight.'[85] As seniors, the older bag sellers bear responsibility for setting the trend of what is appropriate and acceptable behaviour. The importance of this is also reinforced by the general impression that it is the younger sellers who are thieves (because they are small, fast and have been brought up badly). In this vein, older sellers can subject those younger than them to quite harsh reprimands. One 14 year-old complained that '[o]lder ones really do bad things to us.'[86] A 13 year-old explained how, 'With us of the same age we rarely fight.

[82] Interview 20, Sabato, 18.
[83] Interview 7, Alex, 14.
[84] Interview 2, Michael, 19.
[85] Ibid.
[86] Interview 17, Jose, 14.

It is the older ones who are the fighters, especially when we get a customer they chase us away.'[87] There is no option to complain to the Municipal authorities about this treatment because bag sellers found by the police are detained and fined for selling in the market without license.

By mutual agreement, older bag sellers tend to sell in the outside streets of the market and younger bag sellers in the market's interior. This is in part a convenient distribution of labour because the inside is packed and so harder for bigger bag sellers to get around quickly.[88] It is also, however, because of the common desire that conflict will be avoided if each group keeps to their own territory.[89]

An anchor of trust

Given the vortex of competition for sales, quick resort to physical violence and the reputation of thievery, it is difficult to imagine how trust creation can occur. Certainly, for some, the torrent of a chaotic market can seem like a good example of all that Hobbes had in mind—and so working towards institutional rule presents itself as the only viable solution for pacifying human relations. Closer examination, however, reveals some subtle dynamics at play that provide room for agent-led trust generation and maintenance. The phenomenon is surprising because it has emerged in the midst of what most would agree is an environment that fits the scenario of scarce resources and competition. To describe the mechanism at play we employ the term *trust anchor*, defined as a common point of interaction where persons may signal willingness to cooperate and have their disposition reciprocated for mutual confidence in the medium and long terms. Trust anchors do not occur where trust is always promoted or guaranteed; they are zones where indication of one's disposition towards self-giving can be signalled *if one so desires.* Trust anchors are commonly understood points at which persons leave themselves open to being taken advantage of in the short term, for the sake of possibly developing a trusting-trustworthy relationship over a longer period. In

[87] Interview 8, Isaac, 13.
[88] Additionally, only the older sellers sell the very large bags, which also require more room when being carried.
[89] Interview 2, Michael, 19.

this sense, anchors of trust occur where the signalling of trustworthiness is agent-led—a positive opposite to the concept of social dilemmas.

The most important trust anchor for relationships between bag sellers themselves and between bag sellers and goods sellers of Soko Kuu is the giving out of small change. The following dictum is widely held amongst bag sellers: 'Sometimes I can lose a sale because I don't have change.'[90] Amongst markets throughout Mwanza there is a serious shortage of small currency such that sellers of all goods will often be unable to transact because their customer does not have the exact cash and is demanding change. For those who sell low cost items—with plastic bags ranking as one of the most low cost items available—the problem is intensified as the majority of transactions involve the customer giving a coin or note larger than the price of the good. Because of the dense concentration of bag sellers, it often only takes a moment's hesitation for the opportunity of a sale to be lost. Thrown into the mix of hefty competition, the question of who will give you change sorts the angels from the devils.

What makes available change special? Interestingly, available change counts as a public good, but one that needs to be maintained by users at the microeconomic level. A public good is one 'that must be provided in the same amount to all the affected consumers'.[91] The concept is normally broken down into two identifiable properties: excludability and subtractability, whereby a public good cannot be excluded from those who wish to consume it and suffers little diminishment through use (low subtractability). By way of some examples, typical public goods include state-funded schools (no-one is barred entry and teachers teach each pupil the same) or public roads (everyone can use them and the road does not disappear once used). With change, the need to enforce how a single large note is equivalent to a particular collection of coins renders change non-excludable at the aggregate level. Additionally, by its nature it does not diminish through use. At the same time as holding these characteristics, however, the system of keeping change available can only be ensured indirectly by government as most exchanges are not between government and citizen but between citizens. It therefore also exhibits an elementary trust game at the micro level: if we both cooperate in making trust available to each other we can both trade with ease; if you refuse to reciprocate my

[90] Interview 15, Willi, 18.
[91] Varian, H. R., *Intermediate Microeconomics: A Modern Approach* (London: Norton & Company, 1999), 5th Ed., p. 618.

giving of change to you, I lose out and you gain for now, but I will likely refuse you next time you ask. Like prisoners' dilemma games, the noncooperative position of hoarding change forms the Nash equilibrium in the one-round game, though not the collectively best outcome. In the medium and long-term, failing to strike up relationships of mutual cooperation damages one's interests severely. Making change available to others is therefore an act of vulnerability that seeks to establish a long-term relationship. Crucially, although change is in this way a public good, its benefits can be excluded locally against persons committed to free-riding. It is in this particular aspect that making change available becomes an anchor of trust for those seeking cooperative relationships.

When in need of change, '[y]ou try and ask your fellow bag seller'.[92] The responses and types of relationship described as resulting from whether the bag or goods seller helps or not were numerous. Pragmatically, some answered that, 'It depends with how much change I have.'[93] Others, however, demonstrated how they had fostered particular relationships:

> ...normally they need small change, like 100, 50 or 200 [TSh]. Most of the time I have some and you find that the vegetable sellers or the onion sellers don't, and they have a customer that wants change back. So they call me, and they know that I am ready to give them change. While you find that, unlike me, the others will not give. Some of them are mean and greedy or they don't want to give out their change. Because of that they like me.[94]

One respondent complained how, 'Even a good friend won't give you change',[95] and another expressed that,

> I don't have much problem with it unless I have a customer who needs change. I then go to the *mamas* [goods sellers] who give change. [...] They [other bag sellers] will tell you, "What if I get a customer who needs change?" Even me, I would not give out change.[96]

When asked whether he would give goods sellers change, the same respondent answered, 'Yes, I would, because even when I ask them for change they will give it.'[97] Here, the respondent had formed relationships of trust with goods sellers but not fellow plastic bag sellers. Indeed, what qualifies making change available to be an anchor of trust is the fact that reciprocal self-giving creates a mutually beneficial relationship that is increasingly relied upon as it is built, pushing towards

[92] Interview 20, Sabato, 18.
[93] Interview 12, Benedicto, 30.
[94] Interview 1, Chema, 22.
[95] Interview 19, Joanes, 17.
[96] Interview 13, Dayson, 15.
[97] Ibid.

expanding inclusiveness between persons from the micro towards the macro. Streams of trust building are therefore possible if reputations of reciprocity can be maintained across a broader population category.

The age division between older and younger bag sellers presents a barrier that is yet to be surmounted by the trust anchor of making change available. If someone of one age bracket gives change to someone of the other age bracket, his generosity will not be reciprocated. A 16 year-old commented, 'I prefer the older ones. These small ones don't give out change easily. [...] The smaller ones don't trust the older ones.'[98] Representative of the common wisdom of the younger bag sellers, 13 year-old Isaac explained:

> I don't like it [the work of bag selling] because we are beaten when we sell [by] fellow bag sellers who are older. [...] If they come for you for change and you tell them you don't have change, they beat you and chase you away. And they then get the sale.[99]

As an anchor of trust, giving out change signals trustworthiness and therefore acts as a motivation for the formation of both bonding and bridging social capital amongst persons of Soko Kuu. It has not overcome all divisions but has created links between persons willing to cooperate and mutually benefit from the availability of change, and thus counts as a zone for the growth of trusting-trustworthy relationships.

Conclusion

Previous social science literature has emphasised the importance of repeated interaction for trust creation but little attempt has been made to scratch beneath the surface on what repeated interaction is trust fertile and what repeated interaction is trust barren. Separate to this discussion, Africanist scholars have discussed the value of gift exchange and how important it was for the bonding of community in traditional societies. Chabal goes so far as to note an oppositional position between anthropology and the social sciences on this point:

[98] Interview 9, name withheld, 16.
[99] Interview 8, Isaac, 13.

> As anthropologists have detailed, the prevalence of *gift* or *giving* in 'traditional' societies is to be explained in terms of a political economy of exchange and reciprocity that is alien to commodity trade and profit-making. It is part of an array of obligations that sustain identity, virtue and good relations within a group and between communities. However, most social scientific interpretations of gift centre on the instrumentally rational nature of what serves both as social lubricant and as an incipient form of social security.[100]

This chapter demonstrates how there is no reason to polarise these two approaches, so long as appreciation is made of the capabilities of persons to signal trustworthiness. The political economy of plastic bag sellers in Soko Kuu keenly represents understandings of competition and scarce resources in a setting without formal regulations, and yet trust creation is nevertheless apparent at trust anchors, in tandem with the very same style of moral deliberation felt to hold such force in so-called "traditional" societies. At the same time, by analysing willingness to act trustworthily before willingness to trust, priority is not given to instrumentally rational motives at the expense of locally understood interpretations of other-regarding behaviour.

Some of the trust-creating dynamics can be seen in the way goods sellers test bag sellers with small tasks in order to identify the latter's habits of disposition. However, the strongest trust anchor—partly because of the extent to which it can be easily habituated—is found in making change available to others. As an indicator of good conduct, giving out change stabilises relationships of mutual exchange. By taking the question of signalling trustworthiness before that of signalling trust, empirical application has yielded a fruitful display of an agent-centred example of the formation of trusting-trustworthy relationships. Whilst many of the mechanisms at play are already understood in behavioural economics, we have focused in on where the social or institutional structure neither ensures nor excludes cooperative behaviour, and how social dilemmas can be turned around as opportunities for signalling trustworthiness.

In delving into a tiny political economy, this chapter has developed useful conceptual tools for interpreting the infant stages of agent-centred trust creation. Keeping these concepts in mind, attention now turns to the comparative experiences of building trust in Kenya and Tanzania.

[100] Chabal, 2009, pp. 72-3 (emphasis in original).

5.

Community Trust and Group Organisation[1]

> That all persons call the same thing mine in the sense in which each does so may be a fine thing, but it is impracticable; or if the words are taken in the other sense, such a unity in no way conduces to harmony. [...] For that which is common to the greatest number has the least care bestowed upon it. Everyone thinks chiefly of his own, hardly at all of the common interest; and only when he is himself concerned as an individual.
> —Aristotle, *Politics*[2]

Economics and political science literature has swept forward in establishing a relationship between ethnic diversity and public goods provision within communities. From the late 1990s, such research has clustered around an empirically-based consensus that public goods are organised and provided worse in communities that are ethnically heterogeneous. Such is the strength of the evidence, in fact, that Banerjee et al describe it as 'one of the most powerful hypotheses in political economy.'[3] Studies of the United States, for example, reveal a negative relationship between community diversity and funding for schools, roads, sewers and rubbish collection, as well as participation-levels in a census.[4]

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[1] This chapter is a revised version of Burbidge, D., 'Urban Trust in Kenya and Tanzania: Cooperation in the Provision of Public Goods'. *Canadian Journal of African Studies*, Vol. 47, No. 3 (2013b), forthcoming.
[2] Aristotle, *Politics*. Vol. 2 of *The Complete Works of Aristotle: The Revised Oxford Translation* (Chichester: Princeton University Press, 1984). Translated by Jowett, B., 1261^{b}30-36.
[3] Banerjee, A., Lakshmi, I. & Somanathan, R., 'History, Social Divisions, and Public Goods in Rural India'. *Journal of the European Economic Association*, Vol. 3 (2005), pp. 639-647, p. 639.
[4] Poterba, J., 'Demographic Structure and the Political Economy of Public Education'. *Journal of Fiscal Analysis and Management*, Vol. 16, No. 1 (1997), pp. 48-66; Goldin, C. & Katz, L., 'Human Capital and Social Capital: The Rise of Secondary School in America, 1910-1940'. *Journal of Interdisciplinary History*, Vol. 29, No. 4 (1999), pp. 683-723; Alesina, A., Baqir, R. & Easterly, W., 'Public Goods and Ethnic Divisions'. *Quarterly Journal of Economics*, Vol. 114, No. 4 (1999), pp. 1243-1284; Alesina, A. & Ferrara, E. L., 'Who Trusts Others?' *Journal of*

Bardhan observes an association between caste heterogeneity and poor maintenance of local irrigation schemes in India[5] and the same applies to irrigation projects in Mexico with respect to levels of social diversity.[6] Okten and Osili show community diversity in Indonesia to be related to low labour, material and financial contributions for local public goods.[7] The same relationship has been interpreted for community-based collective action in Nepal and the upkeep of public infrastructure in Pakistan.[8] In a cross-country study of 29 market economies, Knack and Keefer find ethnic homogeneity to be positively correlated with both trust and civic cooperation.[9] Looking only at developing countries, Temple also finds ethnic diversity to correlate with low social capability and suggests 'it might be that one consequence of ethnic diversity is a low level of trust.'[10]

Compared to most social science hypotheses, therefore, the association between ethnic heterogeneity and poor public goods provision is frequently relied upon, with Collier and Gunning going so far as to proxy social capital through reference to ethno-lingustic fractionalisation.[11] At the same time, the need for nuanced analysis and avoiding over-simplification is also well understood.[12] The present chapter argues against assuming ethnic diversity means low trust and poor cooperation by demonstrating how that relationship does not apply invariably. This is important for the thesis' argument because it demonstrates the inadequacy of approaching the question of how trusting-trustworthy relationships are formed solely through structural variables such as identity. If it is the case, for instance, that socio-economic or ethnic diversity completely explain weak cooperation in

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Public Economics, Vol. 85, No. 2 (2002), pp. 207-234; and Vigdor, J., 'Community Composition and Collective Action: Analyzing Initial Mail Response to the 2000 Census'. *Review of Economics and Statistics*, Vol. 86, No. 1 (2004), pp. 303-312.

[5] Bardhan, P., 'Irrigation and Cooperation: An Empirical Analysis of Forty-Eight Irrigation Communities in South India'. *Economic Development and Cultural Change*, Vol. 48, No. 4 (2000), pp. 847-865.

[6] Dayton-Johnson, J., 'Determinants of Collective Action on the Local Commons: A Model with Evidence from Mexico'. *Journal of Development Economics*, Vol. 62, No. 1 (2000), pp. 181-208.

[7] Okten, C. & Osili, U. O., 'Contributions in Heterogeneous Communities: Evidence from Indonesia'. *Journal of Population Economics*, Vol. 17, No. 4 (2004), pp. 603-626.

[8] Baland, J., Bardhan, P., Das, S., Mookherjee, D. & Sarkar, R., 'Inequality, Collective Action, and the Environment: Evidence from Firewood Collection in Nepal'. Ch 10 of Baland, J., Bardhan, P. & Bowles, S. (eds.), *Inequality, Cooperation, and Environmental Sustainability* (Princeton: Princeton University Press, 2006); and Khwaja, A., 'Can Good Projects Succeed in Bad Communities? Collective Action in the Himalayas'. Unpublished paper, Harvard University, Massachusetts (2001).

[9] Knack, S. & Keefer, P., 'Does Social Capital Have an Economic Payoff? A Cross-Country Investigation'. *Quarterly Journal of Economics*, Vol. 112, No. 4 (1997), pp. 1251-1288, p. 1282.

[10] Temple, J., 'Initial Conditions, Social Capital and Growth in Africa'. *Journal of African Economies*, Vol. 7, No. 3 (1998), pp. 309-347, p. 326-7.

[11] Collier, P. & Gunning, J. W., 'Explaining African Economic Performance'. *Journal of Economic Literature*, Vol. 37, No. 1 (1999), pp. 64-111, pp. 67, 100.

[12] Cheeseman, N., 'Ethnicity and Development'. In van de Walle, N. & Lancaster, C. (eds.), *The Politics of Development* (Oxford: Oxford University Press, 2014).

the provision of public goods, there is no basis for saying that the agency-based trustful relations exhibited in the preceding chapter are at the heart of social capital. Indeed, the view that homogeneity is key for cooperation would provide a sound argument for social capital as strictly a bonding phenomenon—unable to engage in bridging to other groups—and would suggest that social bridging and social bonding are inversely related.[13] Based on the evidence below, however, it would be dangerous to assume such a relationship to hold in all cases of diversity, and wrong to argue that ethnic diversity causes poor public goods provision per se. The findings presented here therefore further encourage analysis of the agency-based dynamics that may also be at play in the emergence of trusting-trustworthy relationships.

This call for increased sensitivity to agency dynamics can be applied to the recent work of Habyarimana et al, who focus keenly on these very same questions of diversity and cooperation.[14] There the authors acknowledge the previous findings on diversity and public goods provision and then embark on a comprehensive research strategy to tease out why ethnic diversity leads to collective action failure and poor public goods provision. A methodological difficulty with their work lies in how the authors select their research site of Kawempe Division of Kampala, Uganda, on the basis that it is both poor and ethnically diverse; as they maintain, 'we deliberately selected a study area that was ethnically diverse and that had generally low levels of public goods provision.'[15] Africa may be, in the words of Miguel, 'the most ethnically diverse and poorest continent'[16] but this does not mean that when the two are found together, ethnic diversity can be assumed to be causing the poor provision in public goods. A note of caution is needed, and greater qualitative detail provided on how cooperative dynamics arise.

With this goal in mind, the present chapter takes forward the work of Miguel, who argued how diverse Tanzanian communities mobilise provision of public goods successfully, irrespective of

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[13] For counter-argument to this position, see Putnam, R. D., '*E Pluribus Unum*: Diversity and Community in the Twenty-first Century'. *Scandinavian Political Studies*, Vol. 30, No. 2 (2007), pp. 137-174, pp. 143-4.
[14] Habyarimana, J., Humphreys, M., Posner, D. N. & Weinstein, J. M., 'Why Does Ethnic Diversity Undermine Public Goods Provision?' *American Political Science Review*, Vol. 101, No. 4 (2007), pp. 709-725; and Habyarimana, J., Humphreys, M., Posner, D. N. & Weinstein, J. M., *Coethnicity: Diversity and the Dilemmas of Collective Action* (New York: Russell Sage Foundation, 2009).
[15] Habyarimana et al, 2007, p. 712; see also Habyarimana et al, 2009, pp. 19-20.
[16] Miguel, E., 'Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania'. *World Politics*, Vol. 56 (2004), pp. 327-362, p. 327. Also, Easterly and Levine correlate a lack of economic growth with ethnic diversity in Africa. Easterly, W. & Levine, R., 'Africa's Growth Tragedy: Policies and Ethnic Divisions'. *Quarterly Journal of Economics*, Vol. 112, No. 4 (1997), pp. 1203-1250.

their level of ethnolinguistic fractionalisation, whereas similar communities in Kenya fail to (as noted in chapter two).[17] Here we push further this finding by contrasting urban trust dynamics of a homogeneous Kenyan community with an otherwise similar heterogeneous Tanzanian community. The research question asks whether better public goods mobilisation and provision within Kenyan homogeneous communities takes place as compared to diverse Tanzanian communities. The results are striking: Tanzanian communities that are ethnically divided display stronger levels of public goods mobilisation than their homogeneous Kenyan counterparts and this encourages the view that more is at work than identity homogeneity for explaining citizen-on-citizen levels of trust.

The chapter is structured by first outlining the methodology employed to identify trusting dynamics at play at the level of small groups seeking to cooperate in the provision of local public goods. Second, the findings are introduced in two stages, according to the topics of security and cleaning provision within marketplaces, which proved of most concern and importance for local community mobilisation. Finally, the chapter draws conclusions on the findings of trusting-trustworthy dynamics amongst market-sellers of Kisumu and Mwanza and posits what this means for interpreting the causes for the emergence of such relationships.

Methodology

"Public goods" is a term deployed to denote 'a good that must be provided in the same amount to all the affected consumers'.[18] The concept can be broken down into two identifiable properties: excludability and subtractability. A public good is one that is non-excludable and cannot be diminished through use (low subtractability). In this vein, Ostrom defines a public good as a good generally considered to 'yield nonsubtractive benefits that can be enjoyed jointly by many people who are hard to exclude from obtaining these benefits.'[19] They are goods appreciated by many but bearing little relative incentive for any one person to make the effort in supplying. The phenomenon

[17] Miguel, 2004. Supported also by Miguel, E. & Gugerty, M. K., 'Ethnic Diversity, Social Sanctions, and Public Goods in Kenya'. *Journal of Public Economics*, Vol. 89 (2005), pp. 2325-2368.
[18] Varian, H. R., *Intermediate Microeconomics: A Modern Approach* (London: Norton & Company, 1999), 5th Ed., p. 618.
[19] Ostrom, E., *Understanding Institutional Diversity* (Oxford: Princeton University Press, 2005), p. 23.

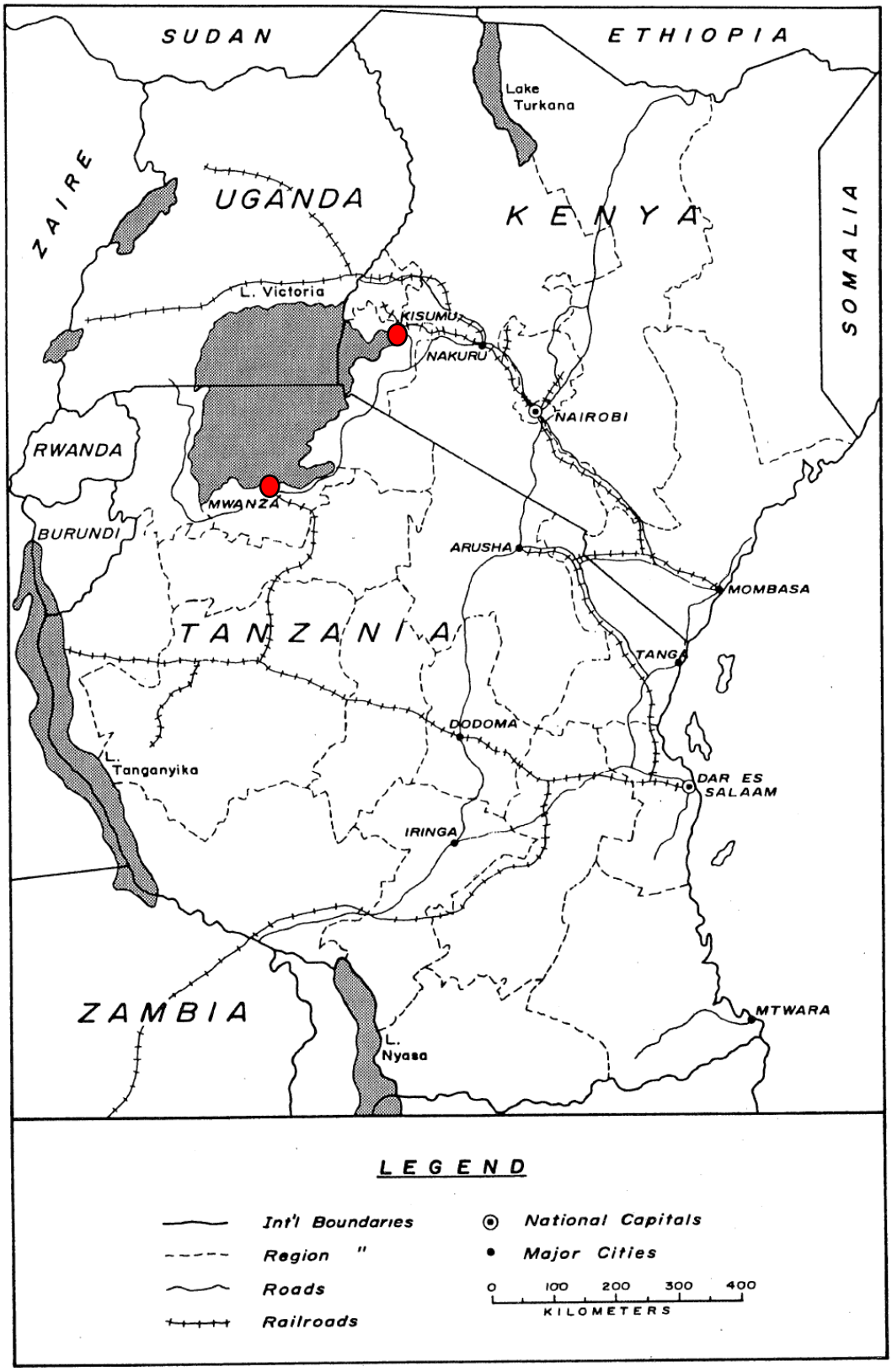
the term identifies is not new to the study of economics, with Smith pointing out in 1776 how some types of goods need to be provided collectively if they are to be provided efficiently.[20]

Without arguing against the merits of theoretical findings in economics, the present study considers a far more practical definition of public goods. Rather than formulating a definition that fits the need of a 'pure' type diametrically opposed to private goods,[21] we employ a negative definition: public goods are goods/services not provided optimally by base market incentives, thus requiring of some degree of collective organisation for their production. Based around actual examples of goods/services that are difficult to provide privately, such a definition is perhaps closer to Buchanan's subset term of '[p]artially divisible goods and services, with interactions limited to groups of critically small size.'[22] The chapter involves itself with *how* public goods provision is organised at the local and weak-institutional level, and thus takes on this practical definition.

The cases of trusting-trustworthy relationships are explored with reference to whether ethnic diversity affects cooperation in the provision of public goods, and so our choice of research sites sought to hold constant as many other variables that could influence group dynamics as possible. To this end, trusting-trustworthy relationships were studied in local markets of the cities of Kisumu, Kenya, and Mwanza, Tanzania, both located on the bay of Lake Victoria (see figure 5.1). Field research involved observation, interviews and focus groups in six comparable markets: Kibuye, Jubilee and Oile of Kisumu, and Soko Kuu, Mlango Mmoja and Mkuyuni of Mwanza. Interviews lasted, on average, 45 minutes each and 50 were conducted in total (25 in each city), in whichever language respondents felt most comfortable. Translation was provided by a local woman familiar to both Kisumu and Mwanza and fluent in Dholuo and Kiswahili. In addition, six focus groups were conducted of between five and ten persons (three focus groups in each city).

[20] Smith, A., *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776). Campbell, R. H. & Skinner, A. S. (eds.), Vol. 2 (Oxford: Oxford University Press, 1976), pp. 687-8.
[21] Sandmo, A., 'public goods'. In Durlauf, S. N. & Blume, L. E. (eds.), *The New Palgrave Dictionary of Economics*, Vol. 6 (New York: Palgrave MacMillan, 2008), 2nd Ed., p. 740.
[22] Buchanan, J. M., *The Demand and Supply of Public Goods* (Chicago: Rand McNally & Co., 1968), p. 176.

Figure 5.1 Kisumu and Mwanza[23]



[23] Adapted from Barkan, J. (ed.), *Beyond Capitalism vs. Socialism in Kenya & Tanzania* (London: Lynne Rienner Publishers, 1994), p. ii.

Mill's method of difference holds that 'no factor can explain both an outcome and its opposite',[24] emphasising the need to control for characteristics superfluous to the research question. This was achieved in this chapter's study by concentrating on two cities of East Africa with strong socio-economic similarities and a professional group common to both Kisumu and Mwanza, market-sellers.[25] Kisumu is the third largest city in Kenya[26] with a population of 969,000 according to the 2009 census.[27] Mwanza, described in greater detail in the preceding chapter, is the second biggest city in Tanzania,[28] having been declared a city in 2001.[29] According to the latest data available—the 2002 census—the population of Mwanza is 477,000.[30] Both cities have large fishing industries and enjoy important regional markets which trade goods from around the Great Lakes region. The population of Kisumu is 89 percent of Luo ethnicity and the dominant language of the city is Dholuo.[31] Luos constitute the third largest tribe in Kenya, making up 12 percent of the country's total population.[32] Mwanza, on the other hand, is an ethnically diverse city, as described in chapter four, and hosts a small percentage of Luos alongside numerous other ethnic groups. Importantly, Kiswahili, the national language of Tanzania, acts as the principle language of exchange throughout the city. Interview respondents reflected the ethnic make-up of each city's population but ethnicity was not asked about directly by the researcher to avoid framing discussion artificially towards the research question. By choosing a diverse community in Tanzania and a homogeneous one in Kenya, we bias against Tanzania in terms of the likelihood of finding efficient participation in public goods provision. In pursuit of this chapter's research question, the public goods of market security and

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[24] Savolainen, J., 'The Rationality of Drawing Big Conclusions Based on Small Samples: In Defense of Mill's Methods'. *Social Forces*, Vol. 72, No. 4 (1994), pp. 1217-1224, p. 1218.
[25] Within the groups of market-sellers, interviewees were selected to be representative of the range of products sold, ages, sexes and degrees of legality within each market.
[26] UN-HABITAT, *Kisumu Urban Sector Profile* (2006). http://www.unhabitat.org/pmss/getElectronicVersion.asp?nr=2788&alt=1 (accessed 19/11/09), p. 4.
[27] Kenya National Bureau of Statistics, *Census 2009* (2011). http://www.knbs.or.ke (accessed 10/10/11), p. 7.
[28] UN, *2007 Demographic Yearbook* (New York, 2009). http://unstats.un.org/unsd/demographic/products/dyb/dybsets/2007%20DYB.pdf (accessed 20/11/09), p. 255.
[29] Lusugga Kironde, J. M., *Financing the Sustainable Development of Cities in Tanzania: The Case of Dar es Salaam and Mwanza* (Dar es Salaam: University College of Lands and Agricultural Studies, 2001), p. 3.
[30] Association of Local Authorities of Tanzania, 'Local Democracy in Mwanza, Tanzania'. Excerpt of report, found in: International Institute for Democracy and Electoral Assistance (International IDEA), *Democracy at the Local Level in East and Southern Africa: Profiles in Governance* (International IDEA publication, 2004), p. 39.
[31] Kimenyi, M. S. & Ndung'u, N. S., 'Sporadic Ethnic Violence: Why Has Kenya Not Experienced a Full-Blown Civil War?' Ch 5 of Collier, P. & Sambanis, N. (eds.), *Understanding Civil War: Evidence and Analysis* (Washington D.C.: The World Bank, 2005), Vol. 1, p. 140.
[32] Ibid, p. 151.

cleaning in the local markets were selected as common dependent variables for observing how populations may be 'forging "new" social orders in the midst of an effective, or imagined institutional vacuum.'[33]

Although the choice of marketplaces as research sites is specialised, it is important to emphasise their relevance for social life in Kenya, Tanzania and throughout Africa, and the extent to which they act as urban epicentres for economic and transaction-based trust dynamics ideal for our general research question. A 2003 Afrobarometer survey of citizen trust, for instance, used trust in traders of local markets as one of its measuring sticks; its results for Kenya and Tanzania are displayed in figure 5.2. Although this is the trust ordinary citizens have in market-sellers and not trust between market-sellers themselves, the higher trend in Tanzania nevertheless corroborates with Miguel's argument and the figures of general trust given in chapter three. Furthermore, as shown in figure 5.3, in 2008 Tanzanians also reported greater confidence in how local government was handling the maintenance of local market places.

[33] Raeymaekers, T. & Jourdan, L., 'Economic opportunities and local governance on an African frontier: the case of the Semliki Basin (Congo-Uganda)'. *Journal of Eastern African Studies*, Vol. 3, No. 2 (2009), pp. 317-332, p. 318.

Figure 5.2 Citizen trust in local market traders (2003)[34]

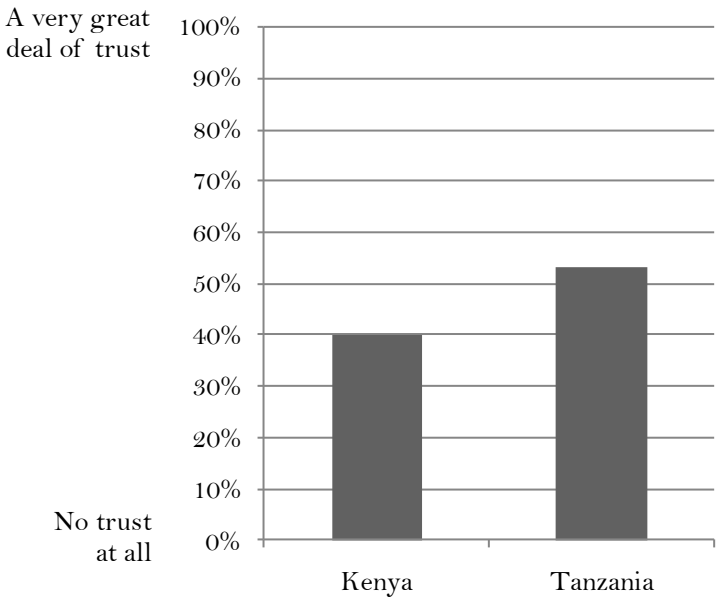
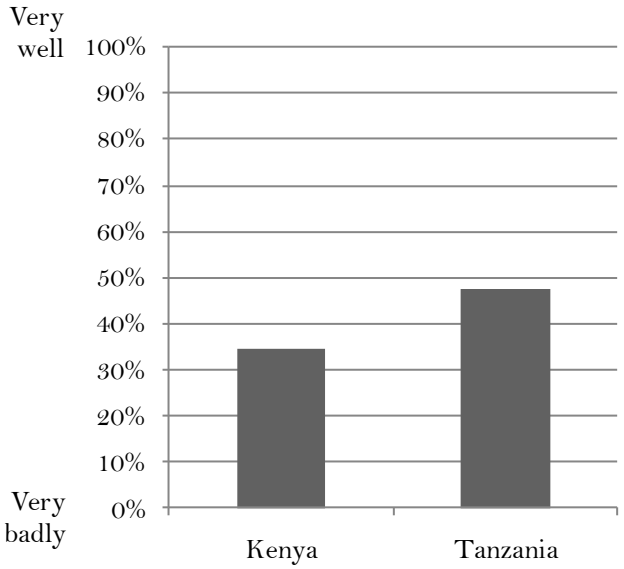


Figure 5.3 Perceptions on how well or badly local government is handling the maintenance of local market places (2008)[35]



[34] Afrobarometer, Round 2 (2003), Q43p. http://www.afrobarometer.org/ (accessed 10/05/12). The question was, 'How much do you trust each of the following, or haven't you heard enough about them to say: Traders in local markets?' Answers were weighted 'not at all' = 0; 'a little bit' = 0.33; 'a lot' = 0.67; 'a very great deal' = 1. Results exclude respondents who replied 'don't know'.

[35] Afrobarometer, 'Round 4 Afrobarometer Survey in Kenya' (2008a), p. 36; & 'Round 4 Afrobarometer Survey in Tanzania' (2008b), p. 39 (Q59b). http://www.afrobarometer.org/ (accessed 10/05/12). The question was, 'What about local government? I do not mean the national government. I mean your municipal and local government council. How well or badly would you say your local government is handling the following matters, or haven't you heard enough about them to say: Maintaining local market places?' Answers were weighted 'very badly' = 0; 'fairly badly' = 0.33; 'fairly well' = 0.67; 'very well' = 1. Results exclude respondents who replied 'don't know'.

These two opinion polls give further confidence in bringing to the extreme a city-level comparison between ethnically homogeneous market-sellers in Kenya and ethnically heterogeneous market-sellers in Tanzania. Do the generally higher trends of citizen-level trust and cooperation in Tanzania hold despite conditions of comparatively greater ethnic diversity?

Public goods provision in Kisumu and Mwanza

There was low perceived state provision of security and cleaning amongst market-sellers in all the markets of Kisumu and Mwanza analysed in this study. In interviews and focus groups, discussion of what tax is paid inevitably led to discussions of services that should be supplied by the authorities in return. All respondents registered concerns harboured for a long time over the role the state was playing, especially over the lack of security provision. Questions focused on the practical process of how security and cleaning is or is not provided, how tax is paid,[36] and what mechanisms exist for holding councils to account for public goods provision. Market-sellers in both cities focused discussion on provision of the same particular services, which is natural given the similarities in environment and profession. Of most concern to market-sellers of both Kisumu and Mwanza was security, particularly regarding the safe storage of goods at night. Problems with infrastructure and sanitation made up the remainder of collective concerns, a category that included the provision of cleaning, water and toilets as most prominent. A summary of what services are state provided in each market can be found in figure 5.4. Generally participants expected that city councils should provide all of these services for gazetted markets which fall under their supervision.

[36] For comparative discussion of local authority tax schemes in Kisumu and Mwanza, see Burbidge, D., 'A View of State-Citizen Interaction in Kenya and Tanzania'. Ch 9 of Kankindi, A., Odhiambo, T. & Burbidge, D. (eds.), *Governance Papers: Governance Challenges in East Africa* (Nairobi: Focus Publishers, 2011).

Figure 5.4 Public goods provision in local markets of Kisumu and Mwanza

Market	City	Closed or open?	Informal sellers outside?	Effective security provided by Council?	Cleaning provided by Council?
Kibuye	Kisumu	Open	N/a	No	Yes
Jubilee	Kisumu	Closed	Yes	Yes	Yes
Oile	Kisumu	Closed	Yes	No	No
Soko Kuu	Mwanza	Closed	Yes	No	Partially
Mlango Mmoja	Mwanza	Closed	No	Yes	Partially
Mkuyuni	Mwanza	Closed	Yes	No	Partially

Security

There can be no one-size-fits-all strategy in the provision of security due to the differences in layout of each market. The closed markets (all those studied except Kibuye) enjoy a strong advantage in security provision as their walls and locked gates can be easily supervised, with no need to patrol between rows of stalls in search of hidden thieves. Respondents detailed the need for more accountable security guards, night-time lighting, cooperation amongst guards, the building of more permanent and secure stalls, the controlling of anti-social or thieving youths, and police presence that does not suffer corruption. Kibuye, the largest market of Kisumu, presented a special-case scenario due to its status as an open market, so is introduced first.

Interview and focus group respondents of Kibuye market explained that night-time security is provided by hired security watchmen. Very few watchmen are employed by the City Council and so sellers themselves hire private guards, with blocks of sellers loosely coordinating payment of the *askari*[37] that watch over their stalls.[38] Generally, coordination for the payment of a particular guard

[37] Kiswahili for *security guard* or *watchman*. The term is applicable to both private and state security services.
[38] One woman explained that each member of her group paid 100 KSh per month towards the cost of a Maasai watchman. Interview 24, female, powdered foods seller. Kibuye market, Kisumu, 18/07/09.

is done 'by line of sellers'[39] (i.e. by rows). Sellers in regular contact constitute small networks based on friendly neighbour relations. Mostly, the structures of stalls vary from corrugated iron shops to open stalls of fragile wooden framing. Shops of established sellers are sometimes made of concrete, an expensive upgrade but one that allows doors to be shut effectively and locked at night, making a robbery much more difficult. One elderly man,[40] who had been selling at the market for 37 years, explained how he had made his shop concrete because of the risk of fire. He commented on how people who are jealous of the success of others burn their rivals' stalls. He also thought thieves to have perfected the art of setting alight stalls, pretending to come to the rescue with water and then stealing from the shop in the process.[41] Kibuye market has seen the erection of a roof structure for open-air maize sellers by the City Council but the project has been abandoned for years and the unfinished structure is being used by furniture sellers.[42]

Burglary in Kibuye market is thought to be rife, with one wholesale woman complaining that things are frequently stolen when she leaves sacks overnight because the security 'is not reliable.'[43] Particular complaints of stealing can be taken to the Kibuye trade union to be investigated, but perceptions of thorough or fair treatment are low due to suspected corruption.[44] In response to questions regarding the role—if any—of the police in market security, market-sellers of Kibuye explained:

- 'You only see them patrolling at night. If they catch someone stealing in the night they beat them and punish them.'
- 'Sometimes they will ask for tips during the night. If you're found loitering or around the market at night then they may ask you for something.'
- 'We don't like the police because if they are there for long then they start associating with the thieves.'
- 'If we have the same same police patrolling everyday then there can be problems. It would be better if they were changed every so often [sic].'[45]

The role of the police was seen to be even more limited in the other markets studied, with one

[39] Focus group 1. Kibuye market, Kisumu, 10/07/09; this was also expressed in focus group 2, Kibuye market, Kisumu, 15/07/09.
[40] "Elderly man" is used here in substitute for the Kiswahili *mzee*. The Kiswahili term is used for mature and experienced men, considered to hold formal or informal authority due to their wisdom.
[41] Interview 5, elderly man, clothes and materials seller. Kibuye market, Kisumu, 09/07/09.
[42] Focus group 2. Kibuye market, Kisumu, 15/07/09.
[43] Interview 9, female, beans wholesaler. Kibuye market, 15/07/09.
[44] Focus group 1. Kibuye market, Kisumu, 10/07/09.
[45] Ibid. Each dash represents a different speaker.

cereals seller of Soko Kuu, Mwanza, explaining that the police would only be brought in when suppliers attempt to cheat the market-sellers by bringing false scales.[46]

In terms of private security, there is a clear choice in Kisumu between hiring an *askari* from a security firm and hiring a Maasai *askari*. Security firms 'tend to be more expensive', charging about 10,000 KSh per month as compared with around 3,000 KSh for the hiring of a Maasai.[47] Maasai guards are members of the Maasai pastoral tribe that stretches across north-eastern Tanzania and southern Kenya. They have the reputation amongst Kenyans of being disciplined, resourceful nomads, uniquely gifted at staying awake. They are the only guards thought capable of countering the complaint that 'watchmen are old men; when it reaches 10pm they fall asleep.'[48] Maasai *askari* carry knives and hardened-edged clubs.

There is disagreement amongst market-sellers of Kibuye market on whether it is better to employ a Maasai *askari* or a security firm *askari*. Most respondents felt security prices to have risen since the 2008 post-election violence, making official security firms unaffordable. The advantage of contracting security through firms is the accountability that could be brought to bear on the firm in the event of a runaway watchman. Normally, if something is stolen in the night the guard will also disappear. This is either because they are the culprits or because they do not wish to face punishment for their negligence from stall-holders in the morning.[49] In the case of security firms, compensation can be sourced, in turn giving the firm incentive to hire more reliable *askari*. If Maasai disappear when something is stolen, there is nowhere to turn for compensation. As one respondent summarised: 'the contract with them is very much informal.'[50]

It was widely held amongst respondents that the set-up of Kibuye market caused vulnerability to crime. One seller was particularly disgruntled by the vulnerability of her stall, complaining that the area in which she sold—structured differently to the other areas of Kibuye—caused her more problems than the open-market model should allow. 'For example,' she commented, 'we work here and then we leave at 6 or 7pm. With partitions people can hide from the watchman,

[46] Interview 42, female, cereals seller. Soko Kuu, Mwanza, 29/07/09. Supported by focus group 5. Soko Kuu, Mwanza, 29/07/09.
[47] Focus group 2. Kibuye market, Kisumu, 15/07/09.
[48] Interview 14, Robert, male, carpenter. Kibuye market, Kisumu, 15/07/09.
[49] In terms of a game theory dilemma this could, perhaps, result in guards stealing once they notice something to have been stolen (under the logic that their reputation has nothing more to lose).
[50] Focus group 2. Kibuye market, Kisumu, 15/07/09.

but if it was left open then it would be easier for the watchman to see all through.'[51] In one focus group of Kibuye sellers, reasons for the closed Jubilee market having better security than that of the open Kibuye market were put forward by respondents:

- 'Jubilee market is quite small.'
- 'Market day in Kibuye means that you have to disorganise everything. Planning the Kibuye market is very difficult, especially for the Sunday population—[we] need a team that can sit down and manage the thing.'
- 'There are disagreements between the politicians and the Kibuye trade union. The Council knows that if they treat the union badly they will go on strike. In the union there is also political interest; corruption comes in when they never implement.'[52]

The smaller and ordered nature of Jubilee market was also envied by Phillip, a young tailor. He had been working in the market for 6 years but, following a dispute with colleagues because of crime, had recently moved his shop to the other end of the row of sellers. As he explained,

> We would like to have a proper fencing whereby you can leave your property anytime and it will be safe. Before, when I was in the other place, some things were stolen and then we lost trust between ourselves. That's why I moved.[53]

He also complained that due to the openness of the Kibuye market structure, 'people stay here making *changa'a*[54] at night. We don't want people staying here.'[55]

Apart from Kibuye, the other markets sampled for the study all represented cases of closed markets. At the time of interviewing (mid-2009), sellers of Jubilee market in Kisumu were pleased with their new City Council watchman who had recently been changed.[56] In terms of security provision, the Council watchmen only monitor the old structure, which follows opening and closing times and can be guarded shut at night. But this general sense of good security provision only subsists inside the colonial-built selling area. Immediately outside the front entrance to the market's complex, a triangular park of similar size is filled with sellers who also profess to be members of either Jubilee or Oile markets. A roofed market structure was started near the bus park of Jubilee market, meant to give space for the illegal sellers in the park, but progress in construction is mind-

[51] Interview 24, female, powdered foods seller. Kibuye market, Kisumu, 18/07/09.
[52] Focus group 2. Kibuye market, Kisumu, 15/07/09.
[53] Interview 7, Phillip, male, tailor. Kibuye market, Kisumu, 10/07/09.
[54] *Changa'a* is a home brewed toxic alcohol popular across Kenya.
[55] Ibid.
[56] Interview 10, male, egg seller. Jubilee market, Kisumu, 15/07/09.

numbingly slow. Some illegal sellers have been allocated spaces in it already (it would accommodate a meagre 90 sellers), but they would be reluctant to move even when the project is finished as there are no prospects for sales and the surrounding area is widely acknowledged to be a red-light district.[57] The triangular park outside Jubilee market serves as an open-plan extension to the markets, with the organisation of security provision entirely in the hands of sellers themselves. Generally, the sellers employ Maasai, just like those in Kibuye market.[58] As a potato seller outside Jubilee and Oile markets explained: 'Every day we collect 10 KSh from each trader. Part of the money goes to a watchman.'[59] Inside Oile market the City Council do not provide sufficient security so closed areas of shops also hire independent watchmen.[60]

The same question of how to deal with unreliable Council security provision is true in Mwanza, Tanzania, amongst the three closed markets of Soko Kuu, Mlango Mmoja and Mkuyuni. Sellers of Soko Kuu, acting through their union, changed at around 2003 from City Council *askari* to an outside security firm, with the reason that 'because the Municipal does not provide it [security], we decided to do this ourselves. Initially the Municipal provided the security but a lot of things were stolen.'[61] In Mkuyuni market, Mwanza, the City Council is rarely seen and provides no security. The reason for this lies in it having been sidelined by sellers' own organisational determination—arising in response to the City Council's perceived incompetence. Fear of financial ruin from stealing spurs many sellers to demand a system of compensation within their own organisational groups, through their market leader.[62] (Not only is a system of compensation unlikely to be provided by the City Council because of inefficiencies, it is not thought possible due to the impartial role it is supposed to play in arbitrating over disputes.) Sellers of Mkuyuni felt security had to be organised by someone who understood their concerns and business interests, and so chose a market leader for themselves

[57] Bearing in mind that most sellers are females and feel their poverty could easily be taken advantage of. Interview 16, female, fish seller. Park outside Jubilee and Oile markets, Kisumu, 16/07/09; Interview 19, female, tomato seller. Park outside Jubilee and Oile markets, Kisumu, 17/07/09.
[58] Interview 15, female, potato seller. Park outside Jubilee and Oile markets, Kisumu, 16/07/09; Interview 17, Luyha, female, cafe owner. Jubilee market, 16/07/09.
[59] The watchman costs 6,000 KSh a month. Interview 15, female, potato seller. Park outside Jubilee and Oile markets, Kisumu, 16/07/09.
[60] Interview 12, Sarah, female, tailor. Oile market, Kisumu, 15/07/09.
[61] Interview 30, female, dagaa seller. Soko Kuu, Mwanza, 22/07/09; Interview 28, Alex, male, corn and powdered foods seller. Soko Kuu, Mwanza, 22/07/09; Interview 42, female, cereals seller. Soko Kuu, Mwanza, 29/07/09.
[62] This fear is further intensified when—as is often the case—goods are on loan from suppliers who are due to be paid only once the money from making a sale comes in. Interview 42, female, cereals seller. Soko Kuu, Mwanza, 29/07/09.

on this basis. For example, when asked whether her goods were safe, one Tanzanian seller answered:

> If I find that some of my things are stolen then it is the head of the market who suffers. He reduces the amount that he pays the security by the amount of my loss, and gives me the money to buy back the stock.[63]

Another seller explained how

> ...it is not his [the head of the market's] own money but it is the wages of the security person. But you have to be careful because you can't pay them nothing or they would steal. [...] The Municipal cannot [organise such a policy] because they are not one of us people. Our market leader knows the value of things so he feels the pinch with us. He feels our loss even if it is just with one thing.[64]

Market-sellers of Mwanza identify with one another and so smooth over the cracks of individual self-interest that normally act as obstacles to cooperation; they organise security in response to a detailed evaluation of local concerns at the level of the market, rather than the individual.

Amongst *askari* in the open Kibuye market in Kisumu, in contrast, there is little or no cooperation. *Askari* will even not assist each others' repelling of thieves unless it also involves stealing from the stalls that they look after. This inability to cooperate makes the security of the market as a whole much more costly to maintain. As was found with respondents of Kibuye market, the complicated dilemmas of who is stealing, and whether particular *askari* act in collusion with their thieves, means guards keep to their own row when a burglary occurs. They will only intervene if the thief enters their particular territory of supervision.[65]

Naturally, the more coherently a market's infrastructure defines and encloses those inside, the greater the possibilities for collaboration between sellers in the organisation of a collective security agenda. Cohesiveness of infrastructure complements cooperation. As one woman explained,

> You know, in the other markets the sellers do fight. Here is a bit better. [...] The reason being it has a wall-fence. But the other markets are just open. They only have tables and so when they see people spreading things down then they start quarrelling and it becomes so serious that the Municipal people start having to come in. With the wall-fence they don't see them even though they know they are there—it is not easy to attack them. That's how selling next to open markets is, people quarrelling a lot, fighting, etc.[66]

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[63] However, she also noted that '...they will not refund back as much as you lost.' Interview 48, female, tomato seller. Mkuyuni, Mwanza, 01/08/09.
[64] Interview 49, Aaron, male, maize seller. Mkuyuni, Mwanza, 01/08/09.
[65] Focus group 2. Kibuye market, Kisumu, 15/07/09.
[66] Interview 40, female, tomato seller. Soko Kuu, Mwanza, 27/07/09.

Without well-structured closed markets, security provided by the City Council cannot be relied upon. Even then, however, local authorities are felt to be inept because of their distance from the market-seller, and their unwillingness to provide systems of compensation for victims or accountability for guards who failed to keep watch. Cooperation in the provision of security occurred in each of the markets studied, but the scale of colleagues' solidarity varied enormously. Sellers of Kisumu, Kenya, have fallen back on very local security provision in response to the City Council's failure. In contrast, sellers of Mwanza, Tanzania, responded to a lack of provision by resurrecting the scale of collective organisation through their own channels. Where a local authorities' inability to provide leaves sellers vulnerable, citizens of Mwanza take up the challenge together. Infrastructure is helpful for facilitating a security programme, but the success and efficiency of a programme depends in the last analysis on the capacities for cooperation between sellers.

In terms of their ability to organise the provision of security, market-sellers of Kisumu feel they have been left out on a limb. Failures in security provision by the City Council have not led to any wide-scale organisation amongst the sellers themselves. In contrast, Mwanzan market-sellers have used market structures to organise their own security services in a way that matches the amount of leadership an ideal City Council would have provided. Added to this prevalence of cost effective security in Mwanza is the existence of a system of accountability towards *askari* and a system of compensation for stolen goods. In these three areas, market-sellers of Kisumu fail to maintain clear and cooperative policies.

Cleaning

The gathering and disposal of waste was widely perceived as the main service the City Council still managed to provide to some degree. Market-sellers of all markets except Oile believed the City

Council played a role, limited though it may be, in making sure waste was managed.[67] Overall, markets of Mwanza, Tanzania, proved to have a different format to that of Kisumu, Kenya, for organising the provision of cleaning. Apart from waste management, cleaning is needed in local markets for the purposes of pest control and addressing mud flows when it rains.[68] However, no City Councils made any attempt to address these latter two points, so the analysis focuses on provision of the former.

There is general agreement in Kisumu, Kenya, that the City Council provides a degree of cleaning. Respondents could not say clearly how much, in large part because they did not know. Some felt the amount of cleaning to have deteriorated over the past few years. The recent government initiative of youth employment, *Kazi kwa Vijana* (*Employment for Youth*), saw young people involved in the cleaning operation in Jubilee market.[69] However, the project could not be seen in Oile and Kibuye markets and was short term. Outside Jubilee and Oile markets cleaning is provided by strangers, paid in 10 KSh pieces to clear up stalls and pathways. They are paid by small groups of sellers arbitrarily and inconsistently, and will only do the spot around the stall that pays.[70]

Across the three markets studied in Mwanza, Tanzania, cleaning was maintained only partially by local authorities. When asked what would be the first thing he would do if he led the Municipal Council, one respondent of Soko Kuu answered emphatically, 'I would do the cleaning and make sure the place was very clean.'[71] Though it was widely accepted that the City Council's cleaning provision—if left to its own devices—would be inadequate, in all three markets the City Council provided consistently the service of disposing collected waste. The City Council does not gather the rubbish but merely transports it once it has been gathered. In Soko Kuu, Mwanza, one respondent answered that '[i]f it is a matter of cleaning, they are cleaning',[72] but that is to say there is an area outside the gates of one side of the market where sellers or contracted cleaners can dump rubbish. The skip located there is cleared by the City Council. Focus group respondents agreed the

[67] Focus group 1. Kibuye market, Kisumu, 10/07/09; Interview 11, female, beans seller. Jubilee market, Kisumu, 15/07/09; Interview 16, female, fish seller. Park outside Jubilee and Oile markets, Kisumu, 16/07/09; Interview 35, Jeffrey, male, clothes seller. Mlango Mmoja, Mwanza, 23/07/09.
[68] Interview 2, three women, vegetable sellers. Kibuye market, Kisumu, 09/07/09.
[69] Interview 10, male, egg seller. Jubilee market, Kisumu, 15/07/09.
[70] Interview 20, Pastor Fred, male, second-hand clothes seller. Park outside Jubilee and Oile markets, Kisumu, 17/07/09.
[71] Interview 38, male, dagaa seller. Soko Kuu, Mwanza, 24/07/09.
[72] Interview 33, female, tailor. Soko Kuu, Mwanza, 23/07/09.

cleaning had been privatised, commenting that the City Council 'don't do much cleaning; [they] just collect the rubbish.'[73] Similarly, in Mkuyuni, a pile at the back of the market next to the outer wall acts as a home for rubbish, and it is the responsibility of the City Council to remove it periodically.

On the whole, actual cleaning in the markets of Mwanza is subcontracted out to cleaning companies, who are paid by market-sellers through their own groups (sellers unions). In this way, both the taxation and provision for cleaning is entirely circumvented by Mwanzan sellers' ability to organise themselves. As one seller of Mlango Mmoja described, 'Before they did the cleaning, but now we do the cleaning and we put the rubbish in a pile outside and they come and collect it.'[74] Although sellers want cleaning to be fully provided by the City Council,[75] when it is not they act. Describing the charges he pays for his stall, for example, one market-seller listed them as:

> 7,000 TSh rent per month
> 1,000 TSh for watchman and license [paid to the union]
> 1,000 TSh for cleaning [paid to the union][76]

Rent is paid to the City Council and constitutes the equivalent of taxation. Sellers in Mwanza were very clear in their own minds that this was being paid for their stall and other services needed to be organised by themselves when inadequately provided by the City Council. The summarising statement of one woman, 'the rent we pay is just for the rent',[77] could not be found in Kisumu, Kenya, where rent-seeking constitutes the specialist trade of local authority workers and has no perceived purpose for the payees.

Mkuyuni market of Mwanza is the extreme case that throws into sharp relief the difference between the two cities. There, sellers are clear in the belief that cleaning has been sub-contracted by the market leader (the union leader), and that the City Council only transport away the pile of collected waste every so often. From 2004 the City Council gave over responsibility of cleaning and security to the sellers themselves.[78] One seller described the market as 'privatised' and expressed frustration at the fact that they pay a tax whilst also having to organise and pay for their own

[73] Focus group 5. Soko Kuu, Mwanza, 29/07/09.
[74] Interview 36, Anna, female, baby clothes seller. Mlango Mmoja, 23/07/09.
[75] Interview 28, Alex, male, corn and powdered foods seller. Soko Kuu, Mwanza, 22/07/09; Interview 38, male, dagaa seller. Soko Kuu, Mwanza, 24/07/09.
[76] Ibid.
[77] Interview 29, Margaret, female, plantain seller. Soko Kuu, Mwanza, 22/07/09.
[78] Interview 49, Aaron, male, maize seller. Mkuyuni, Mwanza, 01/08/09.

services. As he explained,

> You see, this market has been privatised. It is not under the Municipal. It is somebody—I don't know who—and we pay him for bringing in our goods. In terms of cleaning, that is organised by another private firm called *Himaja*. [...] This guy of the cleaning saw the hole in the market and got the contract for the cleaning. Then the Municipals are charging us for this service but we also have to pay the cleaning company.[79]

Overall, although poorly provided, cleaning in Kisumu and Mwanza has taken on different dynamics. The lack of provision in Kisumu has led to general uncleanness, and the gap has been filled to only a limited degree by small pockets of private cleaning provision. Such cleaning efforts are uncoordinated and inefficient. In contrast, the authorities' limited provision of cleaning services to the markets of Mwanza has led market-sellers to encourage devolution of government responsibilities whereby the City Council is able to play a specific role of clearing piles of rubbish off-site. The remaining gap of within-market cleaning has been filled by cleaning companies, far more formalised than the individual cleaners of Kisumu.

Conclusion

There is a general trend in both Kisumu and Mwanza of city councils no longer furnishing local markets with the public services they had previously. However, a difference between the two cities is nevertheless apparent in the response made to this decrease in provision, with market-sellers of Mwanza reacting more positively and cooperatively. As arguably the strongest example of this, the failure by local authorities to provide adequate market security has led to divergent outcomes between the two cities. In Kisumu lack of security provision has resulted in extremely localised provision, uncooperative in both its organisation and performance even between those sellers who stand to gain most by implementing a wider security regime. In contrast, the lack of City Council security provision in Mwanza has led to private provision that is at the same level of coverage as would have been provided by the local authorities. As an additionally insightful example of the trend, cleaning is provided only to a limited degree by local government in the markets of both

[79] Interview 46, Mohammed, male, onion seller. Mkuyuni, Mwanza, 01/08/09.

Kisumu and Mwanza. However, whereas in Kisumu the City Council attempts and fails to provide the whole service, the City Council of Mwanza has specialised its provision such that it provides one part of the service well (waste disposal) and leaves the rest to sellers to organise, which they do. We thus see a different resolution of the constraints of local government that works in tandem with local group organisation.

Comparison of qualitative data on the two cities therefore suggests a difference in the degree to which citizens are actively involved in public goods provision, something that can be directly linked to the strength of trust between citizens. Market-sellers of Mwanza identify and organise with their local authority to a degree unthinkable in Kisumu. Public services are poorly provided in both places, but only in Mwanza do market-sellers pick up the dropped baton. The fact that we have biased against finding cooperation in Mwanza in our research design makes these findings all the more striking. It is imperative that research connecting ethnic diversity with levels of social trust and public goods provision notes the capacity for qualitative shifts in citizen habits and social norms in zones both heterogeneous and homogeneous. Indeed, these findings add to other calls for sensitivity in drawing any linear or direct causal relationship between ethnic diversity and levels of cooperation.

The cases of trusting-trustworthy relationships amongst market-sellers of Kisumu and Mwanza thus invite assessment into the other dynamics that may be acting alongside structural variables of degrees of identity heterogeneity. In order to investigate other possible dynamics, therefore, the next chapter explores agency-based conceptions of trustworthiness that may be facilitating intentional unity in contexts of economic scarcity.

6.

Vertical Trust Relations between Principal and Agent

> It is so easy for people to turn on you. Here in Kenya, where only our interactions keep us together. Now that the state is failing, we are held together by small grace, by interpersonal relationships, by trusting body language.
> —Binyavanga Wainaina[1]

So far, exploration of the initial causes for the formation of trusting-trustworthy relationships has focused on how those with the same goals unite in pursuit of a collective end. Chapter four considered relations within a professional group in need of a basic degree of trust—case studies of trusting-trustworthy relationships which highlighted how anchors of trust emerge as focal points for signalling between peers. Chapter five turned to direct comparison between Kenya and Tanzania, and explored the way in which groups of market sellers cooperate in the organisation and provision of public goods, finding higher levels of trust and solidarity in Tanzania than in Kenya. Although these analyses have thus given insight into the causes for the emergence of trusting-trustworthy relationships, they cannot be said to have captured all sides of the phenomenon of trust because relationships of trust are not restricted to those sharing of a common goal.

This chapter places attention again on contexts of material constraint and competition whilst investigating the causes for the emergence of vertical relationships of trust between actors with contrasting preferences. Within the social sciences this dilemma is described as the "principal-

[1] Wainaina, B., *One Day I Will Write About This Place: A Memoir* (London: Granta, 2011), p. 195.

agent problem", broadly considered a consequence of a conflict of interests. As such it is a central area challenging the ease of human coordination and hence has much to comment on how mutual relationships of trust are formed. To this end the chapter examines evidence drawn from businesses in Nairobi, Kenya, and Dar es Salaam, Tanzania, where business owners discuss motivations for handing over degrees of responsibility to employees in order to meet company goals.

The chapter is structured as follows. First, we outline the methodology used to gather the empirical work the chapter offers and justify studying the private sector as an example of a competitive context. Second, brief introduction is given of the theory behind the principal-agent problem in order to identify its main features and to structure subsequent discussion. Third, introductory empirical evidence is detailed, looking in comparison between Nairobi and Dar es Salaam on whether the business relationships can be said to fit the description of principal-agent dilemmas, detailing the gap between principal and agent, and business owners' experiences of bad employees. Fourth, the chapter presents interviewees' responses on what makes a reliable employee in general, evaluating specific differences between Nairobi and Dar es Salaam. Emphasis is made throughout on the perceived levels of trustworthiness amongst employees and the confidence of employers in employees' decision-making, with *reliability* used interchangeably with *employee trustworthiness*. This relationship is by no means the only feature of trust dynamics: a full evaluation of trust and trustworthiness in the firm would no doubt also include perceptions of employees on the trustworthiness of their employers. Our focus on one side, the principal's, is nevertheless justified because the aim is not a quantification of how much trust there is or where it is well or misplaced, but the perceptions of trustworthiness amongst a consistent group of respondents who share similar vertical challenges of trust. The point, as explained further in the methodology section, is to shed qualitative light on the kinds of common concepts, social norms or mutual perceptions that may be working to produce or inhibit the formation of trusting-trustworthy relationships between citizens. As the account moves further into these, increasing attention will be given to the comparative differences between Nairobi and Dar es Salaam. In terms of their respective emphases, it is found that answers in Nairobi on the trustworthy employee cluster around the need for honesty, whilst in Dar es Salaam greater emphasis is placed on the need for positive initiative. The chapter thus

provides insight into normative deliberations of relevance for trust formation in economically constrained scenarios.

Exploring normative evaluations

Between 2011 and 2012, 41 business owners were interviewed, 20 from Nairobi and 21 from Dar es Salaam, with interviews lasting between one and three hours and typically involving visits to central offices and the places of goods production or service provision. Although interviews were kept strictly to business owners, visits often also led to the meeting and greeting of staff. All businesses were of the private sector, and owners ranged from employing between 1 and approximately 300 employees. Because the area of study involved qualitative investigation of the principal-agent problem in Kenya and Tanzania, with respondents giving both particular examples and general impressions, the number of employees was not an important area of enquiry. Discussion amongst those employing large numbers focused on relationships between the business owners and the organisers of their firm's groups of workers, as the aim throughout was to explore qualitative differences in participants' articulations of how trusting-trustworthy relationships are formed or weakened. The private sector was explored to ensure study of trust dynamics in a context of economic competition and insecurity, understood to exhibit challenges for the formation of cooperative relations. In the public sector there may be less urgency in solving the principal-agent problem because income is stabilised through government revenue, somewhat independent of performance.

The 20 businesses in each of the two cities were selected to be representative of divergent industries in order to facilitate commentary on the *social* rather than *industry-specific* attributes of the trustworthy employee. An immediate indication of an employee's reliability is their knowledge and experience of the task at hand, but this provides limited information in and of itself on the causes for social trust in urban environments. Rather than focusing on attributes that bring about human coordination in industry-specific tasks, therefore, questions to employers centred on comparable

scenarios between industries where the imparting of responsibilities to employees came alongside providing room for their pursuit of divergent interests. In this vein, after having described the nature of the business and the roles of employees within it, business owners were asked more open questions, such as:

- "Who is your best employee? What would you say his/her qualities are?"
- "What do you think makes a reliable employee in general?"
- "If you were to give advice to an entrepreneur of a different type of business, what would you say are the kinds of qualities they should look out for in people when choosing who to employ?"
- "If something unexpected happened—like an illness or family problem—and you had to leave your business, who would you put in charge and why?"

The notion of the "principal-agent problem" was never discussed explicitly; these questions sought to share experiences on the reliability of employees whilst inviting more universalizable evaluation of what constitutes the trustworthy person. As such, the research strategy followed a hermeneutical angle in aiming 'to bring to light an underlying coherence or sense'[2] in the accounts of different participants. For example, because employers never mentioned ethnicity as important for identifying reliable or trustworthy individuals and, even when pushed to discuss the topic, commented on how it was something that only became important for businesses when vying for government contracts (in Kenya), coethnicity as an explanatory variable for trustworthiness is not discussed here.[3] It is worth emphasising that the aim was not to investigate subliminal reasons for decisions to trust but the paradigms through which trust norms are articulated. For the same reason, the descriptions *good* and *bad* employee are used not as moral judgements by the author but as evaluations made by participants relative to their own aims, where a good employee is viewed as reliable in executing the tasks desired by the business owner, and a bad employee unreliable. Discourse is thus taken from the point of view of the business owner, and categories adopted are from their perspective. Further to this strategy, presentation of the empirical material lends room to comments and quotes in order to help contextualise statements sufficiently. A rational choice theorist would immediately object that

[2] Taylor, C., 'Interpretation and the Sciences of Man'. Ch 6 of Mark Bevir (ed.), *Interpretive Political Science: Volume I Interpretive Theories* (London: Sage Publications, 2010), p. 147.
[3] Interview 16, Director, Ticket Masters Kenya. Nairobi, 05/08/11; Interview 11, Director, business name withheld. Nairobi, 18/06/11. As noted above, case studies were drawn from the private sector only as the study concerns itself with the forming of trusting-trustworthy relationships in contexts of economic competition, most exhibited by free market dynamics. This biases against discussion of private-public partnerships and means analysis of public sector principal-agent dilemmas is omitted.

the articulation of social norms has nothing to do with the interests that motivate behaviour. To this objection we do not directly disagree, only point out that the paradigms and articulations can still be of interest to scholars and, further, if they give greater coherence than rational choice assumptions for explaining what we observe, listening to them will not have been in vain.

Business owners selected for interview were chosen to be representative of genders and ethnicities. Nairobi and Dar es Salaam are the two respective economic hubs of Kenya and Tanzania and both exhibit a vast range of resident ethnic groups (see figure 6.1 for the ethnic breakdown of interviewees). In Nairobi, the 20 interviewees featured a proportion of 25 percent female business owners and eight different ethnic groups (the more numerous group of respondents being Kikuyu—the single largest ethnic block both nationally and in Nairobi, and widely understood to be the most business-oriented). In Dar es Salaam, out of the 21 business owners interviewed (one business run by two persons who were interviewed together), participants were of 13 different ethnicities, with 52 percent female. The significant proportion of females in business in Tanzania and the larger proportion of those of Chagga ethnicity are also in keeping with Tanzanian national trends.

Figure 6.1 Ethnic breakdown of interviewed business owners

Nairobi		**Dar es Salaam**	
Kikuyu	55%	Chagga	23%
Luhya	15%	Nyakusa	18%
Embu	5%	Haya	9%
Kamba	5%	Bondei	5%
Kisii	5%	Gogo	5%
Somali	5%	Jita	5%
Other	10%	Kerewe	5%
		Luguru	5%
		Meru	5%
		Nyamwezi	5%
		Nyaturu	5%
		Pare	5%
		Other	5%

Interviews were conducted by the author in English or Kiswahili, as the participant preferred, and transcribed before being compared and evaluated.[4] Quotes translated from Kiswahili into English are by the author, verified by an independent translation from a native speaker of both languages to guarantee accuracy. Some respondents were contacted through *Enablis*, a not-for-profit organisation that networks entrepreneurs across Africa, and others approached via personal networking and the snowballing of contacts.[5]

The principal-agent problem

The theory of the principal-agent problem is so inextricably bound to the dilemma of self-interest that it is impossible to give account of when it was first studied. Nevertheless, Adam Smith's discussions of the challenge of cooperation between unequals can be said to provide an insightful starting point due to the attention he gives to how a contractual relationship is at play between principal and agent. Smith compares freemen to slaves and discusses their likely efficiency. The problem is that whist '[t]he pride of man makes him love to domineer', leading him to 'generally prefer the service of slaves to that of freemen', this may not be the most productive system because slaves have little interest in working efficiently.[6] Smith examines the case of agricultural labour and argues that because freemen

> are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain interest that the whole produce should be as great as possible, in order that their own proportion may be so. A slave, on the contrary, who can acquire nothing but his maintenance, consults his own ease by making the land produce as little as possible over and above that maintenance.[7]

[4] Unlike English, Kiswahili is gender-neutral for third person singular verbs. When the intended application of the speaker was unknown, these were translated into the masculine for reasons of consistency only.
[5] I would like to express thanks to Moses Maura of Enablis for facilitating the research in both Kenya and Tanzania and enthusiastically answering all of my requests for help.
[6] Smith, A., *The Wealth of Nations* (London: Penguin Books, 1999 [1776]), edited by Andrew Skinner, p. 489.
[7] Ibid, p. 490.

How can it be claimed that this applies across the whole of economics? In a 1973 article Ross formalised the theory,[8] and it is from this that the literature took the concepts of *principal* and *agent*.[9] Ross describes the relationship of agency as 'one of the oldest and commonest codified modes of social interaction' and explains that it arises 'between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as representative for the other, designated the principal, in a particular domain of decision problems.'[10] The central problem is a lack of information on whether the agent will act as the principal would like, given the circumstance. As Bruhl explains,

> when you (the principal) hire someone (the agent) to look after your affairs, that individual will naturally be most concerned about his or her well-being, and may sacrifice your interests in favor of his or her own interests whenever a conflict may occur. Thus to insure that your interests are being properly attended to, you must police the activities of your agent, which then means that you would have been better off doing the agent's work yourself.[11]

The solution to the basic principal-agent problem is the contract, which provides a guarantee on the behaviour of the agent such that what decisions should be taken are detailed in advance. From this solution, however, there arises a further difficulty: how to measure whether an agent has fulfilled their side of the contract when the measurable outcome is ambiguous. Most commonly, an employer demands effort from his or her employees, but can only measure the level of effort through the output produced or number of sales made by the firm, which are in turn affected by numerous other variables.

The two main features of the principal-agent dilemma are described as *adverse selection* and *moral hazard*. Adverse selection is brought about 'when one party acts opportunistically *prior* to

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[8] Ross, S. A., 'The Economic Theory of Agency: The Principal's Problem'. *American Economic Association*, Vol. 63, No. 2 (1973), pp. 134-139. Others to develop the theory include Mirrlees, J. A., 'Notes on welfare economics, information and uncertainty'. Ch 9 of Balch, M. & McFadden, D. (eds.), *Essays on Economic Behavior under Uncertainty* (Oxford: North-Holland Publishing Company, 1974); Mirrlees, J. A., 'The optimal structure of incentives and authority within an organization'. *Bell Journal of Economics*, Vol. 7, No. 1 (1976), pp. 105-131; Stiglitz, J. E., 'Incentives and Risk Sharing in Sharecropping'. *Review of Economic Studies*, Vol. 41, No. 126 (1974), pp. 219-255; and Stiglitz, J. E., 'Incentives, risk, and information: notes toward a theory of hierarchy.' *Bell Journal of Economics*, Vol. 6, No. 2 (1975), pp. 552-579.

[9] Stiglitz, J. E., 'principal and agent (ii)'. In Durlauf, S. N. & Blume, L. E. (eds.), *The New Palgrave Dictionary of Economics*, Vol. 6 (New York: Palgrave MacMillan, 2008), 2nd Ed., p. 638.

[10] Ross, 1973, p. 134.

[11] Bruhl, R. H., 'A Possible Solution to the Principal-Agent Problem Posed by the Contemporary Corporate CEO'. *Journal of Business Ethics*, Vol. 48, No. 4 (2003), pp. 401-402, p. 401.

entering into a contract'[12] and occurs in an employer-employee relationship when either of the two gives false or misleadingly vague information about themselves or the situation.[13] For example, a potential employee might say they know how to do things they do not, or provide references to the employer that exaggerate their talents. In the case of moral hazard, the principal-agent problem is manifested after contracts are formed. Here, 'the agent may simply not put forth the agreed-upon effort',[14] whilst the principal has limited options for monitoring. An employer might, for instance, need an employee that is cheerful, and this might be factored into the employee's side of the contract. Whether the employee maintains his or her cheeriness even when the employer is not present is difficult for the employer to determine and is something not directly identifiable by that day's profit. Overall, the principal-agent problem is one of informational asymmetry where the distance between the two provides room for undetected deviation.[15]

Economics literature that considers solutions to the principal-agent problem has focused on working out a contract that 'maximizes the expected utility of the principal, given that (a) the agent will undertake the action(s) which maximizes his expected utility, given the compensation scheme; and (b) given that he must be willing to accept the contract.'[16] This strategy assumes fixed preferences amongst individuals that are, at base, different to each other. Adam Smith's remarks on the need for agents to have a vested interest in the overall outcome are thus echoed in contemporary exchanges on how best to co-opt members of the firm.[17] Barnard also emphasises incentive structures in his 1938 work where he argues that the individual 'must be induced to coöperate, or there can be no coöperation.'[18] Given the assumption of fixed and competing interests, it is natural

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[12] International Energy Agency, *Mind the Gap: Quantifying Principal-Agent Problems in Energy Efficiency* (Paris: OECD/IEA, 2007). http://www.iea.org/textbase/nppdf/free/2007/mind_the_gap.pdf (accessed 19/06/12), p. 28 (emphasis in original).

[13] See Akerloff, G., 'The Market for "Lemons": Quality Uncertainty and the Market Mechanism'. *Quarterly Journal of Economics*, Vol. 84, No. 3 (1970), pp. 488-500.

[14] Eisenhardt, K. M., 'Agency Theory: An Assessment and Review'. *The Academy of Management Review*, Vol. 14, No. 1 (1989), pp. 57-74, p. 61.

[15] See also Arrow, K. J., *The Limits of Organization* (London: W. W. Norton, 1974), pp. 35-6.

[16] Stiglitz, 2008, p. 639.

[17] See, for example, Bruhl, 2003.

[18] Barnard, C. I., *The Functions of the Executive* (London: Oxford University Press, 1938), p. 139. It is interesting to note that both Smith and Barnard make explicit reference to the conduciveness of cultivating materialistic desires amongst people. Smith argues that 'Power and riches appear then to be, what they are, enormous and operose machines contrived to produce a few trifling conveniences to the body, consisting of springs the most nice and delicate, which must be kept in order with the most anxious attention, and which in spite of all our care are ready every moment to burst into pieces, and to crush in their ruins their unfortunate possessor. [...] And it is well that nature imposes upon us in this manner. It is this deception which rouses and

that 'the question becomes, Is a behavior-oriented contract (e.g., salaries, hierarchical governance) more efficient than an outcome-oriented contract (e.g., commissions, stock options, transfer of property rights, market governance)?'[19] This study's investigation of the principal-agent problem makes no attempt to challenge the centrality of the contract in resolving conflicts of interest. Rather, it takes a step backward in analysis and relaxes assumptions of adversarial interests between principal and agent. Commentators have often reflected on the limitations these assumptions cause, and so it would at the same time be wrong to consider this research strategy novel.[20] Indeed, when Coleman reflects on the principal-agent problem he notes a possible flexibility in each party's interest structures and posits:

> If, as superordinate, I can change the interests of my subordinate so that satisfaction of my interests is satisfying to him as well, then he becomes a true extension of myself. The conflict of interest is removed, and I have no need to worry about policing or providing appropriate incentives.[21]

Although it is beyond the remit of organizational studies to examine how interests come to be changed within the person, it is important to at least accept the possibility of interpersonal identification and see if such a view can complement existing understandings. Eisenhardt states: 'Agency theory presents a partial view of the world that, although it is valid, also ignores a good bit of the complexity of organizations.'[22] The aim here is to look at the two concurrently by focusing qualitative attention on the operation of agency within an organisational setting.

Studies of the principal-agent problem have identified adverse selection in the way in which principals do not have full information and so are 'at the mercy of agents, who supposedly know

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keeps in continual motion the industry of mankind.' Smith, A., *The Theory of Moral Sentiments* (Indianapolis: Liberty Fund, 1976 [1759]), pp. 182-3. Barnard maintains that 'there has been a forced cultivation of the love of material things among those above the level of subsistence. Since existing incentives seem always inadequate to the degree of coöperation and of social integration theoretically possible and ideally desirable, the success of the sciences and the arts of material production would have been partly ineffective, and in turn would have been partly impossible, without inculcating the desire of the material.' Barnard, 1938, p. 143. Crockett sums up the approach as: 'He who dies with the most toys wins.' Crockett, C., 'The Cultural Paradigm of Virtue'. *Journal of Business Ethics*, Vol. 62 (2005), pp. 191-208, p. 193.

[19] Eisenhardt, 1989, p. 58.

[20] See, as examples, Ouchi, W. G., 'A Conceptual Framework for the Design of Organizational Control Mechanisms'. *Management Science*, Vol. 25, No. 9 (1979), pp. 833-848; and Perrow, C., *Complex Organizations: A Critical Essay* (USA: McGraw-Hill, 1986), 3rd Ed.

[21] Coleman, J. S., *Foundations of Social Theory* (Cambridge, MA: Harvard University Press, 1990), p. 156.

[22] Eisenhardt, 1989, p. 71.

their true type',[23] which further leads to a moral hazard when the principal is unable to supervise their every move. The empirical material presented in this chapter explores the general typologies principals have developed in Kenya and Tanzania to identify or corroborate trustworthiness in agents. The salience of this approach relies on a more habit-centred understanding of the agent than is normally present in economic models but there is nothing incompatible between this lens and structural explanations except that here attention is on how principals form understandings of reliable agents, a prior step to the formation or adaptation of contractual relations. In this way, what the study evaluates are the trusting dynamics between principal and agent rather than the contractual.

Empirical evidence from Nairobi and Dar es Salaam of the principal-agent gap

As globally, so in Nairobi and Dar es Salaam, principal-agent dilemmas permeate private sector business. In keeping with economic theory on adverse selection and moral hazard, business owners in the two cities were faced with the problems both of getting the right employee for the job and keeping the employee motivated to the task. One Nairobi-based business owner explained that, of his 128 employees, he trusted fully 'about 20', mainly those who had stayed with him for the last four years. Of the others, he was still not sure:

> Some are cheeky, some are thieves, some are what, some are very honest. Some are so good, so humble. Some are very bad; they [are] just bad. Coming late, inflating expenses, stealing. [...] At times you can employ today and after 2 weeks that person goes because he is not good. He can be having good papers; he has notice from university—everything, everything, blah blah. But when it comes to ethics, it's not good. He's not honest.[24]

The dilemma naturally arises by not being able to fully supervise staff. As the same employer remarked, 'I cannot divide myself, put myself in all the shops.'[25] The challenge was often framed by interviewees in terms of employees poorly executing specific directives, for example lacking

[23] Perrow, 1986, p. 229.
[24] Interview 19, Director, Anoland Global Networks. Nairobi, 12/09/11.
[25] Ibid.

attention to detail when receiving instructions. One Nairobi cake producer troubled about the gap between her instructions and her bakers' ideas:

> I don't like all the time calling and finding out, "Have you finished that cake?" If it's, you know, "Are you sure you're using the blue colour that we agreed on?"—you know I don't want that. I want a situation where I'm going to trust that we've agreed on *this*; *this* is what [I] am going to get.[26]

The perceived need for greater obedience amongst employees following directives was not more applicable the more important tasks became, but often the reverse: where unreliable employees most often caused problems was seen to be in the small tasks rather than the big. For example, an owner of an events organising firm in Dar es Salaam noted how she sometimes delivered invitations herself because this was a part of the process often carried out badly by employees who viewed the work as beneath them.[27]

Across Nairobi and Dar es Salaam there was general consensus on the need to connect well with one's workers in order to develop productive relationships within one's organisation. A Tanzanian business owner explained that this was the responsibility of not just the worker but also the employer:

> A worker must know the work well, must be open. The employer has to make the worker understand so that he does not hide things, so that the worker knows what brings about profit or loss, so that the promise and rules should be put straight to lead them. But at the same time he must make sure he has taught them sufficiently. He must also create a rapport with the workers to avoid differences.[28]

It was often remarked how there is normally a large gap between perceptions of business success amongst business owners and firm employees, with accompanying negative feeling and resentment over levels of salaries. A beauty products manufacturer in Nairobi expressed fear that workers 'can be very tricky and sabotage the products' out of frustration over low pay if the company looks like it is growing whilst there is no increase in wages.[29] The Nairobi cake producer explained how a particular employee stirred up the others into thinking the ownership was making large profits because of the company's high turnover. The employee then encouraged colleagues to make and sell

[26] Interview 13, Director, Cake World. Nairobi, 25/07/11.
[27] Interview 31, Event Manager, Tanzania Conference Services. Dar es Salaam, 16/01/12.
[28] Interview 25, Director, Namaingo Complex. Dar es Salaam, 14/12/11.
[29] Interview 17, Team Leader, Beauty Plus Trading. Nairobi, 05/08/11.

cakes on the side, using the company's resources and storing the moonlighted cakes with the watchman. As the owner explained, it was

> the student which we were training who actually poisoned them. She's the one who started telling them, "Oh, these people you know [are] making a lot of money." We came in later to realise and [she] is the one who actually was like organising for the connections of where they can sell the cakes and all that.[30]

The channel of communication between the business owner and employees was thus cited as an important means to overcoming the principal-agent dilemma—the need to 'open up your business for them to see so that they don't imagine that you are making millions.'[31]

There was enormous heterogeneity in both Nairobi and Dar es Salaam on the perceived most accurate ways of recruiting, linking with the adverse selection part of the principal-agent problem. Methods ranged from employing relatives, taking on only those personally recommended or advertising positions and interviewing candidates. For example, one Nairobi entrepreneur who employed someone 'on the basis that he had done a diploma in IT' found the employee 'was busy going out making contacts but he wasn't selling.' After six months the business owner was phoned by a client who had not received software from the worker. The employer then started to think 'maybe he's not as good as his papers say—I should have just vetted', and decided to make visits to clients together with his employee. Finding the worker did not know what he was doing, and did not even know the client's identities, she decided the employee had to go.[32] It is beyond the scope of this study to evaluate the strengths and weaknesses of different recruitment techniques; they are mentioned here only to give illustration of the kind of principal-agent challenges faced by business owners in East Africa. On this question, many of the comments on employee selection were in sync with theoretical considerations of adverse selection and, in particular, explored whether reliance on relatives or those with personal recommendations makes sense when industry-specific signals of expertise could not be relied upon.

Personal networks have the potential to foster employee loyalty, and yet reliance on such networks comes hand-in-hand with narrowing the pool of expertise one is able to select from. As

[30] Interview 13, Director, Cake World. Nairobi, 25/07/11.
[31] Ibid.
[32] Interview 14, Director, Softlink Options. Nairobi, 25/07/11.

Knack and Keefer describe it, 'in low-trust societies, hiring decisions will be influenced more by trustworthy personal attributes of applicants, such as blood ties or personal knowledge, and less by educational credentials, than in high-trust societies, reducing the returns to acquisition of educational credentials in low-trust societies.'[33] On this question there was greater willingness amongst Dar es Salaam business owners to hire those with expertise. One, for example, described his desire for 'someone who goes a bit beyond my abilities'; 'not someone I need to teach a lot'.[34] Similarly, an owner of a Dar es Salaam information technology firm explained that with more money 'I would get more specialists better than me because maybe if his level is a lot lower I don't see that he will be able to help'.[35] By contrast, Nairobi employers described the rampant poaching of persons between firms, and hinted how those of greater expertise can form their own businesses on the side and then break away as competitors.[36] The latter point also came alongside acknowledging that this was often how they themselves had come to found their own firms. In this way, it becomes easy to see how the employment of experts who know more than the business owner themselves exposes particularly the principal-agent dilemma. The greater confidence in employing such people in Dar es Salaam therefore suggests higher expectations of employees' trustworthiness. Interestingly, however, in Nairobi there was at the same time general distaste amongst business owners in selecting employees through family or friends. For example, asked to give general advice to an entrepreneur of an undefined industry, one Nairobi respondent affirmed:

> I think I would tell them as much as possible for them first to interview the employee, not to go the route of, you know, "Oh, I heard somebody's looking for a job, you know; oh, it's my cousin; oh, it's my friend", you know, because I've fallen into that a lot, yeah, and I've given people jobs because maybe someone has told me, "Oh, there's someone who is at home and they..." and maybe some people just mention, oh, they know I need somebody who knows computer, oh yeah, and they know computer. And then when they come here I realise I'm the one who is teaching them what to do! The only thing they know about computer I think is to switch it on! [...] I think interview them but, before that, know what you want them to do.[37]

[33] Knack, S. & Keefer, P., 'Does Social Capital Have an Economic Payoff? A Cross-Country Investigation'. *Quarterly Journal of Economics*, Vol. 112, No. 4 (1997), pp. 1251-1288, pp. 1253-4.
[34] Interview 27, Director, Nima Business Solutions. Dar es Salaam, 15/12/11.
[35] Interview 34, Senior Consultant, Business Information Development Centre. Dar es Salaam, 19/01/12.
[36] Interview 17, Team Leader, Beauty Plus Trading. Nairobi, 05/08/11; interview 14, Director, Softlink Options. Nairobi, 25/07/11.
[37] Interview 13, Director, Cake World. Nairobi, 25/07/11.

In direct contrast, one Dar es Salaam business owner posited how, 'even in an interview one may present himself very well but still be unable to deliver the job in practice'.[38] Another of Dar es Salaam commented that a trustworthy employee can only be found 'through someone else. He must have a guarantor just in case something happens, so the guarantor is responsible.'[39] Somewhat paradoxically, therefore, there was aversion in Nairobi for both employing persons with greater expertise than oneself, and for employing persons through personal recommendations or family links. Taken together, these are reflective of a general suspicion in Nairobi over whether employees would operate faithfully according to their alleged competencies.

In terms of the moral hazard of making sure employees act in the way desired by the employer when supervision is costly or there are incentives for deviation, respondents were again rich with examples. To take one instance, the owner of a series of mobile money transfer outlets in Nairobi travelled to some of the shops on the weekend and spied on them to see if they were following his directives:

> I can go with you as my friend. We take a car. Okay, when I get almost to the shop I tell you, "Go to that place." Maybe you say [to the employees at the shop], "I need to deposit." When they ask [for] ID, say "I don't have." See what they will do. [...] I normally use a lot of weight to know what is this person doing there. [...] There are those who will not, they will not attend you without the ID. There are those who feel they will just attend. So if I got somebody maybe who attended you without an ID, I will give him the first warning.[40]

The gap between principal and agent was ever present, inciting from business owners a plethora of tactics for supervision (much as in the relationship between market seller and plastic bag seller in chapter four). One Dar es Salaam entrepreneur explained how difficult it was to get the kind of person who would not need to be supervised:

> To do an assessment of knowing a trustworthy person for a businessperson is a big challenge. I have never known in a single day a trustworthy person. You have to stay with him for some time. You can send him and leave him with some money; give him money sometimes with him seeing no record is kept, so that you can see how he gives back change.[41]

[38] Interview 38, Director, Fursa. Dar es Salaam, 01/02/12.
[39] Interview 21, Owner, West Communication & General Supply. Dar es Salaam, 10/12/11.
[40] Interview 20, Director, Yes We Can. Nairobi, 12/09/11.
[41] Interview 25, Director, Namaingo Complex. Dar es Salaam, 14/12/11.

Overall it was clear that the existing literature's understandings of the principal-agent problem were exhibited in the businesses of Nairobi and Dar es Salaam. Most importantly, there was seamless movement by participants between discussion of the dilemmas of the reliability of employees under a principal-agent framework and comment on employees' trustworthiness. For example, asked what makes an employee reliable apart from their technical skill, one Nairobi business owner replied how,

> they have to be trustworthy. Someone that I can trust that if I send them to your office [the office of a client], your office will be fine and nothing will be missing. When someone is trustworthy you can leave them in your office and find everything intact. Even if you left some money deliberately, you will find the money there.[42]

Contextualised discussion of the principal-agent problem thus led to both analysis of vertical trust relations and comment on the nature of trustworthiness amongst employees, reinforcing the appropriateness of the scenario for the overall research question.

Business owners' experiences of bad employees

As an initial step in stimulating discussion on the characteristics of a reliable employee, participants were asked about their experiences of good and bad employees. Bad or unreliable employees constituted those whose behaviour brought about a principal-agent problem through abuse of the trust placed in them.

The most common evidence of the breakdown of the principal-agent relationship in Nairobi was the stealing of goods or money by employees. For example, one Nairobi business owner recalled how:

> one of my best clients had an issue with the computer network. It was not running well and therefore I sent one of my guys I did not know very well (he was new in our organisation). I sent him to go and fix it. He said that the clients needed to buy a new switch and so he replaced the faulty switch with a new switch. But the day he went to replace the switch, he was alone in the office; there was no one at the office. While he was there, there was a printer—thermal printer. You can easily put it in your bag and go with it. It was just kept somewhere he thought it was maybe thrown away or something. He took the thermal printer and left with it. [...] The owner

[42] Interview 3, Director, Midway Tours and Travel; Geranium Business Solutions. Nairobi, 15/04/11.

> asked his employees if they had seen his printer. They said that there was someone who came to fix the printer at the office and he was alone. So the guy was asked, "Did you take the printer?" The guy said he did not. The foolish thing he did was: he took the printer and locked it in my office. [...] So one of my workers said that he had seen a similar printer here yesterday.[43]

This requirement of supervising workers in order to avoid any misappropriation permeated principal-agent dynamics in Nairobi. The most extreme example came from a business owner who found his wife, a stakeholder in the company, stealing and, in turn, fostering a climate of corrupt practice for the other employees. The firm had enjoyed accelerated growth but this was then followed by near-collapse—all in the space of four years—as employees took what they wanted from the profits whilst the owner took to alcohol. Upon ditching drinking habits and turning his life around, the owner found he had to sack all his staff.[44] For a seller of high quality cakes in Nairobi, regular stealing by those in charge of taking payments took the business back by two years. The owner divided her time between the bakery and the shop and so, whilst bakers were producing cakes on the side in secret for their own selling (as described above), those in the shop adjusted the accounts and dipped their hands into the till. As the owner explained,

> I had two young guys who were running my shop and I was mostly at the bakery with my girls, the three girls, because you see I was trying to put my physical presence where my heart loved most. In the process I actually ended up losing big time because my guys really just enriched themselves. [...] Yeah, they really stole from me. [...] It was big. I mean I would have closed down actually if I hadn't taken the time that I did.[45]

It took a long while for the owner to sack the employees as she felt the need to make sure they were stealing by re-doing the accounts by herself on the side and then comparing her figures against theirs. She then discovered how copies of the receipts of some of the sales were missing, along with the appropriate cash.

Although in Dar es Salaam there were cases of stealing, the problem was observed to be less frequent or systematic. One business had suffered a robbery, but this was as a result of an armed gang coming to the shop rather than from internal stealing by employees.[46] In a large construction firm that often formed partnerships with Chinese construction firms, the Tanzanian owner accepted

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[43] Ibid.
[44] Interview 8, Managing Director, Debonair Travel. Nairobi, 02/06/11. His wife had already left the previous year.
[45] Interview 13, Director, Cake World. Nairobi, 25/07/11.
[46] Interview 21, Owner, West Communication & General Supply. Dar es Salaam, 10/12/11.

that workers would sometimes steal small items from building sites but felt the Chinese would overreact in response:

> Sometimes I can have 10 workers, sometimes 100 workers. Sometimes it goes up to 400 workers, when it's really intensive. And that is a little bit of a headache—some people they want to steal material. The Chinese are responsible, they cut from the wages. [When] somebody steals nails, [or] somebody steals wire, electric wire, we see every time complaining [from the Chinese]. [...] There is Chinese watchman, Chinese security man, but still they come to complain [that] your worker has stolen something! But you are paying those people at the gate—I cannot concentrate fitting the drawing and still going for somebody stealing the material! You find sometimes this man has stolen only 5,000, 6,000 [TSh] (the value of things). So stupid! Maybe he just wants to support himself.[47]

A further complaint of Chinese constructors in Tanzania came through anger at the practice—prevalent throughout East Africa—of lorry drivers freewheeling when driving downhill and then selling on the side the small amounts of petrol they are able to save. Not only does this mean lorries often arrive later than planned, it also means employers then start to give as close to the exact amount of petrol needed for a journey as possible, putting the cargo in a complicated position if any unforeseen change of circumstance renders the journey in need of more fuel. Even in this example, however, the Tanzanian owner did not feel it to be a fault of the employee as he thought the Chinese did, and pointed out that Tanzanian workers did not do this when working for foreign companies from Japan, America or Europe where there is more information about how much one will be paid each month in addition to a clear contract that works to stabilise employees' expectations.[48]

Instead of cases of stealing, therefore, business owners in Dar es Salaam tended to list examples of unreliable or bad employees by noting how they were slow or sloppy at taking directives. An owner of a fruit and vegetable producing firm complained how she could only offer 'agricultural work that one has to do a lot with the hands', but lamented how 'young people in Tanzania are not oriented to that work.'[49] Getting the right person for the job and making sure that person is actively engaged represented her central challenge, and led her to conclude how she had ended up employing staff on the basis of feeling they needed some work, rather than because they would be productive. At the same time, those who had been formally educated were beyond her reach:

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[47] Interview 22, Director, Nipo Construction Company. Dar es Salaam, 10/12/11.
[48] Ibid.
[49] Interview 24, Director, New Generation Farmers. Dar es Salaam, 13/12/11.

> I have tried at times to have those who've completed secondary school or even high school or even university [...]. I even tried to hire someone from Sokoine University of Agriculture. She was asking for so, so much—incredibly so much—and I tried to keep a record [of] how much we were making so that she could see herself as part of the money-generating process and claim what is part of what she's been generating. But she could not see that and eventually then she left to go and work as a community development officer, something that she did not study for at the university.[50]

Although this employee was financially beyond her reach, those that were not were described as unresponsive to orders or inconsistent in performing tasks. One owner of a clothes designing firm listed her relations with the tailors (*wafundi*) she employed as the most taxing:

> It's very difficult to find tailors. [...] At the beginning it's usually very difficult to work with them because they don't understand your style. You know like there's little things that you do that are different from the way they're used to sewing, so if you don't do like proper explanation of the design, like really far explanation, you will find something else because they understand differently.[51]

In the context of this difficulty, the owner was replete with examples of bad or unreliable practice. To make sure progress was made on the items for a fashion show to be held in a month's time, she had employed an additional tailor but found him to regularly turn up late to the workshop:

> The work that he does is good but he is not, he doesn't seem very reliable in terms of getting here on time, making sure that he made that dress [...]. This morning I went to check for one of the dresses which he started cutting day before yesterday. This should be ready today; it should have been ready yesterday and [...] there is still a little bit to join and stuff like that, but why didn't he stay late and finish it? Like, you already came late and then you can't even just finish? [...] [It's] very difficult to get people who you are able to explain things to and they understand, so I end up saying okay; I end up just tolerating him because I know how hard it is to get somebody.[52]

The differences in discussion of examples of perceived bad or unreliable employees between Kenya and Tanzania were thus stark and reflected divergent challenges. Whilst in Dar es Salaam business owners emphasised the drawbacks in having persons poorly trained or unable to grasp directives quickly, in Nairobi discussion of unreliable employees rarely moved away from accounts of in-house corruption. Perhaps the most interesting example came from the director of a company issuing tickets on behalf of Gor Mahia Football Club, one of the largest and most followed clubs of the Kenyan Premier League. The interviewee's company was contacted by the club's secretary

[50] Ibid.
[51] Interview 37, Director, Nalebi Fashion House. Dar es Salaam, 01/02/12.
[52] Ibid.

general when corruption was taking so much of the revenue that they did not have enough money to print tickets for the next game. Tickets were being sold illicitly under the retail price and the money pocketed, and those with no tickets were regularly bribing attendants at the gate for cheap entry. As the director of the ticketing services company explained:

> ...the Secretary General told us he's making a personal decision; he's putting us in charge of one game, to see what we will do, and then he would decide whether he would work with us. [...] That was our first match, we handled it very well. It was a lot of struggle because people had not been used to paying; they had even been used to bribing.[53]

In trying to turn around the ticket selling of Gor Mahia FC, the owner of the ticketing firm faced the difficulty of not having the authority to sack the existing staff. His solution was to "upgrade" them to supervisors, taking away their responsibility for handling cash. The ticketing firm brought in its own staff to handle the payments and collection of tickets, and gave them red uniforms to help formalise the system in the eyes of the football fans. The management of Gor Mahia FC later took on the interviewee's ticketing firm permanently as they suddenly realised how much money could be made in Kenyan football with a reliable and more transparent revenue base. Nevertheless, the owner of the ticketing firm complained how 'if back then it was about maybe 50 percent of the revenue was lost, [...] today right now we are [getting] about 80 to 90 percent'.[54] In keeping with these findings of a greater perceived problem of corruption in Kenya, the Corruption Perceptions Index of 2012 scored Kenya 27 out of 100 and Tanzania 35 out of 100, with higher scores indicating less perceived corruption.[55]

What constitutes a reliable employee

Just as with accounts of unreliable or bad workers, business owners were also asked to evaluate their employees in terms of who they thought particularly reliable or able to work well without supervision. Respondents were asked to give an account not of who was technically better in terms

[53] Interview 16, Director, Ticket Masters Kenya. Nairobi, 05/08/11.
[54] Ibid.
[55] Transparency International, *Corruption Perceptions Index* (2012). http://www.transparency.org/cpi2012/results#myAnchor1 (accessed 04/05/13).

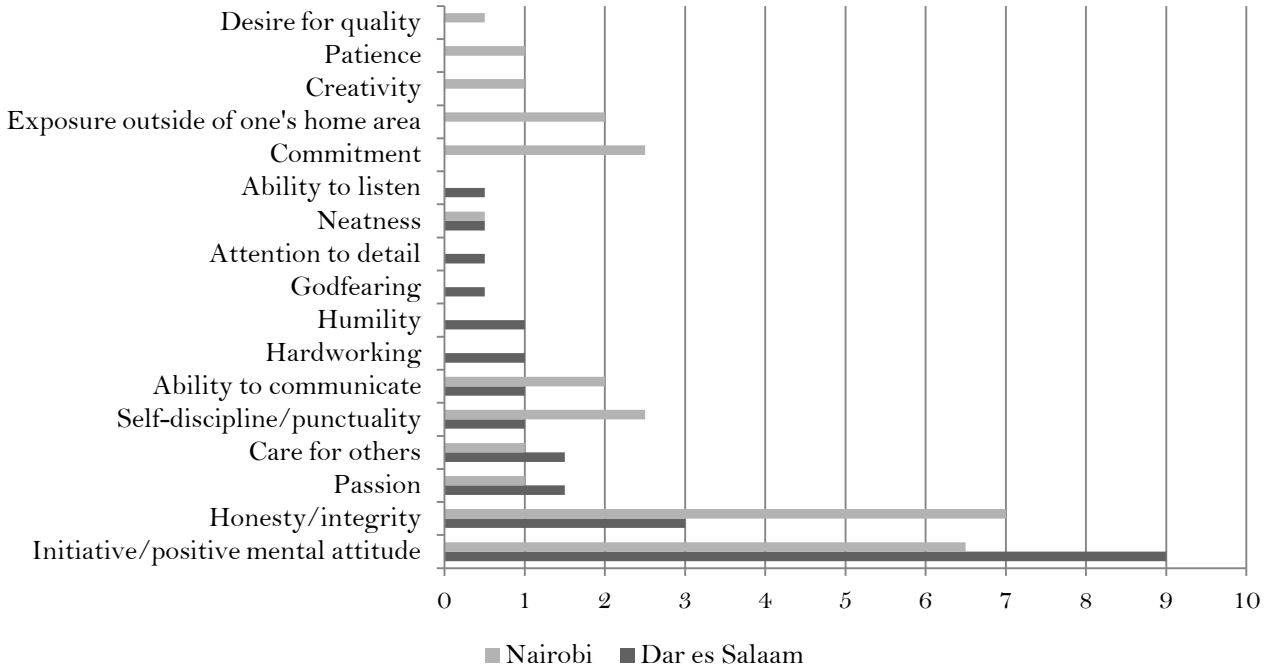
of industry knowledge or previous training, but those in whom they had the confidence to place responsibility when away. For example, one Nairobi respondent noted how all his staff were part-time except one. When asked why he had employed that one as full-time and not any of the others, the owner replied:

> The reason why I chose him was because of his character. He may not be the very best technically, but his character is good. I like the way he does things. I like the fact that he is trustworthy. You can trust him with anything. In fact, if I was to leave this company and do something else, I would leave it with him because I know he would run it as his own. Even if I went for a holiday for a year I know everything would be alright.[56]

In giving attention to the principal-agent problem, it is not enough to exhibit examples of unreliable employees in order to understand features of trustworthiness: any such answers must be contrasted against examples of where and when trustworthiness *is* an appropriate description. This subsection therefore considers the kinds of characters respondents felt were not requiring of supervision, whose pursuit of the director's aims could be relied upon even in moments of agent discretion. Further to describing specific individuals, interviewees were invited to reflect on the general characteristics that could be related to business owners of other industries as indicative of a reliable employee. By way of summarising the net differences in answers between Nairobi and Dar es Salaam, figure 6.2 displays the frequency of answers by category. Transcripts of interviews were reviewed in detail to form the summarised results, with one point given to a factor a respondent felt *most relevant* and half a point given to any factors respondents felt of *some relevance*.[57]

[56] Interview 3, Director, Midway Tours and Travel; Geranium Business Solutions. Nairobi, 15/04/11.
[57] Software packages that allow for text counting, such as NVivo, were not used because of the need to ensure phrases were detected as comparable between English and Kiswahili.

Figure 6.2 Business owner responses on what makes an employee reliable in general in Nairobi and Dar es Salaam[58]



The results show that by far the most important quality respondents felt to be indicative of reliable workers in Dar es Salaam was employee initiative, whilst in Nairobi respondents placed slightly greater value on employee honesty. The chapter turns now to giving an explanation of these two factors and how they were described in the two cities as features of the reliable person.

1. Nairobi: the value of honesty

In Nairobi, the factor most felt to be indicative of a reliable employee in general was honesty. But what is "honesty"? Honesty was occasionally discussed as 'integrity',[59] and was generally understood to be the habit of communicating what had taken place truthfully. Those respondents who were quickest in their certainty that honesty was what characterised a reliable employee tended to be those with experience of employees taking on roles of cash-handling within the business. For

[58] One respondent in Nairobi and four in Dar es Salaam did not give answers explicit enough to categorise.
[59] Interview 16, Director, Ticket Masters Kenya. Nairobi, 05/08/11.

example, asked what makes someone reliable, a Nairobi owner of numerous mobile phone outlets replied:

> Somebody who's honest. You see with money and finances, honesty is something that is very important. [...] You can be having all the degrees in finance, but if you're not honest [...] you're not qualified. You can be having a diploma but if you're honest you are so much a valuable thing because you give the right figures on pages.
>
> **Interviewer: Is that what you mean: honesty is like when you're giving the correct information back out? How can you tell if someone is honest or not?**
>
> Some of these things we are doing they are monitored in the system in which they are working. So maybe a sale has been done, then he's not entered in the system. When you do your audit there is some shortage of money. You see when you realize that, and nothing supports that, then there's something going wrong. But some staff are very honest. As in, before you even ask, he tells you there is a, b, c, d. The system are reading this way: there is a, b, c, d, so these are the results. So if you work them out, they balance. Then they are honest.[60]

In this way, business owners reflected on honesty as integral to an employee able to cooperate in one's goals or vision for the business. Nairobi employers understood the temptation of deviating for the sake of personal enrichment, noting how '[i]n Kenya, if you survive on salary alone you will have a hard life.'[61] At the same time, contrary to studies of institutional failure that consider the normative as, in part, a by-product of culture,[62] business owners' emphasis on honesty as an asset of the trustworthy individual situates corruption in the *agency* and *decision-making* capacity of persons, and thus explores the problem not as a cultural norm but as a challenge to which individuals respond differently. As such, employers of Nairobi discussed honesty as an individual rather than societal attribute: 'the first quality is honesty. If you know that somebody has honesty then that scores some marks when I am looking at any person.'[63]

Emphasis on honesty was often prefaced by how participants had initially been able to enter into business by becoming themselves a trustworthy individual in the eyes of others. One Nairobi owner of a firm dealing in automobile spare parts explained how he had initially come to join his uncle who had a business, but found that the uncle spent a large amount of his time drinking. He recounted:

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[60] Interview 19, Director, Anoland Global Networks. Nairobi, 12/09/11.
[61] Interview 9, Director, business name withheld. Nairobi, 11/06/11.
[62] See, as examples, Bayart, J. F., *The State in Africa: The Politics of the Belly* (London: Longman, 1993); and Chabal, P. & Daloz, J., *Africa Works: Disorder As Political Instrument* (Oxford: James Currey, 1999).
[63] Interview 4, Team Leader, Genesil Autobrake & Accessories. Nairobi, 18/04/11.

> When I was working at my uncle's place there were people who used to supply parts to him. They would supply and then collect money at the end of the month. I think God just gave me favour: I got acquainted with these people. [There was a time] I remember I fell sick. I came after one month and my uncle had not paid because he never used to open, only drinking. So these people were saying, "Hey! We are happy that you have come back; we know that you will pay us." And for sure I paid them because I was telling my uncle we have to pay them because these are our suppliers. So from then these people gained confidence in me.[64]

Nairobi participants linked these notions of consistency with the characteristic of honesty and so hinged their idea of basic trustworthiness on whether one's words reflect how things are, and whether one does what one says one can. For example, an owner of a computer hardware firm described the forming of his early business relationships with the words:

> What I have learnt from business is that you must be trustworthy. If you tell me that you'll bring my money tomorrow and you don't bring it, that is not good for business. Tomorrow you will come and will not be able to get what you want because yesterday you did not honour your word. The reason why they used to [lend to] me is because it was something small, something worth a thousand shillings. It was a big company—even if I stole one thousand shillings it was not something big for that company. But it is those small things that matter, because [if] I cannot be able to be trusted with small things, even with big things I will not be trusted. I gained trust from them simply because I paid as we had agreed; I was able to honour my word.[65]

Having demonstrated the importance of being 'consistent' and keeping one's word,[66] respondents turned easily to honesty as a key characteristic of a reliable employee. With experience of employees who had taken payments from clients and not deposited them with the company, one owner of an insurance agency commented that:

> I basically look for people who are honest, which is very difficult—you have to know through the course of time. People who are reliable and communicating a lot. [...] No matter what the circumstance is, let us know what is happening. If you are not able to reach that place in advance, please let us know in advance.[67]

Only on very few occasions did participants note communication skills or the ability to articulate as an important indicator of the reliability of employees in and of themselves (labelled "ability to communicate" in figure 6.2). Although involving the medium of communication, honesty instead referred to the consistency with which somebody related the truth behind a situation. For instance,

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[64] Ibid.
[65] Interview 3, Director, Midway Tours and Travel; Geranium Business Solutions. Nairobi, 15/04/11. The respondent was perhaps making implicit reference to Luke 16:10 when saying that someone who is not able to be trusted in small things cannot be trusted in large ones.
[66] Interview 17, Team Leader, Beauty Plus Trading. Nairobi, 05/08/11.
[67] Interview 5, Director, Edgeware Insurance Agency. Nairobi, 19/04/11.

asked to describe the qualities one should look out for when recruiting reliable people, the owner of a Nairobi travel company explained:

> Honesty is very important, very key. For example, think of an accountant. I would rather have an accountant who is bold enough to come and tell me, "You know what, the way things are going, this is what is going to happen." As bad as it is; as bad as it is. That guy has actually been risking his job by telling you the truth. I would rather have that guy, than the guy who tells you the picture is all good and when bad things happen he will just come and sit there and just look blank, and not know what to do.[68]

Overall, for Nairobi business owners honesty represented a central quality for evaluating the likely suitability of an employee's participation in one's business. There is nothing in this account that is irreconcilable with existing formulations of the gap between principal and agent as resolved through the contract, and yet it is interesting to note how much is at play in considerations of character and the dispositions of persons independent of the material incentives normally managing principal-agent relations.

2. Dar es Salaam: the value of positive initiative

In keeping with regret over employees often being sluggish or reticent, business owners in Dar es Salaam emphasised the value of a certain positive mental attitude or desire to take the initiative. What is a positive mental attitude? Participants described it as being 'quick in understanding' and someone who is 'not one who will need you to repeat things.'[69] A reliable employee was viewed as one who can 'take initiative' (*kujituma*)[70] and can 'think big' (*mawazo mapana*).[71] In advising on the kind of employee entrepreneurs should look out for when choosing who to recruit, one business owner of Dar es Salaam described how he 'must have a broad business mind, or not be a person whom you are going beyond—then you will not gain. [...] He is able to use his intelligence and

[68] Interview 8, Managing Director, Debonair Travel. Nairobi, 02/06/11.
[69] Interview 38, Director, Fursa. Dar es Salaam, 01/02/12.
[70] Literally: *to send oneself.* Interview 21, Owner, West Communication & General Supply. Dar es Salaam, 10/12/11.
[71] Interview 27, Director, Nima Business Solutions. Dar es Salaam, 15/12/11.

decide'.[72] In response to the question of what kind of employee does not need to be supervised, the owner of a Dar es Salaam information technology firm responded:

> I think the first thing is that the person must be very active—someone active who is able to decide. To judge things and to do them, productively and without me having to explain each thing that I want. Because sometimes, okay, we agree on something: we write it all down but there are some extra things that maybe we have not written—that we can put this over in that person's website, or to put attractive things to make a beautiful design. Now, someone who has a growing imagination is someone who is disposed to thinking about the needs of the customer, and accommodates with ease.[73]

In this way, Dar es Salaam respondents remarked only occasionally on the value of honesty and instead emphasised how the activeness or initiative of an employee was central to their reliability. One Dar es Salaam owner of a conference services firm described how employees 'can be stuck and too shy to ask', and joked that she desired someone who is 'a quick thinker: someone who is innovative and can think fast—even if you have to take [medical] supplements!'[74] Being an active communicator was thus merged with having an active mind, joined together by describing reliable people as having positive initiative. Asked who her best employee had been, the same business owner interestingly described a Kenyan she had employed who had been waiting for interview and, when sitting next to a phone that was going off without anyone attending to it, answered it on behalf of the company.[75] A comedian and owner of an entertainment firm framed the problem in terms of an exaggerated deference to elders in Tanzanian culture, and joked how the only way of really knowing what one's employees thought was to place a recording device below the cafeteria table.[76] Interestingly, he also remarked that the way of articulating oneself, often through the use of Kiswahili proverbs, was indirect so went against employees taking an active role. One of the things he felt he had learnt from the uncle who had introduced him to business was a determination to be direct with people and to encourage all staff to speak openly.[77]

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[72] Ibid.
[73] Interview 34, Senior Consultant, Business Information Development Centre. Dar es Salaam, 19/01/12.
[74] Interview 31, Event Manager, Tanzania Conference Services. Dar es Salaam, 16/01/12.
[75] Ibid.
[76] Interview 36, Director, Eventlites; Vuvuzela Entertainment. Dar es Salaam, 30/01/12.
[77] Ibid.

As with Nairobi respondents, a link could be drawn back to the Dar es Salaam business owners' self-perceptions of what made them successful candidates for business. An owner of a firm that provides marketing training for other businesses described how

> for everyone it is a necessity that you must have a mind set of saying that when you want to do something, you have the capacity to believe in yourself; that when I want to do that specific thing, I will do it. [...] You must really believe in yourself. Then, secondly, one big thing I have observed is that there are people doing business well but are thinking in a very small way. They are thinking small, like, "If I get this, it is enough." [...] People say, "If I have a big business I will have problems," or, "If I do this, maybe I will not manage. If I get a lot of money, maybe I will be welcoming thieves!" There are so many things going on in people's minds.[78]

In a similar way, one Dar es Salaam business owner conjectured how starting businesses was difficult for fellow Tanzanians because they 'are very afraid; they are afraid of risk'.[79] This reticence amongst employers was then extrapolated as part of a broader problem affecting employees' reliability. The owner of the marketing firm noted that, when employing someone, 'the number one necessity is that his mindset must be good; he must have a positive attitude. This is number one and if he doesn't have it, I don't want him at all.'[80] Similarly, an owner of a chain of shops selling traditional clothing and crafts explained that her best employee was the one who was most active in making sales and not worried about interacting with potential customers.[81] Looking at the same issue in the negative, one employer of drivers for the distribution of imported goods bewailed how 'you employ someone to help him out [by giving him a wage] but then when you send him to deliver these things he doesn't even want to know!'[82] The business owner felt that, despite the high rates of unemployment, workers lacked positive energy in responding to requests.

At play in these accounts was a general commitment to the view that a reliable employee is most regularly characterised by his or her eagerness or positive initiative. One owner of a Dar es Salaam fast food restaurant, for example, explained how he felt the need to instil initiative in his workers to increase their reliability:

> You have to sit your workers down and talk to them about the company targets. If you don't do that then they will be saying to themselves, "Let me collect my cash and leave quickly." But most

[78] Interview 23, Director, Marketing Partner. Dar es Salaam, 12/12/11.
[79] Interview 25, Director, Namaingo Complex. Dar es Salaam, 14/12/11.
[80] Interview 23, Director, Marketing Partner. Dar es Salaam, 12/12/11.
[81] Interview 30, Managing Director, J & L Handcraft. Dar es Salaam, 13/01/12.
[82] Interview 26, Director, Calmax Traders. Dar es Salaam, 14/12/11.

> times I sit with my workers so that they have a future target and know that in the future things will get better. Then they develop the spirit to work hard. [...] So that is psychology: sitting them down and giving them the faith that if our boss is like this then good things are coming. A worker under these circumstances will only steal if he is naturally a thief; otherwise if he is one who sees the future he will hold on for future goods.[83]

In contrast to the stress on honesty in Nairobi, Dar es Salaam business owners therefore placed greater emphasis on the need for a positive mental attitude in going about one's work. As with honesty, there is no incompatibility between this characteristic and other relational dynamics, contracts or characteristics that also aid the solving of principal-agent problems for the day-to-day running of a business. Nevertheless, it is interesting to observe the different emphases between the two sets of experiences. The stress placed in Dar es Salaam on the need for personal initiative bears interesting resemblance to older political science reflections on modernisation theory and the need for persons to share the mental traits of modernity for development to occur. There, consideration of economic progress was often made in terms of 'a historically unique process of diffusion of a current world culture that comprises a set of secular, rational, humanistic values'.[84] Hagen, for example, was described as seeking 'the source of political and economic modernization in the emergence of a particular type of creative personality.'[85] Similarly, Lerner reflected in study of the Middle East:

> In the drama of modernization, those who have already incorporated the trends of the times (The Moderns) and those who have not yet been touched by them (The Traditionals) present a relatively static posture. The meaning of events is best clarified by those whom we perceive at the moment of "engagement"—a moment which occurs when an expansive Self, newly equipped with a functioning empathy, perceives connections between its private dilemmas and public issues.[86]

This psychological jump was—in different words—demanded by business owners of Dar es Salaam as a wanting feature of trustworthiness and employee reliability.

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[83] Interview 39, Owner, Mwananchi Fast Food. Dar es Salaam, 01/02/12.
[84] Adelman, I. & Morris, C. T., *Society Politics & Economic Development: A Quantitative Approach* (Baltimore: John Hopkins Press, 1967), p. 53.
[85] Ibid.
[86] Lerner, D., *The Passing of Traditional Society: Modernizing the Middle East* (Glencoe, Illinois: The Free Press, 1958), p. 75.

Conclusion

This chapter has connected discussion of the formation of trusting-trustworthy relationships to cases of vertical relationships involving people with different and, at times, opposed agendas. As with previous empirical material, consideration was first made of the meaning and shared perceptions of trustworthiness, analytically prior to the decision to trust. This strategy has proved fruitful for the business dynamics of Nairobi and Dar es Salaam because it allowed for exploration of not just business owners' base interests but also their perceptions and understandings of employees likely to facilitate trustworthiness in the firm and thus bridge the principal-agent gap.

In this way, it is worthwhile to note the value in taking a more hermeneutical approach that is appreciative of the categories and typologies provided in the first place by participants, and able to detect underlying threads that give consistency to the wider picture. Economically competitive environments would not normally be viewed as likely places in which to find especially deep or universalizable perceptions of character or human nature, and yet by relaxing assumptions of fixed preferences this study of the principal-agent problem has demonstrated the relevance of a discursive approach for understanding economically competitive scenarios. As with all qualitative research, discussion requires patient analysis and tolerance of a certain degree of inarticulacy. By engaging in the moral deliberation of what character traits are "good" or "bad" for particular ends whilst at the same time encouraging participants to evaluate conduct as if explaining to another of an unspecified industry, the methodology has supported research on the common perceptions of character that make up a trustworthy and reliable individual able to overcome the principal-agent divide.

In terms of empirical information, the two countries reveal how positive initiative is key in Tanzania for signalling reliability and, more generally, trustworthiness. The stress on this aspect of character is in keeping with Dar es Salaam respondents' regret at bad and unreliable employees lacking an active mind in taking up tasks or desiring work. Similarly, business owners of Dar es Salaam often viewed their own business success as rooted in their willingness to take initiative and be someone prepared to take risks. On the other hand, although in Kenya the desire for employees with positive initiative did play a role in respondents' view of the reliable person, the greatest emphasis was placed on honesty as a necessary attribute of the trustworthy individual. As with Dar

es Salaam, this was often linked to a looking back into business owners' reasons for their own success, and heavily connected with examples of bad or unreliable employees.

Given the evaluations of character respondents felt of salience to the principal-agent dilemma, the research strategy invites such notions of what constitutes a trustworthy individual to be verified for their explanatory power as causes of trust. Following this route, therefore, chapter eight includes quantitative tests of the comparative significance of honesty, identified in this chapter as a common knowledge variable with the potential to help explain the formation of trusting-trustworthy relationships. We have focused here on the principal-agent problem because it is representative of trust dilemmas in competitive contexts. Given the way in which those deciding whether to trust or not have articulated common standards and norms of behaviour they feel to be of salience, it is only accurate to include in our explanation the possible influence of common knowledge variables for understanding the emergence of trust.

7.

The Trust Game in Nairobi and Dar es Salaam[1]

> Along with these three kinds of law goes a fourth, most important of all, which is graven not on tablets of marble or brass, but on the hearts of the citizens. This forms the real constitution of the State, takes on every day new powers, when other laws decay or die out, restores them or takes their place, keeps a people in the ways in which it was meant to go, and insensibly replaces authority by the force of habit. I am speaking of morality, of custom, above all of public opinion; a power unknown to political thinkers, on which none the less success in everything else depends. With this the great legislator concerns himself in secret, though he seems to confine himself to particular regulations; for these are only the arc of the arch, while manners and morals, slower to arise, form in the end its immovable keystone.
> —Jean-Jacques Rousseau, *The Social Contract*[2]

Thus far our empirical work has taken three steps. First, the study identified how networks of trust develop between persons despite intensely competitive economic environments, in this case the plastic bag selling of Soko Kuu market in Mwanza, Tanzania. Anchors of trust act as zones of interpersonal exchange such that persons signal their trusting commitments in common with each other. Second, how this interpersonal dynamic translates into group action able to overcome social dilemmas to varying degrees has been explored through comparison of public goods provision in local markets of Kisumu, Kenya, and Mwanza, Tanzania, identifying in turn how structural indicators of identity homogeneity are insufficient explanatory variables for the emergence of

[1] I would like to thank Marvin Ogutu, Kibe Kariuki and Raymond Mlowe for their assistance. This chapter is dedicated to Kibe who died in a road accident shortly after assisting with the fieldwork. I also thank the Department of Politics and International Relations at the University of Oxford for their financial support of the trust games.
[2] Rousseau, J., *The Social Contract* (London: Everyman, 1993 [1762]), p. 228.

trusting-trustworthy relationships. Third, research into conceptions of trustworthiness amongst employers in divergent industries of Kenya and Tanzania has revealed the extent to which themes of human character can be drawn out as relevant agent-based solutions to the principal-agent problem. Alongside industry specific qualities in people, business owners emphasised the importance of employees' positive mental attitudes and honesty.

In order to explore the value of this work for elucidating what creates social capital, investigation is made here and over the next chapter of the explanatory power of such an account. Throughout, attention has been given to the way in which common knowledge of social dilemma scenarios can host cooperative relationships where human persons coordinate for mutual gain. The value of this approach can only be supported through quantitative measurement of decisions to trust and reciprocate. To meet this additional demand, therefore, experimental game theory results are presented in this and the following chapter to consider the relevance of various variables for explaining cooperation in economically competitive scenarios.

Attention has so far been placed in this thesis on the social dynamics of trust creation. By nature an interpersonal phenomenon, trust cannot be divorced from relationships and relational knowledge. Concentration is therefore made here on the explanatory power of *common knowledge* for the development of trusting relationships. For the purposes of this quantitative assessment, common knowledge is defined as knowing every other person knows what one knows, and knowing they each know one knows it.[3] The basic idea is that common knowledge is not just something that is generally known but something generally known to be known. Empirical work so far described has pointed to the importance of common understandings of reliable behaviour for trust creation and so it seems only right that to explore the value of interpersonal conceptions for explaining trust, the variables under analysis should be tested as objects of common knowledge. This is in keeping with the research goal as set out in the introduction: to investigate necessary causes for the emergence of trusting-trustworthy relationships. As one tool for tracking the dynamics of trust, previous studies have found great profit in the trust game, first developed by Berg et al.[4] In this and the subsequent

[3] Rasmusen, E., *Games and Information: An Introduction to Game Theory* (Oxford: Blackwell, 2001), 3rd Ed., p. 47.
[4] Berg, J., Dickhaut, J. & McCabe, K., 'Trust, Reciprocity, and Social History'. *Games and Economic Behavior*, Vol. 10 (1995), pp. 122-142. The "trust game" originally described a different game formulated by Kreps, D. M., 'Corporate culture and economic theory'. Ch 4 of Alt, J. E. & Shelpsle, K. A. (eds.), *Perspectives on Positive*

chapter, the trust game is deployed to measure the dynamics and levels of trust amongst citizens of Nairobi, Kenya, and Dar es Salaam, Tanzania.

The structure of the present chapter takes the following format. First, stock is taken of how the trust game functions, what other settings it has been deployed in and what it has already told us about trustful relations. Brief discussion is also made in this literature review of how the structure of the game relates to the definitions of trust held amongst social capital scholars. Through this review, the importance of seeing the dynamics of trust as a relational phenomenon is emphasised—even when looking at trust through the lens of game theory. Next, the experimental design of our deployment of the trust game in Kenya and Tanzania is explained, identifying particular differences with the Berg et al original. We adopt the two-stage trust game in response to evaluations of the game's use in existing literature. Our experimental design aims to improve on previous deployments of the game whilst also directing attention to the overall research question. Hypotheses of what is to be expected from this deployment of the trust game are then outlined, extrapolating predictions from neoclassical economics and literature on what constitutes trusting and trustworthy behaviour. An adjustment is made of the definition of trusting behaviour in the game so as to better mirror understandings of cooperation given by social capital studies. Finally, results of the standard trust game are detailed and initial conclusions drawn, with evidence confirming greater willingness to trust and levels of trustworthiness in Tanzania over Kenya. The subsequent chapter presents results from two additional variations of the game, exploring the effects of common knowledge of coethnicity and integrity for levels of trust and trustworthiness. That chapter therefore makes quantitative assessment of common knowledge factors for explaining decisions to trust, whilst the present chapter simply describes the workings of the trust game and its initial, baseline results (the levels of trust and trustworthiness before particular common knowledge variables are introduced). The central aim of these two chapters, in summary, is to indicate the explanatory power of the

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Political Economy (Cambridge: Cambridge University Press, 1990). Berg et al discuss their own game as the "investment game" to differentiate it but because of the latter's popularity and the extent to which investments in the game are merely a way of quantifying levels of trust, the name "trust game" has stuck. In any case, the game developed by Kreps does follow a similar framework and suboptimal noncooperative prediction, based also, in turn, on a prisoners' dilemma framework. A criticism of the use of the term "trust game" is made in Danielson, A. & Holm, H., 'Trust in the tropics? Experimental evidence from Tanzania'. Working paper, Lund University (2002), p. 6, footnote 7.

qualitative evidence outlined so far on the causes for the emergence of trusting-trustworthy relationships.

The trust game and its previous findings

The practicalities of the trust game are as follows: two persons are partnered in separate rooms and their identities kept anonymous. The first player, player A, is given a sum of money (traditionally 10 US$). She can choose to send as much of this as she likes to player B and will keep what she does not send. The money that is sent ("invested" in the other) is tripled before arriving to player B, and this second player now makes a decision as to how much of the tripled money she would like to send back to player A. Both players know the full workings of the game, and so should see that both stand to gain more if player A "trusts" player B with all of the money and player B sends back a good amount of the tripled amount to player A (i.e. more than $10). If x is the amount participant A chooses to give participant B, and y the amount B chooses to give back to A, the game's payoff to player A is

$$10 - x + y$$

and the payoff to B,

$$3x - y$$

The suboptimal Nash equilibrium dictates that in the trust game participant A should give nothing to B as there is no way of forcing B to return anything. According to assumptions of self-interested, "rational" behaviour, if A was to give something to B, B would keep all that was sent to her and then tripled, giving nothing back to A. Backward induction therefore dictates that because B has no reason to give anything to A, so A should give nothing in the first place to B. In reviewing actual human decisions made in the game, anything A gives has been viewed as evidence of trusting

behaviour, and anything B gives back to A has been taken as evidence of reciprocation and trustworthiness.[5]

Berg et al developed the trust game to measure trust actions and trustworthy reciprocation isolated from the complexities of social contexts. By measuring levels of trust and trustworthiness in a laboratory setting, environmental specifics can be controlled for such that stronger inference can be made on those factors left to play themselves out alone. Most particularly, studying trust through a controllable investment game allowed Berg et al to "double blind" participants from seeing who it was they were interacting with.[6] A double blind use of the trust game occurs when participants play the game in separate rooms and are given no information about their partner that might subconsciously or consciously affect their decisions. The game identifies trust by recreating a prisoners' dilemma-like scenario such that cooperation between the two players can lead to them both being better off so long as they resist payoff incentives tempting them to default against their partner in self-interest. Unlike the prisoners' dilemma, however, choices are not simultaneous but turn-based. The importance of this lies in the fact that the first player, the trustor, thus sets up the situation the second player decides upon by choosing how much money to send.

Much to the surprise of rational choice hypotheses, Berg et al's subjects displayed a striking willingness to reciprocate trust:

> 30 of 32 subjects in the position of Investor sent money to the Trustee ($5.16 on average). Of the 30 subjects in the position of Trustee, 18 returned more than $1.00 ($4.66 on average) and one-third of them sent more funds to the Investor than they received. On average, those Investors who sent $5.00 or more received an average return in excess of the amount they sent. It was those Investors sending less than $5.00 who received a negative net-average return. In other words, on average, those Investors who trusted their counterpart the most were the ones who left the game with more wealth than those who were less trusting.[7]

Berg et al felt safe in dismissing the hypothesis generated by standard economic assumptions of individualistic action and instead claimed trust to be an 'economic primitive' because it continues to occur between persons when the social and formal mechanisms normally thought to sustain

[5] For distinction between trust and trustworthiness, see Chaudhuri, A., & Gangadharan, L., 'An Experimental Analysis of Trust and Trustworthiness'. *Southern Economic Journal*, Vol. 73, No. 4 (2007), pp. 959-985.
[6] Berg et al, 1995, pp. 127-9.
[7] Ostrom, E., *Understanding Institutional Diversity* (Princeton: Princeton University Press, 2005), p. 72.

investments are eliminated through the game.[8] In a 2005 survey of the literature that has grown from Berg et al's experiment, Ostrom concludes that, in general, '[t]he multiple replications in which a substantial level of trust is exhibited raises serious questions about the universal validity of relying entirely on the rational choice model of the individual'.[9]

Since Berg et al's creation and use of the trust game, scholars have developed its contribution to the study of trust in two central ways. First, the game has been deployed in a number of different settings to measure levels of trust around the world. Berg et al recruited from undergraduates in the United States and effort is now being made to conduct the game with samples more representative of wider society. Schechter played the game with villagers of rural Paraguay;[10] Barr compared behaviour in the game between resettled and traditional Zimbabwean communities;[11] and Karlan with members of microcredit groups in Peru.[12] Importantly for this study, Greig and Bohnet conducted a series of games with just under 300 residents of Embakasi slum in Nairobi, including trust games, focusing on gendered decisions in a single blind environment.[13] The authors find that women give less in public goods games when they are members of mixed sex groups, and that for decisions of whether to trust, the average amounts sent were 'substantially lower than the standard results in investment games run in developed countries', with trust in Nairobi slums 'among the lowest ever reported.'[14]

Although many research articles have experimented with university students, these have also gained ground in achieving international diversity. Both Croson and Buchan and Buchan et al look into variation between four different countries and find differing levels of trust and trustworthiness.[15] Holm and Danielson compare a large number of undergraduates of Sweden and

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[8] Berg et al, 1995, p. 123.
[9] Ostrom, 2005, p. 78.
[10] Schechter, L., 'Traditional trust measurement and the risk confound: An experiment in rural Paraguay'. *Journal of Economic Behavior & Organization*, Vol. 62, No. 2 (2007), pp. 272-292.
[11] Barr, A., 'Trust and Expected Trustworthiness: Experimental Evidence from Zimbabwean Villages'. *The Economic Journal*, Vol. 113 (2003), pp. 614-630.
[12] Karlan, D. S., 'Using Experimental Economics to Measure Social Capital and Predict Financial Decisions'. *The American Economic Review*, Vol. 95, No. 5 (2005), pp. 1688-1699.
[13] Greig, F. & Bohnet, I., 'Is there reciprocity in a reciprocal-exchange economy? Evidence of gendered norms from a slum in Nairobi, Kenya'. *Economic Inquiry*, Vol. 46, No. 1 (2008), pp. 77-83; Greig, F. & Bohnet, I., 'Exploring gendered behavior in the field with experiments: Why public goods are provided by women in a Nairobi slum'. *Journal of Economic Behavior & Organization*, Vol. 70 (2009), pp. 1-9.
[14] Grieg & Bohnet, 2008, p. 79.
[15] Croson, R. & Buchan, N., 'Gender and Culture: International Experimental Evidence from Trust Games'. *Gender and Economic Transactions*, Vol. 89, No. 2 (1999), pp. 386-391; Buchan, N. R., Croson, R. T. A. & Dawes,

Tanzania by running survey questions, trust games and dictator games;[16] and Fershtman and Gneezy perform the trust game with undergraduates in Israel.[17] Koford takes a contextualised approach of performing games with students in Bulgaria and linking differences of outcomes (as compared to similar studies in the United States) with the cultural heritage and history of Bulgarians.[18] In a similar manner, Bohnet et al compare responses between Kuwait, Oman, Switzerland, the United Arab Emirates and the United States, contrasting trust habits between the Gulf and the West and finding that students in the Gulf tend to have higher minimum demands of trustworthiness before trusting, something the authors believe helps explain that region's lower levels of private investment.[19]

Amidst differences in settings and population types, the original findings of Berg et al have held: participants generally show trusting and trustworthy behaviour contrary to the neoclassical hypothesis. Given the ability to track levels of trust across the world in such a scientific manner, the trust game is further rising as the strongest contender and critic of question-based surveys of trust.[20] Thus far, however, the game has rarely been deployed outside of university students in a way that satisfies the original double blind procedure. And though a rigorous study by Exadaktylos et al suggests student behaviour in the trust game to be highly comparable to that of average citizens,[21] other studies find that on balance students exhibit a very specific sub-set, bearing their own tendencies and characteristics. Levitt and List posit that students tend to act more prosocially than average citizens,[22] though evidence provided by Ensminger and Cook as well as Johnson and Mislin

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R. M., 'Swift Neighbors and Persistent Strangers: A Cross-Cultural Investigation of Trust and Reciprocity in Social Exchange'. *American Journal of Sociology*, Vol. 108, No. 1 (2002), pp. 168-206.

[16] Holm, H. J. & Danielson, A., 'Tropic Trust versus Nordic Trust: Experimental Evidence from Tanzania and Sweden'. *The Economic Journal*, Vol. 115, No. 503 (2005), pp. 505-532.

[17] Fershtman, C. & Gneezy, U., 'Discrimination in a Segmented Society: An Experimental Approach'. *Quarterly Journal of Economics*, Vol. 116 (2001), pp. 351-377.

[18] Koford, K., 'Experiments on Trust and Bargaining in Bulgaria: The Effects of Institutions and Culture'. Working paper, University of Delaware (2003).

[19] Bohnet, I., Herrmann, B. & Zeckhauser, R., 'Trust and the Reference Points for Trustworthiness in Gulf and Western Countries'. *Quarterly Journal of Economics*, Vol. 125, No. 2 (2010), pp. 811-828.

[20] Fershtman & Gneezy, 2001, p. 374.

[21] Exadaktylos, F., Espín, A. M. & Brañas-Garza, P., 'Experimental subjects are not different'. *Scientific Reports*, Vol. 3, No. 1213 (2013), pp. 1-6.

[22] Levitt, S. D. & List, J. A., 'What Do Laboratory Experiments Measuring Social Preferences Reveal About the Real World?' *Journal of Economic Perspectives*, Vol. 21, No. 2 (2007), pp. 153-174.

suggest students may indeed be much more frugal.[23] Regardless of whether they are on average mean or generous, it is clear that students are one particular part of the world's population.

The second way in which the game has taken steps forward in studying trust has been in identifying particular causes for trust, with various studies looking into the characteristics of persons who are more trusting or trustworthy. Debate has formed on the question of gender, with Croson and Buchan finding women to reciprocate trust (trustworthy behaviour) significantly more than men across different countries.[24] In terms of trusting behaviour and gender, Schechter goes against numerous studies to show how women send less money in the game than men not out of a lack of trust but because of greater risk aversion.[25] Comparison has also been made between trust games and the General Social Survey (GSS) questions on trust to see if the two pick up the same social trends. Holm and Danielson find standard survey questions to have predictive power for trust behaviour in Sweden but not in Tanzania[26] and Glaeser et al find that trusting individuals—as identified by the GSS—act more trustworthily in the game but not more trustingly,[27] a finding in agreement with Chaudhuri and Gangadharan who note how 'being more trustworthy [in the trust game] is closely connected with greater generosity in the dictator game'.[28] Other studies have used the trust game to explore country-specific causes for trust. Barr's comparison of 'two distinct types of shared social identity'[29] through playing the trust game in resettled and traditional villages in Zimbabwe finds that 'in resettled villages trusting behavior is less responsive to expected trustworthiness than in traditional villages.'[30] She attributes this difference to resettled villagers being more likely to be motivated by desires for community building than the expected reciprocity

[23] Ensminger, J. & Cook, K., 'Prosociality in Rural America: Evidence from Dictator, Ultimatum, Public Goods, and Trust Games'. Ch 18 of Ensminger, J. & Henrich, J. (eds.), *Experimenting with Social Norms: Fairness and Punishment in Cross-Cultural Perspective* (New York: Russell Sage Foundation, 2014), pp. 462-3; Johnson, N. D. & Mislin, A. A., 'Trust games: A meta-analysis'. *Journal of Economic Psychology*, Vol. 32 (2011), pp. 865-889.
[24] Croson & Buchan, 1999.
[25] Schechter, 2007, p. 278. For evidence on women trusting less, see Buchan, N. R., Croson, R. T. A. & Solnick, S., 'Trust and gender: an examination of behavior, biases, and beliefs in the investment game'. Working paper, The Wharton School (2003); Burks, S. V., Carpenter, J. P. & Verhoogen, E., 'Playing both roles in the trust game'. *Journal of Economic Behavior & Organization*, Vol. 51, No. 2 (2003), pp. 195-216; and Eckel, C. & Wilson, R., 'Whom to trust? Choice of partner in a trust game.' Working paper, Rice University (2000). Agreement with the argument of Schechter can be found in Chaudhuri & Gangadharan, 2007, pp. 977-8.
[26] Holm & Danielson, 2005.
[27] Glaeser, E. L., Laibson, D. I., Scheinkman, J. A. & Soutter, C. L., 'Measuring Trust'. *The Quarterly Journal of Economics*, Vol. 115, No. 3 (2000), pp. 811-846. For a summary of their findings, see Karlan, 2005, p. 1689.
[28] Chaudhuri & Gangadharan, 2007, p. 978.
[29] Barr, 2003, p. 616.
[30] Ibid, p. 626.

of other residents. In Buchan and Croson's study, participants are asked to say how much they would send in a trust game and what proportion they would send back to seven different persons, each of increasing social distance from the participant, extending from one's family, to one's social network, and finally to complete strangers.[31] In this way, the authors test Fukuyama's thesis, that in China a strict boundary of trust limited to kinship means there is less generalised trust than in the United States.[32] Interestingly, Buchan and Croson find trust levels are the same between China and the United States but that the Chinese operate under low expectations of others' reciprocity whilst Americans 'are more likely to project their own behavior onto others in situations involving the possibility of cooperation',[33] a more nuanced argument than Fukuyama's original position. Fershtman and Gneezy use the trust game to test for ethnic stereotypes between Ashkenazic and Eastern Jews living in Israel, and find 'a consistent pattern of discrimination and mistrust' towards Eastern Jews who are entrusted with lower amounts from both those of Ashkenazic origin and those of their own ethnicity.[34] The authors note how the discrimination is sourced overwhelmingly in males and that the stereotype is misplaced as no evidence can be found that Eastern players went on to reciprocate any less in the game.[35]

Playing the trust game with Peruvian microcredit groups and then keeping track of the loans and savings of group members, Karlan finds that those who score highly in the game as trustworthy correlate with those who borrow directly from friends in the investment group. This is in support of the salience of the game for understanding trust, because 'individuals who are trustworthy are more able to secure loans from their peers.'[36] However, besides these ways in which the trust game has advanced the study of trust, there is one way in which it has come to feel its limitations. The greatest query to the trust game has come through a comparison of the game's results with measurements of players' levels of risk aversion. Karlan also finds that those player A

[31] Buchan, N. R. & Croson, R. T. A., 'The boundaries of trust: own and others' actions in the US and China'. *Journal of Economic Behavior & Organization*, Vol. 55 (2004), pp. 485-504, p. 487. See also Buchan et al, 2002.
[32] Fukuyama, F., *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995).
[33] Buchan & Croson, 2004, pp. 500-1.
[34] Fershtman & Gneezy, 2001, p. 353. For further analysis of subjective discrimination in trusting decisions, this time with reference to city districts of residents, see Falk, A. & Zehnder, C., 'Discrimination and In-Group Favoritism in a Citywide Trust Experiment'. *Institute for the Study of Labor* (Apr 2007), discussion paper no. 2765.
[35] Fershtman & Gneezy, 2001, p. 364.
[36] Karlan, 2005, p. 1694.

individuals who are considered highly trusting in the game (prepared to send a large proportion of funds to their partner) correlate with those who have a reputation in the microfinance group as risk-takers. These "trusting" persons are thus less able to secure loans from peers in one-to-one relationships than through organisations.[37] This finding, that perhaps trusting behaviour in the game has a lot to do with risk tolerance, is furthered by Schechter who runs a traditional trust game alongside a risk game, using the same participants. She finds play in the risk game to be significantly predictive of the decisions of player A to trust in the trust game, and so posits:

> Assume two players believe that half of the trustees will return double and half will return half of their original investment. Although both players are equally trusting, the more risk averse trustor will send less money and appear less trusting. Thus, play by the trustor in the trust game depends both on trust beliefs and on risk aversion.[38]

The finding, alongside the work of Karlan and also Eckel and Wilson,[39] presents the most serious challenge to date on the value of the trust game for research into trust and social capital. Bohnet and Zeckhauser argue against its salience by identifying key differences between how participants approach chance and how they approach interpersonal decisions—not least the way in which betrayal by a person feels worse than betrayal by nature.[40] But the problem is not just separating the noisy effect levels of risk aversion can have when analysed alongside persons' willingness to trust—that can be controlled by measuring and isolating levels of risk aversion before or after participants play the trust game. The problem is also whether the research strategy challenges the very way in which scholars are defining trust. If trust is 'a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular action',[41] a definition agreed with by many scholars of trust and social capital,[42] in what way is it conceptually extricable from risk tolerance? In a turn-based game such as the trust

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[37] Ibid, pp. 1694-5.
[38] Shechter, 2007, p. 274. For further empirical review of the risk components behind trust, see Hong, K. & Bohnet, I., 'Status and distrust: The relevance of inequality and betrayal aversion'. *Journal of Economic Psychology*, Vol. 28 (2007), pp. 197-213.
[39] Karlan, 2005; Eckel, C. & Wilson, R., 'Is trust a risky decision?' *Journal of Economic Behavior & Organization*, Vol. 55, No. 4 (2004), pp. 447-465.
[40] Bohnet, I. & Zeckhauser, R., 'Trust, risk and betrayal'. *Journal of Economic Behavior & Organization*, Vol. 55 (2004), pp. 467-484, p. 479. See also Bohnet, I. & Croson, R., 'Trust and trustworthiness'. *Journal of Economic Behavior & Organization*, Vol. 55 (2004), pp. 443-445, p. 445.
[41] Gambetta, D., 'Can we trust trust?' Ch 13 of Gambetta, D. (ed.), *Trust: Making and Breaking Cooperative Relations* (Oxford: Blackwell, 1988), p. 217.
[42] See chapter one.

game, what is to say the first play is not merely calculating the expected behaviour of their partner and then following a best response, varied only by heterogeneity in risk aversion?[43] Further, if one controls for experiences of risk, what remains in the person that can be assessed as "willingness to trust"? Without a substantial account of the nature and definition of trust beliefs, trusting behaviour in excess of one's risk tolerance counts merely as an *irrationally* high expectation of the likely outcome of another's actions. This moves towards the definition of '*blind* trust', understood by Gambetta as 'lexicographic predispositions to assign the extreme values of the probability and maintain them unconditionally over and above the evidence.'[44] This is the way decisions to trust are framed by Ashraf et al, who conduct trust games with students of Russia, South Africa and the United States. The authors find that expectations of trustworthiness account for observed variance in trust but that trustworthy behaviour can be counted as 'unconditional kindness'.[45]

Understanding trust in terms of the constant of preferences and the coefficient of risk aversion is—as maintained in chapter one—deeply problematic for the social capital literature because it places trusting dispositions outside of the social or associational experiences observed as, in the first place, forming habits of behaviour conducive to the solving of collective action dilemmas. In this way, isolated study of risk tolerance may merely relocate the explanandum of 'unconditional kindness' or 'blind trust' rather than provide a complete explanation of its causes. In response to how this difficulty affects the trust game, we have room here to make only one suggestion: to return to the original aim of Berg et al's game.

References to Berg et al's article focus on the finding that behaviour in the trust game runs against the predictions generated by neoclassical assumptions of the individual (play motivated by self-interest). Any loss of face by such assumptions has, however, been speedily regained by explaining behaviour through expected behaviour, best response and risk aversion. Curiosity nevertheless continues to harry the trust game because of trustworthy behaviour which, just as with generous play in the dictator game, remains entirely "irrational". Interest in this part of the trust

[43] Barr, 2003, p. 614.
[44] Gambetta, 1988, p. 218 (emphasis in original).
[45] Ashraf, N., Bohnet, I. & Piankov, N., 'Decomposing trust and trustworthiness'. *Experimental Economics*, Vol. 9 (2006), pp. 193-208, p. 204.

game has only increased upon finding trustworthy actions to correlate both with positive survey responses on trust[46] and those people who hold stronger real-life reputations of trustworthiness.[47]

However, Berg et al made a second finding which has been sidestepped by subsequent uses of the game. In addition to their argument against neoclassical assumptions of the individual, the authors noted how providing participants with knowledge of general social history (what actions others made in the past when faced with the same cooperative dilemma) had the effect of entrenching positive behaviour in the game.[48] Berg et al played a second group of trust games with new participants, giving the participants a summary of the results of the first group's session before the game began. The additional knowledge this provided should have shown how it is wrong to expect player B to on average reciprocate, and so dissuaded player As from investing and player Bs from feeling a responsibility to make fair returns, but this did not happen. As Berg et al explain:

> Given that two-thirds of the room B subjects did not reciprocate in the no history treatment, it seemed plausible that providing this information [to the new group of participants] would cause room A subjects to send less and justify room B decisions to reciprocate less. This was not the case. Moving from no history to social history resulted in [...] a shift in average return from a negative $0.50 (no history) to a positive $1.10 (social history). Since the average amount sent only increased by 20 cents, most of this change is accounted for by an increase in the average payback of $1.80.[49]

This finding, although made before the literature's reduction of trusting decisions in the game to expectations of reciprocity, deeply challenges its salience.

From the outset, Berg et al were interested in whether a norm of reciprocity or trust exists to such a degree that, minus the capacity to build reputations through repeated interaction and sanctioning, trusting behaviour still occurs. It is for this reason they conclude on how 'these results suggest that both positive and negative forms of reciprocity exist and must be taken into account in order to explain the development of institutional forms which require the propensity to reciprocate.'[50] Berg et al's emphasis on being able to best capture these 'forms of reciprocity' through

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[46] Glaeser et al, 2000.
[47] Karlan, 2005.
[48] For a related finding that confirms this observation, see Bohnet, I. & Zeckhauser, R., 'Social Comparisons in Ultimatum Bargaining'. *Scandinavian Journal of Economics*, Vol. 106, No. 3 (2004), pp. 495-510.
[49] Berg et al, 1995, p. 137. When writing that two-thirds of room B subjects did not reciprocate in the no history treatment, the authors are using their definition of reciprocity as returning to player A more than player A sent, such that player A receives profit on their investment. Using our game description outlined above, they define reciprocity as $y > x$ (p. 126).
[50] Berg et al, 1995, p. 139.

a single-shot game has been interpreted by subsequent studies as a green light to dissecting trust as an isolatable decision, and it is no wonder that this interpretation supports an understanding of the trust action indistinguishable from an assessment of risk aversion.

That this may not have been the original intention of the trust game is not just supported by Berg et al's inclusion of the social history treatment in their 1995 article. In a 2008 working paper by, amongst others, two of the same authors who wrote the original Berg et al piece, Dickhaut et al expand the game to two rounds of investment between pairs.[51] The explicit aim of this addition was to 'study the value of reputations, as trusting or trustworthy types, in promoting first mover investment in sequential exchange.'[52] As can be expected, because a two-stage game puts pressure on participants' need to build cooperative relationships if they are to do well, levels of trusting and trustworthy behaviour were higher, especially in the game's first round.[53] The added advantage of more than one-shot play is that it opens analysis to relational behaviour where participants see the scenario's dilemma as requiring cooperation with *the decision-making capacity of the other* in order to be optimally solved. One stage trust games uninterested in social history or the capacity for reputation-building take only snapshots of levels of trust, equally explainable in the language of maximising expected payoffs. As Hardin explains, in one-shot trust games it is impossible to distinguish between normative and material motivations for decisions to trust amongst player As because they are not given any information upon which to discriminate the other's motivations.[54] In order to evaluate the infant stages of how norms of trust develop it is therefore insufficient to examine one-off scenarios of investment and perhaps dangerous to extrapolate a definition of trust that holds the decision to trust to be an expectation of the other's best response.

If this argument is to link back to the wider literature on trust and social capital, an alternative definition is needed to capture what trust is and how norms of trust can come to be formed. Both Berg et al and Dickhaut et al ground their studies in the way Coleman defines trust: giving the trustee the right to make a decision which affects both trustor and trustee by placing

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[51] Dickhaut, J., McCabe, K., Lunawat, R. & Hubbard, J., 'Trust, Reciprocity, And Interpersonal History: Fool Me Once, Shame on You, Fool Me Twice, Shame on Me'. Working paper, University of Minnesota (Sep 2008).
[52] Ibid, p. 2.
[53] Ibid, p. 17.
[54] Hardin, R., 'Gaming Trust'. Ch 3 of Ostrom, E. & Walker, J. (eds.), *Trust and Reciprocity: Interdisciplinary Lessons from Experimental Research* (New York: Russell Sage Foundation, 2003), p. 84.

decision-making power over the outcome in the hands of the latter.[55] Is this definition of trust sufficient to capture the extent to which common and relational knowledge inform propensities to trust? A distinction between individual and group-based approaches to trust has been drawn by two articles that deploy the trust game. Glaeser et al note the difference when discussing social capital and employ the individualistic approach:

> Social capital has two rival conceptualizations. Many original users of the term, James [1904], and more recently Loury [1977]) [*sic*] saw social capital as an individual-specific variable reflecting one's ability to do well in social situations. In the 1990s Coleman [1990] and Putnam [1993, 1995] have used the term to describe group-level attributes, like the existence of a social network among a group of friends. We examine evidence for the former conceptualization...[56]

Chaudhuri and Gangadharan give more nuanced attention to the two perspectives and argue how the two ways of looking at trust can be seen in each of the two parts of the investment game. As the authors explain:

> We argue that what many prior studies (such as Berg, Dickhaut, and McCabe 1995) have interpreted as trust has two distinct components. One is being both trusting and trustworthy in the sense of possessing a general social orientation towards others, while the other has an element of calculated risk-taking or a predilection for accepting a gamble. The former is definitely a "social virtue" (as defined by Fukuyama 1995), the latter probably not. [...] So when it comes to the idea of social capital—as in Putnam (2000) for instance—it is trustworthiness that is more important and relevant rather than trust.[57]

What can render the trust game a more complete assessor of group-centred trust as a relational dialogue between trust *and* trustworthiness? As has been noted, the answer lies in requiring participants to work with the decision-making capacity of their partner through giving relational meaning to both trustworthy behaviour and the decision to trust. This is the only way to approach the study of *trust as intentional unity*. At the same time, it is still integral to the workings of the trust game that the suboptimal Nash equilibrium remains inefficient—that is, participants must still need to forego self-interest when cooperating to achieve the best outcome. A balancing act between these two positions can most easily and realistically be achieved by conducting the game as a two-stage relational exercise rather than a one-off gamble, whilst maintaining all of the "laboratory settings" of its original use. As has been demonstrated by the experiment of Dickhaut et

[55] Berg et al, 1995, p. 126; Dickhaut et al, 2008, p. 3. See chapter one for a discussion of Coleman's definition.
[56] Glaeser et al, 2000, pp. 836-7.
[57] Chaudhuri & Gangadharan, 2007, p. 978.

al, the suboptimal Nash equilibrium of the two-stage game remains the same: backward induction dictates that because player B will return nothing in round two, player A should send player B nothing. Knowing player A will send nothing in the second round, player B has no incentive to send anything back to her from the first round, and, given this, player A also has no incentive to give anything to player B in her first move of the game. Whilst keeping to the same suboptimal Nash equilibrium, therefore, the two-stage game supports the study of trust as a relational phenomenon where player B's trustworthiness can have greater reputational meaning than, for example, the dictator in a one-shot dictator game. In turn, because player A has two choices to make, her first choice cannot solely be explained as a gamble, for it may simultaneously indicate to the other player her willingness to cooperate in round two, and thus may be considered a wider action in support or rejection of the other's decision-making power (not just their likely decision for a single round). In this way, by putting attention on relational developments, the game more accurately investigates the interpersonal trust emergent in phenomena of social capital.

Experimental design

Given the preceding literature on the trust game, our present empirical application can be said to further analysis by

1. carrying out the trust game as a two-stage investment scenario, such that the relational dialogue between trust and trustworthiness is explored;
2. conducting the game with a randomised selection of citizens whilst maintaining the strictness of a double blind laboratory setting;[58]
3. assessing the explanatory power of common knowledge of ethnicity and integrity as indicators for trust and trustworthiness; and
4. employing the experiment comparatively between two countries.

To provide effective comparison between urban Kenya and Tanzania, the cities of Nairobi and Dar es Salaam were selected respectively as sites for trust game experiments. Both cities are the largest

[58] Because of the added complexity for participants of a two-stage game, Dickhaut et al experimented with both a group with experience of having once played the one-stage trust game and a group without any experience. Their conclusion, that 'we find no significant experience effects at the .05% or .1% levels for amounts sent or percentage returns in period 1 or period 2', helps give some confidence that the two-stage game is as understandable as the one-stage game. Dickhaut et al, 2008, p. 21.

in each country and, while Dar es Salaam is no longer the political capital of Tanzania, it is widely considered the country's economic centre. In order to generate a randomised selection of citizens comparable between the two cities, recruitment was conducted on the streets of the cities' respective central business districts because these were areas frequented by the broadest diversity of urban residents. In Nairobi recruitment took place in the four locations of Moi Avenue, Uhuru Park, Taifa Road/Kenya Power, and Haile Selassie Avenue/Railways whilst in Dar es Salaam recruitment was in the four locations of Morogoro Road, Mosque Street/Chagga Street, Sokoine Drive/Mission Street, and Zanaki Street/India Street/Mkwepu Street. In this way, the locations of recruitment were chosen as popular parts of each city, frequented by people of all walks of life. This was seen as more likely to guarantee diverse participants that were comparable between the two countries, though it is nevertheless worth noting how completely randomised recruitment is usually seen as more scientific (for example the methodology used by Exadaktylos et al).[59] Here, by specifying our research sites in the two cities, we sought to avoid any hazardous and falsely scientific lack of awareness on whether the recruitment pools were of equivalence. To further eliminate bias in our selection, potential participants at the street-level were counted by recruiters and every tenth such candidate was approached and invited to attend one of the laboratory sessions. If the potential participant agreed to one of the possible times, an entry ticket for that session was given with the person's name written on and it was explained that the ticket was for their use only. In Nairobi the acceptance rate of those citizens approached on the street was 47 percent, with those who rejected mostly citing other plans preventing them from attending. A rejection was counted as someone who heard the proposal and then refused to participate; it does not include those who ignored or failed to hear recruiters' attempts to get their attention.[60] Of those who did accept in Nairobi, a large proportion, 85 percent, made it to the venue for their scheduled time. In Dar es Salaam, a higher proportion of 67 percent agreed to participate when approached on the street, and of these 80 percent came to the venue on time. Although the 80 percent figure in Dar es Salaam for the number of registered participants was lower than the 87 percent of Nairobi, a number of Dar es Salaam

[59] Exadaktylos et al, 2013.
[60] Given the bustle of street-level activity in these popular areas of Nairobi and Dar es Salaam, we were unable to collect statistics on the numbers who heard the beginnings of our pitch but did not show they had listened by stopping.

citizens had to be turned away and not registered because the numbers were too many (recruitment being far easier than expected, there was insufficient space to accommodate all potential participants). Excess attendees were given a fee for coming and told they could leave immediately. Figures 7.1 and 7.2 display the socio-economic and ethnic distribution of participants, respectively.

Figure 7.1 Socio-economic breakdown of all trust game participants

	Nairobi (N = 222)	Dar es Salaam (N = 264)
Average age	28	28
Female	17%	6%
Born in the city	34%	23%
Employed	32%	88%
Student	45%	4%
Unemployed	23%	2%

Figure 7.2 Ethnic breakdown of all trust game participants

Nairobi (N = 222)		Dar es Salaam (N = 264)	
Luo	41%	Makonde	18%
Kikuyu	19%	Chagga	8%
Luhya	14%	Gogo	6%
Kamba	8%	Ha	6%
Kisii	6%	Sukuma	5%
Taita & Mijikenda	3%	Pare	5%
Kalenjin	2%	Nyamwezi	5%
Maasai	2%	Yao	4%
Others	5%	Others	43%

The socio-economic breakdown shows that the average age of participants was highly comparable between the two cities but there was a severe underrepresentation of women both in general and particularly for Dar es Salaam. Conversing with potential participants on the street suggests that

this imbalance was due to wariness amongst females of coming to a previously unknown location without being allowed to bring a companion, a requirement upheld to ensure the experiment's double blind condition. To avoid the effect of this discrepancy for interpreting differences between Nairobi and Dar es Salaam, gender was included in statistical regressions as a variable in of itself and as an interaction effect according to country.

In both sample populations the majority of participants had originally been born outside of the country's economic capital, something that suggests a need for further research exploring the negotiation between rural and urban social norms of trust. In any case, the similar proportion of such respondents we find within our two sample populations gives further confidence in the equivalence of the groups. In contrast to this, figures on the numbers employed and unemployed show a major discrepancy between the two cities that is not in keeping with national economic trends and most likely due to reporting bias. Many Dar es Salaam respondents wrote as their occupation that they were employed in 'business' or 'small business',[61] which strongly suggests self-employment in the informal sector. Kenyan participants were more likely to instead self-categorise this as "unemployed" due to the national trend of associating "real" employment with the formal sector only. Nevertheless, the higher number of student participants in Nairobi is probably an accurate reflection of the greater expanse of that city's educational institutions,[62] with the proportion of respondents from this category probably further boosted by greater confidence in the likelihood with which participating in research would deliver on its promised payments.

In terms of the ethnic breakdown of participants, although reliable and recent figures for ethnic composition are not available for the individual cities of Nairobi or Dar es Salaam, the percentages displayed in figure 7.2 are similar to national figures (described in chapter one) and capture well the greater ethnic heterogeneity generally found in Tanzania than in Kenya. Nevertheless some discrepancies are apparent, most notably the high numbers of Luo and relatively low numbers of Kikuyu in Nairobi (especially unrepresentative given that Nairobi lies in the Kikuyu

[61] In Kiswahili: *biashara* or *biashara ndogondogo*.
[62] Knight and Sabot compare Kenya and Tanzania directly on educational attendance and find much higher levels of secondary school participation amongst Kenyans since independence. Greater university attendance in Kenya over Tanzania is in keeping with this trend. Knight, J. B. & Sabot, R. H., *Education, Productivity, and Inequality: The East African Natural Experiment* (Washington, D.C.: The World Bank & Oxford University Press, 1990), pp. 9-10.

heartlands and so should exhibit a higher proportion than the national average). This bias is probably due to the average Luo in Nairobi tending to be of a lower income bracket than the average Kikuyu, and so more likely to respond to an offer of participating in a research game involving real payoffs. It is likely that the recruitment in Taifa Road further compounded this bias as bus routes sourced at this road head towards Kibera, an area of town heavy populated by those of Luo ethnicity. In Dar es Salaam, the lower proportion of Sukuma amongst our participants as compared with national figures is understandable given that the Sukuma heartlands lie to the north of the country (in the areas surrounding Mwanza), far away from Dar es Salaam. In reverse, this is also a likely reason for the greater representation of the coastal ethnic group, the Makonde. In order to check if regression results reported in this and the next chapter were robust to individual influences of ethnicity, the forthcoming analyses of figures 7.8 and 8.5 were repeated with independent dummy variables for all ethnicities that represented more than 10 percent of respondents. No ethnic group showed up as affecting outcomes in a statistically significant manner, except for the Makonde of Tanzania who acted more trustingly as player As in the regression of figure 8.5. Inserting or removing the Makonde as an independent variable in that regression does not, however, affect the results described with regard to the significance of other independent variables. Regressions were also additionally tested for participants' level of employment and this factor was found insignificant. All regressions are inclusive of a dummy variable for gender.

In total, 222 Nairobi citizens (111 pairs) played the two-stage trust game, providing 444 in-game decision points open to analysis, given that each game involved two rounds. In Dar es Salaam, 264 citizens (132 pairs) played the two-stage game, giving 528 in-game decision points.[63] Together, therefore, the study takes evidence from 486 randomly selected citizens of East Africa. Laboratory sessions were split over three experimental days in Nairobi and two experimental days in Dar es Salaam, each of which occurred on a Saturday to maximize the likelihood of participants' availability. As has been noted, in order to study the effect of ethnicity and honesty on trust, three different games were played.[64] The first consisted of a simple two-stage trust game run in the same way as that of Dickhaut et al. This standard game acted as a benchmark through which to measure

[63] Three pairs in Nairobi and six pairs in Dar es Salaam were withdrawn from the dataset due to one player of each pair not completing the game correctly or an administrative error occurring whilst the game was in play.
[64] The various types of games were played by some participants on each experimental day.

differences with the other two games and its findings are described in this chapter. The second and third games took place in the same way but one included common knowledge of coethnicity or noncoethnicity and the other common knowledge of honesty between participants. Apart from this piece of knowledge about their pair, these two games otherwise followed the normal double blind laboratory settings for the trust game—their findings are described in the next chapter.

The trust game has often worked with the figure of 10 US$ as an appropriate monetary incentive. All participants receive $10 at the start of the game with player Bs pocketing the payment immediately. Player A may use her endowment to make a within-game investment (sent to player B and tripled), and after player B has decided how much she wishes to return to player A, all players keep their winnings. By using real monetary incentives, the game aims to imitate some of the risk participants would have to bear in real-life decisions to trust. To achieve a similar incentive, apart from the 300 Kenyan Shillings (KSh) or 4,000 Tanzanian Shillings (TSh) participants received for their attendance, player As received an additional 100 KSh or 1,500 TSh per round, of which they could invest any proportion. Unlike some other game theory experiments, the total money received for playing the game was broken up in this way between a payment for attendance and two payments for use in each of the sessions. This was done in order to guarantee that all participants received something for their time (the attendance fee), even if they failed to earn in the game, and helped participants believe that the payoffs of the game were indeed real and would be given in cash. Participants tended to each earn about 500 KSh in Nairobi and 5,600 TSh in Dar es Salaam by the close of a session (300 KSh or 4,000 TSh for attendance and then a total average of about 200 KSh or 1,600 TSh in game earnings). The figures of 500 KSh and 5,600 TSh convert in purchasing power to $13 and $11 respectively, comparable therefore to the $10 used in previous trust games,[65] and involving round endowments significantly higher than the 50 KSh used in Greig and Bohnet's trust

[65] Trading Economics, 'Kenya Implied Purchasing Power Parity (PPP) conversion rate', IMF data & forecasts, 2009 estimate. http://www.tradingeconomics.com/kenya/implied-purchasing-power-parity-ppp-conversion-rate-imf-data.html (accessed 27/11/11); and Trading Economics, 'Tanzania Implied Purchasing Power Parity (PPP) conversion rate', IMF data & forecasts, 2009 estimate. http://www.tradingeconomics.com/tanzania/implied-purchasing-power-parity-ppp-conversion-rate-imf-data.html (accessed 20/08/12). Kenyan implied PPP was reported at 38.64 KSh per US dollar in 2009, according to the IMF, and Tanzanian implied PPP reported at 514.12 TSh per US dollar. Although the figures are therefore comparable to the amounts used in other applications of the trust game, splitting the amount between an attendance fee and two stages of play nevertheless weakens the in-game incentives.

game study of a Nairobi slum.[66] To give additional context to the value of the game's monetary payoff, at the time of fieldwork (2011-2012), the wage for a day's labour in the industrial area of Nairobi stood at 250-300 KSh. Indeed, the fact that in both countries the likely earning was enough to attract extremely high levels of participation from randomly approached members of the public suggests that the payoff amounts within the game acted as economic incentives at least comparable to previous deployments of the trust game. On average, game sessions lasted 60 to 90 minutes.

The procedure of how games were run was as follows. Participants were met upon entrance where their admission tickets were accepted and their show-up fee of 300 KSh or 4,000 TSh given immediately. They were then provided with a different numbered ticket and accompanied by a moderator to one of the two rooms, depending on whether they had been randomly assigned as a player A or player B. A further moderator for each of the two rooms showed participants to seats and waited for others to arrive. By separating participants into different rooms and only ever using a ticket number to track their decisions (which was at no point connected with their name), the games fulfilled double blind conditions of anonymity. Once registration had been completed, each session was closed to latecomers. In the case of an odd number of participants, the last person to register was given their attendance fee and told they were free to leave. In order to guarantee complete anonymity, at no point were the names submitted at registration linked to the numbered tickets used to keep track of players and their decisions in the game.

At the close of registration, moderators in both rooms distributed instructions of the game and oversaw the game's operation within each room. In Kenya these two moderators were both male Kenyan students, one of Kikuyu ethnicity and the other of Luo ethnicity. In Tanzania the two moderators were also both male Tanzanian students, with one of Bena ethnicity and the other of Haya ethnicity. In Kenya instructions were offered in either English or Kiswahili depending on the participants' preference whilst in Tanzania instructions were offered in Kiswahili only (Tanzanians almost universally use Kiswahili whereas some Kenyans prefer English). The instructions were based closely on those of Dickhaut et al with changes made only where necessary for the game's implementation in Kenya and Tanzania. Translation into Kiswahili of the instructions and game

[66] Greig & Bohnet, 2008, p. 78. The sum used by Greig and Bohnet is also comparatively smaller due to fact that their game used this endowment for one round only, and that any amount invested by their participants was doubled rather than tripled.

sheets was made by the author and then checked and reviewed by one Kenyan and one Tanzanian, each fluent in both languages (see appendices four and five for the game instructions in English and Kiswahili respectively).[67] Once distributions of these had been made, moderators in both countries read out loud the instructions in Kiswahili and the session began without any talking permitted.[68]

Social science experiments with monetary incentives have often featured participants placing real money into envelopes. To avoid the complication of doing this simultaneously with numerous participants, players were given sheets of paper that described what they were to decide upon and asked them to write down how much of a payment they desired to make to their partner. Although having participants handle the actual money is normally viewed as better for assuring players the payoffs are real, here this was felt to already have been achieved in our experiment through the attendance fee paid directly in cash upon arrival. One advantage of writing down the figure was that participants did not need to select discrete amounts but could send any number of shillings desired. To further support participants' understanding of the process, when players were informed of their partners' decisions, the sheets included a reminder of what their previous actions had been. The moderator also was on hand to assist any participants in reading or writing but this was not found to be necessary. After all gaming decisions had been made and related back, participants were invited to complete a questionnaire where they gave personal details excluding their name (producing the demographic information of figures 7.1 and 7.2), and answered three questions about how they found the game and why they made the decisions they did (for copies of the questionnaire in English and Kiswahili see appendices six and seven respectively).[69] The laboratory conditions were then relaxed and participants were allowed to talk. At the end of the session, participants received an envelope containing a receipt that detailed their results for each round together with the cash of their total earnings.

The experimental design thus bears a number of key differences to the original experiment conducted by Berg et al. First, as already explained, the games deployed in Kenya and Tanzania

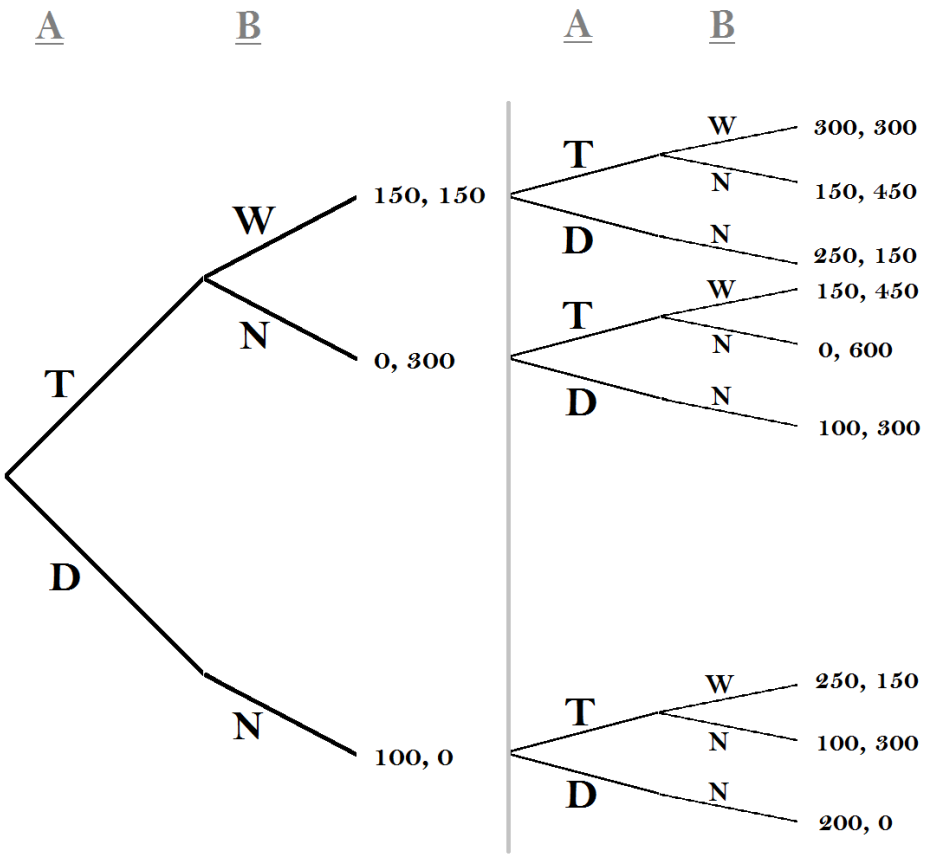
[67] I would like to thank Charles Macharia from Kenya and Jonathan Kafu from Tanzania for their assistance in translating.
[68] Kiswahili was viewed as the language participants would be most likely to fully understand in Kenya. Indeed, apart from the instructions sheet where there was a choice of languages to read, the smaller and simpler pieces of information given to participants as the game progressed were written in Kiswahili only.
[69] Participants were provided with the Kiswahili questionnaire and were told they could write answers in whichever language (including tribal) they felt most comfortable with.

involved two rounds of play, as in Dickhaut et al, with the same pairings of players kept to in both rounds. Second, both players A and B received a show-up fee pocketed before the game, and this was larger than the within-game endowment able to be used for investments. Third, the endowment of A for both rounds of the game was a figure added to the show-up fee, such that players would never risk a position of receiving nothing for their time if they made a full investment and received no returns. Finally, player Bs did not receive a within-game amount equivalent to player As that they could immediately pocket, as occurs in Berg et al. It is important to note that these differences are procedural and do not fundamentally alter the evaluative power of the game for studying trust. They instead aimed to enhance the game's ease of applicability in the field for non-student participants. In particular, none of these differences render cooperative our trust game's Nash equilibrium, meaning the game's structure retained all essentials of the original Berg et al experiment. The differences do nevertheless adjust how one should interpret the size of player decisions; these interpretive adjustments are specified below in the form of generated behavioural hypotheses.

Hypotheses

Two theoretical frameworks provide predictions for the experimental outcome: the first based on neoclassical economic assumptions and the second based on theoretical considerations in previous trust game literature. In order to generate the hypotheses for this study, therefore, these two sets are outlined and then built into a matrix describing how the frameworks would expect behaviour to be displayed. The use of these hypotheses in this study are not to provide theories of human behaviour but to identify benchmarks through which to interpret the findings of the trust game's application in Kenya and Tanzania. They are useful for identifying parameters of behaviour types and so assist with the interpretation of results. Before explaining such predictions, figure 7.3 shows the decision nodes of the two-stage trust game with the most extreme variations of play identified.

Figure 7.3 Tree of extreme trust game choices (KSh payoffs)[70]



Key

A = Player A decision
B = Player B decision
T = Trust (*A sends everything to B*)
D = Do not trust (*A sends nothing to B*)
W = Trustworthy (*B returns half to A*)
N = Not trustworthy (*B returns nothing to A*)

Using the arithmetic description of the game outlined earlier in the chapter and standardising the TSh figures around the 100 KSh endowment, we insert the endowment given at the start of each round to player A as e, and so the payoff in round t to player A can be described as

$$e_t - x_t + y_t$$

[70] Here the actions "to trust" or "be trustworthy" outline the parameters of play only and do not describe the types of behaviour in the hypotheses below.

and the payoff to B remains

$$3x_t - y_t$$

The first theoretical framework, the neoclassical view, considers how the incentive structure of the trust game would dictate economically rational play. As already explained in the discussion of Berg et al's piece, homo economicus would act self-seekingly in the trust game and so fail to strike up a cooperative relationship. Though the game is here made up of two stages, backward induction would continue to conclude that A would invest no money in any round because B has no interest in reciprocating in the final round. In accordance with the neoclassical theoretical set, therefore, one would expect

$$x_1 = x_2 = 0$$

and

$$y_1 = y_2 = 0$$

Although somewhat extreme, this theoretical set is important not just for identifying the explanatory power of these neoclassical assumptions but also for exposing what human action can be observed as extra to what that incentive structure dictates.

The second theoretical set comes from existing trust game literature. Because our deployment represents only the second use of the two-stage game, much must be drawn from the prior findings of Dickhaut et al. There the authors find a large degree of trusting and trustworthy behaviour in the first round of the game, higher than the amounts normally seen by the single-shot game. This is to some extent expected, as players know their actions in the first round create their reputation for the second round, and so can even look at reputation-building in the first round as a kind of investment likely to yield future earnings. In accordance with this view, Dickhaut et al's

second round found a 'sharp decrease in reciprocity',[71] reaching the levels found normally in one-shot games.

Dickhaut et al define a *trustworthy* type as a player B who gives back to player A one and a half times what player A sent.[72] The reasoning behind this is that as the money that A sends is tripled, player B demonstrates trustworthiness by showing how investments will be returned with an equal share of the profit. The trustworthy person carries out this response in both rounds such that

$$y_t = \frac{3}{2}x_t \text{ for } t = 1, 2$$

Under this view, player B can be seen to act trustworthily when y equals or exceeds this figure.[73] The definition of trustworthy behaviour is thus slightly different to fair behaviour, which would include player B also evaluating how much A got to keep out of what was not sent.[74]

Dickhaut et al define a *trusting* player A as someone who gives all the endowment in the first round and does the same in the second round, so long as player B has reciprocated in a beneficial way,[75] such that

$$x_1 = e_1$$
$$\text{if } y_1 > e_1 \text{ then } x_2 = e_2, \text{ else } x_2 = 0$$

Based on our discussion of previous literature using the trust game, we believe that the part of this definition of trusting behaviour that sees player A send nothing in the second round if there is no reciprocity from B in the first round does not capture trusting behaviour. Participants are still able to display trusting behaviour if they give more in the second round than they received back in the

[71] Dickhaut et al, 2008, p. 17.
[72] Ibid, pp. 8-9.
[73] Such that
$y_t \geq \frac{3}{2}x_t$ for $t = 1, 2$
[74] A fair response of player B can be described as
if $x_t \geq 25$ then $y_t = 2x_t - e_2$, else $y_t = 0$ for $t = 1, 2$
It is interesting to note that because both players in our trust game receive an equal fee for attendance which is immediately pocketed, acting fairly requires player B to normally send less money back than acting trustworthily. This holds except for the scenario when player A gives all her endowment, in which case a trustworthy response becomes the same as a fair response.
[75] Dickhaut et al, 2008, p. 10.

first (unless, of course, they are already sending the maximum amount). Under the Dickhaut et al definition outlined above, in the second round the trusting individual never gives more than she has received as she only gives 100 if player B gave her more than 100 and otherwise gives nothing. Changing the definition to better capture second round trusting action, therefore, we define trusting behaviour as

$$x_1 > 0$$

$$x_2 > y_1 \text{ for } y_1 < 100, \text{ and } x_2 = 100 \text{ for } y_1 \geq 100$$

That is, in words, that a trusting player A sends more than zero in the first round and sends more than what was sent back by B in the second round, except of course when 100 or more is sent back, in which case a trusting player A simply sends the full 100. Why make this change? If trusting is to be understood as committing and exposing oneself to the vulnerability of a cooperative relationship, more must be sent than what is rational according to the expected outcome (as suggested by player B's first round reputation). Our definition of trusting behaviour therefore allows for the possibility that some player As may trust something in the first round and then trust more than what is returned to them in the second round on the basis that belief in the nature of the player B they are paired with has been vindicated by player B's partial reciprocity. In this sense, trusting behaviour may be irrational in the short-term but have a long-term logic. Over many rounds, for example, a trusting player would indicate willingness to invest greater than was reciprocated to them in the previous round. Equally, if a trusting player A is met by an untrustworthy player B, stubbornly trusting behaviour can still be identified if player A invests more in the second round than was sent back to them in the first (e.g. investing something in the second round even though B returned nothing of one's investment in the first round).

When joined with the earlier definition of trustworthiness, such criteria for trusting behaviour suggests that if rounds were to continue ad infinitum, a trusting player A and a trustworthy player B would build up an increasing relationship of trust because

$$x_t > 0$$

$$y_t = \frac{3}{2}x_t$$

$$x_{t+1} > y_t$$

$$y_{t+1} = \frac{3}{2}x_{t+1}$$

In this way, at whatever level of cooperation such a pair were to start the trust game, infinite n stages would lead to equilibrium decisions of

$$x_n = e_n$$

$$y_n = \frac{3}{2}e_n$$

This is the same equilibrium as achieved by Dickhaut et al's definition of trusting behaviour, only that it is open to taking more stages to achieve. An added advantage of our definition of trusting behaviour, therefore, is that it helps capture the incremental nature of relationship-building over time.

In terms of hypotheses, discussion of these two sets of theories yields the predictive matrix displayed in figure 7.4. The predictions are based on player typologies generated by the theoretical set describing neoclassical assumptions and the theoretical set describing definitions we have outlined of trusting and trustworthy behaviour, with the former giving a model of untrusting and untrustworthy behaviour and the latter a model of the opposite. The theories are mixed when predicting scenarios where one player is trusting or trustworthy and the other is not.

Figure 7.4 Predictive matrix for the trust game, based on player typologies

	Player A type	**Player B type**	**Round 1 action of player A**	**Round 1 action of player B**	**Round 2 action of player A**	**Round 2 action of player B**
P_1	Trusting	Trustworthy	$x_1 > 0$	$y_1 = \frac{3}{2}x_1$	$x_2 > y_1$	$y_2 = \frac{3}{2}x_2$
P_2	Trusting	Untrustworthy	$x_1 > 0$	$y_1 = 0$	$x_2 > y_1$ $[> 0]$	$y_2 = 0$
P_3	Untrusting	Trustworthy	$x_1 = 0$	$y_1 = \frac{3}{2}x_1$ $[= 0]$	$x_2 = 0$	$y_2 = \frac{3}{2}x_2$ $[= 0]$
P_4	Untrusting	Untrustworthy	$x_1 = 0$	$y_1 = 0$	$x_1 = 0$	$y_2 = 0$

Alongside these predictions we nevertheless bear in mind the heterogeneity exhibited by players in trust experiments so far.[76] These predictions aim to help interpret data by watching for general currents or trends.

Results of the standard trust game

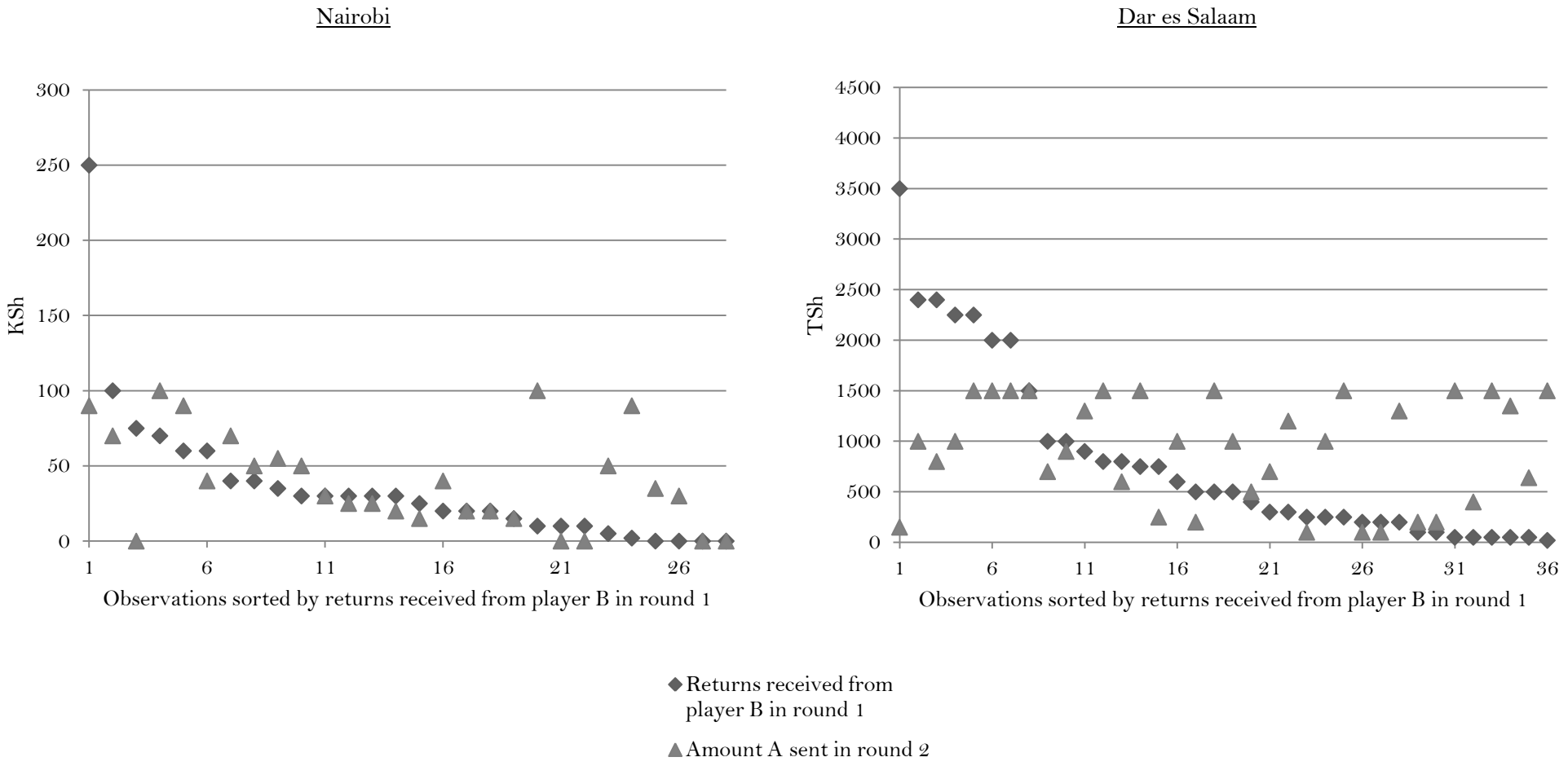
The numerous preceding uses of the trust game give testimony to its value for illustrating the comparative dynamics of citizen-on-citizen trust in urban Kenya and Tanzania. As in other trust game deployments and contrary to the neoclassical hypothesis, Nairobi and Dar es Salaam citizens displayed willingness both to trust and to reciprocate the trust of their anonymous partners.[77] In Nairobi, 28 of the 30 player As for the standard game chose to invest something in the first round, and 23 of the 30 in the second round. Dar es Salaam citizens demonstrated even more uniform willingness to trust with every player A participant investing in their anonymous pair in the standard game's first and second rounds. Furthermore, excluding those player Bs without the option of sending money back, in Nairobi 24 of 28 returned money in the first round and 14 of 23 in the second round, whilst in Dar es Salaam every player B participant returned something to their player A counterparts in round one and 30 of the 36 player Bs in round two.

Trusting behaviour and trustworthy behaviour in Nairobi took a drop in the game's second round. Although this is to be expected—based on Dickhaut et al's study—the decrease was smaller, no doubt in part because Nairobi citizens were on average 28 percent less willing to trust in the first stage of the game. Under our definition of trusting behaviour in the second round (investing more than received back from the first round[78]), citizens of Nairobi trusted in 12 of 30 cases, even though only two of these trusted player Bs had given their player As positive returns. The results of the

[76] See Dickhaut et al, 2008, p. 9.
[77] For a list of the results of similar trust games, see Holm & Danielson, 2005, p. 511.
[78] Unless the amount sent back by player B was greater than the endowment figure, in which case a trusting player A in the second round sends the entire endowment.

standard game in Dar es Salaam, however, contrast more starkly against the findings of Dickhaut et al with Tanzanian citizens demonstrating greater average willingness to trust in the game's second round than in the first. Although it can be considered rational to trust in the first round from the point of view that one's partner will likely desire to indicate a cooperative reputation even if only to increase their prospects of receiving more in the second round, it is widely understood that the game's second round bears so little incentive to cooperate (there being no further play to look forward to) that players are on all accounts expected to lower their willingness to trust as compared to the first round. In contrast to this view, 28 of the 36 Dar es Salaam player As sent the same or more of their endowment in the second round as compared to the first. This game's increase in willingness to trust when moving from the game's first round to the second is an important contradiction to existing findings and invites further analysis. Due to our definition of trust in the second round requiring a sending of more than the amount received back in the first round, 24 of the 36 Dar es Salaam player As can be said to have again trusted. Figure 7.5 displays round two levels of investment from player As of both cities, as compared against the amount received by respective player Bs in round one. It shows that whereas in Nairobi trust game actions of player As were "rationally" responsive to the amount they had received from player Bs in the first round, in Dar es Salaam there was almost no relationship, suggesting motivations to trust to be very different.

Figure 7.5 Player A investment in round two of the standard trust game, compared against returns received in round one from player B partner[79]



[79] Two Nairobi pairings have been removed because their player Bs did not have the option of returning anything in the first round.

What separates these results from those found in other applications of the trust game are the relatively few examples of reciprocity. Defined as sending back player A a positive net return on an investment, in Nairobi positive reciprocity (returning more than was sent) was displayed in only 29 percent of cases in round one and 9 percent of cases in round two.[80] This drop in reciprocity between the two rounds is in keeping with Dickhaut et al except that they found an average of positive reciprocity amongst participants in the first round. Rather than beginning trustworthily and ending untrustworthily, therefore, Nairobi citizens were, on average, untrustworthy all the way through. This paints a dark picture on the one hand but, on the other, adds to the puzzle as to why player As continued to trust into the game's second round. It is somewhat understandable that Dickhaut et al's participants would continue to invest in the second round given expectations that positive reciprocity might be repeated. In Nairobi, however, despite negative reciprocity in the first round, we find 40 percent of player As exhibiting trusting behaviour in the second round by sending more. Further evidence for this can be found in the fact that only one of the six player Bs who did act trustworthily by returning two thirds of what was sent to them were trusted in round two;[81] and that overall player As finished with an average of 182 KSh, less than if their 100 KSh endowments for each round had been simply kept and not entrusted.

The proportion of player Bs failing to reciprocate was equally low in Dar es Salaam compared with those of Nairobi. Only a quarter of round one player Bs acted trustworthily in Dar es Salaam according to the definition outlined in the hypotheses section and a paltry eight percent of players did so in the second round. The drop was, again, in keeping with previous understandings of how such a two-stage game should function, but the case of Dar es Salaam shows even more starkly a refusal for player As to be affected by the added pressure in the incentive structure of the second round. Dar es Salaam's increase in second round trusting behaviour is borne out by the figure of 67 percent of Tanzanian player A participants sending more than they did in the first round, meeting the definition outlined previously of trusting behaviour. A further five of the 36 sent an equal figure

[80] These figures are different to those seen in figure 6.2 because they give the percentage of players who reciprocated rather than the average return ratio. They are further different to those of figure 7.7, which displays the percentage of player Bs who acted trustworthily (returning at least two thirds).
[81] Note however that by our definition it usually required a large investment to demonstrate trust in round two to someone who had previously responded trustworthily. To trust, player A needed to invest more than what she had received back or the full 100 in the case of having received back 100 or more.

(though not the maximum amount) between rounds, revealing a tiny 22 percent of participants who entrusted less in their second round than in their first. To an even greater degree than in Nairobi, therefore, Dar es Salaam player As finished the trust game with earnings below what they would have received if they had merely kept the endowment for both rounds and not invested, receiving on average 2,477 TSh despite the two-round endowment totalling 3,000 TSh.

Turning our analysis to comparisons between the two cities, figure 7.7 shows the percentage of players who met the criteria of trusting or trustworthy action for each round—according to the definitions given in the hypotheses section—as well as the average values of x and y for each round. The differences between the two countries are further described in figures 7.6 and 7.8, which show respectively the average results of the game as played in each city and then the statistical significance of behavioural differences.

Figure 7.6 Average results comparison in the standard trust game between Nairobi and Dar es Salaam

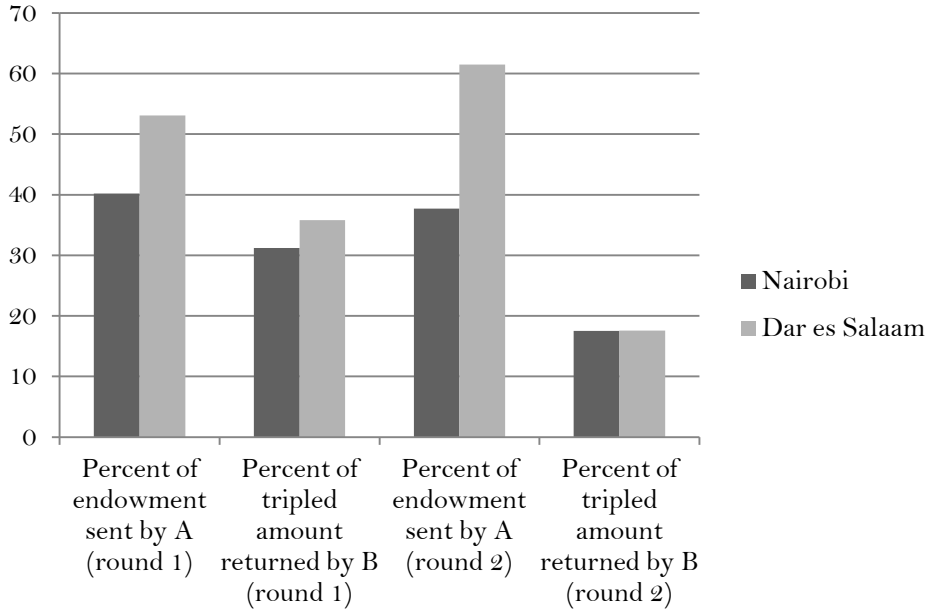


Figure 7.7 Results matrices for the standard trust game, indicating average player typologies[82]

Nairobi

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	93% trusting $\{x_1 = 40.2\}$	21% trustworthy $\{y_1 = 31.2\}$
Round 2	40% trusting $\{x_2 = 37.7\}$	9% trustworthy $\{y_2 = 17.5\}$

Dar es Salaam

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	100% trusting $\{x_1 = 53.1\}$	25% trustworthy $\{y_1 = 35.8\}$
Round 2	67% trusting $\{x_2 = 61.5\}$	8% trustworthy $\{y_2 = 17.6\}$

[82] Figures for x_t and y_t give the averages sent and returned, respectively. The figures for x_t describe a fraction of each round's standardized 100 KSh endowment so that comparison can be made between the KSh of Kenya and the TSh of Tanzania, and the figures for y_t describe the average fractions returned by player Bs out of the tripled amounts received for each round. In this way, the figure of y_t is a percentage rather than an absolute amount (as was the case when the y was initially introduced to describe the simple structure of the game earlier in the chapter).

Figure 7.8 Multiple regression of the standard trust game in Nairobi and Dar es Salaam.† Standard errors in parentheses.

Variable	Amount sent by A in round 1 [N = 66]	Proportion returned by B in round 1 [N = 64]	Amount sent by A in round 2 [N = 66]	Proportion returned by B in round 2 [N = 59]
(Constant)	37.4***	38.8***	42.9***	0.9
	(5.8)	(11.1)	(11.3)	(9.1)
Country‡	16.1**	2.0	24.2*	29.3**
	(7.6)	(15.7)	(14.2)	(11.9)
Amount sent by A in round 1		-19.0		
		(21.6)		
Amount sent by A in round 1 X country		8.2		
		(28.7)		
Proportion returned by B in round 1			5.2	
			(24.8)	
Proportion returned by B in round 1 X country			-23.5	
			(31.1)	
Amount sent by A in round 2				36.1**
				(16.4)
Amount sent by A in round 2 X country				-53.9***
				(19.7)
Adjusted R^2	4.2	-4.3	7.4	6.5

* Comparisons significant at 10%; ** significant at 5%; *** significant at 1%
† Regression includes a variable for gender whose results are insignificant and not displayed
‡ Impact of Tanzania over Kenya

We find strong statistical support for greater willingness to trust in Dar es Salaam over Nairobi, with player A Tanzanians sending 16 percent more of their endowment in the first round ($p = 0.039$) and 24 percent more in the second round ($p = 0.093$). In addition to this, although we do not find significant differences in first round reciprocal action amongst player Bs by country, higher trustworthiness is apparent in Dar es Salaam over Nairobi in the game's second round. This seems a strange finding at first because in percentage terms second round reciprocity was almost the same in both cities. However, the multiple regression takes into account the amount sent by A in that round, and so isolates the effect the absolute sum may be having on player B responses. Taking the amount

sent by partnered player As into consideration, therefore, Tanzanians sent back 29 percent more of the amount they had received in round two than Kenyans ($p = 0.017$), giving evidence in favour of urban Tanzanians acting according to a social norm rather than in proportionate response to what was sent. The greater reciprocity amongst Tanzanians comes alongside them receiving much larger absolute amounts, meaning that if the proportion they are sending back is higher than Kenyans, this is even more striking in material terms. Finally, for the second round actions of player B, figure 7.8 shows also that the amount sent by As in the second round had an opposite effect in the two countries. Whilst in general there was a positive correlation between amount sent by As and the proportion returned by Bs (at $p = 0.032$), any effect of this was likely outweighed in Tanzania by a country-specific, large and significantly negative relationship between the amount received and the proportion reciprocated ($p = 0.009$). This corroborates with the description of figure 7.5, that whilst Kenyans played "rationally" such that they closely tied responses to the way they had been treated by their partner, Tanzanians' levels of reciprocity, though greater, came irrespective if not inversely related to the amount they had been entrusted with. This suggests trustworthiness in Tanzania to be guided by different motives to expected material gain.

In general, the fact that these comparative results come from a randomised selection of citizens of the countries' economic capitals further supports using the evidence to identify a key difference in the social development of urban lives. In this way, the findings support the qualitative conclusions of chapter five, which observed greater cooperative behaviour amongst Tanzanians over Kenyans when participating in the provision of public goods. These findings also corroborate with chapter three's description of Afrobarometer survey results: urban citizens of Kenya are less trusting than their Tanzanian counterparts.

Conclusion

This chapter has demonstrated an empirical application of game theory for understanding social dynamics in two developing cities. Due to the extent to which the trust game identifies quantitatively comparable levels of trusting and trustworthy behaviour, it has been a useful tool for

observing relational dynamics between citizens and whether relationships of trust emerge between strangers. Before applying the two-stage trust game to Kenya and Tanzania, the chapter reviewed previous literature in order to sharpen the way in which the game captures relational dynamics of trust. The trust game has so far been employed to great effect in identifying trusting and trustworthy behaviour that lies outside what is predicted by economic assumptions and studies are now deploying it for non-student populations comparatively between countries, as well as using it to focus in on specific factors at work in trusting dynamics. This chapter has detailed a development of the game's framework by emphasising the value of its use as a two-stage investment scenario, as well as conducting it with a selection of urban citizens comparable between two cities. Perhaps most importantly, the chapter defined typologies of behaviour with respect to the two-stage investment scenario and modified the definition of trusting second round behaviour to be inclusive of increasingly positive trusting action that may nevertheless not yet constitute a sending of the full amount.

When drawing back the curtains on the nature and causes for the emergence of trusting-trustworthy relationships in East Africa, survey data has been supported here by experimental games with citizens. Applying the standard trust game to Kenya and Tanzania, we observe stronger willingness to trust amongst Tanzanian citizens than Kenyan citizens, and this supports the qualitative accounts presented thus far in the thesis. In addition, we find greater trustworthiness amongst Tanzanians as exhibited in the game's final round, and observe that this is not a "rational" reaction to the proportion they were entrusted with, as was the case in Kenya.

Attention now turns to whether common knowledge of ethnicity or integrity can help explain these levels of trust and trustworthiness. Our question remains: what causes the emergence of trusting-trustworthy relationships between people? The standard trust game has taken a step forward by giving measurable evidence in support of qualitative assessments so far described. Discussion of previous literature on the trust game has also yielded specific sets of hypotheses that allow typologies to emerge when evaluating the nature of participants' decisions in the game. These same tools of analysis are used in the next chapter to assess the explanatory power of two common knowledge variables for motivations for the formation of trusting-trustworthy relationships.

8.

The Impact of Coethnicity and Integrity on Trust

Adier en kwiri
Truth is poisonous
{*Truth kills falsehood, so it is like poison*}
—Luo ngeche proverb[1]

The virtue which is called "truth" is not truth in general, but a certain kind of truth according to which man shows himself in deed and word as he really is.
—Thomas Aquinas, *Summa Theologica*[2]

Exploring the principal-agent relations within firms of Kenya and Tanzania, chapter six found consensus on the importance of two character traits for employers' understandings of the trustworthy person: positive initiative and honesty. To the social scientist, what is immediately striking about these accounts is the extent to which they hinge on agent-centred understandings of reputation, rather than structural indicators. A *structural indicator* can be understood as a fixed and objective characteristic of a person, often identifiable from the outside, such as age, gender, height or educational qualifications. By way of contrast, *agency* varies according to a person's actions and is, as such, inextricable from subjective interpretations of purpose, intention and character. The general concern of this thesis is to evaluate motivations behind the emergence of trusting-trustworthy

[1] Odaga, A. B., *Luo Proverbs and Sayings* (Kisumu: Lake Publishers, 1995), p. 10.
[2] Aquinas, T., *Summa Theologiae* (London: Blackfriars, 1964-1981 [1265-1274]), (I) q. 16, a. 4. http://www.newadvent.org/summa/1016.htm (accessed 22/03/13).

relationships in urban areas. In this vein, following on from the responses described in chapter six, it is necessary to also assess the explanatory power of agency-based variables. This chapter compares the impact of areas of common knowledge for the emergence of trust, and so looks into the coordination of citizen decision-making.

Discussion of trusting relationships has so far only analysed ethnicity as a structural variable. Chapter five studied coethnicity (sharing the same ethnicity) as a possible variable of importance for levels of cooperation in the organisation and provision of public services by contrasting communities of different levels of ethnic homogeneity. In extension of the findings of Miguel,[3] the chapter found cooperative behaviour to be greater in an ethnically heterogeneous Tanzanian city as compared to an ethnically homogeneous Kenyan city. At the same time, it is important to note how ethnicity is widely understood to have a significant role in real-life scenarios that citizens are unwilling or unable to articulate explicitly, perhaps because it resides subconsciously or in the context of a political narrative. The extent to which agent-based deliberation over ethnicity may be contributing to its divergent impacts on trust must therefore be investigated.

In the preceding chapter, actions of Kenyan and Tanzanian citizens in the trust game confirmed greater prevalence of willingness to trust and to act trustworthily in Tanzania. The advantage of the trust game and other game theory applications is that they observe behaviour operating in the context of incentive structures that replicate some of the constraints involved in real life decision-making. For assessing the impact of a variable that may avoid detection in participant-led discussions, games are therefore a useful tool. Evaluation of the affect of coethnicity for cooperative behaviour has already been studied extensively by Habayarimana et al, who take the case study of the Mulago-Kyebando section of a slum in Kampala, Uganda. In addition to various other experiments, the authors play prisoners' dilemma games with citizens and find coethnics to resolve collective action problems better than noncoethnics, and note how 'it appears that the advantage of coethnicity comes from its ability to induce egoistic players to act more like non-

[3] Miguel, E., 'Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania'. *World Politics*, Vol. 56 (2004), pp. 327-362.

egoistic players'.[4] It is unlikely that such an affect could be captured by interviews or focus groups where there are no material gains at stake in participant decisions. Further, whereas previous quantitative work has tended to evaluate ethnicity as an identity-based cause, here we evaluate it as an area of common knowledge, important insofar as it coordinates expectations simultaneously. In this way, we take ethnicity from a constructivist perspective—whereby its meaning and importance are understood to be socially derived[5]—and yet at the same time we test for its comparative impact across countries. How this is achieved is described in the experimental design below.

In order to make direct analysis of what causes the emergence of trusting-trustworthy relationships in economically competitive settings, the trust game is deployed here to assess the comparative impact of the common knowledge variables of ethnicity and integrity. In this way, the explanatory power of coethnicity is explored alongside the socially perceived character trait of integrity, a factor identified as important by business owners of Kenya and Tanzania (as in that chapter, the term integrity is used interchangeably with that of honesty). The trust game is thus deployed with two variations to its standard format: the first to accommodate common knowledge of ethnic similarity or difference, and the second to accommodate common knowledge of participants' honesty or dishonesty. The research question considers the impact of such areas of common knowledge on the formation of trusting-trustworthy relationships between pairs of citizens. As in the standard trust game, participants were randomly selected residents of Nairobi, Kenya, and Dar es Salaam, Tanzania.

The chapter begins with an outline of the experimental design of these two variations of the trust game, noting their specific differences to the standard game explained in the preceding chapter. The results of all trust game decisions are then described, detailing the effects of common knowledge on the formation of trusting-trustworthy relationships and the significance of their impacts. Counterintuitively, we find common knowledge of both coethnicity and noncoethnicity to have positive effects in Kenya but comparatively negative effects in Tanzania. In terms of last round

[4] Habyarimana, J., Humphreys, M., Posner, D. N. & Weinstein, J. M., *Coethnicity: Diversity and the Dilemmas of Collective Action* (New York: Russell Sage Foundation, 2009), p. 112. See also Habyarimana, J., Humphreys, M., Posner, D. N. & Weinstein, J. M., 'Why Does Ethnic Diversity Undermine Public Goods Provision?' *American Political Science Review*, Vol. 101, No. 4 (2007), pp. 709-725.
[5] For an extreme example of this position, see Brubaker, R., *Ethnicity without Groups* (Cambridge, MA: Harvard University Press, 2004).

reciprocity, we find common knowledge of integrity to have the greatest effect and that it is also a factor working in opposite directions between the two countries, ensuring high levels of second round trustworthiness in Tanzania but low levels in Kenya. The chapter proceeds to describe the results in detail for each game type, starting with the ethnic games and finishing with the integrity games. For the latter, we isolate and examine the actions of those pairs with common knowledge that both players are honest and show how in Tanzania this game type leads to some of the highest rates of trustworthiness observed in practical applications of the trust game so far. The chapter concludes by emphasising the importance of common knowledge variables for understanding how relationships of trust emerge, observing a particular need for greater synthesis between structure and agency research strategies.

Experimental design

In addition to the standard two-stage trust game described in the previous chapter, a second game type introduced common knowledge of ethnicity, labelled the "ethnicity game". The game's instructions had an additional paragraph detailing this feature and, after the instructions had been read out but before the game began, participants were given a sheet asking them to write down their ethnicity (see appendices four and five). Sheets from both rooms were collected and given to a central moderator who then noted pairs as of the same ethnicity or not. Information on coethnicity or noncoethnicity was given back to pairs through written sheets. In this way, the double blind conditions of the experiment were maintained whilst at the same time there was an isolated relaying of information on ethnicity. Although knowledge on whether the other was a coethnic or a noncoethnic was not as detailed as participants being told what the others' ethnicity was, knowing whether or not they were of the same ethnicity fit the definition of common knowledge as both players knew the other had also been told. This experimental design bore the added advantage of separating out two comparable groups: one with common knowledge of coethnicity and the other with common knowledge of noncoethnicity. After learning whether each pair shared one's ethnicity or not, the rest of the game proceeded in the same manner as the standard two-stage game.

In Fershtman and Gneezy's use of the trust game for exposing ethnic stereotypes between undergraduates in Israel, the authors wrote the name of each participant's gaming partner at the bottom of the instructions sheet as a way of indicating the ethnicity of one's partner without alerting participants to the fact that ethnic biases were being researched.[6] Such a strategy was feasible there because participants were first selected as either of Ashkenazic or Eastern Jewish ethnicity, and because names were a sure sign of subliminally revealing ethnicity. For urban Kenya and Tanzania, an equivalent methodology would come into contact with a more numerous set of inter-ethnic possibilities without assurances that all participants would be able to know each other's ethnicity on the basis of a name (especially in Tanzania). Amongst a randomised selection of citizens, participants would also be fearful of the use of their real name, forfeiting the game's double blind assurance against the possibility that partners could be tracked after the session.

In our ethnic trust game, whether participants were actually of the same ethnic group was not maintained, and so some participants were inevitably led to believe they were paired with someone of the same ethnic group when they were not in reality, and vice-versa. The reason for this was the inability to randomly generate a large enough number of coethnics for statistical analysis, given the study's sample size. Amongst participants of the ethnic game, only 22 percent of the randomly drawn pairs from Nairobi and 10 percent of the randomly drawn pairs from Dar es Salaam matched coethnically by coincidence. Knowledge of common ethnicity was, therefore, instead artificially assigned to 50 percent of pairs. Apart from the practical reasons necessitating this, the approach was considered acceptable based on discussions with Kenyans and Tanzanians on whether it was felt participants would have objections if they were informed after the game that some of the ethnicity pairings were not true representations. Generally it was felt that because agreement to participate in a laboratory setting constituted consent towards a constructed environment where the rules and structures of the games were in some way a product of the organisers' research strategy, participants would not have objections. In terms of the experimental design, it is important to note that even if the game was played with truly representative pairs, the procedure for informing players on common or divergent ethnicity would remain the same and be as believable. Indeed, passing

[6] Fershtman, C. & Gneezy, U., 'Discrimination in a Segmented Society: An Experimental Approach'. *Quarterly Journal of Economics*, Vol. 116 (2001), pp. 351-377, pp. 358-9.

players a note on whether their pair was of the same ethnicity or not—rather than having partners meet each other in person—was in any case a necessary method of maintaining the double blind conditions.

As mentioned in the preceding chapter's discussion of the standard trust game, common knowledge consists of knowing something and knowing that the person one is interacting with knows it too. Making the variable of ethnicity an object of common knowledge in the trust game is in keeping with analysing the real-life operation of coethnicity or ethnic diversity because when one's ethnicity is operated by one's appearance or use of language its manifestation has communal impact (the knowledge that the other knows one's ethnicity also impacts behaviour).[7] In this way, we were able to test the significance of coethnicity for trust and trustworthiness without fixing its social categorisation (for example, choosing whether Embu or Meru are grouped as Kikuyu). In addition, this meant we could compare its effect between two countries without enforcing a standardised view across cultures, leaving it up to participants to form its common meaning (an agency-based, rather than structural, variable).

In order to examine the effect of honesty alongside that of ethnicity, it was necessary that knowledge of honesty or dishonesty was therefore also an agency-based object of common knowledge. To achieve this, the third type of game, labelled the "integrity game", gave participants information on their partner's honesty before the two-stage play began.[8] As with the inclusion of common knowledge of ethnicity, an additional paragraph to the instructions described the piece of information one would know about one's partner and one's partner would know about oneself—namely, whether the person was someone willing to lie (see again appendices four and five). After reading the instructions and before the game began, participants answered a sheet asking them,

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[7] Kembo-Sure and Webb note, for example, how coethnicity is often manifested in Kenya: 'Kenyans, like members of other linguistic communities, signal their identities through their languages. They will use their mother tongues to signal ethnic association, and use Kiswahili or English to do business. As they code-switch, they also switch identities, as the nature of a discourse may call for a change of identity. In a multilingual society, the ideal Kenyan has a full repertoire of identities, and part of his or her linguistic competence is the ability to put forward the appropriate identity in order to ensure effective communication.' Kembo-Sure & Webb, V., 'Languages in competition'. Ch 5 of Webb, V. & Kembo-Sure (eds.), *African Voices: An Introduction to the Languages and Linguistics of Africa* (Oxford: Oxford University Press, 2000), p. 125.

[8] This is different to the "truth game" described in Gintis, H., *Game Theory Evolving: A Problem-Centered Introduction to Modeling Strategic Behavior* (Princeton: Princeton University Press, 2000), pp. 51-2. There players choose what information to relate to their partner about a given situation, with a deceptive description able to generate higher payoffs for the teller if it is believed by their partner. Our question explores the relevance of honesty as a social norm, so participants self-select their player type to a greater extent than is the case in the "truth game" where participants can be tested for their character.

'Uko tayari kudanganya kwenye huu mchezo (ndiyo/la)?' ('Are you a person ready to lie in this game (yes/no)?') As was made clear in the instructions, an answer of "yes" would give the participant an extra 100 KSh in Kenya or 1,500 TSh in Tanzania, whilst the answer of "no" would give the participant nothing. The question had no material relevance for the rest of the game as there are no opportunities in a double blind trust game to deceive one's partner about one's choices. As the instructions made clear, the point of the exercise was merely to 'inform your partner about whether you are a person ready to lie in this game or not'[9]—the Kiswahili word *tayari* meaning being someone "ready" or "prepared" to do something.[10] Emphasis that this willingness to lie was for the game only was made with the aim of relaxing those participants with fears of long-term repercussions for answering yes. Including a monetary payoff for being someone prepared to lie—equivalent to one round's endowment in the game—ensured that those who desired to indicate they had an honest character had to back this up by foregoing a payment, demonstrating their resolve. If two people say they are honest, therefore, they are perhaps taking a cost to signal an aspect of their character they think will have resonance over the other's perceptions (and, in turn, likelihood of cooperating), or else acting in this way out of the view that this is the right thing to do.[11] The test of whether honesty has value for forming trusting-trustworthy relationships comes in whether declarations of honesty then lead to cooperative behaviour in the trust game, or whether participants instead use an honesty signal to take advantage of their partner in the game. If, therefore, common knowledge of honesty acts to increase levels of trust and trustworthiness, one can conclude that honesty is an agent-centred facilitator of trustful relationships. If those pairs who both declare honesty instead use this signal to take advantage of their partner's hopes of cooperation, honesty as a social virtue cannot be said to cause the emergence of trusting-trustworthy relationships.

After players had made their decision on the honesty question, responses were collected and brought to the central administrator. Once all the answers had been collected and recorded, players were given a sheet reminding them of their decision and informing them of the decision of their pair in the other room.

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[9] 'Utamweleza kama uko tayari kudanganya kwenye huu mchezo au la.'
[10] Johnson, F. (ed.), *A Standard Swahili-English Dictionary* (Nairobi: Oxford University Press, 1939), p. 458.
[11] Furthermore, by attaching a monetary incentive to willingness to lie, the payment could appear more like a bribe than a hard-earned reward, reinforcing a connection between the virtue of integrity and the refusal of money.

By conducting trust games that were (1) completely double-blind, (2) with a communication only of coethnicity or noncoethnicity and (3) with a communication only of integrity or non-integrity, common awareness of ethnicity and integrity could be analysed for their individual impact on trust and trustworthiness. The general aim was to introduce two themes understood thus far to have importance for the emergence of trusting-trustworthy relationships, and to use the trust game to measure their explanatory power. Knowledge of common ethnicity between persons has widely been held by researchers to encourage trust and cooperation; coethnicity is, for example, believed to act as a fall-back solution to the principal-agent problem between political elites, or to act as a guarantor of a basic degree of solidarity in times of insecurity (as described in chapter three).[12] In this way, both for ensuring reliability and for generating loyalty, common ethnicity is understood to have a capacity for eliciting and entrenching relationships of mutual interst. As mentioned above, an alternative guarantor of loyal or reliable behaviour is the virtue of integrity, suggested by business owners of Nairobi and Dar es Salaam as an important factor for employee trustworthiness.

In terms of the hypotheses for these games, the predictive sets for the two-stage trust game remain the same as those outlined in figure 7.4 of chapter seven. As the play of homo economicus would be based on the incentive structure of the game, no effect on this hypothesis is predicted by variations in knowledge of common or divergent ethnicity, or variations in knowledge of players' honesty. Furthermore, in the pre-game question of whether one is willing to lie, a pair of homo economicus players would take the 100 KSh or 1,500 TSh and appear liars because there is no actual leverage to be gained over the other's decisions by displaying a commitment to integrity. Even if homo economicus were to refuse the payoff and appear honest, this would be so as to better take advantage of expected play in the two-stage game, a stance which would, in turn, be evidenced by noncooperative behaviour, especially in the game's second round. However, guided by existing literature on the effects of common ethnicity for problem-solving relationships, our expectations are

[12] See Chabal, P. & Daloz, J-P., *Africa Works: The Political Instrumentalization of Disorder* (Bloomington: James Currey, 1999); Cheeseman, N., 'Kenya Since 2002: The More Things Change the More They Stay the Same'. Ch 6 of Mustapha, A. R. & Whitfield, L. (eds.), Turning Points in African Democracy (Suffolk: James Currey, 2009); Bayart, J. F., *The State in Africa: The Politics of the Belly* (London: Longman, 1993); Esman, M. J., *Ethnic Politics* (New York: Cornell University Press, 1994); Esman, M. J., *An Introduction to Ethnic Conflict* (Polity Press: Cambridge, 2004); Horowitz, D. L., *Ethnic Groups in Conflict* (USA: University of California Press, 2000); and Horowitz, D. L., 'Three Dimensions of Ethnic Politics'. *World Politics*, Vol. 23, No. 2 (1971), pp. 232-244.

that P_1 of figure 7.4 (a trusting-trustworthy relationship) will hold for games of common knowledge of the same ethnicity, and P_4 (an untrusting-untrustworthy relationship) will hold for games of common knowledge of divergent ethnicities. Similarly, based on the interviews with business owners of chapter six, we expect P_1 to hold for games where both players indicate an honest disposition (unwillingness to lie), and P_4 to hold where both players indicate a lack of honesty (willingness to lie). In this way, if honesty is to be considered a social virtue that facilitates the initial stages of trusting-trustworthy relationships, it is necessary that not only do participants choose to signal themselves as honest, but that those who do so also act cooperatively during the game.

Influence of common knowledge on the formation of trusting-trustworthy relationships

Figures 8.1 to 8.4 present averages on the decisions made in the trust games of Nairobi and Dar es Salaam, with levels of trust and trustworthiness detailed for each common knowledge type. Figure 8.5 then describes the effects of these areas of common knowledge more comprehensively through a multiple regression performed on each stage of the game. This describes the individual effects of these areas of common knowledge for the emergence of cooperative relationships in Kenya and Tanzania. A regression analysis bears the added advantage of helping avoiding any misinterpretation of partners' previous actions on current decisions as evidence for the effects of independent causal variables.

Figure 8.1 Percent of endowment sent by A (round 1) in Nairobi and Dar es Salaam

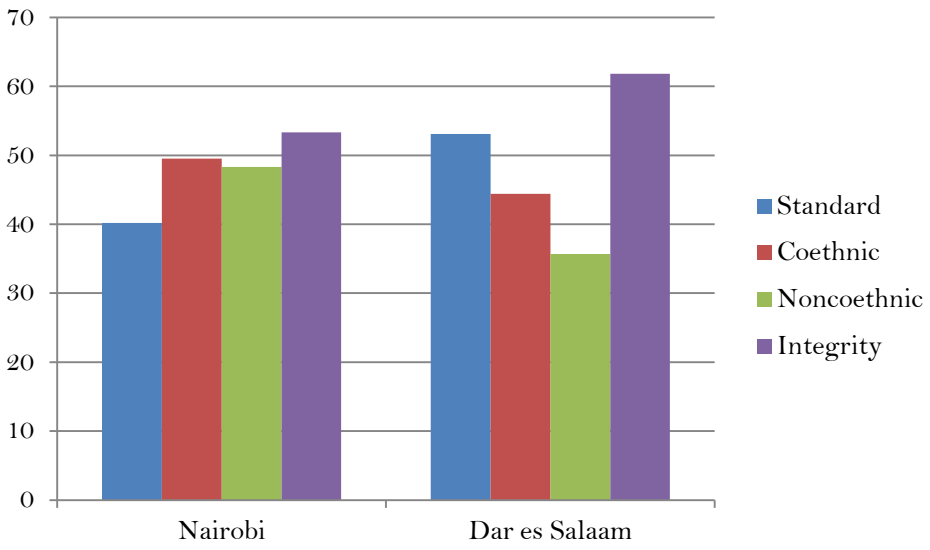

Figure 8.2 Percent of tripled amount returned by B (round 1) in Nairobi and Dar es Salaam

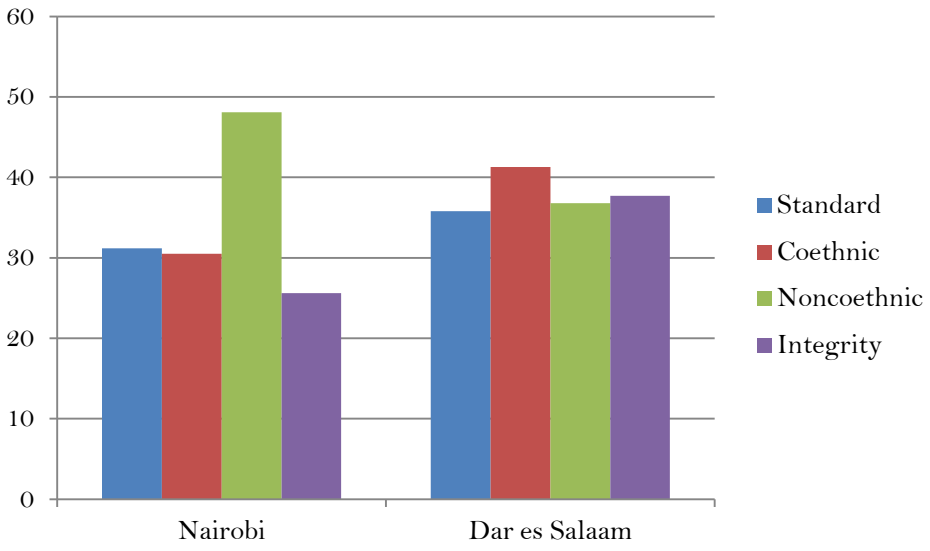

Figure 8.3 Percent of endowment sent by A (round 2) in Nairobi and Dar es Salaam

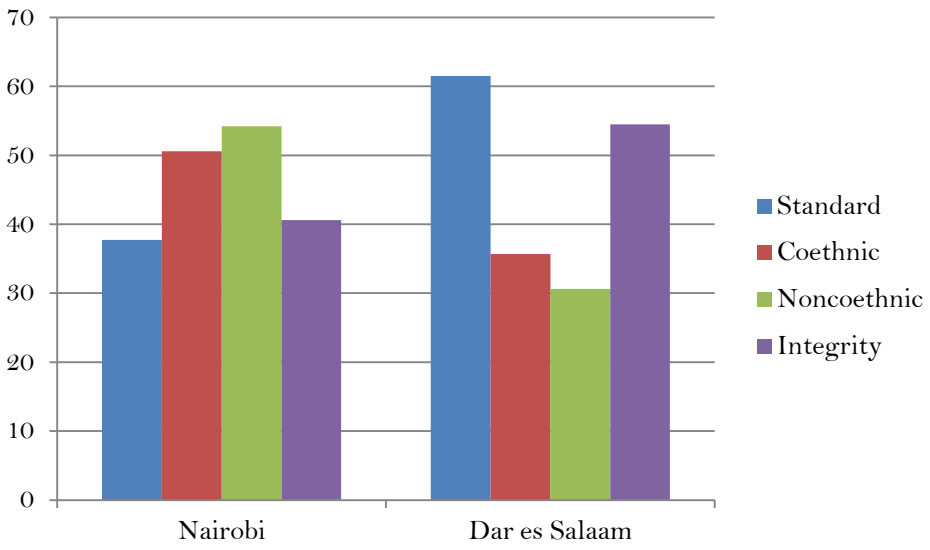

Figure 8.4 Percent of tripled amount returned by B (round 2) in Nairobi and Dar es Salaam

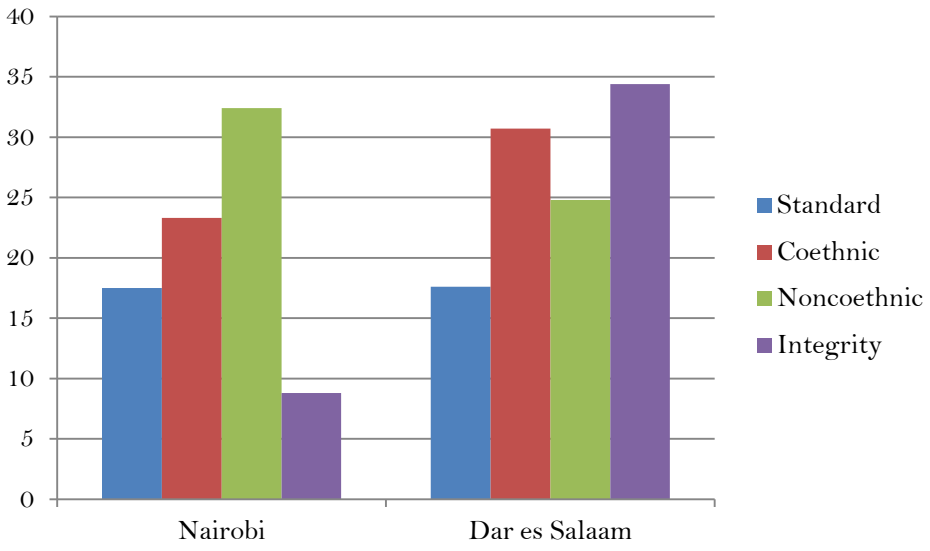

Figure 8.5 Multiple regression of two-stage trust games in Nairobi and Dar es Salaam.† Standard errors in parentheses.

Variable	Proportion sent by A in round 1 [N = 243]	Proportion returned by B in round 1 [N = 234]	Proportion sent by A in round 2 [N = 243]	Proportion returned by B in round 2 [N = 207]
(Constant)	41.2***	36.5***	31.3***	12.5*
	(5.9)	(6.8)	(8.0)	(6.7)
Country‡	12.2	6.2	31.6***	14.9
	(7.9)	(9.6)	(10.7)	(9.2)
Common knowledge of coethnicity	10.5	0.8	11.7	5.4
	(9.4)	(8.5)	(10.8)	(8.3)
Common knowledge of coethnicity X country	-21.7*	0.3	-42.4***	6.0
	(12.7)	(11.7)	(14.7)	(11.2)
Common knowledge of noncoethnicity	7.9	17.8**	4.2	13.5
	(9.2)	(8.6)	(10.9)	(8.5)
Common knowledge of noncoethnicity X country	-25.8**	-26.7**	-38.7***	-19.0
	(12.7)	(11.9)	(14.7)	(11.6)
Common knowledge of integrity	13.4	-2.4	1.9	-8.8
	(9.2)	(9.1)	(11.2)	(8.6)
Common knowledge of integrity X country	-3.5	2.7	-6.8	24.8**
	(12.1)	(11.5)	(14.3)	(10.8)
Common knowledge of no integrity§	-10.1	-10.5	-19.1	-10.3
	(13.1)	(12.5)	(15.8)	(14.2)
Amount sent by A in round 1		-16.4*		
		(9.8)		
Amount sent by A in round 1 X country		5.2		
		(13.3)		
Proportion returned by B in round 1			36.6***	
			(12.2)	
Proportion returned by B in round 1 X country			-33.1*	
			(17.1)	
Amount sent by A in round 2				10.6
				(8.9)
Amount sent by A in round 2 X country				-25.9**
				(11.4)
Adjusted R^2	*3.5*	*0.4*	*10.3*	*7.2*

* Comparisons significant at 10%; ** significant at 5%; *** significant at 1%

† Regression includes variables for gender and whether one was born in the city; results for these two variables are insignificant and not displayed. Also included but not displayed here is a variable for those pairs where only one player signalled integrity.

‡ Impact of Tanzania over Kenya

§ Such cases occurred in Kenya only

It is generally assumed in political science and economics literature that coethnicity plays a supportive role for relationships of trust. However, in contrast to this, by isolating common knowledge of ethnicity through the use of double blind trust games, we find that coethnic effects are country-specific and should not be taken for granted. The impact of common knowledge of one's partner being of the same ethnicity or not comes in three of the four stages of our trust games and almost invariably affects decisions differently depending on the country within which the games are being played. In terms of player A decisions to trust, we find no significant impact attributable to knowledge of coethnicity in general but when accounting for country-level interaction its strong effects become apparent. Tanzanian player As exhibit a drop in willingness to trust as compared to Kenyans by 22 percent in the first round ($p = 0.090$) and 42 percent in the second round ($p = 0.004$). The impact caused by common knowledge of noncoethnicity also makes itself felt in country terms, having again a strongly negative impact on player A willingness to trust in Tanzania as compared to Kenya by 26 percentage points in round one ($p = 0.044$) and 39 percentage points in round two ($p = 0.009$). In this way, we find a significant difference between player A behaviour during both rounds as an interaction effect at the country level. For levels of trustworthiness the story is similar, though it applies only to noncoethnics and affects round one trustworthiness to a more significant degree than round two. In round one, common knowledge of noncoethnicity brought about a difference of 27 percentage points between Kenyan and Tanzanian participants ($p = 0.025$), causing a drop in trustworthiness in Tanzania but an increase in Kenya. The extent to which noncoethnics were, in general, surprisingly trustworthy in the first round (at $p = 0.039$) is explored in more detail below. The country interaction effect demonstrates that for the first three stages of the trust game: *common knowledge of both coethnicity and noncoethnicity had a damaging effect on the formation of trusting-trustworthy relationships in Tanzania as compared to Kenya.*

What explains this strong aversion to acting cooperatively in Tanzania on the basis of common knowledge of ethnicity? As described in chapter three, Tanzanian political culture has, since German occupation, been exposed to a counter-narrative which runs against ethnic attachments or loyalties, going so far as to view them as uncivic. Political equality was a strong ideology behind first independence leader Julius K Nyerere's political vision and was used alongside

an "African socialist" concept of familyhood which worked to disestablish chiefdoms and instead promote a de facto republican spirit of citizenship. By contrast, Kenya was for a longer time under British occupation through which tribal systems of rule were emphasised, culminating in Jomo Kenyatta's leadership at independence and the advocating of a "tribe first" understanding of social development.[13] For these reasons, although the data presented above would strike behaviouralists as in conflict with many previous understandings of the instrumental role in which coethnicity supports collective action in economically constrained scenarios (with noncoethnicity having the opposite effect), here we find deployment of the trust game to have exposed a key distinction between the two countries' social developments, much as with chapter five. This in turn helps focus attention on the context-specific way in which ethnicity influences trustful coordination.

In terms of our second agency-based variable, we find common knowledge of integrity to have less of an impact on decisions to trust or be trustworthy in the first round but to nevertheless be influential for final round reciprocity. The damaging effect of common knowledge of ethnicity in Tanzania plays out in the first three stages of the game but in the last stage it is found not to have a significant effect. Rather, in this last stage, when the incentive framework for player B operates as a dictator-based decision to send back or not, with no prospect of future repercussions for one's actions, the variable similarly works in a significant and yet opposite way on Kenyan and Tanzanian game responses (at $p = 0.023$). Common knowledge of integrity is a positive force for the development of trusting-trustworthy relationships in Tanzania only. Given the importance of this last stage of the game for detecting social norms that have influence regardless of any chance of future payback, this is an important complementary finding and helps unpack further what brings about the comparatively more trustful exchanges in Tanzania discussed throughout the thesis.

Finally in terms of these general findings, our regression has also accounted for behaviour explainable as simply a short-term response to the previous action of one's partner. The value of this lies in ensuring we avoid attributing common knowledge variables with any undue importance that could be explained as motivated by expected profit (in the case of player A second round decisions to invest) or differences in the way participants treat absolute amounts they receive (in the case of

[13] See, for example, Kenyatta, J., *Facing Mount Kenya: The Traditional Life of the Gikuyu* (London: Heinemann, 1938).

player B responses in both rounds). Given this further dimension, as with the findings of chapter seven it is again curious that in the second round Tanzanian player A participants send comparatively less to those who sent them more previously ($p = 0.053$) and that Tanzanian player Bs return comparatively less to those who have entrusted them with more (at $p = 0.025$). As previously, this suggests "non-rational" motives to be at play in the behaviour displayed by Tanzanians in the second round as compared to Kenyans, and that there is clearly much more still to be understood about what other motives may also be supporting the country's trusting and trustworthy dynamics.

These findings give support for common knowledge variables explaining the emergence of trusting-trustworthy relationships, and invite further research on the way in which factors thought to have universal impacts on social behaviour actually play out differently in different contexts, depending on the expectations-coordination of their meaning. We turn now to unpacking these differences, and asking how participants of both countries negotiated questions of trust within common knowledge settings for each game type.

The ethnic trust game

In terms of how the ethnic trust game was played in Nairobi, two points are immediately observable and will be considered in turn: first, there was a higher level of trusting behaviour in the coethnic game as compared with the standard game; second, there was a high degree of returns made in the game with common knowledge of different ethnicities, especially in the first round. In agreement with previous understandings of the impact of coethnicity on levels of cooperation, we find a great deal of trusting behaviour in Nairobi from player As to coethnic partners. In the first round, 100 percent of coethnic player As trusted their pair by investing something in them, on average sending half their endowment. Again, coethnic As sent an average of about half their endowment in the second round, this time with all but one sending at least something. Coethnic player Bs reciprocated positively (sending more back than was received) 28 percent of the time in round one and 35 percent in round two (for graphs showing the individual decisions of coethnic Nairobi pairs, see appendix

eight). Figure 8.6 shows the percentage of coethnic players in Nairobi who met the criteria of trusting or trustworthy behaviour.

Figure 8.6 Results matrix for the coethnic trust game in Nairobi, indicating average player typologies[14]

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	100% trusting $\{x_1 = 49.5\}$	22% trustworthy $\{y_1 = 30.5\}$
Round 2	61% trusting $\{x_2 = 50.6\}$	24% trustworthy $\{y_2 = 23.3\}$

In terms of Nairobi's noncoethnic game, there was similar willingness to trust, with noncoethnic player As sending an average of one percent less of their endowment in the first round than coethnics and four percent more in the second round. The trusting behaviour amongst these player As in the second round is most easily explainable as a proportionate response to the high reciprocity noncoethnics had displayed towards them in round one. Of noncoethnic player Bs, 65 percent made positive returns to their player A partners in round one, compared with a paltry 28 percent amongst coethnics. Following our definition of trustworthy behaviour requiring player Bs to send back at least half of the tripled amount, we find a staggering 53 percent of noncoethnic player Bs acted trustworthily in the first round, rendering player Bs of that round as on average trustworthy (seen also in figure 8.5). Whilst coethnics were about as trustworthy as players of the standard game—who respectively showed rates of trustworthy behaviour at 22 percent and 21 percent in the first round—the average amount of shillings returned by a noncoethnic in that round

[14] As noted in chapter seven, figures for x_t and y_t give the averages sent and returned, respectively. The figures for x_t describe a fraction of each round's standardized 100 KSh endowment so that comparison can be made between the KSh of Kenya and the TSh of Tanzania, and the figures for y_t describe the average fractions returned by player Bs out of the tripled amounts received for each round. In this way, the figure of y_t is a percentage rather than an absolute amount (as was the case when the y was initially introduced to describe the simple structure of the game in chapter seven).

was almost double. Figure 8.7 displays the results of the noncoethnic game in Nairobi (see appendix nine for individual-level data).

Figure 8.7 Results matrix for the noncoethnic trust game in Nairobi, indicating average player typologies

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	94% trusting $\{x_1 = 48.3\}$	53% trustworthy $\{y_1 = 48.1\}$
Round 2	50% trusting $\{x_2 = 54.2\}$	27% trustworthy $\{y_2 = 32.4\}$

In both cases of coethnicity and noncoethnicity, player As in Nairobi tended to trust their partners for the two rounds. Using our round two definition of a trusting player A sending more than she received back from the first round, we find 61 percent of coethnic As and 50 percent of noncoethnic As acting trustingly. Whilst it is true a greater proportion of coethnic player As than noncoethnic player As were trusting in the second round, this is in part influenced by the high returns of noncoethnic player Bs in the first round, which inflates the criteria for noncoethnic player As to act trustingly in the game's second round.[15] Looking at amounts sent, noncoethnics in the second round counted as more trusting, with an average figure of 54 KSh invested against coethnics' 51 KSh.

How can we explain why noncoethnics in Nairobi acted more trustworthily than coethnics? It seems that player Bs of a different ethnicity to their partners place extraordinary importance on

[15] Similarly, we see that whilst coethnic player Bs demonstrated similar levels of trustworthiness between rounds, noncoethnics show a drop of 26 percent of participants in round two. Why such a reduction? Player Bs in the second round were sent the largest average amount from their respective player As than for any other round played across the standard or ethnic trust games in Nairobi. This makes it much more demanding to act trustworthily by repaying half or more of the tripled amount in absolute terms. Whilst only 27 percent of player Bs can be counted as trustworthy, the average amount returned was still a very high figure of 64 KSh. It is for this reason that round two of the trust game with noncoethnics saw an average return ratio of 33 percent, the second highest example when compared to the coethnic and standard trust games, and second only to that return ratio achieved by those same noncoethnic player Bs in their first round.

the need to reciprocate in order to build a trustworthy reputation. Perhaps aware that the only knowledge player As have of them is their difference in ethnicity, player Bs needed to prove their trustworthiness and build from scratch a positive reputation. To take pains in doing so turns out to be a wise move as the added challenge of needing to solve the cooperative dilemma with a noncoethnic in fact led to the building of stronger relationships. In contrast, the greater disposition to trust amongst coethnic player As went unanswered in Nairobi as their player B partners felt little responsibility to cultivate a reputation. At the end of the ethnic trust game, in Nairobi player As paired with a noncoethnic finished an average 50 KSh better off than player As paired with a coethnic. This finding in Nairobi is of interest for those studying the dynamics of ethnicity in urban areas as it seems common knowledge of ethnic difference bears the possibility for inducing a signalling of cooperative dispositions, and so can in turn lead to stronger relationships of cooperation in the future than when coethnicity's socialisation encourages cooperative apathy. Such an explanation would agree with the anecdotes of Nairobi business owners of chapter six who viewed the employment of family members as potentially hazardous due to such employees' subsequent expectations of favouritism. At the same time, it is important to iterate how our quantitative findings in this regard are limited and in need of further research. In general this evidence suggests utility in research that differentiates ethnic *economic* scenarios from ethnic *political* scenarios: concentrating only on the latter gives weight to the constraints placed on actors by electoral or party systems and so may, as a framework of analysis, be overlooking the dynamics of inter-ethnic behaviour based on mutually-understood economic interdependence.

The deployment of the ethnic trust game in Nairobi represents one area of common knowledge evidence for the formation of trusting-trustworthy relationships in urban areas. An added advantage of conducting the game in a second country is its demonstration of the diversity captured by the trust game, something that in turn helps expose the context-specific influence of common knowledge on social relationships. Testimony to this effect was borne out by the differences seen in Tanzania in contrast to Kenya, already described in figure 8.5 in the way common knowledge of ethnicity had a negative impact on willingness to trust, as well as a negative impact on levels of trustworthiness amongst noncoethnics. Figure 8.8 shows the results of the coethnic game in Dar es Salaam as well as average player typologies (see appendix 10 for data on individual

behaviour). A particular difference between the coethnic trust game and the standard trust game in Dar es Salaam lay in how player As of the former game type demonstrated less willingness to trust in both rounds.

Figure 8.8 Results matrix for the coethnic trust game in Dar es Salaam, indicating average player typologies

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	96% trusting $\{x_1 = 44.4\}$	30% trustworthy $\{y_1 = 41.3\}$
Round 2	42% trusting $\{x_2 = 35.7\}$	33% trustworthy $\{y_2 = 30.7\}$

In terms of how the ethnic game in Dar es Salaam was played between noncoethnics, player As sent less than both their coethnic equivalents and standard game equivalents. As has been noted, this means that overall in Dar es Salaam, introduction of ethnicity—either in its coethnic or noncoethnic forms—brought about a drop in willingness to trust as compared against the results of the standard trust game. This is in direct contrast to how in Nairobi, again regardless of whether it was in their coethnic or noncoethnic form, common knowledge of ethnicity increased average player A willingness to trust as compared with play in the standard trust game. Figure 8.9 shows the results of the noncoethnic trust game in Dar es Salaam (see appendix 11 for individual actions of Dar es Salaam's noncoethnic game).

Figure 8.9 Results matrix for the noncoethnic trust game in Dar es Salaam, indicating average player typologies

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	100% trusting $\{x_1 = 35.7\}$	21% trustworthy $\{y_1 = 36.8\}$
Round 2	33% trusting $\{x_2 = 30.6\}$	9% trustworthy $\{y_2 = 24.8\}$

Overall, the data supports an original consideration of the effect of common knowledge of ethnicity in Tanzania—its connotation with uncivil or backward human relations means it is a negative force for the formation of trusting-trustworthy relationships.

The integrity trust game

As has been explained, the difference in this third type of game came in preceding investment and payback choices with common knowledge of participants' honesty. Because honesty is an agent-based variable selected by participants, four possible gaming scenarios emerge, as opposed to the two scenarios that were possible in the ethnic game (both players honest; only A honest; only B honest; and neither player honest). Both players A and B indicate whether they wish to describe themselves as an honest person, taking as a cost the foregoing of 100 KSh or 1,500 TSh. As with ethnicity, participants answered the integrity question before the trust game started, but knowing how the game would be run. In terms of how this integrity question was answered, 60 percent of Kenyan citizens refused 100 KSh rather than appear a person without integrity, providing a heterogeneous population exhibiting each of the four integrity game scenarios. Interestingly, as many as 85 percent of Tanzanian citizens refused the 1,500 TSh so as to appear as someone of honesty, which meant there happened to be no examples in Dar es Salaam of a pair where both

players simultaneously chose to appear dishonest. In of itself, the fact that a majority of Nairobi and Dar es Salaam participants held it to be of such importance to a trust scenario that they would rather refuse money than appear as someone willing to lie to an anonymous, randomly selected stranger, goes some way in refuting the homo economicus predictive set of commonly-assumed self-seeking. However, although this fact and, further, the difference between the two countries is intriguing, the integrity question does not identify social virtue on its own because it may be that Dar es Salaam citizens are merely more "crafty" in portraying themselves so as to take advantage of their partners in the course of the two-stage game's investment scenario (one may lie about not being a liar).[16] In order to investigate the authenticity of attitudes towards a social virtue, therefore, it is necessary to explore the comparative nature of in-game interactions amongst those professing to be honest. Analysis below thus examines the differences displayed between Nairobi and Dar es Salaam amongst trust games involving honest pairs only (the multiple regressions of figure 8.5 tested for all honesty combinations).

Amongst those pairs who had mutually signalled honesty, the first round of Nairobi's integrity game saw a high average of the endowment passed from player As to player Bs. At the same time, however, 17 percent of players chose to send nothing of their endowment, meaning that, compared with Nairobi's standard trust game, this high average came alongside a lower proportion of players sending some of their endowments. The first stage player A generosity was, moreover, met by low reciprocity from player Bs. In the standard game, Nairobians returned an average of 31 percent of what they had been sent but amongst honest pairs of the integrity game only 26 percent was returned. The integrity game's second round in Nairobi saw half of player As sending more than was received back from their partners in the first round, averaging 41 percent of the round two endowment. However, this time the generosity of player As was met with even lower rates of reciprocity from their player B counterparts, consisting of a return of just under nine percent of what had been sent, with as few as seven percent of player Bs counting as trustworthy in this second round according to our typologies. It is perplexing that the second round rates of reciprocity amongst player B participants of pairs where both players have taken a cost to signal their honesty

[16] Indeed, the game works on the basis that although one may lie about not being a liar, *one cannot lie about being a liar*.

should be so low; this display is lower than the round two actions of player Bs in Nairobi's standard, coethnic and noncoethnic games. Of particular interest, therefore, is whether any difference can be found when these results are compared directly against the manner in which honest pairs of Dar es Salaam played the integrity game. Figure 8.10 shows the results and average player typologies for Nairobi's trust game with honest pairs (for individual-level data see appendix 12).

Figure 8.10 Results matrix for honest pairs of the integrity game in Nairobi, indicating average player typologies

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	83% trusting $\{x_1 = 53.3\}$	20% trustworthy $\{y_1 = 25.6\}$
Round 2	50% trusting $\{x_2 = 40.6\}$	7% trustworthy $\{y_2 = 8.8\}$

At three of the four decision nodes of the two-stage integrity game, honest pairs of Dar es Salaam sent or reciprocated more than their compatriots playing the standard trust game. Every player A gave at least a part of their endowment in the first round, averaging a sending amount of 62 percent of the endowments. This was met with high rates of reciprocity by their player B counterparts, with 38 percent of player B participants counting as trustworthy under the criterion of sending back at least two thirds of the tripled amount received from player A. Honest player As then entrusted an average of 55 percent of their endowments to their player B partners in the game's second round. As in Nairobi, the largest difference between Dar es Salaam's integrity and standard games came in the second round action of player Bs—where there is no possibility of being punished for failing to return any of the payoffs to the original senders—but the difference came in the opposite direction. Player B citizens of Dar es Salaam returned an average of 34 percent of the tripled amount of what their player A equivalents had given, with 29 percent of such player Bs

therefore counting as having acted trustworthily. Interestingly, whereas in Nairobi the integrity game brought about the lowest average rate of reciprocal behaviour in its second round than any of the trust game variations, in Dar es Salaam the average rate of second round reciprocity amongst honest pairs was higher than any of the standard, coethnic and noncoethnic trust games of both cities. Figure 8.11 describes the results of Dar es Salaam's integrity game (for individual-level data see appendix 13).

Figure 8.11 Results matrix for honest pairs of the integrity game in Dar es Salaam, indicating average player typologies

	Average player A action (general performance description) {average score}	**Average player B response (general performance description) {average score}**
Round 1	100% trusting $\{x_1 = 61.8\}$	38% trustworthy $\{y_1 = 37.7\}$
Round 2	41% trusting $\{x_2 = 54.5\}$	29% trustworthy $\{y_2 = 34.4\}$

The considerable willingness amongst participants to appear as persons of honesty before starting the integrity game encouraged a view that honesty plays an important role in Tanzanian citizens' perceptions of good character. Nevertheless, it is the greater level of reciprocity in the last round of a two stage game that confirms and verifies its salience for economically constrained trust scenarios. Whilst in Nairobi honest pairs showed low levels of reciprocity, their equivalent citizens in Dar es Salaam returned large amounts to their player A investors, especially in the game's last round. Figure 8.12 gives data on the statistical significance of the differences in average behaviour between Nairobi and Dar es Salaam's integrity games as played by honest pairs. Measures of two-tailed significance were obtained through application of the Wilcoxon rank-sum test.[17]

[17] As used in Berg, J., Dickhaut, J. & McCabe, K., 'Trust, Reciprocity, and Social History'. *Games and Economic Behavior*, Vol. 10 (1995), pp. 122-142, p. 134 (one-tailed); and Dickhaut, J., McCabe, K., Lunawat, R. &

Figure 8.12 Statistical comparison of differences between Nairobi and Dar es Salaam for honest pairs of the integrity game†

		Dar es Salaam integrity trust game (honest pairs only)			
		A percentage sent, round 1 (N = 34)	B percentage returned, round 1 (N = 34)	A percentage sent, round 2 (N = 34)	B percentage returned, round 2 (N = 31)
Nairobi integrity trust game (honest pairs only)	A percentage sent, round 1 (N = 18)	*+8.5* z = -0.670 (p = 0.503)			
	B percentage returned, round 1 (N = 15)		*+12.1* z = -1.978 (p = 0.048)**		
	A percentage sent, round 2 (N = 18)			*+13.9* z = -1.052 (p = 0.293)	
	B percentage returned, round 2 (N = 14)				*+25.6* z = -3.517 (p < 0.001)***

* Comparisons significant at 10%; ** significant at 5%; *** significant at 1%
† Differences in means show Tanzania minus Kenya; z = normalised Wilcoxon Z; p = probability of accepting the null hypothesis of no effect

Looking at behaviour comparatively between honest pairs of the two countries helps account for the opposite effect we find for common knowledge of integrity in our multiple regression of second round player B behaviour (figure 8.5). Here we find strong statistical support for viewing the rates of reciprocity by honest player Bs in Dar es Salaam for both rounds one and two as higher than those of Nairobi, giving support for describing the social virtue of integrity as a more influential factor for trustworthiness in Dar es Salaam. In terms of its comparative significance, therefore, we

Hubbard, J., 'Trust, Reciprocity, And Interpersonal History: Fool Me Once, Shame on You, Fool Me Twice, Shame on Me'. Working paper, University of Minnesota (Sep 2008), p. 20.

would go so far as to describe integrity as a "real" social virtue in Tanzania but a "fake" one in Kenya, as players use signals of honesty opportunistically in Kenya whilst in Tanzania the signal facilitates mutual confidence and cooperation. This is in keeping with the comments of business owners in chapter six on the factors thought to make up a trustworthy employee. Whereas Tanzanian business owners tended to place emphasis on the need for employees being persons of initiative or possessing of a positive mental attitude, Nairobi business owners emphasised a need for integrity and were replete with examples of how dishonesty amongst employees had contributed to business instability.

Conclusion

Deploying the trust game in the economic capitals of Kenya and Tanzania with 486 randomly selected citizens provides rich evaluation of the formation of trusting-trustworthy relationships. Whilst chapter seven noted greater levels of trust and trustworthiness in Tanzania over Kenya through the standard trust game, here we have additionally introduced two areas of common knowledge in order to rigorously analyse what causes the emergence of trusting-trustworthy relationships. Our experimental design involved developing agency-based variables that rely on simultaneous expectation-formation and yet are able to be tested quantitatively. In terms of findings, decisions from experiment participants provides striking revelation on how common knowledge of ethnicity has an opposite effect in Kenya than it does in Tanzania. In keeping with the separating trends in political cultures between the two countries over the past century, we find a strongly negative impact of ethnic discourse—whether in terms of coethnicity or noncoethnicity—in Tanzania as compared to Kenya for trustful exchange, identifying in turn the starkly context-specific relevance of ethnicity for the formation of trusting-trustworthy relationships. At the same time, in terms of last round trustworthy actions of player B, common knowledge of integrity was also found to play a strong role in relationship formation. As corroborated by an in-depth look at the dynamics of pairs who have mutually signalled honesty, the effect of this area of common knowledge was comparatively positive in Tanzania and negative in Kenya. By nature of the importance of

second round action of player Bs taking place with no material incentive conceivable for returning payments to one's partner, we conclude therefore that the extremely high levels of player B reciprocity amongst honest pairs in Tanzania suggests integrity is acting as a "real" social norm there and only a "fake" one in Kenya.

These findings on the importance of social discourse surrounding ethnicity and integrity dovetail in providing a picture of causes for the emergence of trusting-trustworthy relationships between citizens who find themselves in the context of urban anonymity as part of day-to-day economic life. The evidence exhibited by the two cities of Nairobi and Dar es Salaam identifies value in the future inclusion of agency-centred variables of common knowledge for the social sciences, most particularly for interpreting relational behaviour embedded in cultural contexts. The present use of such an angle is not, however, exhaustive. It could be further improved by examining interaction between areas of common knowledge—for example, whether common knowledge of both honesty and coethnicity lead to different levels of trusting-trustworthy behaviour—or by exploring other social virtues such as altruism, tolerance or magnanimity, perhaps again starting with socially-embedded articulations of good character and reliability. More ambitiously, the general value of common knowledge for coordinating behaviour invites further collaboration between anthropology and economics or political science, especially with regard to cooperation dilemmas and the early creation of institutional practice. Such a method looks at social norms from an evolutionary perspective in terms of developments in their shared meaning for citizens over time.

9.

Conclusion

Dir biabere, ambesa yasir.
(Spider webs joined together could restrain a lion.)
—Ethiopian proverb[1]

This study has considered what facilitates coordinated behaviour amongst citizens in contexts of economic competition or scarcity. Specifically, the thesis has asked: *what causes the emergence of trusting-trustworthy relationships between people?* This question is of importance for the social sciences because research on social capital—the social networks that support collective action—has been taken forward to appreciate and analyse sociological outcomes without sufficient understanding of its internal nature or dynamics. Bringing attention to the lack of a researched connection between macro manifestations of social capital and its micro mobilisation, the thesis has focused on the early forming of trusting-trustworthy relationships in urban areas of East Africa, analysing citizen perceptions and habits of trustworthiness. As described in chapter two, the methodological use of two countries enabled comparison between sociological experiences to help verify inferences more generally on the initial stages of trust. Employing the study in Kenya and Tanzania also provided insights into the new and challenging question of social solidarity in multiethnic and rapidly urbanising African cities.

[1] Woldemariam, K., *The Rise of Elective Dictatorship and the Erosion of Social Capital: Peace, Development and Democracy in Africa* (Asmara: Africa World Press, 2009), p. 297.

The value of the two countries for comparison was demonstrated in chapter three through contrasting social structures that frame interpersonal exchange. Importantly, we appraised historical trends and distinguished respective approaches to political community. Alongside this qualitative difference in the social structuring of urban trust, we noted how observed levels of generalised trust through survey data were higher in Tanzania than in Kenya, and that confidence in trusting others in social circles expanding outside from one's relatives towards the general citizen leads to faster reductions in confidence in Kenya than in Tanzania. Taken together, the existing literature and quantitative data on the two countries framed subsequent analysis in terms of the need to account for Tanzania's higher levels of trust whilst also remaining sensitive to the way in which social relations are structured differently in the two countries.

Chapter four focused on a single economically competitive scenario and a single professional group in Mwanza, Tanzania, delving into the micro dynamics of the forming of trusting-trustworthy relationships. Whilst studies of youth and the informal sector in Africa have often examined the power dynamics that limit those at the lower ends of a social hierarchy, the aim of that chapter was to instead explore the professional practices of young male plastic bag sellers in order to open up participant-led observations on questions of trust of relevance for their economic activity. As such, the 20 interviews shed light on the intricacies of reputation-building and interest-communication that substantiate trust scenarios. As an example of such a process, the giving out of small change to some colleagues and not to others was described as an *anchor of trust*—a link between persons that builds reputation and confidence in the context of mutually perceived vulnerability.

Having developed an understanding of the micro dynamics of trust, chapter five proceeded to engage in direct comparison between the two case studies on the questions of if and why comparable economic scenarios exhibit different citizen-level trust. Given the fact that notions of solidarity and social capital have been linked to cooperation in the provision of public goods, a study such as this one—which sought to examine the causes for trustful and cooperative dynamics in urban areas—needed to engage with the question of whether ethnic diversity fully explains cooperative shortcomings. With this end in mind, chapter five compared responses from 50 interviews and six focus groups with market sellers in similar local markets of Mwanza, Tanzania,

and Kisumu, Kenya. The experiences of market sellers supported and extended Miguel's argument (that ethnically heterogeneous Kenyan communities perform poorer than comparable Tanzanian ones in mobilising public goods provision[2]) by contrasting an ethnically homogeneous community in Kenya against an ethnically heterogeneous one in Tanzania. Findings on the two public goods of market cleaning and security revealed that more ethnically diverse Tanzanians displayed greater levels of cooperation and trust than ethnically homogeneous Kenyans. This reinforced survey data on the greater trust in Tanzania and further challenged arguments relating ethnic fractionalization with low levels of cooperation. In turn, the finding pointed to the increased need for analysis to remain open to inter-subjective meanings, categories and expectations.

Pursuing this strategy, 41 business owners in Nairobi, Kenya, and Dar es Salaam, Tanzania, were interviewed on what makes up a reliable, trustworthy employee in general. The principal-agent problem, which occurs through a clash of interests between leader and subordinate or a miscommunication of capabilities, was used as a framework for exposing dynamics of trust in economically constrained scenarios. In keeping with chapter four's conception of anchors of trust, business owners noted the importance of small acts that signalled the habits or character traits of employees. Generalising from these examples, interviewees' thoughts on what made a reliable employee in general clustered on concepts of integrity in Nairobi and positive initiative in Dar es Salaam. Interestingly, rather than giving importance to the fixed, objective or structural aspects of the individual (e.g. age, ethnicity, level of education), these answers pointed to an inter-subjective dynamic at play in the formation of trusting-trustworthy relationships, related to notions of habit or social virtue.

The interviews of chapter six provided, however, no guarantee that participant-led answers on characteristics of the trustworthy person actually hold sway in the grit of economically constrained scenarios. Indeed, the tendency in microeconomics literature towards seeing such relationships in terms of individualistic interest formation, rather than moral agency, casts doubt on drawing any conclusions in favour of the latter. In order to test for the role of commonly held conceptions on the early formation of trusting-trustworthy relationships, therefore, we subjected

[2] Miguel, E., 'Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania'. *World Politics*, Vol. 56 (2004), pp. 327-362.

one of the identified social virtues to a laboratory experiment, the trust game, comparing its effects to those of a second common knowledge variable of coethnicity/noncoethnicity as well as games played with no common knowledge between participants at all. The trust game was thus modified to produce an "integrity" game, where participants were given a chance to demonstrate their integrity to their partner prior to making decisions to entrust or reciprocate others' trust. The games isolated agency-based common knowledge variables, integrity and ethnicity, and measured their effects alongside completely double blind trust games. The double blind trust games on their own were described in chapter six and confirmed higher rates of trust and trustworthiness in general in urban Tanzania over urban Kenya.

In total, trust game responses of the 486 citizens in Nairobi and Dar es Salaam showed common knowledge of coethnicity and noncoethnicity to hold contrasting importance in the two countries. Whilst in Dar es Salaam common knowledge of both coethnicity and noncoethnicity had a mostly negative impact on the formation of trusting-trustworthy relationships, in Nairobi the effect was the reverse. These results are in keeping with the extent to which Tanzania's politics has pursued a more republican stance since independence such that tribalism and ethnic attachments are seen as uncivic. An outline of this history was described in chapter three, and similar findings were evidenced in the qualitative interviews of chapter five. Tanzanians hold tribal or ethnic favouritism to be a thing of the past—more reminiscent of colonial or pre-colonial times. For citizens of the most metropolitan part of the country, Dar es Salaam, emphasis on ethnicity in an experimental game therefore discouraged cooperation. In addition to these conclusions, inter-subjective notions of integrity were also found to be influential for levels of trustworthiness in the game's second round, and the effect was again opposite between the two countries. In Nairobi, common knowledge of integrity decreased rates of reciprocity whilst in Dar es Salaam it led to an increase, providing the highest levels of last round trustworthiness of all games played. This led us to describe integrity as a "real" social virtue in Dar es Salaam and a "fake" social virtue in Nairobi, describing the differences in verifying or falsifying one's original profession of virtue. More universally the study demonstrated the importance of agency-based variables for explaining heterogeneity in the forming of trusting-trustworthy relationships. If, simply, common awareness of being prepared to defer income was at play in the integrity game's resulting levels of trustworthiness, we would have

expected those pairs who had each answered "with integrity" to have cooperated more in the trust game in both countries. Instead, we find divergent effects, pointing to differences in the ways trusting-trustworthy relationships are formed. Kenyan participants of this type reciprocated less even when there was common knowledge of integrity, suggesting they engaged in the integrity signal opportunistically. These asymmetries help explain the different levels of trust found in urban areas of the two countries. The findings provide the social sciences with an empirically validated account of the causal workings of common knowledge variables for the emergence of trust and social capital.

Overall, therefore, this thesis responds to the question of *what are necessary conditions for the emergence of trusting-trustworthy relationships* by answering that congruence in moral discourse is key. Whereas most studies of trust explore structural conditions and material expectations, our focus has been on agency, intention and mutual understanding. The findings from urban Kenya and Tanzania agree that relationships of trust can and do come about in urban settings and that the question of their existence is not simply a case of correct material incentives or sufficient ethnic homogeneity. When trust is defined as intentional unity, it becomes easy to see how a necessary condition for its emergence are the common understandings that facilitate interpretations of good character and right action, communicating intention interpersonally. Collective action and social capital cannot be sufficiently explained through reference to material incentives. Rather, congruence in moral discourse is necessary for individual-level interactions to emerge to form the norms and networks that make up social capital.

By way of conclusion to our findings, we can ask what this means for empirical studies of trust and social capital going forward, and where the strengths of this work assist in framing a new research strategy. Throughout, our attention has been on the need to synthesise and develop explanations of collectivity, cooperation and trust to ensure different analytical approaches speak to each other productively and creatively. It is for this reason that chapter one concentrated on a literature review of social capital, noting its popularity as in part due to Western dissatisfaction with the industrial revolution and the anonymity of urban life. The capacity of human societies to form communities of solidarity acts as an attractive pull for discussions of social capital despite the

concept not being as clear as rational choice theories in formulating predictions. We observed at the outset a certain disagreement between the macro appreciation of social capital and the micro assumptions of self-interested motivation present in much of contemporary social science. In response to this discrepancy our research has mainly been at the meso-level, the level of relationships and group action, and we have been concerned with how human intention can interact and inform interpersonal solidarity. It remains, therefore, to ask what further areas of research into social capital and Africa should be prioritised on the basis of this study.

Social capital and Africa

Looking at future directions for research into social capital in Africa, this study makes three suggestions: 1) deepening our understanding of motivations to trust; 2) broadening our acknowledgement of what social capital is; and 3) enhancing the evaluation of what social capital does. Before exploring these three suggestions in more detail, however, it is important to emphasise at the outset the extent to which the study of social capital in Africa is at an elementary stage. As noted in chapter one, popular use of the concept dates only from the end of the 1980s and has had a distinctly Western focus. Although social capital is now used as a general measure of levels of unity and cooperation, this history means it is usually measured with reference to industrial and post-industrial forms of associational behaviour. Given this, it is not yet a prototype that can easily serve the developing world. Perhaps because of this limitation, there has also only been the sparsest research on trust and social capital in African countries generally. Quantitative work in this regard has tended to focus on whether social capital can help complete structural measurements of poverty, standards of living and taxation, and this problem-centred orientation is only changing slowly through a more bottom-up perspective on defining goods, apparent in Sen's *Development as Freedom* and Alkire's *Valuing Freedoms*.[3] These recent strategies are yet to connect with the study of trust,

[3] Sen, A., *Development as Freedom* (Oxford: Oxford University Press, 1999); and Alkire, S., *Valuing Freedoms: Sen's Capability Approach and Poverty Reduction* (Oxford: Oxford University Press, 2002).

however, and are still utilised in terms of enhancing a fight against poverty,[4] for which the value of trust is only beginning to be established.[5] This more materialist orientation, present for example in the World Bank's (and UK Department for International Development's[6]) endorsement of social capital research, is dismissed by Fine as part of a 'new phase of economics imperialism applied to the problems of development, emphasising market and institutional imperfections as the barrier to progress.'[7] This criticism is a step too far as it fails to engage with the empirical contributions of social capital studies, but it nevertheless provides one likely area of critique if enthusiasm gets ahead of findings. For the moment, social capital literature has consistently focused on empirical research, and so is likely to side-step ideological criticisms to some degree.[8] The best example of connecting social capital to levels of income in Africa is Narayan and Pritchett's study of rural Tanzania.[9] The authors associate larger village-level social capital endowments with higher levels of income, and explain how group activity is influential enough that by 'increasing average membership by one-half group per household (or changing group characteristics to a similar degree) [...] the estimates suggest that this would increase expected incomes by 20%-50%, which is an impressively large effect.'[10] Their path breaking survey further suggests that social capital in rural Tanzania is 'truly social' because 'there is an independent effect at the village level' not observed in individual households.[11] This is a beginning step in asking *how much trust works against poverty*, for which there

[4] See, for example, Alkire, S. & Santos, M. E., 'Oxford Poverty & Human Development Initiative: Multidimensional Poverty Index' (Jul 2010). http://www.ophi.org.uk/wp-content/uploads/OPHI-MPI-Brief.pdf (accessed 24/06/13).
[5] Narayan, D. & Pritchett, L., 'Cents and Sociability: Household Income and Social Capital in Rural Tanzania'. *Economic Development and Cultural Change*, Vol. 47, No. 4 (1999), pp. 871-897, p. 890.
[6] Bebbington, A., 'Social Capital'. In Thrift, N. J. & Kitchin, R. (eds.), *International Encyclopedia of Human Geography* (London: Elsevier, 2009), pp. 165-170, p. 168.
[7] Fine, B., 'Social Capital for Africa?' *Transformation*, No. 53 (2003), pp. 29-52, p. 38.
[8] As Zuern explains, 'Social capital clearly appeals to many development professionals because it offers a way to understand and measure social relations. [...] Any investigation of social capital on its own, isolated as if functioning in its own universe, is bound to lead to erroneous conclusions.' Zuern, E. K., 'Social Capital and Modernity'. *Transformation*, No. 53 (2003), pp. 69-75, p. 73.
[9] Narayan & Pritchett, 1999; and Narayan, D. & Pritchett, L., 'Social capital: evidence and implications'. Ch 12 of Dasgupta, P. & Serageldin, I. (eds.), *Social Capital: A Multifaceted Perspective* (Washington, D.C.: The World Bank, 2000). For some counter-argument as well as nuanced distinction between more and less institutionalised community networks, see Hu, C. & Jones, B., 'An Investigation into the Relationship between Household Welfare and Social Capital in Eastern Uganda'. Final Report for SAGA Competitive Research Grants Program (Feb 2004). http://www.saga.cornell.edu/images/cau-hu.pdf (accessed 25/06/13). See also Marysse, S., 'Social Capital in the Context of Crisis-Ridden Africa'. Working paper, University of Antwerp, Antwerp (1999), pp. 15-16.
[10] Narayan & Pritchett, 1999, pp. 883-4.
[11] Ibid, p. 877. This meets with the findings of Henrich et al, who observe group-level cooperative variation across different societies. Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E., Gintis, H., McElreath, R., Alvard, M., Barr, A., Ensminger, J., Henrich, S. H., Hill, K., Gil-White, F., Gurven, M., Marlowe, F. W.,

also lurks the hidden dilemma of the extent to which an increase in individual income levels could counter-intuitively lead to a loss in access to capital and savings when accompanied by a move towards individualistic living styles.[12] The latter point is an imperative for policy studies of urbanisation, though questions of income and poverty have not been the focus of this thesis.

The reality of being at the early stages of studying trust and social capital in Africa is on the one hand because public policy connections between trust and development are still elementary and, on the other, because the nature of trust as *associational* and *relational* challenges the very endeavour of measuring development through individual-level dependent variables in the first place. This is the key contribution of this thesis and will be used here to judge and make recommendations for future research on social capital in Africa.

1) Deepening our understanding of motivations to trust

In terms of strategies for future research, following on from this study's findings there is a need first of all to develop understandings of the motivations that underlie the forming of trusting-trustworthy relationships. Throughout the thesis, we have focused on infant stages of cooperative solidarity between actors. We noted how common ethnicity only sometimes works to foster such relationships and expressed reservations against its power to explain all dynamics, especially in urban areas. To broaden the debate, we included study of agency-based articulation and found these to provide complementary explanations, especially for the comparatively higher levels of trust in ethnically diverse areas of Tanzania. These findings are insightful, and point to further factors that may be influencing the development of trusting relations. Areas not touched on in detail here but likely to be of importance in Africa and elsewhere are gender, age and the legal system. As described in chapter four, age had influence on the trust networks of plastic bag sellers, splitting persons distinctly into older and younger groups. It is a factor of great importance for the characteristically

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Patton, J. Q. & Tracer, D., '"Economic man" in cross-cultural perspective: Behavioral experiments in 15 small-scale societies'. *Behavioral and Brain Sciences*, Vol. 28, No. 6 (2005), pp. 795-855, pp. 811-2.

[12] An area of study encouraged in Rose, R., 'Measures of Social Capital in African Surveys'. Report for the World Bank Social Capital Initiative (Centre for the Study of Public Policy, Nov 1997), pp. 3, 9.

youthful urban populations of Africa, whose access to employment opportunities often depends on connections to existing professionals, and therefore those in older age brackets. The need for crossover between studies of trust and gender is also clear both in the empirical connections made elsewhere between the two,[13] and because gender and trust tend to draw from similar social conceptions of role and responsibility. The further need to explore interaction between social capital and legal structures comes alongside the importance of distinguishing between jurisprudential traditions that affect state-society perceptions of cooperation, citizenship and obligation. Due to the infancy of work on social capital in Africa, distinguishing characteristics between British, French and Portuguese colonial legal cultures, for instance, have yet to be fully connected with the study of social norms and citizen-level discourse on contract formation. Furthermore, there has only been weak reference to pre-colonial and indigenous traditions that may be influencing social trust; these are scattered and have not yet formed a systematic link with social science conceptions of associational behaviour. Fred-Mensah provides one positive example in West Africa by interpreting the Ewe word *nugormesese*, meaning "understanding". It represents

> a culture of mutual understanding and trust that developed particularly between the Buems—the indigenous members of the host community—and migrant farmers in the area. Even though the breach of this contract would normally attract only "intrinsic sanctions," there are instances in which a violator can be subjected to a verbal reproach or even a material fine, normally in the form of a bottle or two of the local alcoholic beverage.[14]

The author takes forward the local concept as forming a basis for social capital ties in the area, and demonstrates how as an institutional framework it was able to facilitate an environment of trust. Kjaer, in exploring the relationship between levels of social trust and compliance with tax collection in Uganda, posits how

> the pre-colonial heritage may matter both indirectly through affecting the level of trust, and directly, through affecting the level of capacity. If a relatively centralised unit existed prior to colonialism, the development of social cohesion may have contributed to a higher degree of interpersonal trust as well as a higher level of legitimacy of the local state.[15]

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[13] Croson, R. & Buchan, N., 'Gender and Culture: International Experimental Evidence from Trust Games'. *Gender and Economic Transactions*, Vol. 89, No. 2 (1999), pp. 386-391; Schechter, L., 'Traditional trust measurement and the risk confound: An experiment in rural Paraguay'. *Journal of Economic Behavior & Organization*, Vol. 62, No. 2 (2007), pp. 272-292, p. 278.

[14] Fred-Mensah, B. K., 'Nugormesese: An Indigenous Basis of Social Capital in a West African Community'. *IK Notes*, No. 86 (World Bank, Nov 2005), pp. 1-2.

[15] Kjaer, A. M., 'Sources of Local Government Extractive Capacity: The Role of Trust and Pre-Colonial Legacy in the Case of Uganda'. *Public Administration and Development*, Vol. 29 (2009), pp. 228-238, p. 229.

To some extent, this study has controlled for colonial institutional legacy by making comparisons between two countries who both won independence under British authority, and who share some ethnic heritage. This has helped us concentrate on the contemporary differences of trust and social norms between Kenya and Tanzania. Notwithstanding, this need to look at pre-colonial culture and community was noted in examining the work on trust by Nunn and Wantchekon who, as discussed in chapter three, trace differences in contemporary levels of perceived trust to degrees of exposure to the slave trade.[16] A sustained strategy of linking pre-colonial and colonial era cultures of political organisation to levels of social trust can only add to the present approach, and would help pave the way to de-mystifying the influence of ethnic attachments for 21st century Africa. This thesis supports that general tactic, specialising on *contemporary normative commitments* and their role in solving coordination problems.

It currently remains a disjuncture within African studies as to whether discussion of ethnic identity as a causal variable is neo-colonial and discriminatory, or whether by the fact of its constant correlations it is simply unscientific to leave it out.[17] In this way, there is need to systematise the appreciation of social networks to investigate the extent to which they may be acting as intermediaries for hidden traditions. New institutional economics has advanced how biographical effects help explain institutional change as a process of evolutionary—rather than revolutionary—developments. There is no reason why ethnicity, as a cultural institution, should not be de-problematised through reference to such path dependency. In this vein, the underlying tension within African studies between social constructivism and empiricism could be ameliorated through quantitative capturing of social capital within ethnic groups in a way that helps explain different relationships to the bureaucratic state. Such a research strategy could also help systematise the study of those extra-territorial networks which are, in the age of globalisation, economically conducive and yet associated with certain ethnic groups (for example those of Somali ethnicity in East Africa). Overall, there is a need to explore other factors motivating trust, and to deepen our

[16] Nunn, N. & Wantchekon, L., 'The Slave Trade and the Origins of Mistrust in Africa'. *American Economic Review*, Vol. 101, No. 7 (2011), pp. 3221-3252.
[17] See, for example, the debate on whether to include ethnicity in Kenya's 2009 census. BBC News, 'Kenya defends tribal census figures' (31/08/10). http://www.bbc.co.uk/news/world-africa-11143914 (accessed 24/06/13).

understanding of the role ethnicity may be playing. Our findings draw attention to the interaction between conceptions of political community and ethnicity-effects for levels of cooperation; the results are in support of the methodology of new institutional economics and help exhibit the value of that general approach for the social sciences.

2) Broadening our acknowledgement of what social capital is

Apart from further study on motivations and causes for trust, a second research need arising from this study is problematising what social capital is. Hinted above, at present the concept tends to capture overtly Western forms of associational behaviour and measures only their explanatory power for economic growth, political participation and cooperation in the provision of public goods. This is limited in evaluating social capital in Africa because, as in Putnam's *Bowling Alone*, it tends to lay stress on formal social connections such as 'political parties, civic associations, churches, unions, and the like',[18] which may not be the mainstay of social interactions outside the West. In Knack and Keefer's cross-country study of social capital (which does not include Africa), the authors measure the strength of civic cooperation norms through survey responses on whether participants felt each of the following could be justified:

a) "claiming benefits which you are not entitled to"
b) "avoiding a fare on public transport"
c) "cheating on taxes if you have the chance"
d) "keeping money that you have found"
e) "failing to report damage you've done accidentally to a parked vehicle."[19]

Large numbers of citizens in rural Africa do not have the option of acting civically according to most of these criteria. Putnam accepts social capital can be built through informal connections which each act as 'a tiny investment in social capital.'[20] Their contribution may not be so tiny in areas of the world where most communal activity takes place in settings that cannot be considered so formalised.

[18] Putnam, R. D., *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000), p. 93.
[19] Knack, S. & Keefer, P., 'Does Social Capital Have an Economic Payoff? A Cross-Country Investigation'. *Quarterly Journal of Economics*, Vol. 112, No. 4 (1997), pp. 1251-1288, p. 1256.
[20] Putnam, 2000, p. 93.

For example, in a study of household welfare in Eastern Uganda, Hu and Jones first find that organisational social capital has only a small effect on levels of welfare.[21] When they then look at less institutionalised social networks from an ethnographic perspective, such as local peer groups, they find these to have a significant effect. In evaluating their finding, the authors deplore how

> policy-makers use "social capital" as an analytical framework only to the extent that it focuses on village organizations, which act as the vehicle for local level development work. A tentative suggestion would be that it is the persistence of less institutionalized relationships such as personalized politics, brokerage politics or extra-local networks that is a more important area of consideration for those concerned with promoting social and economic development. The tendency to look at organizational social capital while overlooking the resilience of informalized social relationships may explain why state-sponsored or development-sponsored programs find it difficult to alter patterns of welfare at the village level...[22]

In comparative study of Uganda and Botswana, Widner and Mundt discuss what community-defined groups should count as forms of social capital. One challenge in their research they describe was whether to include drinking clubs: '[t]he organised drinking found in Uganda drew fewer complaints as a source of conflict than did the more individual consumption of alcohol in Botswana, but its pursuit in early morning hours as well as after work, and its considerable cost, draw into question the appropriateness of its inclusion.'[23] Consistent categorisation occurs when criteria are clear and open to scrutiny; at the same time this is no reason to reject qualitatively-led research strategies, which generate the initial ideas on what criteria best identify associational behaviour. Though difficult, putting ethnography first—as we have done in this thesis—is more time consuming, but the results can be rewarding for generating an understanding of social capital accommodative of diverse cultures.

A second response to the difficulty of applying the concept of social capital comes from the argument of African exceptionalism, stating for example with Dubé that social capital is difficult to apply to challenged social settings in Africa, offering as it does 'little guidance on how to foster trust and positive community expectations in antagonistic situations that prove controversial, sensitive, and challenging to tackle'.[24] Indeed, the lower levels of development in Africa seem at first sight to

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[21] Hu & Jones, 2004.
[22] Ibid, p. 18.
[23] Widner, J. & Mundt, A., 'Researching Social Capital in Africa'. *Africa*, Vol. 68, No. 1 (1998), pp. 1-24, p. 13.
[24] Dubé, K., 'Social Capital and HIV/AIDS in Siaya District, Kenya: A Theoretical and Empirical Critique'. MPhil thesis, University of Oxford (2005), p. 94.

render the effectiveness of networks null as income levels and material capacities are seen as the problem, not people's relationships and decisions. This is in line with "neo-Malthusian" perspectives that attribute conflict to growing competition over resources, ignoring agents' capacity to organise and cooperate even in cases of scarcity. Witsenburg and Adano demonstrate the simplicity of the argument by analysing data on rainfall and conflict in northern Kenya. They show that, surprisingly, low rainfall does not mean more conflict but less: 'Especially during droughts, people are more inclined to cooperate and use wells together.'[25]

Further in support of an exceptionalist criticism, however, students of Africa may be sensitive to the accusation that in applying the concept of social capital they, in colonial fashion, end up accusing customs, traditions and ethnic groupings to be causes for the continent's underdevelopment. This challenge need not hold sway. So long as ethnography is put at the forefront of social capital studies, it is likely that the reputations of African societies would only be enriched by general appreciation of how social networks enable human flourishing through alternative forms of associational behaviour.[26] Such attention may also help connect the more distant articulation of African communal values[27] to the global debate on what forms the basis for political economies generally. There is no reason why, for example, African communalism cannot rival other varieties of capitalism.[28] If networks matter so much, social solidarity and reciprocity may be an African philosophy interesting to the rest of the world.[29] The approach of this thesis has, however, been more minimal: our investigation of interpersonal reputation, trustworthiness and moral agency has connected debate on social dilemmas in East Africa to the wider discussion of rules, norms and community-defined goods through the specific question of causes for social capital's creation.

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[25] Witsenburg, K. M. & Adano, W. R., 'Of Rain and Raids: Violent Livestock Raiding in Northern Kenya'. *Civil Wars*, Vol. 11, No. 4 (2009), pp. 514-538, pp. 518, 520.

[26] See as one example of this kind of enriched approach to community identities and relations, Rupp, S., 'Interethnic Relations in Southeastern Cameroon: Challenging the "Hunter-Gatherer"—"Farmer" Dichotomy'. *African Study Monographs*, Vol. 28 (Nov 2003), pp. 37-56.

[27] See, for example, Wiredu, K., 'Society and Democracy in Africa'. Ch 10 of Teodros Kiros (ed.), *Explorations in African Political Thought: Identity, Community, Ethics* (London: Routledge, 2001); and Ake, C., *The Feasibility of Democracy in Africa* (Dakar: Council for the Development of Social Science Research in Africa, 2000).

[28] For this method and approach to how culture and economics overlap, see Hall, P. A. & Soskice, D. W., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001).

[29] Burbidge, D., 'Connecting African Jurisprudence to Universal Jurisprudence Through a Shared Understanding of Contract'. Ch 5 of Onazi, O. (ed.), *African Legal Theory and Contemporary Problems: Critical Essays* (Dordrecht: Springer, 2014b).

As things stand, we are at the early stages of asking how the continent's experiences can contribute to broadening our understanding of social capital. This is, in part, due to the extremely diverse forms of social connection displayed across Africa. Woldemariam argues:

> Developing a reliable and valid measurement of social capital, which takes into account contextual differences that exist among societies in different cultural traditions, levels of economic advancement, and types of political systems, [...] remains an area that is largely uncharted in policy-oriented or explanatory studies.[30]

What would social capital inclusive of African informal networks look like? What would it include? Density of association with extended family would take a central place, as well as connected practices such as fundraising activities (*harambee* in Kenya), dowry negotiations, elder advice, storytelling and family festivities. Similarly, tribe-level group activities would be included, for example general meetings between elders (*baraza la wazee* in East Africa), ancestor worship, coming of age ceremonies, and dance, music and advice groups. In terms of more urbanised group practices, social capital measurements would have to include informal credit unions, "merry-go-round" money pooling, professional groups in the informal sector (such as hawker groups or associations of public transport conductors), and regular followers of street preachers, to name but a few forms of associational activity. These are examples of networks that fit the definition of social capital but are largely unexplored by the social capital literature. In Narayan and Pritchett's study of rural Tanzania, the authors list the following voluntary associations to be the most popular, and use them in their proxy for social capital: 1) churches; 2) the main political party; 3) burial societies; 4) women's groups; 5) Muslim groups; and 6) farmers' groups.[31]

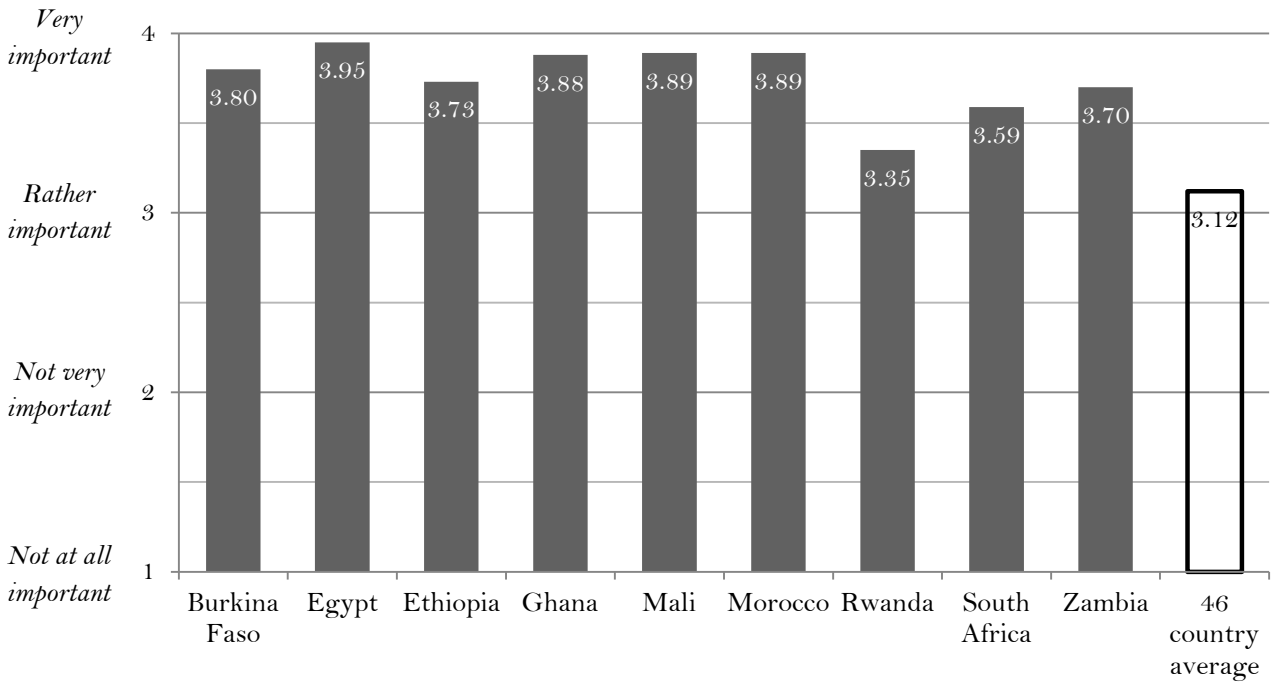
In developing the study of social capital in Africa, it would also be beneficial to assess the comparative strength of social capital across the continent. This present study has broken new ground in research on trust in Africa by making comparisons between Kenya and Tanzania on the same terms. This was helped made possible by the crossover between the two countries' historical trajectories prior to independence, providing a natural experiment for evaluating contemporary differences. Nevertheless, the diversity and economic differences present throughout the continent demand a nuanced approach if the quantitative tracking of social capital is to be achieved more

[30] Woldemariam, 2009, p. 296.
[31] Narayan & Pritchett, 1999, p. 875. Here, main political party refers to Chama cha Mapinduzi.

broadly. In this vein, membership in one type of associational group that is commonly found might act as an initial proxy for levels of social capital between countries. Western indicators often focus on formal clubs citizens belong to as an initial comparative measure. Given the heterogeneous applicability of club participation as based on sports, hobbies or politics in Africa, it could be better to measure something that applies almost ubiquitously across the continent: religious membership and participation (coincidentally an activity Tocqueville frequently emphasised).[32] Figure 9.1 shows World Values Survey data on whether citizens of participating African countries feel religion to be important in their lives. As can be seen, religion is more important for each of the included African countries than the world sample average. However, if it is *committed* group participation that is of interest to social capital studies—not sensibilities—a comparative study would need to measure across countries not just feelings of the importance of religion but frequency of church or mosque attendance and the associated group practices of chatting together outside mosques, participating in church choirs or attending religious youth groups and scriptural study groups. Such a study would naturally include traditional African religions as well as group practices such as speaking in tongues or engaging in collective magical rituals.[33] Looked at comparatively, this could provide an initial proxy for different degrees of social capital between countries.

[32] Tocqueville, A., *Democracy in America* (New York: Random House, 1945 [1835]).
[33] This holds so long as the magical rituals are habitual group activities. This is not normally the case for *juju* in West Africa or *uchawi* in East Africa, which are usually spiritual services involving individual-level healing or spell casting.

Figure 9.1 How important religion is in one's life[34]

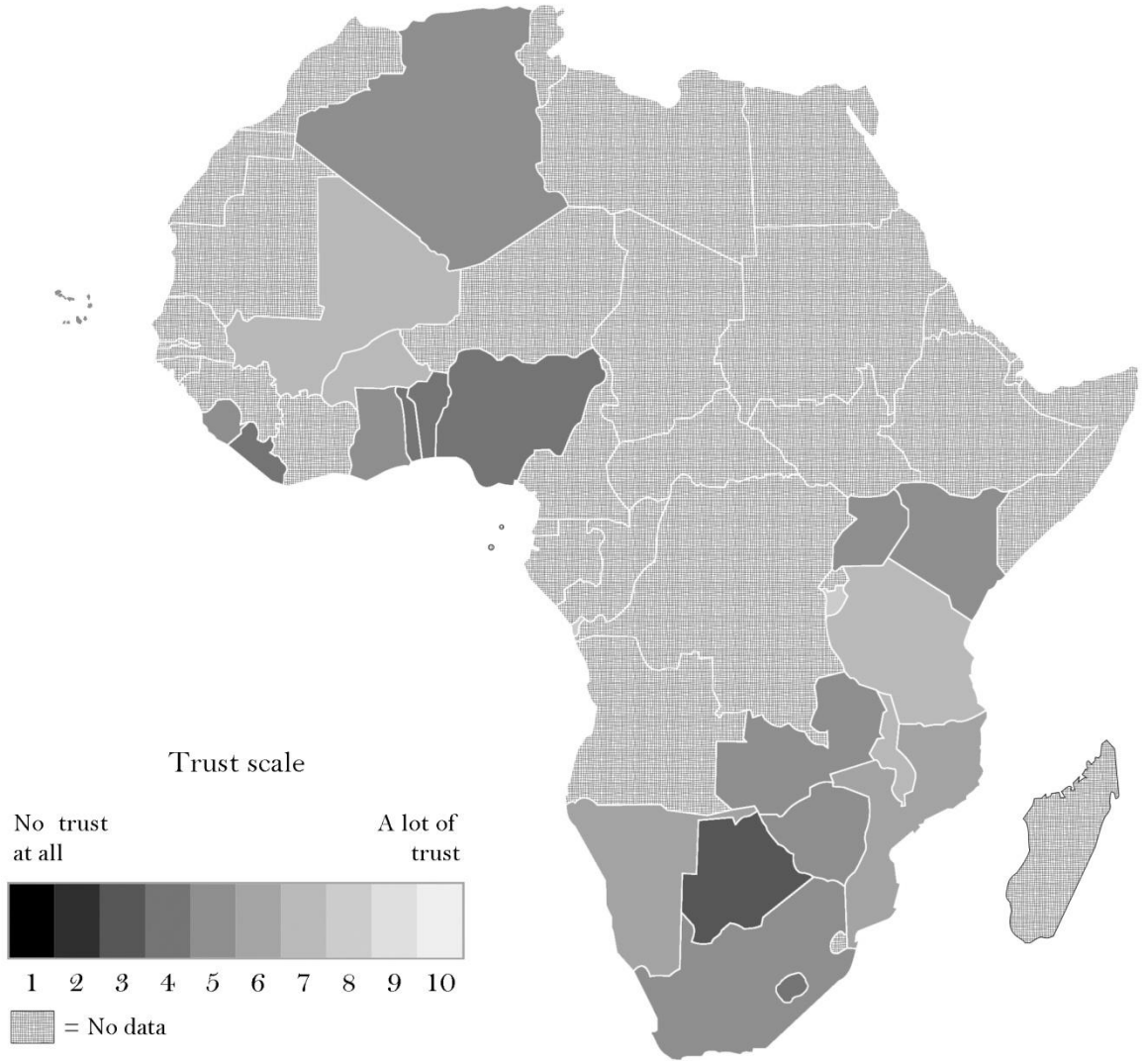


With the right measurements of associational behaviour, there is much that can be learned about comparative development experiences between African countries and other developing countries around the world. At present, the most robust comparative account of trust in Africa comes through Afrobarometer questions on citizen trust perceptions, with the World Bank only recently developing its household-level survey tools to include social capital assessments.[35] Figures 9.2 and 9.3 describe results from 23 African countries surveyed between 2010 and 2012 for the Afrobarometer, which asked the question: 'How much do you trust each of the following types of people: Your neighbors?' The lighter shades indicate higher average willingness to trust, and the darker shades lower average willingness to trust.

[34] Data obtained from World Values Survey (2005), V9. http://www.wvsevsdb.com/wvs/WVSData.jsp (accessed 23/09/13). The 46 country average includes the nine displayed African countries and is calculated as an average citizen response, rather than average country score (N = 66,019). Excluded from this analysis are the responses 'don't know', 'no answer' and 'not applicable'.

[35] See Grootaert, C., Narayan, D., Jones, V. N. & Woolcock, M., 'Measuring Social Capital: An Integrated Questionnaire'. *World Bank Working Paper*, No. 18 (2004).

Figure 9.2 Trust in neighbours, by country (2010-2012)[36]



[36] Afrobarometer, Round 5 (2010-2012). http://www.afrobarometer-online-analysis.com/ (accessed 02/10/13). Answers on how much one trusts neighbours were categorised in the survey as 0 = Not at all; 1 = Just a little; 2 = Somewhat; and 3 = A lot. Respondents were also given the option, 'Don't know', not included here. The averages displayed in the map come from a total of 38,276 participants and are standardised around a 10 point scale.

Figure 9.3 Trust in neighbours, GDP per capita and level of poverty[37]

	Country	2010-2012 trust in neighbours, indexed score	2012 GDP per capita, PPP (constant 2005 international $)	2013 Multi-dimensional poverty index (range: 0 to 1)
1	Burundi	8.20	483	0.530
2	Malawi	7.93	777	0.334
3	Mali	7.80	1,047	0.558
4	Burkina Faso	7.23	1,304	0.535
5	Tanzania	7.23	1,380	0.332
6	Mauritius	6.23	13,487	-
7	Namibia	6.13	6,520	0.187
8	Mozambique	6.10	882	0.512
9	Kenya	5.97	1,522	0.229
10	Zimbabwe	5.73	-	0.172
11	Uganda	5.70	1,165	0.367
12	Algeria	5.60	7,339	-
13	Zambia	5.40	1,475	0.328
14	Sierra Leone	5.37	1,171	0.439
15	South Africa	5.30	9,860	0.057
16	Cape Verde	5.23	3,818	-
17	Ghana	5.17	1,764	0.144
18	Benin	4.80	1,364	0.412
19	Lesotho	4.50	1,692	0.156
20	Liberia	4.50	564	0.485
21	Togo	4.50	906	0.284
22	Nigeria	4.00	2,294	0.310
23	Botswana	3.93	14,067	-

As figure 9.3 suggests, there seems to be no immediately observable correlation between trust in others and GDP per capita or levels of poverty, discouraging the view that economic development leads naturally to willingness to trust. There is thus a clear need to develop understanding of the meso-level of what social capital is before any grand causal connection between trust and development can be attempted.

[37] Ibid. GDP per capita figures obtained from World Bank, *World Data Bank: World Development Indicators.* http://data.worldbank.org/ (accessed 02/10/13). Multidimensional poverty index obtained from Oxford Poverty and Human Development Initiative, *Multidimensional Poverty Index (MPI) Data Bank* (OPHI, University of Oxford, 2013). http://www.ophi.org.uk/multidimensional-poverty-index/mpi-data-bank/mpi-data (accessed 01/10/13). Higher figures in the Multidimensional Poverty Index indicate a greater prevalence of poverty.

3) Enhancing the evaluation of what social capital does

A third area for further study is the assessment of what social capital does—the role it is playing for political, economic and social change in Africa. Progress on this research question has been slow and hotly contested. This is because there is fundamental contradiction between the theory of Sen's "capabilities approach" and the way social capital is being explored empirically and in policy circles. Before detailing this contradiction, it is important to outline the literature on social capital and Africa that seeks to explain the continent's growth trajectory, as this holds a key for understanding the current disagreement.

A number of articles recently professed to help explain Africa's economic difficulties through adding social capital as an explanatory variable. The need arose as the models for economic growth used elsewhere were unable to capture the extraordinarily poor average growth rates in Africa since the 1960s. Indeed, simply inserting the geographical region of Africa as an independent variable into regressions improved the explanatory power of models significantly, showing how far the models fell short in providing genuine causal accounts for the continent's economic stagnation. Explaining this "African dummy" was therefore a high research priority, and coincided in the late 1990s with popularity for the concept of social capital. Bringing these two themes together, Collier and Gunning argued that in Africa 'the lack of openness to trade and the low level of social capital have had large, damaging effects on the growth rate.'[38] Although the authors do not provide much evaluation of social capital's definition, they do distinguish between "civic" and "public" types. Public social capital consists 'of the institutions of government that facilitate private activity, such as the courts.'[39] This, however, is not social capital as understood by Putnam, and in fact Putnam cites increasing per capita figures for police, lawyers and judges in the United States since the 1970s as part of the portfolio of evidence for that country's *decline* in social capital.[40] Putnam quotes Galanter, who relates the popular sentiment: 'Because lawyers are producers and vendors of impersonal "cool"

[38] Collier, P. & Gunning, J. W., 'Explaining African Economic Performance'. *Journal of Economic Literature,* Vol. 37, No. 1 (1999), pp. 64-111, p. 74.
[39] Ibid, pp. 65-6.
[40] Putnam, 2000, pp. 145-7.

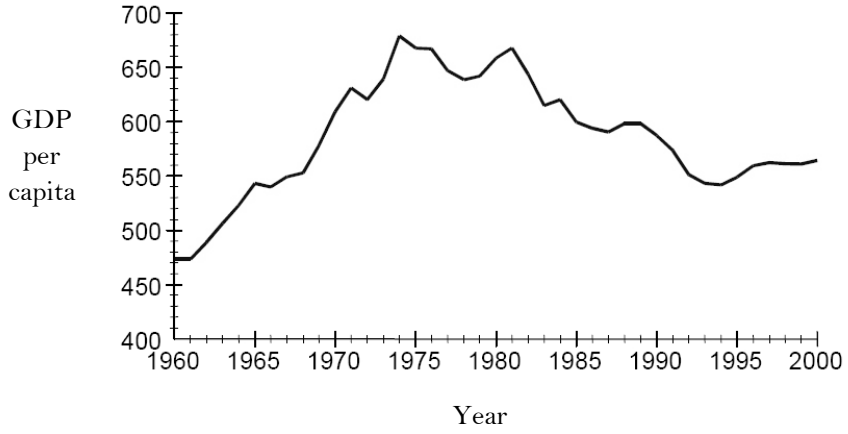
trust, they are the beneficiaries of the decline of its low-cost rival, thick personal trust.'[41] (Knack and Keefer also observe how a 'one-percentage-point increase in law students [...] is associated with a decline in trust of more than one percentage point'.[42]) This pits Putnam's concept of social capital as, in fact, directly opposite Collier and Gunning's understanding. Despite this inconsistency, Putnam's thinking can nevertheless be said to be along the lines of their alternative category of "civic" social capital, considered as the economic benefits obtained 'from the building of trust, which lowers transaction costs, from the knowledge externalities of social networks, and from an enhanced capacity for collective action.'[43] Unfortunately, however, it is not this concept the authors identify as explaining the Africa dummy, leaving researchers with no empirical connection between Putnam's social capital and its economic effects for African countries. The indicators used by Collier and Gunning to represent social capital are governance indicators: corruption, bureaucracy, enforceability, civil war, fractionalisation (ethno-linguistic), social development and inequality; they are described as 'socio-political indicators' in one of the article's tables, but 'social capital' in the main text.[44] It is important to remember that throughout the article the authors' interest is not social capital but the effect of policy choices for growth rates. That their article is referred to as making such a bold social capital claim[45] says more for the unprecedented enthusiasm in social capital research than for their actual argument.

Alternative use of social capital as an explanatory variable for Africa's slow average growth rate has come through Temple's application of an index on 'social capability'.[46] Although the article is entitled *Initial Conditions, Social Capital and Growth in Africa*, the author admits it to be a 'perhaps heroic assumption' that the index used captures aspects of social capital.[47] As pointed out clearly by

[41] Ibid, p. 147. Quote from Galanter, M., 'The Faces of Mistrust: The Image of Lawyers in Public Opinion, Jokes, and Political Discourse'. *University of Cincinnati Law Review*, Vol. 66, No. 3 (1998), pp. 805-845, p. 807.
[42] Knack & Keefer, 1997, p. 1282 (capitalisation removed).
[43] Collier & Gunning, 1999, p. 65.
[44] Ibid, p. 67.
[45] See, for example, Jerven's repeat affirmation that Collier and Gunning are making a social capital-based argument. Jerven, M., 'Social Capital as a Determinant of Economic Growth in Africa'. Working paper (2006), pp. 2-3.
[46] Temple, J., 'Initial Conditions, Social Capital and Growth in Africa'. *Journal of African Economies*, Vol. 7, No. 3 (1998), pp. 309-347, p. 322; and Temple, J. & Johnson, P. A., 'Social Capability and Economic Growth'. *Quarterly Journal of Economics*, Vol. 113, No. 3 (1998), pp. 965-990.
[47] Temple, 1998, p. 340.

Jerven, the study is deeply problematic in two respects.[48] The first is that, as common in many studies of growth in Africa, the average growth rate spanning approximately the years 1960 to 1990 is taken as the dependent variable, despite the fact that the continent's GDP per capita growth saw both upward and downward trends within this period (see figure 9.4). This is an unhelpful research design because it is insensitive to the causes for within-period fluctuations.

Figure 9.4 GDP per capita in Africa, 1960-2000 (constant 1995 US$)[49]



Secondly, the index used to explore social capital's independent effects is both an inaccurate representation of social capital and analytically indistinguishable from other variables used to model economic causes for growth. Temple's analysis rests on using an index on social capability developed by Adelman and Morris in the 1960s.[50] The 'formidable advantage' of the index is that '[s]ince it was constructed in the early 1960s, its values are uncontaminated by knowledge of subsequent growth performance. Hence it is very useful in examining whether the origins of Africa's

[48] Jerven, M., 'The Quest for the African Dummy: Explaining African Post-Colonial Economic Performance Revisited'. *Journal of International Development*, Vol. 23, No. 2 (2011), pp. 288-307.
[49] Obtained from Jerven, 2006, p. 14.
[50] Adelman, I. & Morris, C. T., *Society Politics & Economic Development: A Quantitative Approach* (Baltimore: John Hopkins Press, 1967). See also Adelman, I. & Morris, C. T., 'A Factor Analysis of the Interrelationship between Social and Political Variables and Per Capita Gross National Product'. *Quarterly Journal of Economics*, Vol. 79, No. 4 (1965), pp. 555-578.

slow growth might partly be traced to the nature of its social arrangements.'[51] The index pools data for developing countries on ten indicators:

- Size of the traditional agricultural sector
- Extent of dualism [coexistence of market exchange with subsistent production]
- Extent of urbanisation
- Character of basic social organisation
- Importance of indigenous middle class
- Extent of social mobility
- Extent of literacy
- Extent of mass communications
- Crude fertility rate
- Degree of modernisation of outlook[52]

Of the ten, only two can be described as bearing some connection to the concept of social capital as normally understood in the social sciences: character of basic social organisation and degree of modernisation of outlook. For the first of these, Adelman and Morris explain:

> Historically, the characteristic transformation associated with industrialization and urbanization has been from a traditional society in which a multifunctional tribal, clan, or extended family unit dominated all realms of individual decision-making into a society in which the dominant kinship unit was the "conjugal" or nuclear family with its much more restricted area of authority.[53]

If this is an indicator of social capability then it is, in fact, directly opposed to social capital normally understood. An essential feature of social science discussions has been how "bonding" and "bridging" social capital expands one's social network, and that personal connections help foster the norms and informational networks underlying economic exchange.[54] In Adelman and Morris we have instead an understanding that smaller networks are more suited to economic modernisation. Are ethnic-based networks to be considered a form of social capital or a problematic character of basic social organisation? When Collier and Gunning take ethno-linguistic fractionalisation as a proxy for social capital, they are suggesting that greater homogeneity in ethnicity and language indicates greater

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[51] Temple, 1998, p. 325.
[52] Ibid, p. 322; Temple & Johnson, 1998, p. 976. The list is a subset of the variables analysed by Adelman and Morris. See Adelman & Morris, 1967, pp. 16-7. Based on the index, Temple and Johnson argue that 'an assessment of mass communications, given the absence of other good measures, is probably the best way of capturing variation in social capital across developing countries.' Temple & Johnson, 1998, p. 988.
[53] Adelman & Morris, 1967, p. 27.
[54] Putnam, R. D., 'Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America'. *Political Science and Politics*, Vol. 28, No. 4 (1995), pp. 664-683, p. 665; Putnam, R. D., '*E Pluribus Unum*: Diversity and Community in the Twenty-first Century'. *Scandinavian Political Studies*, Vol. 30, No. 2 (2007), pp. 137-174, pp. 143-4; Granovetter, M., 'The Strength of Weak Ties'. *American Journal of Sociology*, Vol. 78, No. 6 (1973), pp. 1360-1380.

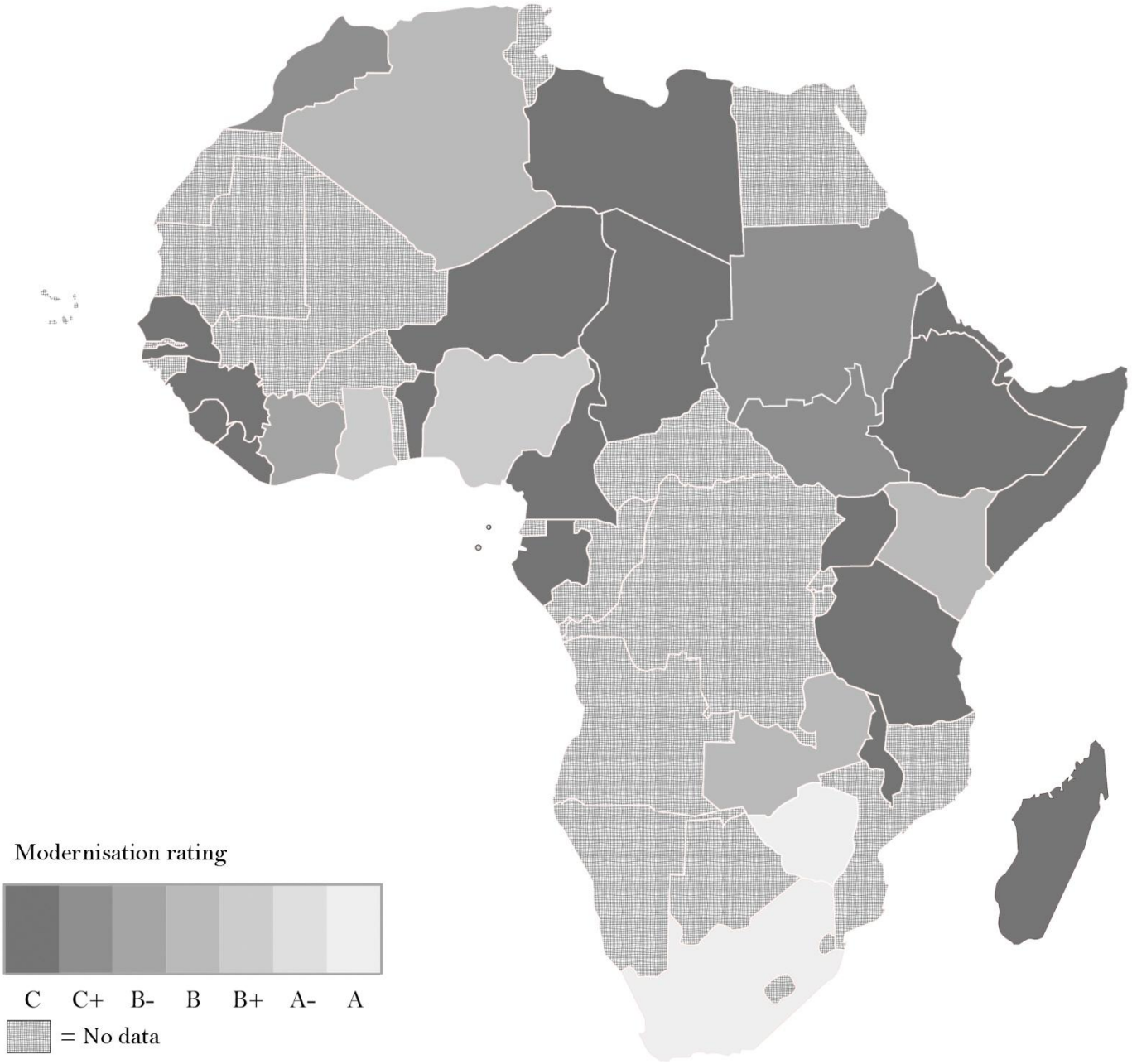
social capital. That implies the more there are of one's tribe, the better. Adelman and Morris, however (through Temple and Johnson), see social capability as greater the smaller one's group is. This disagreement must be addressed before quantitative work on social capital's effects in Africa can be taken forward. Synthesis can be achieved by arguing that ethnic categorisation at times acts as an exclusionary, "dark" social capital boundary, depending on the socio-political context.[55] This requires, however, that qualitative political evaluations accompany statistical measurements,[56] not just that the size of an ethnic group is modelled as having a quadratic effect on social cohesion (small and very large groups good; big competing groups bad).[57] As we have shown through deploying ethnic trust games in urban Kenya and Tanzania, the political context frames how mutual perceptions are coordinated, informing and interacting with citizen expectations of each other's behaviour. For these reasons, it is highly counter-productive to assume greater individuation is indicative of more social capital.

Adelman and Morris' second indicator out of ten that is non-economic and may have some connection to social capital theory is 'modernisation of outlook', described as 'the creation of attitudes favorable to change and innovation'.[58] Where this has some link to social capital is in drawing attention to 'the individual's sense of participation in the sociocultural and political life of his nation as the key mental trait of the citizens of modern societies.'[59] As Temple and Johnson describe it, assessment on modernisation of outlook includes 'social and political participation, and so might be thought of as a cross-country index of social capital.'[60] Something similar is implied in parts of Putnam's work, with emphasis being made in his study of Italy on how 'civic regions have grown faster than regions with fewer associations and more hierarchy, controlling for their level of

[55] Portes, A., 'Social Capital: Its Origins and Applications in Modern Sociology'. *Annual Review of Sociology*, Vol. 24 (1998), pp. 1-24, p. 15. See also Loury, G. C., 'A dynamic theory of racial income differences'. Ch 8 of Wallace, P. A. & La Mond, A. M. (eds.), *Women, Minorities, and Employment Discrimination* (Lexington, MA: Heath, 1977).
[56] As one example of such an attempt, see Posner, D. N., 'Measuring Ethnic Fractionalization in Africa'. *American Journal of Political Science*, Vol. 48, No. 4 (2004), pp. 849-863.
[57] For explanation of the possible quadratic effect of ethnic diversity, see Temple, 1998, p. 317. Collier and Gunning agree that the political dimension is key. As they explain, 'the negative growth effect of ethnic diversity only applies in societies lacking political rights. In countries with dictatorships, ethnic diversity reduces the growth rate by 3 percent per annum. Conversely, in countries with full democratic rights diversity has no detrimental effect.' Collier & Gunning, 1999, p. 67.
[58] Adelman & Morris, 1967, p. 49.
[59] Ibid.
[60] Temple & Johnson, 1998, pp. 976-7.

development in 1970.'[61] Figures 9.5 and 9.6 describe Adelman and Morris' categorisation of African countries in their 1967 publication according to modernisation of outlook.

Figure 9.5 Degree of 'modernisation of outlook' of African countries (1967 assessment)[62]



[61] Putnam, 1993, p. 176 (emphasis omitted).
[62] According to the ratings given by Adelman & Morris, 1967, pp. 50-1.

Figure 9.6 'Modernisation of outlook' rating by country (1967 assessment)[63]

Country	Modernisation of outlook rating (A+ to C- scale)	GDP per capita (constant 2005 US$) change 1967—2012	2013 Multi-dimensional poverty index (range: 0 to 1)
South Africa	A	+1,560	0.057
Zimbabwe	A	-82	0.172
Ghana	B+	+330	0.144
Nigeria	B+	+606	0.310
Algeria	B	+1,540	-
Kenya	B	+234	0.229
Zambia	B	-241	0.328
Ivory Coast	B-	-204	0.353
Morocco	C+	+1,641	0.048
Sudan	C+	+387	-
Benin	C	+139	0.412
Cameroon	C	+320	0.287
Chad	C	+116	0.344
Ethiopia	C	-	0.564
Gabon	C	+2,676	-
Guinea	C	-	0.506
Liberia	C	-355	0.485
Libya	C	-	-
Madagascar	C	-187	0.357
Malawi	C	+78	0.334
Niger	C	-282	0.642
Senegal	C	-4	0.439
Sierra Leone	C	+61	0.439
Somalia	C	-	0.514
Tanzania	C	-	0.332
Uganda	C	-	0.367

An immediate objection to this dataset is how such judgments were arrived at. Essentially, they are the result of gathered expert opinion at the time of publication. As discussed above, Temple argues the unique advantage of the dataset to be that it was formulated in the 1960s, before the resulting growth levels became apparent. History experts with us today could nevertheless be asked to verify these assessments and suggest revisions if primed sufficiently on how "outlook" is a strictly social and not economic factor. The main reason, however, why this would be precarious to attempt

[63] Ibid. GDP per capita figures obtained from World Bank, 2013. Multidimensional poverty index obtained from Oxford Poverty and Human Development Initiative, 2013.

is that many contemporary historians would reject at the outset any assumed spectrum of "backward—modern".[64] Indeed, here is where the most effective objection can be made, identifying in turn a fundamental contradiction at play that is of interest to all studies of social capital going forward. Within growth regressions, researchers seek to integrate social capital into a theory of economic efficiency or development and so beg the question on what development is.[65] Parallel to this, however, recent arguments grounded in social capital and Sen's capability approach are making increasingly explicit how *community-defined ends* are sociological features supportive of norms and network formation. Much of Sen's theoretical approach, for instance, consists in demonstrating the fallibility of utilitarian logic for economic theory.[66] His alternative is to lay stress on persons' self-defined goods, and this culminates in the work *Development as Freedom*.[67] Links have begun to be drawn between capabilities and social capital approaches,[68] and this is possible because social capital authors such as Putnam exhibit one key difference in their approach as compared to the cultural allusions of Tocqueville, Weber and Tawney: they leave the final point of progress undefined.[69] As Putnam makes clear in his definition:

> By "social capital," I mean features of social life—networks, norms, and trust—that enable participants to act together more effectively to pursue shared objectives. Whether or not their shared goals are praiseworthy is, of course, entirely another matter.[70]

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[64] This point is conceded to some extent by Temple, 1998, p. 324.
[65] Adelman and Morris see modernisation of outlook as conducive to industrialisation and the same focus on *development as industrialisation* is present in Collier, who explores whether Africa 'missed the boat' because globalisation forces are now working against the continent. Collier, P., *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It* (Oxford: Oxford University Press, 2008), p. 80.
[66] See, as examples, Sen, A., 'The Impossibility of a Paretian Liberal'. *Journal of Political Economy*, Vol. 78, No. 1 (1970), pp. 152-157; Sen, A., *Collective Choice and Social Welfare* (London: Oliver & Boyd, 1971); Sen, A., 'Choice, Orderings and Morality'. Ch 2 of Körner, S. (ed.), *Practical Reason* (Oxford: Basil Blackwell, 1974); and Sen, A., 'Equality of What?' *The Tanner Lecture on Human Values* (Stanford University, 22 May 1979).
[67] Sen, 1999. Hobson finds 'strong parallels' between Sen's capabilities approach and the Kikuyu concept of *wiathi*, used during the Mau Mau struggle to describe freedom through land. Hobson, F., 'Freedom as Moral Agency: Wiathi and Mau Mau in Colonial Kenya'. *Journal of Eastern African Studies*, Vol. 2, No. 3 (2008), pp. 456-470, p. 463. It should be noted, however, that Sen's view is less prescriptive: his is not to say what goods are worthwhile, only to say that community-based consensus on goods is important for the economist to aim for.
[68] Comim, F., 'Social Capital and the Capability Approach'. Ch 22 of Castiglione, D., Van Deth, J. W. & Wolleb, G. (eds.), *The Handbook of Social Capital* (Oxford: Oxford University Press, 2008).
[69] References are to Tocqueville, 1835; Weber, M., *The Protestant Ethic and the Spirit of Capitalism* (London: Unwin University Books, 1930 [1905]); and Tawney, R. H., *Religion and the Rise of Capitalism* (Middlesex: Penguin Books, 1926).
[70] Putnam, 1995, pp. 664-5.

Sen's agreement with this approach is clear in his attachment to an underlying Aristotelian philosophy, interested in life as an active pursuit of the good, for which knowledge of the good is a deliberative pursuit and not easy to prescribe or define.[71] The method and results of this thesis endorse and support such a research strategy. As in both our qualitative interviewing and quantitative assessment of levels of trust, we have emphasised throughout the need for research on social capital to remain open-ended to citizen understandings of trustworthy reputation and good conduct. The philosophical position of Sen rejects the modernistic framework of Adelman and Morris and opens debate on the interaction between community-defined goods and economic pursuits. Recent developments in the study of social capital, together with our findings, therefore demand African studies to "catch up" with the way other disciplines are finding room for citizen-level normative deliberation and network formation. The approach ditches both modernisation theories *and* the post-modern view of interpretations of the good as forms of power domination. It is not a call for rejecting economic growth as a dependent variable so much as deepening our understanding of the way in which community-level social norms and networks facilitate the pursuit of economic needs.

In this thesis we have provided one example by discussing the emergence of trusting-trustworthy relationships with added sensitivity to moral articulations and human agency. We have further been able to operationalise congruence in social discourse by looking at "common knowledge variables", seeing if citizens look at the same things in different ways and whether this explains failed attempts to coordinate. This has been useful for understanding motivations behind forming trusting-trustworthy relationships, and equally applies to looking at the macro effects of social capital, as Putnam argued. Perhaps because of the original choice of wording, social scientists often see social capital as a single factor of production which one has either more or less of, quantitatively.[72] However, if congruence in the articulation of trustworthiness is a necessary condition for decisions to trust, the moral, cultural or identity-based interpretations that result may be different in type and bearing different effects. For example, mutual agreement in a Protestant

[71] Sen, 1999, p. 73. For key areas of distinction between an Aristotelian, virtue-based approach and Kantian, rule-based ethics, see Hursthouse, R., *On Virtue Ethics* (Oxford: Oxford University Press, 2001).
[72] See, for example, Arrow, K. J., 'Observations on social capital'. Ch 1 of Dasgupta, P. & Serageldin, I. (eds.), *Social Capital: A Multifaceted Perspective* (Washington, D.C.: The World Bank, 2000).

work ethic, as described in Weber's seminal work,[73] is likely to have different macro implications in the long term compared with mutual agreement in Japanese feudal values, as described by Fukuyama.[74] At its broadest, this is an appeal to bringing culture back into explaining political, economic and social outcomes, and to imagine how final outcomes may involve consolidations of group character that lie outside a theory of coalescing modernisation. If, as Fukuyama affirms, culture is 'inherited ethical habit'[75] and if, as this study argues, congruence in norms and perceptions is instrumental for social coordination and trust, culture matters as a *permanent feature* of economic exchange, even according to the principles of neoclassical economics and rational choice theory. This is not a return to culturalism or primordialism as a linear determinant on society, but a view of culture as a communicative channel for ordering preference rankings and achieving the coordination necessary to overcome social dilemmas. As Fred-Mensah notes in an article published by the World Bank,

> In what way can African countries best redesign their philosophical and institutional environments in order to create workable means of social control? The question directs attention to the need for governments to imaginatively integrate the relevant aspects of their norms of trust with those of the people's indigenous ones as a means of dealing with the exigencies of the modern situations. The potentially innovative character of this proposal [of indigenous bases to social capital] lies in its promise of blending the structures and processes of the two systems of social control, which will bridge the perceived gaps between the philosophical underpinnings of the two systems.[76]

This is where politics begins and economics finishes: interpreting the social and cultural complexity of group action as a normative ordering of actors with otherwise diverse interests.[77]

How could such appreciation for the divergent macro effects of inherited ethical habits be better explored in Africa? Whereas Fukuyama considers the approach of merit to comparative study of country-level outcomes, in Africa it could also seek to explain regional differences within countries, helping capture heterogeneous developments in local political institutions and the greater prevalence in some places of corruption or neopatrimonialism when cacophonic social discourse

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[73] Weber, 1930.
[74] Fukuyama, F., *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995), p. 151. Note, however, that Fukuyama considers the United States and Japan to constitute similar cases of high-trust societies with similar macroeconomic implications.
[75] Ibid, p. 34 (emphasis omitted).
[76] Fred-Mensah, 2005, p. 3.
[77] Philp, for example, takes politics to be 'a process that plays a central role in the identification of such goals that simultaneously makes them concrete and normative for others.' Philp, M., *Political Conduct* (Cambridge, MA: Harvard University Press, 2007), p. 2.

confuses community-based moral articulations. For example, the move to devolved governance in Kenya in the wake of the 2010 constitution presents an unprecedented opportunity for examining how new institutions may be embraced differently by peoples of different social histories. Putnam began his work through study of almost the same phenomenon—a review of devolution across Italy and the divergent political performance that resulted.[78] In general, the centrifugal forces of contemporary Africa, caused by both inefficiencies in state welfare provision during the 20th century and a developmentalist agenda which sees participatory democracy as valuable in itself,[79] could be fruitfully explored in its institutional trajectory through reference to local associational habits and norms.[80] Van Acker attempts this very manoeuvre with discussion of socially organised property relations ("*kalinzi*") in the Kivus of the Democratic Republic of the Congo, and thus adds a domestic dimension to explaining the continued complexity of land allocation in the region.[81] Ostrom further promotes this agenda by deploring the frequent assumption that local collective action is not possible without formal, top-down institutions:

> We have misunderstood the rich network of mutual desires and benefits that common-property institutions have generated in much of the world. Recommendations to destroy these institutions are based on an assumption that the capacity to transfer ownership was the most important right in the bundle of rights potentially involved in the ownership of any resources. Recent studies of the evolution of indigenous land-right systems in Africa have challenged our analytical assumptions substantially. Investments in new institutions, as well as new infrastructures, need to be based on knowledge that takes into account the multiple incentives that are generated by institutions, as they interact with social norms and the physical world in any particular setting.[82]

Perhaps a stimulating counter-argument can be found against free trade by stating that, regardless of any indirect economic benefits to competitiveness, exposure to global cultural forces blurs the local formation of common concepts of trustworthiness and contract, in turn ruining the very

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[78] Putnam, R. D., *Making Democracy Work* (Princeton: Princeton University Press, 1993), with Robert Leonardi & Raffaella Nanetti.
[79] See, for example, Mwanzia, J. & Strathdee, R., *Participatory Development in Kenya* (Farnham: Ashgate Publishing, 2010); and Nel, E., Binns, T. & Motteux, N., 'Community-Based Development, Non-Governmental Organizations and Social Capital in Post-Apartheid South Africa'. *Geografiska Annaler, Series B, Human Geography*, Vol. 83, No. 1 (2001), pp. 3-13.
[80] Widner & Mundt, 1998, pp. 1-2.
[81] Van Acker, F., 'Of Clubs and Conflict: The Dissolvant Power of Social Capital in Kivu (D.R. Congo)' [*sic*]. Working paper, University of Antwerp, Antwerp (2000).
[82] Ostrom, E., 'Social capital: a fad or a fundamental concept?' Ch 9 of Dasgupta, P. & Serageldin, I. (eds.), *Social Capital: A Multifaceted Perspective* (Washington, D.C.: The World Bank, 2000), p. 201.

systems of trust that undergird capitalist development.[83] It seems subversive to write it, but it may be that the current World Bank focus on social capital will, in the future, lead to a direct confrontation with its own previous preference for free trade. There is growing criticism of development work that removes local habits and norms in the process of providing assistance, with Narayan and Pritchett suggesting that '[w]ith the present state of knowledge, "do no harm" is probably the best guide.'[84] Regardless of particular public policy implications, this trend is clearly indicative of an increasingly broad consensus on the value of the very types of local normative conceptions we have explored in this thesis.

Conclusion

Our study has honed in on economically constrained scenarios in urban areas, building evidence on how trust forms from an ethnographically sensitive starting-point and culminating in a large quantitative experiment. Running throughout this argument is an appreciation of the socially contextualised concepts and norms that give relevance to agency-based reputation and trustworthiness. Chapter three explored the ideas of political community in Kenya and Tanzania that frame citizen-level trusting decisions, maintaining how a more coherent substratum could be found in Tanzania for communication with the urban stranger. These conceptions of political community situate social dilemmas in the two countries, and give a sense of the different ways in which questions of trust are approached. In chapter four, direct confrontation was made with Arrow's problem of the fallibility of institutions[85] by concentrating on the social network at play in a specific example of Tanzania's informal sector. Here a concept of anchors of trust unpacked the ability of professionals to engage in relationship-formation through mutually perceived vulnerability

[83] As Ostrom reflects in reference to social capital's constitution, 'Common understanding is easily eroded if large numbers of people are concerned or if a large proportion of participants change rapidly—unless substantial efforts are devoted to transmission of the common understandings, monitoring behavior in conformance with common understandings, and sanctioning behavior not in conformance with the common understanding.' Ostrom, 2000, p. 179.
[84] Narayan & Pritchett, 1999, p. 891.
[85] Arrow, K. J., 'Gifts and Exchanges'. *Philosophy & Public Affairs*, Vol. 1, No. 4 (1972), pp. 343-362; and Arrow, K. J., *The Limits of Organization* (London: W. W. Norton, 1974).

and reputation building. Chapter five brought this to the specific question of public goods provision, a challenge frequently used by Ostrom to interpret the dynamics of cooperative behaviour.[86] Analysis of public goods scenarios also gave room for isolating ethnicity as a structural variable, exploring whether it could exogenously explain differences in trusting-trustworthy relationships in the two cities. Chapter six then concentrated on the common concepts at play in discourse over trustworthiness. Breaking with economic studies that examine the individual as either rational, rationally-bound or altruistic, the chapter's research design placed respondents in the position of advising peers, generating answers that triangulated the principal-agent dilemma by assuming some ability to engage in communicative discourse and shared meaning. In a laboratory environment familiar to Ostrom, the experiments of chapters seven and eight then took forward an understanding of agency appreciative of simultaneously self- and communally-defined goods. Our results were surprising: the contrasting ways in which Kenyan and Tanzanian participants played common knowledge games shed much light on the differences in levels of trust and trustworthiness between the two countries.

There is an urgent need for further research at the meso-level, interpreting the links between social capital, trust, culture and the social virtues. We need to re-evaluate our understanding of social norms, asking exactly what common concepts hold persuasion in economically constrained scenarios and the extent to which these concepts, though often accumulated in the pursuit of specific goals, act as normative underpinnings to economic exchange. This is the realm for a new aretology which explores the relevance of social virtues for cooperative performance, interprets their breadths of applicability and negotiates their differences between cultures. This is not an argument against rational choice theories of individual behaviour but an argument that incorporates their appreciation for economically constrained, scarce resource environments into a broader and more holistic account of social life. The concept of social capital was born in an age frustrated with the impersonality of the industrial revolution; it will find its peak in the age of the network.

[86] Ostrom, E., *Understanding Institutional Diversity* (Princeton: Princeton University Press, 2005).

Appendix 1

Interviewees of chapter four:

	First name	Age	Ethnicity	Town or village of origin	Year came to Mwanza	Year started selling bags	Lives with family?	Has parents?
1	Chema	22	Kurya	Tarime	2008	2008	No	Yes
2	Michael	19	Sukuma	Mara region	2009	2009	Brother only	Mother only
3	Nashon	24	Kurya	Mwanza	N/a	2009	Yes	Yes
4	Dole	20 or 21	Kurya	Sirake	1994	2004	Brother only	Yes
5	Hamisi	18	Haya	Kigoma	2006	-	Aunt and two sisters	No
6	Hassani	13	Guruni	Mwanza	N/a	2009	Mother only	Mother only
7	Alex	14	Kurya	Mwanza	N/a	2002	Siblings only	Father only
8	Isaac	13	Mua	Kigoma		2009	Yes	Yes
9	(name withheld)	16	Kurya	Tarime	2008	2008	No	Yes
10	Juma	17	Kurya	Mwanza	N/a	2006	Yes	Yes
11	Kurwa	18	Sukuma/ Kurya	Mwanza	N/a	2009	Brother only	Yes
12	Benedicto	30	Rwandese	Mwanza	N/a	2010	No	Mother only
13	Dayson	15	Haya	Bukoba	2001	-	Yes	Yes
14	Musa	14	Kurya	Mwanza	N/a	-	Yes	Yes
15	Willi	18	Kurya	Musoma	2005	2008	Mother and siblings only	Yes
16	Lameek	18	Kurya	Mwanza	N/a	2008	Mother and siblings only	Mother only
17	Jose	14	Sukuma	Mwanza	N/a	2006	-	Yes
18	Steven	14	-	Musoma	2009	-	No	No
19	Joanes	17	Haya	Mwanza	N/a	2006	Mother and siblings only	Yes
20	Sabato	18	Jita	Mwanza	N/a	2004	Siblings only	Mother only

Appendix 2

Interviewees cited in chapter five:

Interview 2, three women, vegetable sellers. Kibuye market, Kisumu, 09/07/09.
Interview 3, Young male, second-hand clothes seller. Kibuye market, Kisumu, 09/07/09.
Interview 4, Brenda, young lady, cafe owner. Kibuye market, Kisumu, 09/07/09.
Interview 5, elderly man, clothes and materials seller. Kibuye market, Kisumu, 09/07/09.
Interview 6, Alphonse, male, clothes and belts seller. Kibuye market, Kisumu, 10/07/09.
Interview 7, Phillip, male, tailor. Kibuye market, Kisumu, 10/07/09.
Interview 8, Young male, general store owner. Kibuye market, Kisumu, 10/07/09.
Interview 9, female, beans wholesaler. Kibuye market, Kisumu, 15/07/09.
Interview 10, male, egg seller. Jubilee market, Kisumu, 15/07/09.
Interview 11, female, beans seller. Jubilee market, Kisumu, 15/07/09.
Interview 12, Sarah, female, tailor. Oile market, Kisumu, 15/07/09.
Interview 13, Walter Ogana, elderly man, vegetable seller. Jubilee market, Kisumu, 15/07/09.
Interview 14, Robert, male, carpenter. Kibuye market, Kisumu, 15/07/09.
Interview 15, female, potato seller. Park outside Jubilee and Oile markets, Kisumu, 16/07/09.
Interview 16, female, fish seller. Park outside Jubilee and Oile markets, Kisumu, 16/07/09.
Interview 17, Luyha, female, cafe owner. Jubilee market, 16/07/09.
Interview 19, female, tomato seller. Park out Jubilee and Oile markets, Kisumu, 17/07/09.
Interview 20, Pastor Fred, male, second-hand clothes seller. Park outside Jubilee and Oile markets, Kisumu, 17/07/09.
Interview 22, female, dagaa seller. Kibuye market, Kisumu, 18/07/09.
Interview 23, Eunis, female, blanket seller. Kibuye market, Kisumu, 18/07/09.
Interview 24, female, powdered foods seller. Kibuye market, Kisumu, 18/07/09.
Interview 28, Alex, male, corn and powdered foods seller. Soko Kuu, Mwanza, 22/07/09. Interview 29, Margaret, female, plantain seller. Soko Kuu, Mwanza, 22/07/09.
Interview 38, Male, dagaa seller. Soko Kuu, Mwanza, 24/07/09.
Interview 30, female, dagaa seller. Soko Kuu, Mwanza, 22/07/09.
Interview 32, Male, onion seller. Soko Kuu, Mwanza, 22/07/09. A second interview was also conducted on 27/07/09.
Interview 33, female, tailor. Soko Kuu, Mwanza, 23/07/09.
Interview 34, Male, shoe seller. Mlango Mmoja, Mwanza, 23/07/09.
Interview 35, Jeffrey, male, clothes seller. Mlango Mmoja, Mwanza, 23/07/09.
Interview 36, Anna, female, baby clothes seller. Mlango Mmoja, Mwanza, 23/07/09.
Interview 38, Male, dagaa seller. Soko Kuu, Mwanza, 24/07/09.
Interview 39, female, dagaa seller. Soko Kuu, Mwanza, 27/07/09.
Interview 40, female, tomato seller. Soko Kuu, Mwanza, 27/07/09.
Interview 42, female, cereals seller. Soko Kuu, Mwanza, 29/07/09.
Interview 44, Emmanuel, young male, helper to a plantain seller. Soko Kuu, Mwanza, 30/07/09.
Interview 45, Male, butcher. Soko Kuu, Mwanza, 30/07/09.
Interview 46, Mohammed, male, onion seller. Mkuyuni, Mwanza, 01/08/09.
Interview 47, Mohammed, male, maize wholesaler. Mkuyuni, Mwanza, 01/08/09.
Interview 48, female, tomato seller. Mkuyuni, Mwanza, 01/08/09.
Interview 49, Aaron, male, maize seller. Mkuyuni, Mwanza, 01/08/09.

Appendix 3

Interviewees of chapter six:

Interview 1, Owner, business name withheld. Nairobi, 03/03/11.
Interview 2, Businessman, GNLD. Nairobi 07/04/11.
Interview 3, Director, Midway Tours and Travel; Geranium Business Solutions. Nairobi, 15/04/11.
Interview 4, Team Leader, Genesil Autobrake & Accessories. Nairobi, 18/04/11.
Interview 5, Director, Edgeware Insurance Agency. Nairobi, 19/04/11.
Interview 6, Chairman, Africa Reit; Ardhi Project. Nairobi, 19/04/11.
Interview 7, Managing Director, Akili Africa. Nairobi, 19/05/11.
Interview 8, Managing Director, Debonair Travel. Nairobi, 02/06/11.
Interview 9, Director, business name withheld. Nairobi, 11/06/11.
Interview 10, Director, Gold and Beyond. Nairobi, 16/06/11.
Interview 11, Director, business name withheld. Nairobi, 18/06/11.
Interview 12, Manager, business name withheld. Nairobi, 24/06/11.
Interview 13, Director, Cake World. Nairobi, 25/07/11.
Interview 14, Director, Softlink Options. Nairobi, 25/07/11.
Interview 15, Entrepreneur, Adept Technologies. Nairobi, 26/07/11.
Interview 16, Director, Ticket Masters Kenya. Nairobi, 05/08/11.
Interview 17, Team Leader, Beauty Plus Trading. Nairobi, 05/08/11.
Interview 18, Director, Unclaimed Property Assets Register. Nairobi, 20/08/11.
Interview 19, Director, Anoland Global Networks. Nairobi, 12/09/11.
Interview 20, Director, Yes We Can. Nairobi, 12/09/11.
Interview 21, Owner, West Communication & General Supply. Dar es Salaam, 10/12/11.
Interview 22, Director, Nipo Construction Company. Dar es Salaam, 10/12/11.
Interview 23, Director, Marketing Partner. Dar es Salaam, 12/12/11.
Interview 24, Director, New Generation Farmers. Dar es Salaam, 13/12/11.
Interview 25, Director, Namaingo Complex. Dar es Salaam, 14/12/11.
Interview 26, Director, Calmax Traders. Dar es Salaam, 14/12/11.
Interview 27, Director, Nima Business Solutions. Dar es Salaam, 15/12/11.
Interview 28, Entrepreneur, Lujasa. Dar es Salaam, 15/12/11.
Interview 29, Two Owners, Gohereri English Medium Nursery and Daycare Centre. Dar es Salaam, 12/01/12.
Interview 30, Managing Director, J & L Handcraft. Dar es Salaam, 13/01/12.
Interview 31, Event Manager, Tanzania Conference Services. Dar es Salaam, 16/01/12.
Interview 32, Owner, Uplands Centre. Dar es Salaam, 17/01/12.
Interview 33, Managing Director, Affinity PR. Dar es Salaam, 19/01/12.
Interview 34, Senior Consultant, Business Information Development Centre. Dar es Salaam, 19/01/12.
Interview 35, Managing Director, Fame Consolidated Services; Fame Cleaning Solutions. Dar es Salaam, 25/01/12.
Interview 36, Director, Eventlites; Vuvuzela Entertainment. Dar es Salaam, 30/01/12.
Interview 37, Director, Nalebi Fashion House. Dar es Salaam, 01/02/12.
Interview 38, Director, Fursa. Dar es Salaam, 01/02/12.
Interview 39, Owner, Mwananchi Fast Food. Dar es Salaam, 01/02/12.
Interview 40, Owner, Kishenga Enterprises. Dar es Salaam, 03/02/12.

Appendix 4

English Instructions for the Trust Game

{*Instructions for Nairobi room A participants; changes were made where appropriate for other participants.*}

INSTRUCTIONS FOR ROOM A

Welcome! You have been asked to participate in an economics experiment. These instructions are being read out and you have been given a copy which you will keep throughout the session. We will not answer questions during this experiment. If you have any questions, you should read back through these instructions. Now that we have begun, we ask that you do not talk at all until we are finished.

In this experiment each of you are paired with a different person who is in another room. This person has also volunteered for the experiment. You will not be told who this person is either during or after the experiment, and they will not be told who you are. This room we are in is room A. The other participants are in room B. Because you are in room A, you are called player A. Those in room B are each called player B.

The person who is reading this out is the monitor for this room. He will be giving out and collecting sheets during the game. In addition, the monitor will check that these instructions have been followed. Each person in room A and each person in room B has been given 300 shillings for coming. There is extra money that can be won, depending on how one plays the game.

How the game works:

Everyone in room A is paired anonymously with someone in room B. Persons in room A receive an extra 100 shillings. They then decide how much they would like to send to their pair in room B. The amount of shillings player A sends to their pair in room B will be tripled. For example, if player A writes down that he or she wants to send 20 shillings, player B will receive 60 shillings. If player A writes down 90 shillings, player B will receive 270 shillings. After the money has been sent, player B then writes down how much of the tripled money he or she wants to send back to player A.

The monitors record how much is being received by each person, and everyone will receive their total amount in cash at the end.

This game will be played twice and both times it will start with player A receiving 100 shillings. The person that you are paired with in the other room will be the same for the two rounds of the game. Since your decisions in this game are private we ask that you do not tell anyone your decisions either during or after the experiment.

{*Additional paragraph submitted for the second type of game, introducing common knowledge of ethnicity.*}

Just before we start the game, there is one piece of information you will share with your pair. This information will not be linked to you personally. This information is whether you are of the same ethnicity or not.

{*Additional paragraph submitted for the third type of game, introducing common knowledge of integrity.*}

Just before we start the game, there is one piece of information you will share with your pair. This information will not be linked to you personally. You will inform your partner about whether you are a person ready to lie in this game or not. They too will inform you whether they are ready to lie in this game or not. Whoever says they are ready to lie in this game will receive an extra 100 shillings.

Appendix *5*

Kiswahili Instructions for the Trust Game

{*Instructions for Nairobi room A participants; changes were made where appropriate for other participants.*}

MAAGIZO KWA CHUMBA A

Karibu sana! Umeulizwa kushiriki kwenye jaribio la kiuchumi. Maagizo haya yanasomwa na pia umepokea nakala moja ambayo utatumia katika hiki kikao. Hatutajibu maswali wakati wa jaribio hili. Kama una swali lolote, unahitaji kusoma maagizo haya tena. Kwa sababu tumeanza, tunakuomba kwamba usiongee hadi tumalize.

Katika jaribio hili, kila mtu hapa amewekwa ashirikiane na mtu mwingine aliye kwenye chumba kingine. Mtu huyu amejitolea kwa jaribio hili pia. Hutaambiwa mtu huyu mwingine ni nani tunapoendelea ama tunapomaliza, naye pia hataambiwa wewe ni nani. Chumba hiki tulichoko ni chumba A. Washiriki hao wengine wako chumba B. Kwa sababu umo chumba A, unaitwa mshiriki A. Kila aliye chumba B anaitwa mshiriki B.

Mtu ambaye anasoma maagizo haya ndiye msimamizi wa chumba hiki. Atakupa na atachukua karatasi tunapoendelea na mchezo. Pia, msimamizi atacheki maagizo haya yamefuatwa vizuri. Kila mtu katika chumba A na kila mtu katika chumba B amepokea shillingi 300 kwa kuja. Kuna pesa za ziada ambazo unaweza kupata, inategemea mchezo unacheza vipi.

Mchezo unachezwa vipi:

Kila aliye chumba A amewekwa ashirikiane na mtu mwingine asiyemjua katika chumba B. Kila mmoja katika chumba A anapokea shillingi 100 zaidi. Halafu, anachagua anataka kutuma pesa ngapi kwa mshiriki B anayeshirikiana naye. Idadi ya pesa mshiriki A anatuma kwa B zitafanywa mara tatu zaidi. Kwa mfano, kama mshiriki A anaandika kwamba anataka kutuma shillingi 20, mshiriki B atapokea shillingi 60. Kama mshiriki A ataandika shillingi 90, mshiriki B atapokea shillingi 270. Baada ya pesa kufanywa mara tatu, zinatumwa kwa mshiriki B ambaye ataandika ni pesa ngapi kati ya hizi anataka kurudisha kwa mshiriki A.

Wasimamizi wataandika ni pesa ngapi zinapokewa na kila mtu, na watu wote watapokea idadi yote ya pesa tunapomaliza.

Mchezo huu utachezwa mara mbili. Kila mara, mchezo utaanza na mshiriki A akipokea shillingi 100. Mtu wako wa chumba kingine hatabadilishwa kwa hiyo mara mbili ya mchezo. Kwa sababu maamuzi yako kwenye mchezo ni ya kibinafsi, tunakuuliza kwamba usimwambie mtu mwingine yeyote maamuzi yako tunapoendelea ama tutakapomaliza jaribio hili.

{*Additional paragraph submitted for the second type of game, introducing common knowledge of ethnicity.*}

Kabla ya tuanze, kuna ujumbe ambao mtabalidishana na mnaye husiana naye aliye chumba B. Ujumbe huu hautatumiwa kukutambulisha wewe ni nani. Mtajulishana kama mnaye shirikiana naye ni wa kabila lako au la.

{*Additional paragraph submitted for the third type of game, introducing common knowledge of integrity.*}

Kabla ya tuanze, kuna ujumbe ambao mtabalidishana na mnaye husiana naye aliye chumba B. Ujumbe huu hautatumiwa kukutambulisha wewe ni nani. Utamweleza kama uko tayari kudanganya kwenye huu mchezo au la. Naye atakueleza pia kama yuko tayari kudanganya kwenye mchezo huu au la. Atakayesema ako tayari kudanganya kwenye huu mchezo atapata shilingi 100 ya ziada.

Appendix 6

English Personal Information Questionnaire

Dear participant,

Thank you very much for coming and taking part in this economics game. The objective of this research was to understand decision making. We hope you found it interesting. Please fill in the information form below. There are also a few questions at the end. This information will not be given to anyone else.

Personal Information	
Ticket number	
Gender (M/F)	
Occupation	
Nationality	
Where were you born?	
Where were your parents born?	
Ethnicity/tribe	
What languages can you speak?	
Age	
Did you enjoy playing the game?	
Why did you choose to send the amounts of money that you did?	
In your opinion, does this game have any similarities with real life?	

Appendix 7

Kiswahili Personal Information Questionnaire

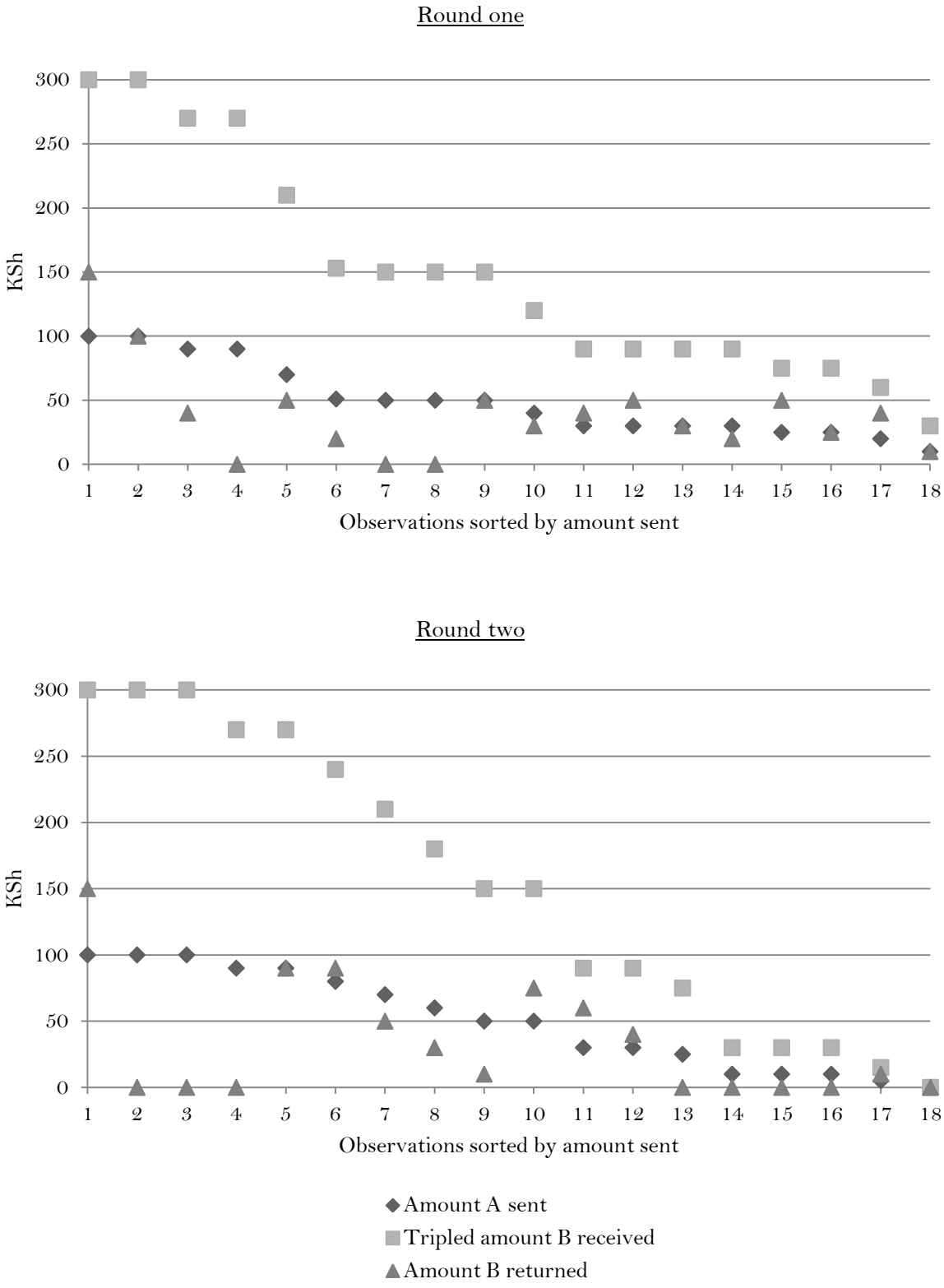
Mpendwa mshiriki,

Ahsante sana kwa kuja na kushiriki kwenye jaribio hili la uchumi. Tumefanya utafiti huu ili kuelewa watu wanavyofanya uamuzi. Tunarajia uliufurahia. Tafadhali jaza fomu hii. Pia, kuna maswali machache hapo mwisho. Taarifa hii haitapewa watu wengine.

Taarifa	
Numba ya tiketi	
Jinsia (mume au mke)	
Kazi	
Nchi	
Ulizaliwa wapi?	
Wazazi wako walizaliwa wapi?	
Kabila	
Unaweza kuongea lugha gani?	
Umri	
Ulifurahia mchezo huu?	
Ulichagua kutuma idadi ya pesa uliyotuma kwa nini?	
Kwa maoni yako, mchezo huu una uhusiano wowote na maisha halisi?	

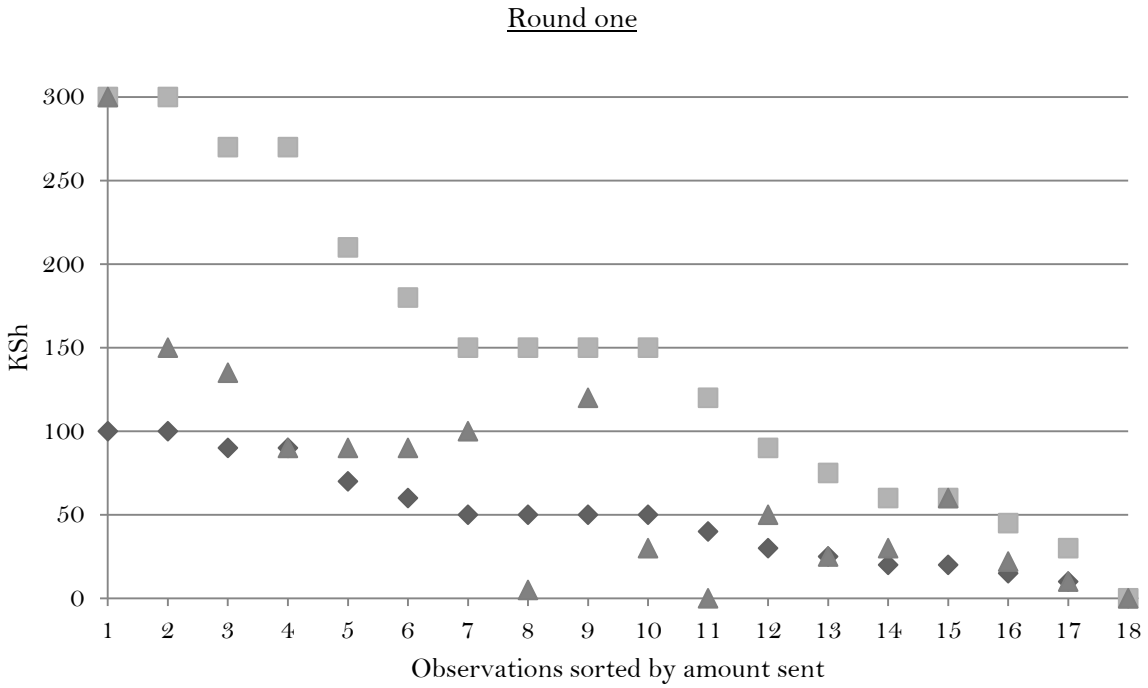
Appendix 8

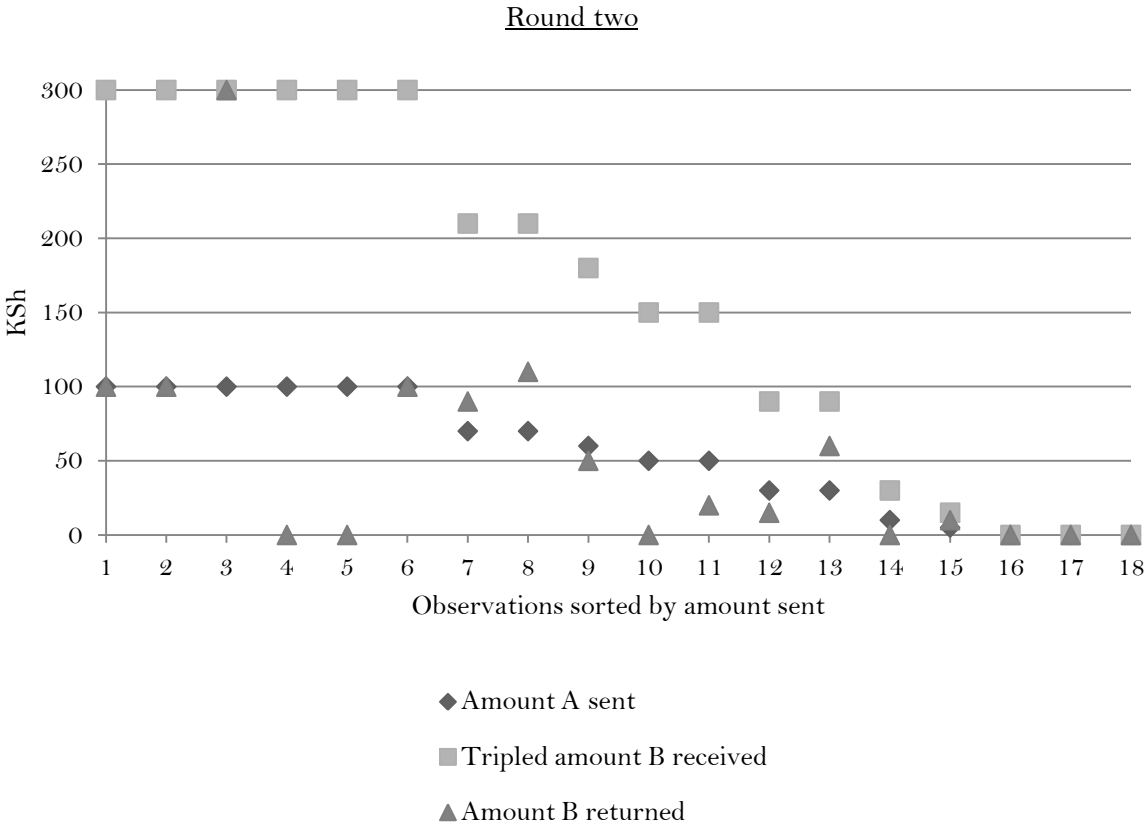
Results of the ethnic trust game: Common knowledge of coethnicity in Nairobi



Appendix 9

Results of the ethnic trust game: Common knowledge of noncoethnicity in Nairobi

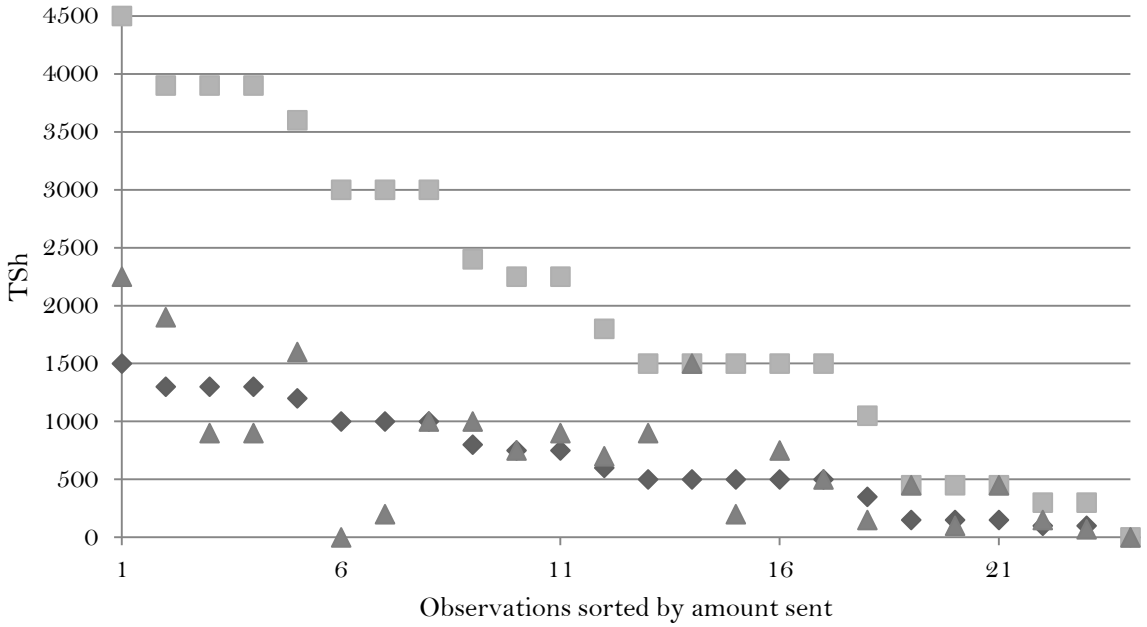




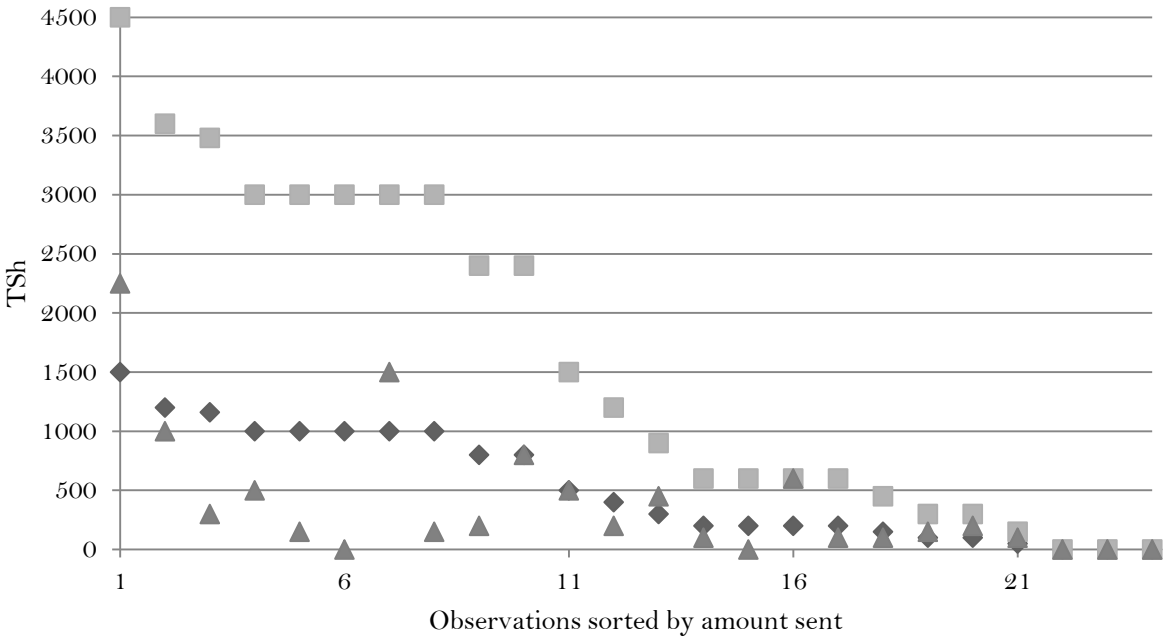
Appendix 10

Results of the ethnic trust game: Common knowledge of coethnicity in Dar es Salaam

Round one

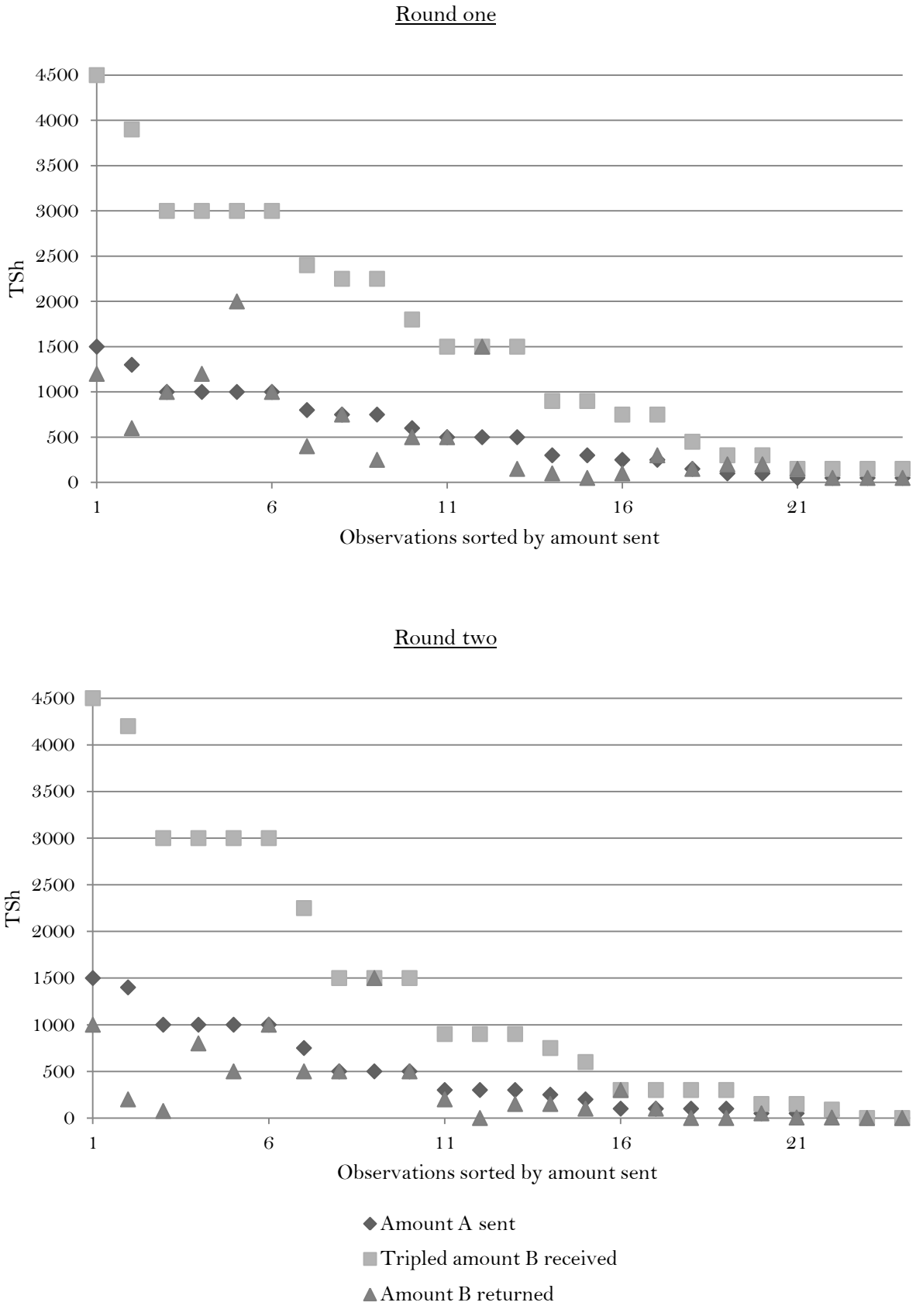


Round two



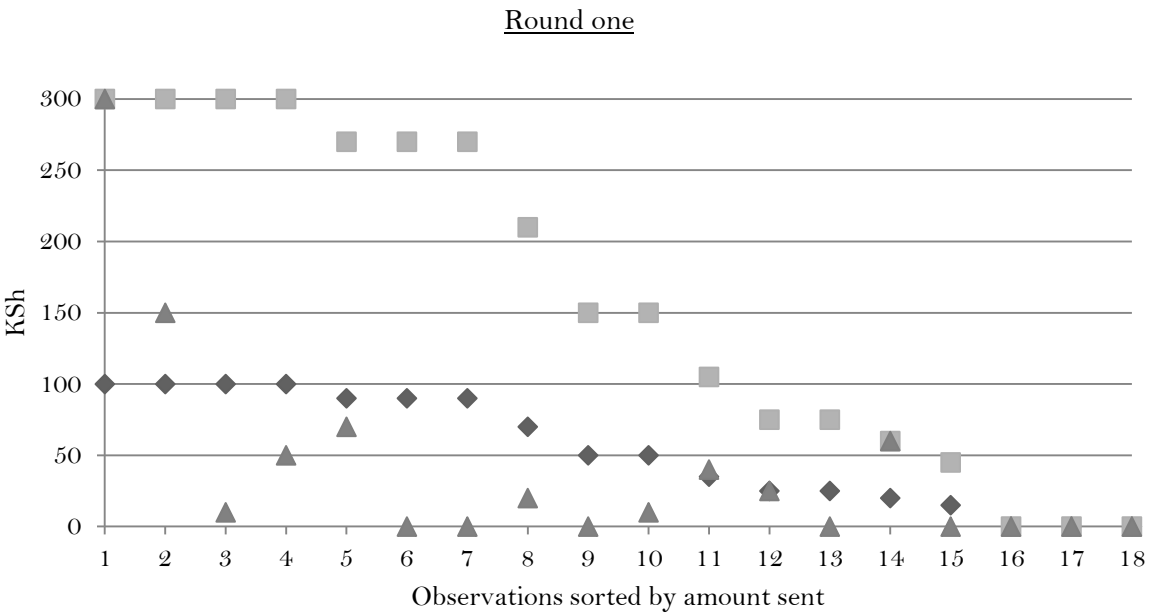
Appendix 11

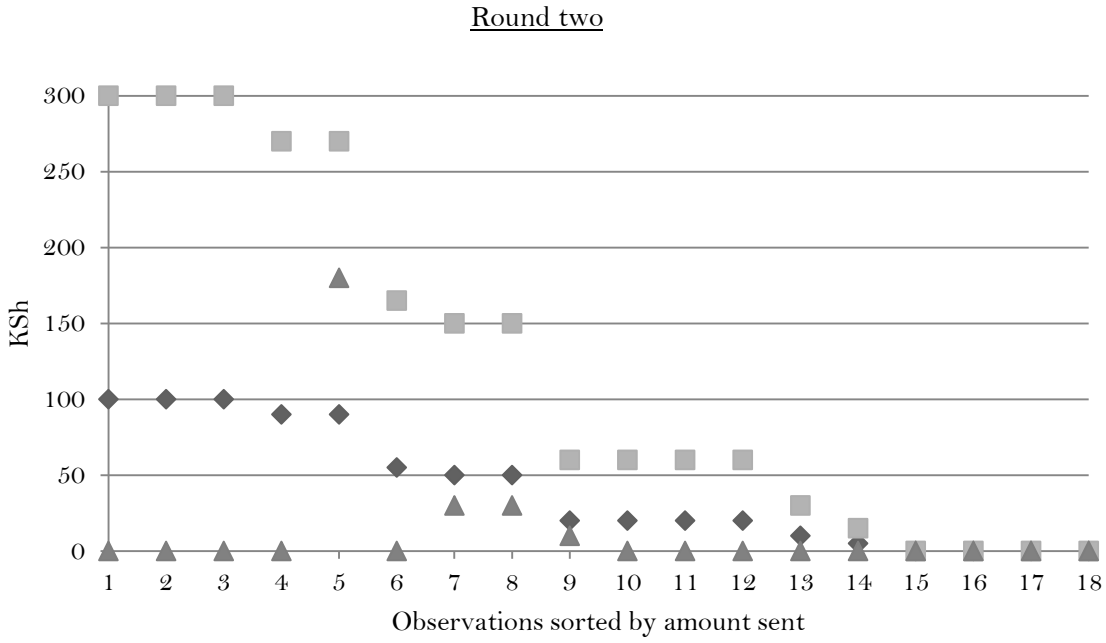
Results of the ethnic trust game: Common knowledge of noncoethnicity in Dar es Salaam

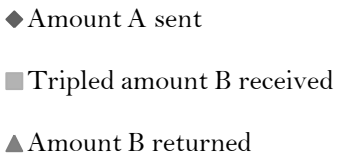


Appendix 12

Results of the integrity trust game: Common knowledge of honesty in Nairobi

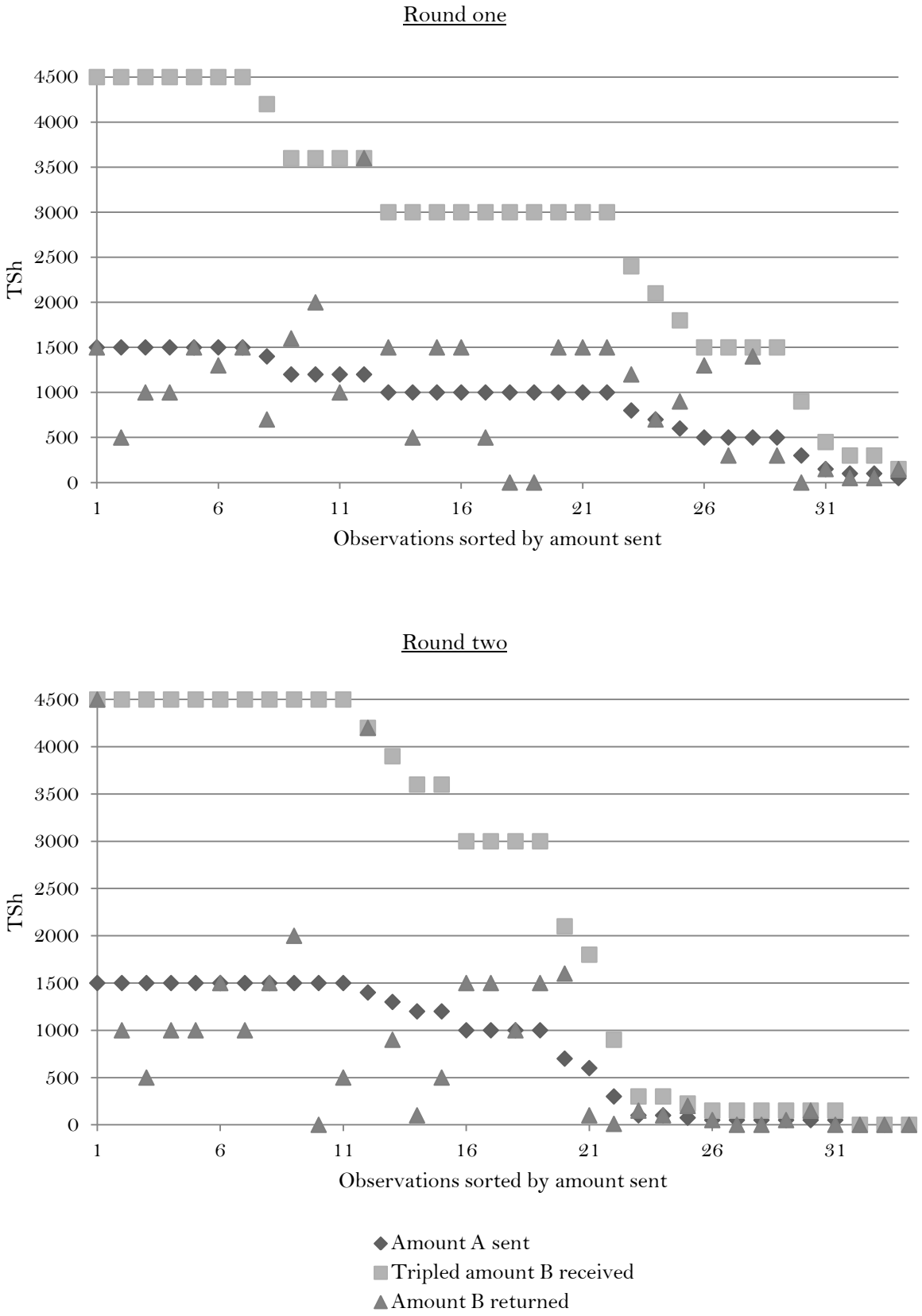






Appendix 13

Results of the integrity trust game: Common knowledge of honesty in Dar es Salaam



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