

"Earning among Friends": Business Practices and Creed among Petty Traders in Tanzania

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Abstract: This paper analyzes how petty street traders called *Machinga* have created unique credit transactions in response to the political and socio-economical transformation after the economic liberalization of Tanzania. The credit transaction described in this paper is called *Mali Kauli* and is conducted by middlemen and micro-scale retailers. In this paper, I will discuss how newly created urban social relationships and knowledge of urban life, both function to sustain this unstable credit transaction, which balances social norms with economic profit. In conclusion, I will insist that the norms of reciprocity are not incongruous with economic rationality. The flexible "moral economy" does not require a rigid community or set of conventional norms. It can take effect in fellowships in which people trick each other, yet at the same time build mutual trust. The *Mali Kauli* transaction is a creative practice of the *Machinga*.

Introduction

The economic liberalization of Tanzania since the mid-1980s has brought a rapid influx of imports to Tanzania. These imports, including second-hand clothes, have opened new economic opportunities for the urban poor and vitalized the small-scale commercial sector. *Machinga* are the street traders and hawkers selling these imported goods. The term *Machinga* is derived from the two English words: 'marching' and 'guys'.¹ The numbers of *Machinga* are increasing at a rapid rate. For example, Ngware estimated their number in Dar es Salaam at 85,000 in 1995.² Although no official figures are available for the present, one can assume that this number has increased several fold in the past ten years.

The purpose of this study is to examine the social networks and the historical change of the business practices of *Machinga* by analyzing a unique transaction called *Mali Kauli* in the trade of second hand clothes in Mwanza city. The *Mali Kauli* transaction is a unique credit transaction conducted by middlemen and micro-scale retailers. Although *Mali Kauli* is profitable to both kinds of merchants, its sustainability does not rest on economic benefit alone. While middlemen do enjoy economic dominance, playing the role of patrons, they build horizontal personal relationships with retailers that do not necessarily correspond to the principles of neo-classical economics.

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<http://www.africa.ufl.edu/asq/v9/v9i1-2a3.pdf>

Economic anthropologists and political scientists have investigated these personal economic relationships embedded in society, using concepts such as the "economy of affection" or "moral economy".³ The majority of pioneering work referring to this type of economy has focused on peasant societies. They have emphasized the existence of "the norm of reciprocity" and "the right to subsistence" in such societies.

Previous urban studies in Africa have pointed to the existence of "economy of affection" or "moral economy" in the informal sector.⁴ Several authors argue that entrepreneurs in the urban informal sector are caught between supporting their rural relatives while at the same time trying to make ends meet in the city. Many promising informal sector entrepreneurs cannot achieve effective capital investment and expansion of their business as they find it very hard to reject requests for assistance.⁵ So not surprisingly, some studies have argued that to be successful, entrepreneurs in the informal sector should abandon their "affection" to their rural brethren or others making claims on their resources and instead create modern business relationships.⁶

Studies of moral economy call into question the validity of development as a linear process from tradition to modernity. Ueda insists on the need to study how reciprocal norms are maintained by the social logic of a moral economy, and how individual entrepreneurs manipulate both the social logic and personal needs as the situation demands.⁷ In this paper, I will explore Ueda's points through an examination of *Mali Kauli* transactions.

In the current globalizing situation in which movements of people, things, and information accelerate, a dichotomic model of global and local economies no longer makes sense. The critical edge of anthropology, emanating from anti-essentialism, has corroded the very theoretical premises of moral economy: the analytic concepts of culture, customs, norms, and community as their functional totality, all gave way to views that these are mere political, social and ideological constructs associated with various forms of power. If local cultures and traditions are mere constructs with no original substance, and if community boundaries are too fluid and ambiguous to serve analytical purposes, then do such views contradict the sheer existence of a moral economy? If we reject morality thinking, that is, a discussion about what is and isn't good in the way people treat one another, then we deny ourselves any grounds from which we can criticize preexisting, unequal sociopolitical arrangements.⁸

This paper aims to present a more flexible version of moral economy, which manifests in traders' attempts to sustain human ties amidst the irreversible deluge of global capitalism - a moral economy which allows us to appreciate the diverse moral sentiments underpinning a rich array of practices, without reducing them within simplifying dichotomies of selfishness and altruism, economic rationality and social norms.

The data for this paper were collected from my research in Mwanza city, the second largest city in Tanzania with about 620,000 people situated at the southern tip of Lake Victoria.⁹ I conducted my first research phase using participant observation for about 10 months from September 2001 to June 2002. As a second phase for nine months between November 2003 and July 2004, I have conducted interviews with 300 merchants on their life history and the changes in their business practices since the 1970s.

THE MALI KAULI TRANSACTION

The Trade of Second-hand Clothes in Mwanza City

The merchants who participate in the trade of second-hand clothes in Mwanza can be categorized into three groups: wholesalers, middlemen, and retailers. The second-hand clothes are being brought in by wholesale traders. The *Mali Kauli* transaction, on which I focus in this paper, is conducted between middlemen and retailers.

First, I define these merchants and describe their economic activities. Wholesalers are defined as those who import the bales from international recycling agencies and sell them to middlemen. Second-hand clothes are gathered from general households by charity organizations and volunteer associations and are then transferred to recycling agencies. These agencies classify the second-hand clothes by items such as shirts, jackets, dresses and so on, and wrap each kind in vinyl sheeting and iron bands.¹⁰ The blocks of clothes wrapped with vinyl sheeting are called bales. One bale includes 200-1,000 pieces depending on the kind of clothes. Wholesalers sell them to middlemen in their shops.

Middlemen are defined as those who purchase bales from wholesalers and sell them item by item to retailers. In Mwanza, there is *Mlango Mmoja*, a permanent market, where 350 stalls of second-hand clothes are established. Most middlemen open the bales in this market. Retailers are defined as those who purchase the second-hand clothes from middlemen and sell them to consumers. Retailers can be sub-classified into stall-keepers, small-street traders, hawkers, and rural market traders.

In Mwanza there are 18 wholesaler shops. The managers and the employees of these shops are estimated to be about 30 persons. The estimates for middlemen and retailers are: 200 and 4,000, respectively. Most wholesalers are Indian and Pakistani traders, while middlemen and retailers are predominantly African. Wholesalers need capital of at least US\$20,000 to import bales, manage the shops and obtain business license. Middlemen purchase an average of 7 bales, twice a week, with an average capital of US\$1,000. The smallest middlemen, however, need only US\$50 to buy one bale per week. The capital of retailers is usually very small, and most of them do not need any capital because they buy second-hand clothes from middlemen on credit.

The biggest gap is between wholesalers and retailers. This is evident both in terms of ethnic identity and access to capital. No middleman has managed to become a wholesaler while many retailers have become middlemen. This gap between wholesalers and others corresponds to local perceptions of urban dwellers. While wholesalers are called *Wauzaji wa Jumla*, both middlemen and retailers are called *Machinga* by urban dwellers. Among the merchants, retailers refer to a middleman as *Mtajiri* (a rich person or employer) in the Swahili language, and middlemen refer to retailers as *Machinga*. However, middlemen recognize that they, like retailers, are called *Machinga* by urban dwellers. This builds a sense of fellowships among middlemen and retailers. As mentioned in the final chapter, the *Mali Kauli* transaction is underpinned by urban fellowships.

Types of *Mali Kauli* Transaction

There are two types of transactions between middlemen and retailers, namely cash transaction and *Mali Kauli*, which is a kind of credit transaction. About 80% of thirty three middlemen interviewed in my research conducted *Mali Kauli* transaction in 2001-2002. According to my research, *Mali Kauli* can be regarded as the dominant transaction between middlemen and retailers.

The meaning of *Mali Kauli* is selling the commodities (*Mali*) on credit through a verbal promise (*Kauli*). Let us briefly look at the characteristic of this type of transaction. In *Mali Kauli* a middleman typically deals with an average of twenty retailers. He sells clothes to retailers on credit without any collateral, and allows them to return the unsold clothes and renegotiate the "basic price," which is the purchase price of each item for retailers.

The *Mali Kauli* transaction is accomplished as follows: Most middlemen purchase an average of seven bales from wholesalers twice a week. On the morning of the first day, a middleman opens his bales and classifies the second-hand clothes into three grades: A, B, and C, according to the quality and fashion of each item. Grade C is not sold on the first day but saved until the third day. After the middleman finishes the classification, retailers inform the middleman of their choice on how much of each grade is available. Then the middleman determines the "choosing turn" of the retailers requesting the same grade. Retailers choose their clothes according to their "choosing turn." For example, the first retailer of grade A choose fifty clothes, then the second retailer of grade A choose thirty clothes, and then the third retailer follows him, followed by the fourth, and so on. Finally, the middleman and each retailer negotiate the "basic price" per item.

During the daytime of the first day, the retailers start selling their clothes. They try to gain their profit by selling each item above the "basic price." On the evening of the first day, the retailers come back and pay the middleman for the number of clothes sold during the day. At this time, retailers can return unsold clothes or renegotiate the "basic price," which the middleman usually reduces. This process is repeated on the second and third day.

In short, a bale of second-hand clothes is sold according to the following cycle: Most middlemen purchase the bales on Mondays and Thursdays. From Monday to Wednesday, middlemen mobilize all retailers of grade A and B to sell as many clothes as possible by decreasing the basic price of each item. Usually, middlemen can obtain enough profit to purchase new bales on Thursday. On Wednesday middlemen mix the unsold items of grade A and B with clothes of grade C, which were set aside on Monday. All the unsold clothes become grade C on Wednesday.

As middlemen have already covered the cost of purchasing bales by the sale of grade A and B, grade C becomes their net profit. On Thursday, grade C are sent to some rural markets. The rural market traders go into the business with the goal of selling everything. They will sell every grade C by auction sale to the rural small-scale traders.

An important point of this *Mali Kauli* transaction is that the middlemen give the monetary assistance to retailers who are unable to raise enough profit on any particular day. Retailers observed in my research often made plenty of excuses in order to demand middlemen for monetary assistances and indefinite debts from middlemen. These occur at the end of each day

when retailers pay middlemen the purchase costs of clothes sold during that day. Fig.1 shows the income of a retailer per day. This retailer needed at least Tsh.1,580 (US\$1.50) per day for eating three times and paying city bus fares.¹¹ If this figure represents the minimum cost of living, this trader made no profit from his retail business on twenty six days out of eighty five days. Out of twenty six days, however, this trader successfully received financial support from the middleman on nineteen days. Furthermore, he elicited indefinite debts from the middleman on the remaining seven days. In this way, the trader could sustain a minimum standard of living during the whole period. When this same retailer was able to sell many clothes, he successfully pressured the middlemen into giving him rewards, which occurred on ten occasions during the eighty five days. All of the middlemen interviewed in my research tried to respond to such requests for monetary assistance and reward. This financial support from middlemen is indispensable for retailers to make a living in the city.

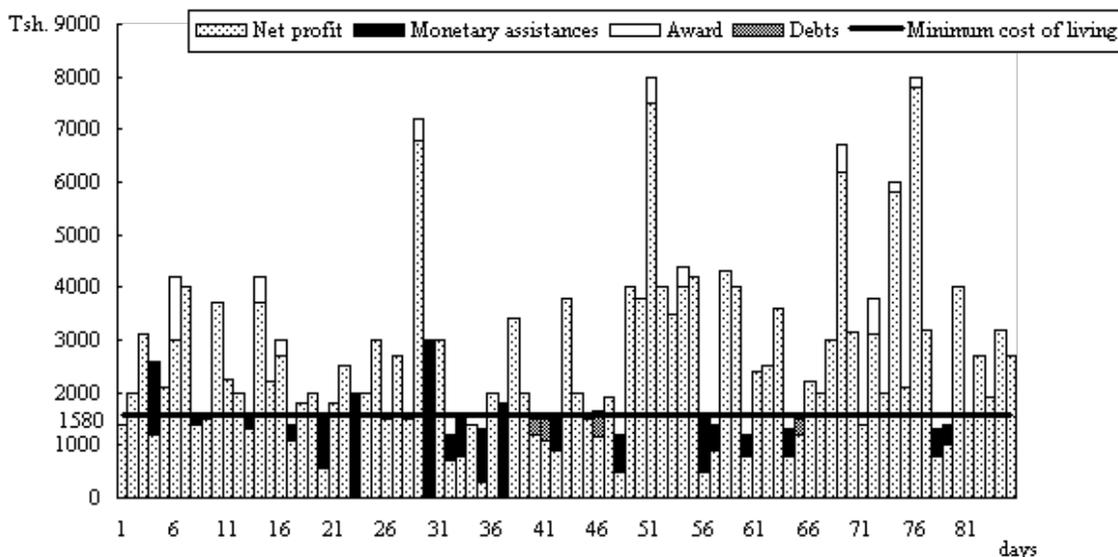


Fig.1. Income of a Retailer (85 days)

In order to examine the reasons for the conduct of *Mali Kauli* transactions by both middlemen and retailers, I will outline the history of second-hand clothing trade.

THE EMERGENCE OF MALI KAULI

Historical Change in Business Practice among Small-Scale Traders

Before economic liberalization, private commercial activities were banned under the socialist regime, and second-hand clothes were imported by Christian charity organizations or by smugglers.¹² Especially in the late 1970s, as the economic crisis deepened, about thirty individuals from Mwanza town coordinated the smuggling groups based on ethnic network to import second-hand clothes (mostly from Rwanda, Burundi and Kenya).

In 1986, with the introduction of economic liberalization, various goods including second-hand clothes began to be legally imported. Indian traders, who had left Tanzania after their

houses and businesses were nationalized in the early 1970s, came back to Tanzania and opened wholesale shops. Very often former smugglers were the true middlemen. At that time both middlemen and retailers operated their business only in the city center. Middlemen operated theirs in Market Street while most retailers operated in Makoroboi Street and the Shaa open market. The form of transaction between middlemen and retailers at that time was different from the *Mali Kauli* transaction, which only emerged in the late 1980s and early 1990s.

Middlemen who used to be in the same smuggling groups before economic liberalization, jointly purchased more than one hundred bales from wholesalers on credit. After they purchased the bales, they shared the bales among each other. They held auction sales side by side on Market Street.

Traders who arrived first to Market Street were known as *Wafungulishaji*. They are the retailers who sell clothes on Makoroboi Street. *Wafungulishaji* "force middlemen to open their bales," in the promise of buying at least fifty clothes by a certain price. After selling several clothes to *Wafungulishaji*, the middleman begins to sell other items out of the bales at auction. *Wapelembaji* are those who join the auction to bid on each item. They shop around several middlemen auctions selling same kinds of clothes. Then general consumers come to join the auction. *Wapiga-top* who sell clothes in Shaa open market, watch the development of auction. As the auction reaches a final phase, they begin calling out "Top," requesting the middleman to close up the auction. The middleman responds after a series of calls, letting the *Wapiga-top* purchase all unsold clothes at rock-bottom price. Thus, all items in the bales have been sold.

As mentioned above, in the early days of economic liberalization, middlemen sold each item at the auction to three kind of retailers: *Wafungulishaji*, *Wapelembaji* and *Wapiga-top* who all purchased clothes in cash. Each kind of retailer had different business strategies, each with its own merits and demerits.

Wafungulishaji typically got the most fashionable and best quality items out of the bales because they purchase clothes before middlemen sell them at auction. On the other hand, even if they find that the contents of bales are mostly bad clothes, they have to purchase promised numbers of items at the promised price. In this respect, the *Wafungulishaji* take chances and hope that the bales contain good quality items. *Wapelembaji* can check each item and buy as many clothes as they want at the auction. However, they have to buy clothes at a higher price than the *Wafungulishaji* because they engage in bidding up the price of the items left behind by the *Wafungulishaji*. *Wapiga-top* can buy a bulk of clothes at the cheapest price. But they sometimes have to take unprofitable clothes such as dust-cloth because they are unable to check the items, similar to the *Wafungulishaji*.

The strategy of the middlemen in the late 1980s was in response to their inability to check the contents of the bales before they purchased them. Even if all items in the bales were bad, they had to pay a fixed purchase cost to wholesalers. Therefore, selling the clothes to *Wafungulishaji* before opening the bales was regarded as a risk aversion strategy by the middlemen. Selling to *Wafungulishaji* covered some of the costs for each bale, but if the bales contained mostly good clothes, middlemen would fail to gain large profits. If middlemen sold all items out of their bales to *Wapelembaji* by bidding up the price of each item, they could boost their profit. Selling clothes to *Wapiga-top* was also regarded as a risk aversion strategy. If

middlemen tried to sell bad clothes at auctions, they would typically lose both time and money. Judging when they should accept to sell their unsold clothes to *Wapiga-top* by closing the auction was quite difficult for the middlemen. An inappropriate decision could lead to failure in raising large profits or in completing their sales.

Despite the speculative nature of the transactions mentioned above, both middlemen and retailers interviewed in my research stated that they enjoyed profit at that time. For example, they said,

"Immediately after economic liberalization, I could sell all items out of bales that first day. And next day, I could increase the number of bales compared to the day before. But these days I cannot imagine purchasing bales every day"

"I started my business with only Tsh.4,000 in 1988. After two months, my capital had grown to about Tsh.200,000. All the retailers that I know, who started before 1990, eventually did become middlemen."

The Transition from Auction to *Mali Kauli* Transaction

Business conditions changed drastically from the early to the mid-1990s. First of all, the number of second-hand clothing traders increased at a rapid rate, from about 200 in the mid 1980s to more than 2,000 traders in the mid-1990s. With a greater number of middlemen, Indian wholesalers decided to reject selling bales on credit because they could sell all bales in cash. Middlemen who had formed groups to purchase bales now separated and became independent operators. Middlemen had to compete fiercely to attain stable customers. Middleman would persuade *Wapelembaji* to become their stable *Wafungulishaji* in exchange for occasional credit. Retailers also preferred to transact with certain middlemen in exchange for occasional credit. As a result, the number of stable clients per middlemen began to increase.

The Tanzanian government implemented various policies for informal sector development in the 1990s to respond to increasing street traders. For example, the Dar es Salaam City Council legalized sixty six economic activities and set the amount of tax and license fees under the 'Hawking and Street Trading (Amendment)' By-Laws of 1991.¹³ Local authorities like Mwanza City Council followed this policy. However, the most important change for the traders was a new policy for Mwanza urban planning. The Mwanza City Council constructed six trading centers, including *Mlango Mmoja* Market, (the biggest market for selling second-hand clothes), under the "Mwanza Master Plan" enacted in 1993. Under this plan, the police and *Mgambo* - the militia organized under the ruling Party - started to destroy stalls and desks of street traders and forced them to move to these markets in 1995-1996. The middlemen and retailers bitterly refused to move, and some traders invented mobile stalls or went to suburban areas to hawk. That is how the notion of *Machinga* came about. Urban dwellers and government officials began to call the street traders marching in the city by that name. It should be noted that middlemen and their stable clients helped each other by gathering small change to pay bribes to have the police release their fellow trader in custody.

As a consequence, middlemen and several retailers engaged in transaction with each other formed a loose group in the mid-1990s. At that time, however, most middlemen continued to

sell second-hand clothes at auction, and selling clothes on credit was uncommon. It was only after moving to the Mlango Mmoja markets that selling second-hand clothes on credit, namely *Mali Kauli*, became the common form of transaction.

Despite their reluctance and resistance, middlemen and retailers finally moved to these markets by 1997.¹⁴ This move to the Mlango Mmoja markets made it difficult for both middlemen and retailers to maintain their business styles. The Mlango Mmoja markets are located far away from the city center and the roads to get there are bad. Customers who used to stop to join the auction on the way to their office or central bus station did not bother to go to Mlango Mmoja.

After moving to the new markets, traders were strictly obligated to pay tax and license fees. They had to pay Tsh.12,000 a year for license fee, Tsh.2,000 a month for tender fee, Tsh.5,000-12,000 a year for rental cost of a market stall and Tsh.2,000 every six months as cleaning fee. The traders who could not pay these costs abandoned their official location and re-established their business activities in the city center. Most of them became hawkers and street traders, and some of them decided to go to rural markets, promoted by the Mwanza Municipality at that time. In addition, the Tanzanian government introduced Value Added Tax (VAT) and a twenty percent tax on imported goods in 1998.¹⁵ As a result, the wholesale price of bales increased dramatically.¹⁶ Such policy changes made these street traders shift their business strategies from selling at auction to *Mali Kauli*.

ECONOMIC IMPLICATIONS OF *MALI KAULI*

The *Mali Kauli* transaction system evolved for two reasons. First, the rising wholesale price of bales made it increasingly difficult for the costs of bales to be met by auction sale; a condition aggravated by the newly imposed taxes and license fees. By classifying second-hand clothes into three grades and setting an approximate price for each grade, the middlemen could avoid the hazards of negotiating with retailers, thereby systematizing the trade in their favor.

Secondly, the classification into three grades also made eminent sense given the diverse market outlets that middlemen and retailers encountered. The urban market is relatively "up-scale" while the rural markets are for poorer customers. The grade A is not only too expensive for the rural people but also out of touch with rural tastes because this grade includes items of cutting edge fashion (such as dresses that reveal part of the body). On the other hand, the cheapest grade C is too damaged for the urban residents to wear in their office and not suitable for the "chic" crowd of urban youth. Hence middlemen, by classifying the items into three grades, from which retailers are allowed to choose, were distributing second-hand clothes in an effective manner.

Retailers, on the other hand, choose each grade according to seasonal change of demands. For example, in rural areas, demands for second-hand clothes rise during the harvest season, thus raising retailers' demands for grade C. Consumers would go for grade A for their best outfit during Christmas season, after which they would revert to grade B, when tapped out by holiday spendings. Middlemen, therefore, still have to cope with seasonal variations that somewhat complicate their business despite the introduction of *Mali Kauli*.

This transaction system has two beneficial effects for the middlemen. First, they can attract many retailers, including those who are without capital, and mobilize them for rapid distribution of clothes. Secondly, they can effectively allocate items of various grades among the retailers in exchange for credit. The second point becomes clear by contrast with cash transaction, where retailers are free to select the grade they want and some grades remain unsold for a long time. These benefits allow them to attain greater profit. Mali Kauli also has benefits for retailers. First, they can begin business without capital. Some retailers do have capital at the beginning of their business, but most retailers cannot save their capital because of the high competition. Secondly, retailers can return unsold clothes that failed to match consumer preferences or proved to contain dirty marks and small tears. Had such clothes been bought for cash, retailers would end up spending many days selling them. The Use of Mali Kauli enables retailers to shift their business risks to middlemen. Thirdly, retailers can renegotiate the "basic price" on the following day if the original price proved too high. All these benefits allow retailers to minimize their business risks and to stabilize their economic activities. Furthermore, if retailers could not raise enough profit, they may demand monetary assistance from their middlemen. In sum, both middlemen and retailers benefit financially from Mali Kauli. They have a mutual interest in upholding this system because even if it may limit profit maximization, it lessens the risk. The system, however, also causes some friction between middlemen and retailers, which will be the subject of the next section. POTENTIAL FRICTION IN MALI KAULI TRANSACTIONS Retailers, as suggested above, sometimes require a particular grade in order to respond to the market demand. Middlemen, however, do not always accept such requests because they intend to distribute all clothes. Because middlemen determine the "choosing turn" of retailers requesting a single grade, they usually favor the requests of retailers who sell many clothes. However, this tendency is reversed on occasions when the middleman is stuck with a bale with low quality clothes: he would impose these on his favorite retailers, hoping to take advantage of their superior selling abilities. Retailers, who have been loyal to the middleman by selling large quantities, feel cheated by such treatment. The use of their high bargaining skills in protest against the middleman adds to the friction.

Retailers, not content with the situation, could resort to other activities during the day that they have received such a share of clothes. To top it off, they would demand the middleman provided financial assistance at close of day. The middleman ends up with a double loss as he would never recover the cost of the bale, giving out money to retailers for days on end. The difficulty for the middleman is that he is unable to judge whether the retailer is just lazy or if he is trying hard in vain. The conflict between the middleman and retailers culminates as the retailers run away, the frequency of such events being quite high. During the period of my own research, no fewer than eleven out of nineteen retailers transacting with a particular middleman ran away, the latter suffering a reported loss of TSH 1,500,000 (approximately US\$ 1,600). Almost all middlemen interviewed in my research stated that they had experienced retailers running away with their credit. In the end, though, they tend to forgive the retailers because they cannot do without them. Most middlemen seem to foresee such outcomes when they engage in *Mali Kauli* transactions because it is the retailers who have the real bargaining power in this form of transaction. The interesting thing is that as many as ten of the eleven retailers

that ran away from the middleman eventually returned to him to begin *Mali Kauli* transactions again. To understand why this happens, it is necessary to probe the social relations that underlie these transactions.

THE SOCIAL NETWORKS OF *MALI KAULI*

According to my interviews with twenty six middlemen, it emerged that they prefer the *Mali Kauli* credit transaction because they are tired of giving small change or gifts to retailers. Such a gift is not considered credit and therefore is money gone. Because the middlemen are perceived as being rich, and thus privileged, they are expected to share some of their income with their poorer fellows. My interviews with ninety two retailers tended to confirm this. They looked at middlemen as lucky people who managed to build their wealth because they were the first to enter the trade and thus were able to monopolize it. As Hart points out the common view of the successful entrepreneur in Africa is that he has made it at the expense of others, not because of his individual effort.¹⁷ When retailers enter into a *Mali Kauli* transaction, therefore, they tend to see the middleman as having an obligation to assist them.

This arrangement resembles the culture of reciprocity that Hyden discusses with reference to rural Tanzania in his book about the economy of affection.¹⁸ In his case, the investments people make in reciprocal relations tend to be based on kinship, religion or village community. As other studies have shown, however, the economy of affection is not merely a rural phenomenon, especially in the case of informal economy.¹⁹

My study in Mwanza confirms the existence of these reciprocal norms as the basis of what may be best described as pseudo-kinship relations. Even though middlemen serve as patrons, their relationship with the retailers is not hierarchical. Middlemen often emphasize that their relationship with retailers is one of friendship, using jokes to cement this informal type of relationship. They do not want to come across as being rich by using a taxi or wearing expensive clothes. They sometimes share a single room with retailers in one of the slum areas of town. There is an urban fellowship among these people that is not primarily based on ethnicity but on the informal economic transaction that they call *Mali Kauli*.

This becomes evident when I compare the situation in 1992 (reconstructed from interviews) with what I have observed directly in 2002. In 1992, kinship and village origin as well as ethnicity was a much more prominent basis for economic transactions: no less than forty one out of ninety one relationships were based on kinship and village origin with as many as sixty two out of ninety one being based on ethnic origin. In 2002, in contrast, 163 out of 207 relationships studied were based on newly created urban relationships. Only twenty nine were built on kinship or village origin and thirty eight on ethnic origin.

This is in part a reflection of the extensive urban migration that has taken place in recent years, but it is also a testimony to how people in urban areas reinvent informal relationships to serve the basic principle of reciprocity. Middlemen are not choosing retailers any longer because they are from the same village or ethnic group. Many also say that they actually wish to avoid transacting with relatives and people of the same ethnic background.

This seems to go against conventional wisdom that suggests that middlemen would prefer relatives and others whom they can trace in case of default of payment. This principle may still

be important in many urban contexts, but my study of the informal economic relations in Mwanza shows that middlemen choose a retailer based on whether or not he is a *Mjanja*.²⁰ A *Mjanja* is a person with *Ujanja*. The original meaning of *Ujanja* is defined in Swahili as 'cunning' or 'slyness.' Why would a middleman regard *Mjanja*, a cunning retailer, as a desirable person for credit transaction?

Both middlemen and retailers are regarded as *Machinga* and they also represent themselves as *Machinga*. The middlemen state that their business is constantly being criticized and facing threats. Not only in the period of smuggling but also after economic liberalization, *Machinga* are always in danger of being arrested or having to pay bribes.²¹ In the early 1990s, they carried the image of being a source of urban crime. Frequent violent protests *Machinga* against police roundup did not endear them with the rest of urban residents. Against these public criticisms, *Machinga* state that, "the right way has been always closed for us. We have to move like rats. We need *Ujanja* to do our business by avoiding criticism, dealing with police, and so on." When they encounter the police, *Ujanja* is used as a "weapon of the weak" or "the everyday form of resistance."²² In addition, *Machinga* are generally regarded as being of low status because their business does not need an academic background or any special skill, and their earning usually is very low. For example, *Machinga* sometimes are called '*Walala hoi*' meaning the people who go to sleep exhausted.²³ They share what may be best described as a survival ethos. They say that *Ujanja* is the only skill and knowledge for them to survive urban life, because they lack education, skills or capital. While the term has negative connotations to others, being a *Machinga* is something to be proud of if you are a middleman or retailer in the urban economy. They have built their fellowship on the idea that a *Machinga* is a *Mjanja*; if the person is not *Mjanja*, he is not one of them.

The *Machinga* use *Ujanja* in their *Mali Kauli* transactions with middlemen in order to facilitate business maneuvers while maintaining fellowship ties. According to their own explanations, they achieve this in three ways: firstly, by choosing between clothes designated for profit and those that are not; secondly, by changing the retail prices according to customers (selling items at a higher price to rich customers and at a lower one to poorer customers); and thirdly, by focusing on the 'psychology' of middlemen instead of a single day's profit.²⁴ Middlemen and retailers, in interacting with each other, engage in relations that are constantly characterized by ambiguity or uncertainty. Because middlemen cannot judge whether retailers goof off or not, they have to second-guess them. The latter do not always speak the truth and they seem to have no regrets about telling lies such as "my child is sick," "the police confiscated my commodities" and so on. In spite of these uncertainties, the middlemen try to be even. As one middleman said:

in *Mali Kauli* transactions, do not blame the retailer even if you find he is lying. Instead, try to guess why he is doing it. If you find a sign that the retailer has a real problem, you must accept his lie and help him. If there is no evidence to that effect, don't give him monetary assistance. You also have to be ready to tell a lie. I know the hardship of sleeping without eating, but I cannot help someone every time even if I wished to. So, try to become just a friend '*jamaa*', not the best friend - '*besti*' - of retailers. If you don't even try to be a friend, they will run away, but if you are regarded as their closest friend and you cannot help them, they will also

run away. *Mjanja* is the person who can bargain well to keep the balance between being fellows 'wasela' and best friends.²⁵

Negotiating equilibrium in an economic exchange that is embedded in a set of informal social relationships is a much more difficult proposition than doing so in the conventional marketplace. *Mali Kauli* is not just about making economic profit. It is also about serving and managing social relationships without turning them into a fixed community. Middlemen and retailers alike need each other against the threats that they face together by government and city authorities as well as the police. The uncertainty of their business and social existence call for a form of fellowship that transcends kinship and other parochial boundaries. At the same time, they are afraid of developing too strong a relation of dependence on each other. In particular, they are reluctant to let relatives be part of their economic transactions. When they let these people in, business becomes a charitable activity, as one middleman said. Thus, *Mali Kauli* has created a new version of the economy of affection in which it is not blood relationship that creates fellowship but informal business transactions that require a sense of moral affinity like that provided by the common usage of *Ujanja*. This form of transaction sits somewhere in between a regular business deal and the more exclusive social interactions that characterize kinship and family bonds.

Conclusions

Middlemen and retailers maintain *Mali Kauli* transactions despite often-strained relationships. Their ability to sustain these unstable relationships is explained neither by their interest in profit alone nor by a traditional social norm. The success rests with their common embrace of *Ujanja*. It is the creed of life they deem necessary for survival in the urban environment and building a sense of fellowship. *Ujanja* is not only an "everyday form of resistance" of the informal sector against the power of the state. It is also the knowledge of life required for dealing with the hardships of urban life and being able to create a life-world over which they have some sense of control. The *Machinga* of Mwanza are at one and the same time trying to be independent and a member of a local community. By being cunning they can maneuver this apparent contradiction in ways that give them a sense of mastery of their destiny. Reciprocity based on moral principles is not incongruent with economic rationality. The true *Mjanja* is neither a selfish individual, nor a person immersed in tradition. He is an "operator" trying to be both self-reliant and social at the same time. He, as the rest of the material presented in this article suggests, is evidence of the flexibility of the economy of affection and its ability to continue to serve as a meaningful alternative political economy to the hegemony of neo-liberal market transactions.

Notes:

1. It is the dominant interpretation of the term "*Machinga*". However some studies point out that the term is derived from an ethnic group called "*Mchinga*" that comes from Lindi and Mtwara Regions, one of the poorest areas in Tanzania. Apparently most people engaged in street trade in the aftermath of economic liberalization in Dar es Salaam in the late 1980s were from those two regions (Liviga, 1998).
2. Ngware, 2000, p. 9.

3. Hyden defines the "economy of affection" as a broader analytical concept than the "moral economy" discussed by James Scott (1976). According to his definition, the economy of affection is more generally referring to other types of informal institutions including the vertical relations, that typically are not included in the notion of a moral economy (Hyden, 2004 p.7).
4. Macharia(1997); Olomi(1996); Williams (1987); Tripp(1997); Tripp and Swantz (1997).
5. Marris and Somerset (1971); Bienefeld (1975); Hart (1975).
6. Hyden (1983) suggests that the economy of affection prevented modern capitalistic development in Tanzania. His argument is similar to that of Evers (1994) who argued that traders in the peasant society of Asia find themselves caught between choosing the fair price associated with local moral norms, on the one hand, and the market price, on the other. If they wish to solve the dilemma, they have four options: 1) immigrate out of their society, 2) join an ethnic or religious group, 3) accumulate cultural capital or 4) depersonalize the economic relationship.
7. Ueda, (1996), pp.16-17.
8. Sayer, (2000), p.2.
9. Economic and Social Research Foundation, 2000.
10. See Hansen, (2000 and 2002) for detail of this process. Hansen revealed the comprehensive distribution chain of second-hand-clothes from Western countries to Zambia (Hansen, 2002).
11. Most small-scale traders eat at *Mama ntilie* - "women who sell prepared food on the street". Based on the observation that this trader always ate at the same place and took same bus, his minimum cost of living was estimated at Tsh.1,580 per day: Tsh.180 for breakfast, Tsh.1,000 for lunch and dinner at *Mama ntilie*, and Tsh. 400 for the round trip fare of the city bus. This estimate is roughly supported by the trader's remarks-he was constantly complaining that he needed at least Tsh.1,500 to get through the day.
12. The *ujamaa* socialism of Tanzania entailed extensive state social and economic intervention, including nationalization of many foreign-owned enterprises, creation of a state import and wholesale trading monopoly, attempts to accelerate industrialization through the creation of new state productive enterprise (Gibbon, 1995, p10). Tanzanians bought the commodities from parastatal institutions such as State Trading Corporation, Regional Trading Corporations and cooperative *Ujamaa* shops at that time.
13. Dar es Salaam City Council, 1997.
14. Mwanza Municipal Council, 1998.
15. Tanzania Revenue Authority, 2000.
16. According to my interview with wholesalers, for example, the cost of a bale of shirts had been maintained at Tsh.20,000 from 1986 to1997, but it has risen to Tsh.80,000 in 1999.
17. Hart, 1975, p.1, 5.
18. Hyden ,1980.
19. Williams (1987); Tripp(1997); Tripp and Swantz (1997); Ogawa (1999). Tripp argued that the economic activities of female urban informal sector in Tanzania have characteristics of moral economy, that is not pure moral economy originated in rural society, rather it has been created in urban situation demands (Tripp, 1997, p127).

20. A great deal of African urban studies argued that urban migrants tend to make closed groups according to kinship, village of origin and ethnic affiliation. We can trace the urban studies insisting the significance of rural ties back to the 1960s (e.g. Epstein, 1969; Mitchell, 1969). Several studies of urban informal economy argued that such group memberships function to establish their economic activities (e.g. O'Connor, 1983; Macharia, 1997). Macharia, however, argued that while ethnicity often give the basis for trust and consideration to credit, some ethnic groups are jealous and envious of each other's success and may never pay back a credit to run down the business of their co-ethnic, therefore, such ethnic groups would rather give the credit to people from other ethnic groups than their co-ethnic (Macharia, 1997, p.137).
21. According to my interview with the official in charge of markets in Mwanza City Council, the reasons why the police arrested *Machinga* are that (1) they reduce the businesses of formal shop-owners who pay taxes and license fees, (2) they block pedestrian and vehicle traffic by overcrowding and (3) they destroy the environment of the city.
22. These terms were created by Scott (1985). Tripp has shown how every day forms of resistance of urban dwellers exist in Tanzania. She insists that the massive scale on which Tanzanians engaged in informal economic activities cannot only be explained by saying that people 'withdrew' from the state. Tanzanians did much more by creating new resources, networks and thus transformed society. Their collective struggle to survive challenged the government to recognize these transformations (1997, pp. 201-202). Matsuda has argued that the attitude of urban dwellers in Kenya such as idleness and feigning ignorance can be regarded as "soft resistance" against repressive state power (Matsuda, 1999).
23. Rames (1993) p.xix).
24. Commonly expressed as 'saikolojia' (psychology), or 'mawazo' ('worries', often used as the speaker holds his head in his hands).
25. The term *Wasela* is derived from the English word "sailor." A common explanation for the etymology: "We sail the troubled sea of urban life in search for money."

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