

**Market institutions, trust and norms: exploring moral economies in  
Nigerian food systems**

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## **Abstract**

Informal market institutions and small-scale traders are responsible for feeding Nigerian cities. This study analyses a range of economic relationships and institutions that have evolved in the context of inadequate formal institutions such as banks and legal contracts. Through examining both personal relationships and institutional based trust, the paper explores the role of moral norms. Trust is shown to be related to sanctions, information on other parties and a range of norms that are drawn on both calculatively and habitually. The perceived moralities of different forms of institution (such as credit systems, trader associations and commission agents) are also examined.

Key words: trust, norms, morality, institutions, markets, Nigeria, Africa

JEL Classification: L14, L66, O17,055

## **Introduction**

The Nigeria domestic food system presents a fascinating case where debates concerning the moral economy are played out with huge implications for the well-being of millions of people in poverty. Considering the difficult business conditions with no recourse to legal systems, corrupt and ineffective police force, minimal banking infrastructure, poor communications and a highly degraded transport infrastructure, the movement of food from over 70 million food producers to over 60 million urban consumers is a feat of ingenuity. Trust and the social institutions in which trust is embedded, underpinned by a range of moral norms, shape the economic behaviour in markets and allow the food supply system to operate.

The process of building cooperation is particularly interesting in these cases as it occurs in a context with minimal legal recourse or regulation by the public sector. Therefore this case offers an opportunity to explore questions concerning issues of building trust and institutional forms in traders' access to information, finance, security, dispute settlement mechanisms and space, as well as the evolving institutional forms and norms of relating to the state and corrupt officials. The traders involved are found to have a number of different types of bilateral relations (joint ventures and informal reciprocal arrangements), combined with multilateral forms of cooperation in powerful trader associations. Gender and ethnic identity shape access to most forms of cooperation.

The concept and approach of moral economy is used, firstly, to examine both how norms underpin trust-based relationships and informal institutions, and, secondly, to examine the perceived morality of different forms of institution. With regard to the former, the moral economy approach is explored as a way of illuminating how norms and values shape economic activities and how they, in turn, are shaped by economic pressures (Sayer, 2004). The complex forms of capitalism found in the Nigerian case show how a range of norms and moralities co-exist and these both promote and constrain these different forms (Booth, 1994; Sayer, 2004).

With regard to the second element of moral economy, each of the forms of social institution raises questions over the moral justification of their existence, as they benefit the well-being of some while limiting the opportunities of others. This raises questions about how different groups have different perceptions of what are considered to be morally justified outcomes in terms of improvements to well-being. In particular there are varying discourses concerning

the roles of traders that are reflected in different policy initiatives amongst local government, national/federal government, NGOs and donors. This inevitably raises further questions about who holds power and how it is (or is not) exercised, both within the trader body and beyond. Our discussion below observes the power in mutual action as well as issues of power asymmetries and how these are related to trust.

This paper draws on a range of literatures, particularly those of economics, geography, anthropology, sociology and development studies, and a detailed case study of food systems in Nigeria. While the case of Nigeria presents relatively unique contexts for exploring the issues of the moral economy and norms, the study can contribute to wider theoretical discussions on economic behaviour. Furthermore, an Africanist perspective on moral economies demonstrates the importance of cultural context while at the same time identifying those factors and conceptual frameworks that transcend culture.

### **Conceptualising the changing relations of trust, power and norms**

#### **Power, trust and social relations in food marketing institutions**

Much has been written about the role of trust in trading networks across the world. This is particularly important in the West African context where there is poor communication and the state plays a limited role (Trager 1981, Holtzman et al, 1988, Lyon 2000). With regard to finance, personalised trust-based informal sources are vital, as banks are unwilling to lend to small scale traders (Nissanke and Aryeetey, 1998). Informal sources of financing are vital to keep trade moving although they can be used exploitatively if individuals become tied into debt relations over many years (Watts, 1987; Clough, 1981,1985; Bhaduri, 1986). In such cases relationships of trust may be more based more on domination, although no cases

of people being tied into debt was found in this case study. Power might appear to lie wholly with the large-scale commission agents and dealers who offer credit to petty traders and small producers. However, the mediated nature of power is such that the effects of power are open to modification, displacement or even disruption, depending on the relationships that come into play in any given context. As our field evidence will demonstrate, the transactions conducted by so-called 'powerful' commission agents and dealers involve considerable risk to these credit suppliers, given the uncertainties inherent in local conditions (climatic, political etc.). Moreover, excessive extortion and barriers to market access would lead to failure in the markets upon which everyone ultimately depends. Massive exploitation would not be conducive to the mostly economically effective informal social networks we have observed in our study area. This is not to deny the existence of a section of extremely poor people who are excluded from most aspects of associational life, including access to credit, and the other benefits it offers.

Food market traders often form associations which have a number of roles. These include providing welfare support for traders, building market infrastructure, sharing market information and lending to each other (Smith and Luttrell, 1994). They may also be the arenas for setting prices and ensuring the rules of the market are followed (Clark, 1994). They play specific roles in dispute resolution (Whetham, 1972; Lyon, 2003) and are responsible for hiring private security guards, often part of youth vigilante groups (Gore and Pratton, 2002). The power of collective action by such associations is one of the more remarkable features of West African trade, and as we show in our case study, this has mostly worked to promote order and sound trading relationships within the market space, rather than to fix prices. Again, however, this is not to deny the potentially exclusionary power of associations to disbenefit poor producers, petty traders and consumers (Cleaver, 2005).

With this evidence of a wide range of social institutions across West Africa markets, this paper's first research question is:

- What are the market institutions, relationships and contracts that require elements of trust and dependence on moral norms?

### **Personal relationships, institutional bases of trust and the moral order**

In each of these forms of market institutions trust is of central importance. Trust can be defined as an expectation of others' behaviour (Gambetta, 1988: 217; Humphrey and Schmitz, 1996: 5; Zucker, 1986: 54) with confidence based on personal relationships or knowledge that there are institutions that can ensure or enforce expected behaviour. Trust also requires an element of vulnerability and expectation that the other party will act responsibly. Well-placed trust is based on active enquiry, often extended through questioning and listening over time, rather than blind acceptance (O'Neill, 2002: 76). Personal trust is particularly important where "transactions are so complex that law cannot possibly cover all contingent circumstances" (Moore, 1994: 819) and where there are no formal systems of contracts available. In such cases more informal personalised relationships become increasingly important in order to reduce uncertainty. These personalised forms can be considered as either bilateral (between two parties) or multilateral where there is trust in others as they are part of the same community or other form of group. Since women dominate at the lower end of the trade hierarchy in West Africa, because of their limited resources, their dependence on personalised trust is often particularly heavy (e.g. Clark, 1994:228-234; Chalfin, 2004:225-252).

With personalised trust, cooperation is ensured through a balance of wanting to act reciprocally and being coerced into action due to the sanctions and control exerted by the other party. The outcomes for each individual will clearly depend in part on the specific balance of power achieved between the parties. This supports Mollering's (2005) view of the duality of trust and control with both assuming the existence of the other. This paper will explore the relationships between unequals and the extent to which trust is a product and mask for domination. Interpretation of the moral order is likely to be weighted towards the more powerful individual or to the individual whose patrons have the greater power. This paper will explore the relationships between non equals and the extent to which trust is a product of domination.

Trust can also be based on institutional forms of trust whereby actors can build confidence without having a personalised relationship. The institutional forms allow one party to take action against another if an agreement is not honoured. Institutionally based trust is built up through ensuring that those relying on these institutions perceive them to be trustworthy and able to sanction norm breakers. Institutionally- based trust is most frequently underpinned by state developed and enforced legislation. In the food marketing context FAO (2001) and Cullinan (1997) divide these into the enabling functions (laws of contract, property rights, exchange and security/collateral), economic regulatory functions (laws of unfair competition/cartels, weights and measures, quality, and tax) and constraining functions to avoid socially undesirable consequences (consumer protection, urban planning, environmental protection).

For institutionally- based trust, trust in the institution allows people to trust others, and can only operate when those using the institutions perceive them to be trustworthy. This may

operate best when these institutions are invisible or perceived to be inevitable (Searle, 2004) However, in a Nigerian context, government related regulatory forms have been associated with widespread corruption and, in the food sector, a lack of capacity for enforcement (Mustapha and Meagher, 2000:36). This has led to loss of trust in these forms of institutions. They have been abandoned where possible in favour of parallel non-state forms of regulation that encourage institutional based trust such as trader associations and transport unions.

This leads to the second research question:

- How are personal social relations and institutional forms used to ensure trust?

### **Roles of moral norms in shaping relationships and institutions**

Discussions on the nature and formation of norms underlying trust are restricted as they are intangible and difficult to observe. Norms define what actions are deemed to be right or wrong, and include customs of cooperation, reciprocity and interaction with strangers. Furthermore, norms cannot be produced at will and their creation or shaping depends on the cultural background to the relationship, including market exchange contexts (Harriss-White 1996:318).

For personal trust the act of reciprocity is a norm of behaviour that involves an element of altruism or benevolence, and involves an ethical decision that is not only based on self interest (Sayer, 2004). Indeed, trustworthiness may be regarded as a duty and part of being a good and honorable person. Trust is also based on sanctions for those breaking norms, with enforcement only possible with social consensus, shaming and threats to others' esteem (Brennan and Pettit, 2004) as there are norms that shape what forms of sanctions are allowed



in particular circumstances among particular groups (from peer pressure, shaming, damaging personal reputations and exclusion from economic or community activities through to physical threats and actual bodily harm) (Porter and Lyon, 2006).

In addition to the moral norms that shape societal behaviour, there are norms that shape how individuals in a particular context regard the morality of institutions or relationships themselves. Examples of this normative approach to looking at markets include the role of women in trade, the credit systems (or usury to use a term with more derogatory connotations) and the role of commission agents.

Actors may internalise rules and means of control that can be exerted by others over them and therefore not even contemplate the breaking of trust. This links to Lukes' insights into forms of power, including power used to set the rules of the 'moral economy', allowing the values of certain groups to become internalised in society (Lukes, 1974). In such cases the concepts of trust and power are closely intertwined as norms and generalised trust are based on the power exerted over some people that denies them the ability to reflect.

The evolution of conventions, institutions and norms cannot be assumed to support social order (Sayer, 2004). Granovetter (1994) also queries the functionalist approach common in much of New Institutional Economics that prioritises the role of benefits and incentives to individuals in the explanation of institutions. He and many others have shown that institutions are shaped by history, path dependency, social structures (such as gender, ethnicity and class) and their cultural context. In this respect the 'Old Institutional Economics' attempts to move away from methodological individualism, where the

individual is taken as given (Hodgson, 1998: 177), and look at institutions as formed and sustained by habit as well.

Norms cannot be created at will. The production of norms is based on what Platteau (1994a: 536) refers to as “historically-rooted cultural endowments”, upon which norms of a more generalised morality can be encouraged when the right conditions arise. Portes and Sensenbrenner (1993:1324-5) use the term ‘bounded solidarity’ which can lead to “the emergence of principled group-oriented behaviour ...If sufficiently strong, this emergent sentiment will lead to the observance of norms of mutual support, appropriable [sic] by individuals as a resource in their own pursuits.” Norms can also come from civil society if it is willing to take action against those who act outside the norms (Platteau, 1994b: 772).

Norms can be strengthened through processes of socialization particularly through families and religious institutions. Ensminger (1992) describes how the development of markets for the pastoralist Orma people in Kenya was influenced by their conversion to Islam, and the use of Islamic institutions and rules of law. Cohen (1971:278) observes how ‘indigenous traders become Moslems in order to partake in the moral community of other traders. In both Ibadan and Freetown... all the butchers without exception have converted to Islam, because only in this way can they participate in the chain of trade in cattle....’.

This paper will explore how the institutional forms allow access to certain means of production for those previously excluded but may also be a way of exerting power over them. In many cases the less powerful may be forced to accept some norms or institutions under the duress of poverty (Sayer, 2004) and Baier (1994) suggests that trust based

relationships can result in conspiracy or exploitation, raising questions on the morality and immorality of trust.

This leads to the final research questions of this paper:

- What are the roles of moral norms in these relations and institutions?

## **Methodology**

In order to explore the research questions of how trust is built up and the role of norms, this paper draws principally on qualitative research conducted on the Jos Plateau in 2001 and 2004, but builds on earlier work conducted by the authors in this region and elsewhere. Eighty interviews were undertaken with vegetable farmers and diverse types of vegetable trader in rural, peri-urban and urban markets on the Jos Plateau. Interviewees were selected purposively to ensure a cross section of different activities, genders and wealth. Questions concentrated on critical incidents and examples of trust based relationships that they were or had been involved in, rather than relying on hypothetical cases or general opinions. Interviews were conducted in English where spoken by interviewees or in Hausa, Berom, Ibo or Yoruba, using interpreters. Most interviews took place in market places and allowed observations to be made of market activity such as disputes and selling strategies. These were referred to in interviews in order to gain more understanding. The researchers were sensitive to their positionality as outsiders and to potential influence of interpreters from different ethnic groups. These biases were minimized by ensuring a range of methods were used (interviews, observations, informal discussions) combined with a sampling of interviewees that allowed comparison and cross checking of issues from multiple sources.

Data analysis drew on grounded theory with careful analysis of comments and the reaction of respondents, particularly in those cases where they were asked questions that related to habitual behaviour. Data from a questionnaire survey of 127 wholesale traders is also drawn on.

### **The case study: Vegetable trade on the Jos Plateau**

The Jos Plateau has specialized in vegetable production for the last 40 years. Despite national recession vegetable production has continued to grow on the Plateau, encouraged by the availability of water for irrigated dry season market gardening. However conflict over access to land between indigenes and settlers erupted into a full-blown crisis in September 2001 when thousands of people lost their lives and vegetable production collapsed. The production and trade of vegetables recovered over the next few years with relationships rebuilt, an issue that will be discussed later.

Vegetables are perishable and marketing systems have to move produce from farms to consumers in no more than two days as there is no cold storage. The marketing chain is shown diagrammatically in figure 1. The commission agents are predominantly men, while women are involved in production, and retailing. Both local men and women may be involved in long distance trade to the South of the country, but a majority of such long distance traders appear to be male.

Figure 1 Urban marketing chain

*Traders' finance for farmers*

None of the vegetable traders we interviewed in the course of our research had received any bank loans. The problem with small business lending is the official invisibility of collateral (i.e. legal absence) and perception that trading is too risky, even in NGO led micro-finance programmes. Our survey found that wholesale traders ‘help’ an average of 4 farmers with a total of N11,000 (roughly £50 or the equivalent of two month’s income for poorer farmers) worth of goods with agreements based on trust. In discussions with Moslems reference is commonly made not to loans but to ‘help’, since usury is forbidden in Islam.

Table 1. Credit systems among whole traders in the past year

Traders benefit from ‘helping’ farmers (often members of a different ethnic group) as they will gain more business through the close relationships so developed. Farmers are not allowed to sell to other traders until they have repaid the loan. In the case of crop failure, farmers and traders stated that repayment could be delayed for a season: “If a farmer has a shortfall then they can come and explain. We have an understanding to repay later.”

Once farmers have paid what is owed to traders, the close relationship will enable the wholesale buyers to sell more of the farmers’ harvest to other traders on credit and pay the farmers later.

The traders who give credit are predominantly commission agents or dillalai, although other types of traders were found helping farmers. Traders have to have adequate capital themselves or access to fertiliser themselves on credit. One dillali was found to act as a guarantor for nine farmers, each wanting five bags of fertiliser (a total sum of N76,500).

Transactions between traders in the market are also often carried out on credit. The extent of this is indicated in table 1. As with the credit to farmers, the traders give on credit to those they know and to those they can put pressure on : “some they chop the money and so I can only harass them and they might give slowly” (trader, Farin Gada Market).

In these credit markets, while it might seem, superficially, that the credit supplier has the upper hand, it is clear that most credit relationships are built up gradually and with care on both sides, for while the trader can exert pressure, an over-pressured poor farmer or petty trader can call on local moral judgments to support his/her decision to renege on responsibilities to repay.

#### *Bargaining, pricing and information gathering*

In all wholesale markets on the Jos Plateau, prices are agreed following bargaining between individual buyers and sellers. Dillalai commission agents play a key role in bargaining on behalf of farmers (and many are also farmers on their own account). Trust is important in this relationship as one leading trader stated: “the dillali is the number one trusted man in the market. The farmer does not get the money until after the sale and does not always know the price” (market association leader, Farin gada market).

Those farmers with less access to information and credit are content to allow them to take their commission for this: ‘I don’t lose and he doesn’t lose because I needed money for farming’ (discussion with farmer and his dillali, Barikin Ladi farm produce market, Heipang). However, larger, well-informed farmers with access to other forms of finance often resent having to pay commission.

To become a dillali an individual has to go through an apprenticeship process. They learn about the market institutions and the expected norms of behaviour. There are unwritten rules and norms stating how traders behave and stopping traders actively poaching customers from others: “there are no rules but if someone is greedy then you try not to work with him. If a farmer has been with you, he does not have the right to go to another dillali unless something happens between you two. If a dillali calls a farmer secretly then we report the dillali to the (association) office” (interview Maraba Foron market). Only when they have been observed by the other dillalai for some time is this apprenticeship period over; they can then register in the market where they operate. During this period they also have to amass the capital necessary to start business.

Customer relations are also found between source market traders and those coming from other cities, demonstrating the importance of long distance relationships.. “When they come, I give them food and drink and somewhere to lay their head before going to the market, or to spend the night... there is never a problem, they all depart in peace because of the friendship. They get chicken and rice and even a ram at Christmas ... I know them through trading and I’ve done trading with their parents and their children” (Trader in Farin Gada). One Berom farmer, describing his 20-year relationship with his Ibo dillali in Enugu observed: I stay always with Ambrose in Onitsha... because we are friends. We are both Christians so we don’t fear one another.... I trust him and he trusts me. I don’t pay my food there; when I’m leaving there he sometimes gives me half or three-quarters of the transport cost.... He stays in my house here.... Last year he came here twice and I went there three times. (Farmer, Heipang market, 2004) This trust-based relationship is old, but its presentation in religious terms represents the shift towards more ethnic and religious based differentiation in business. This was exacerbated by the 2001 conflict in Jos.

The crucial factor affecting bargaining power is information. Both buyers and sellers have to gain as much information about the supply and demand, and how this affects prices in producing areas or urban consumption markets. This is only available from having personalized trust-based links. Because of farmers' location in remoter areas their sources of information are limited

Wholesale traders and dillalai have wider trust-based networks that can be drawn on to gather price information. Dillalai justify their positions on the basis of their ability to gather price information and bargain more effectively than farmers. Itinerant traders are often very mobile and visit markets themselves to get price information. They also have information from the markets they come from. Mobile phones have become increasingly important over the last few years, although they may only benefit the richer traders and they still require a trusted person at the other end of the phone to provide information.

Traders resident in Plateau markets rely on obtaining information from those traders who have been to other markets recently. One trader referred to "colleagues" who could be relied upon to "tell us when they come back" but another stated that "those coming do not tell the truth".

#### *Market associations in the study area*

In each urban market there are associations and committees which manage the market as a whole or operate as smaller associations. The roles of established associations include welfare for the trader members for unforeseen circumstances and help at ceremonies such as



marriages and funerals. When traders lose large amounts of money through collapsed prices, robbery or a broken vehicle, the association can act as insurance by helping them to start up again.

A second key role is the settling of minor disputes through sanctioning norm breakers instead of bringing in the police. Those who are caught cheating or stealing are banned from the market by the association chair. They also regulate the dillalai commission agents. “They register all the dillalai so they cannot run off with the farmers’ money... they need to know the type of person you are and that you will not run off” (market association leader, Farin gada market).

Linked to dispute settlement is the protection of the market’s image and ensure norms of marketing are upheld. Maraba Foron promotes itself as being a peaceful market and this is one of the main attractions for traders coming to buy. The association therefore hires private security to minimize theft and break up conflicts within the market. The markets also want to ensure that the quality of the produce is good, farmers are paid and defaulters punished so that the reputation of the market spreads. The markets are dependent on credit sales and they do not want to deter farmers from bringing quality supplies.

Thirdly, associations can organise sales by enforcing market-specific rules and norms. This may be by giving incoming traders places to unload, making sure farmers sell to dillalai and keeping records of the quantities brought in by each person. They can also play a role in controlling supplies. At times of surplus the leaders of the Building Material market association can stop people coming to sell and tell others to pack up and go. This is a contentious issue and although it only occurs at specific times, places and commodities, it is

frequently cited in policy discourse referring to unethical practices within trader associations.

Fourthly, associations may be responsible for maintaining the infrastructure of the market providing security guards, allocating land or licenses for sheds to be built and lobbying local government. Finally, associations in some markets are responsible for collecting revenue on each unit of produce sold for the local government or owner of the market place.

## **Discussion**

### ***The wide range of institutional forms***

No evidence of recourse to legal contracts or structures was found. Interviewees reported that they were reliant on personal trust and institutions operating in parallel to the state.

In the absence of formal finance from banks, the system is dependent on other sources that have the benefit of flexibility for both sides. In 2001 over half of urban tomato wholesale traders interviewed were providing long term credit to supplier farmers, and a similar proportion were giving credit to their buying customers. While direct questions on rates of interest were not possible, the actual rates of interest being charged were reported to be much higher than banks but come in the form of lower prices offered for produce as found in other examples of interlinked markets (Bhattacharyya, 2005). Those receiving this credit perceived that it was a vital part of measures to ensure commercial activities and to improve their livelihoods and wellbeing. Clough (1985) and Watts (1987) reported forms of indebtedness to traders amongst staple crop farmers in parts of Northern Nigeria. However, none of the farmers interviewed reported any knowledge of this happening. Those receiving

trader finance stated that the support of traders was very important in helping them grow their dry season farming operations.

Similar trust-based relationships are found throughout the Nigerian food system and there is also evidence that these permeate through the state system as well. Harnischfeger (2003:28) notes the importance of patronage of prominent officials or politicians in legal cases. Other studies have shown the importance of traders building trust-based relationships with officials, particularly for cross border activities (Fadahunsi and Rosa, 2000; Roitman, 2004).

This demonstrates the importance of trust in Nigerian situations and challenges approaches to understanding different cultures as being either 'high' or 'low' trust. The findings here demonstrate the importance of making a distinction between personalized and institutionally based trust, each of which may vary between high and low in different contexts.

### *Personal versus institutional forms of trust*

The empirical findings show that individuals draw on both personalised social relations and institutional forms of trust (Bennet and Robson, 2004; Mollering, 2002; Zucker, 1986). Personalized trust is shown to be based on having information on the other party and the ability to sanction those that do not behave as expected.

Traders take considerable risks in lending to people who could disappear and the issue of personalised trust was often brought up as a way to reduce this risk. To build up trust traders have to gather information about the farmers prior behaviour and also have sanctions or potential ways of putting pressure on them if they try to avoid repaying. In this way they balance both controls and goodwill or benevolence (Nooteboom, 2004). The types of

relationships that are drawn on are existing relationships through kinship, community or church links, working relationships built up over time, friendships that come out of the working relationship, and intermediaries who are known to both sides.

Information is gathered on the competence of the person to repay by visiting the farm, assessing its size and asking others about their ability as farmers. By working together the farmers and traders learn more about each other. One trader stated: “ I know him - in and out of season we are all together”. Information about the person’s character and behaviour is also gathered from people in the recipient’s community and traders may go to visit the village and the farmer’s house. This allows traders to meet the family members and other villagers. If there is a problem with repayment, traders can use the family members, leading farmers in the village or the village head to settle disputes and put social pressure on the farmer. Meeting family members also acts as a proof of giving the loan. Farmers may also be asked to ‘sign evidence before collecting’.

The sources of information may also come from using intermediaries, particularly the elders of the different types of associations. These intermediaries are able to build on bilateral relationships and allow multilateral relationships to evolve through being a guarantor. There are also specific sanctions available such as exclusion from marketing activity, ending of relationships as well as other moral pressures which will be discussed in detail in the next section.

Institutional-based trust is built on parallel organizations to the state that can take on a range of regulatory roles and allow confidence in others’ actions without personal relations. These include trader associations, traditional chieftaincy systems and community leadership and

allow individuals to take action against others if an agreement is not honoured. These institutions tend to become parallel institutions to the state as public sector supported institutions are not perceived to be trustworthy due to the high degree of corruption. The studies found no formal legal basis for any of the transactions but contracts are partly enforced by market associations and traditional authorities. These organisations also regulate the market place through settling disputes, regulating the activities of the dillalai, organising private ‘vigilante’ security groups, providing forms of insurance and controlling the use of the market space. However, there are questions over how accountable these organizational forms are (beyond their members’ needs) and their ability to enforce public good regulations such as unfair competition, consumer protection and environmental controls. While power that can be drawn from mutual action in the market associations, i.e. there is a collaborative side to power in the form of social solidarity which enables trust in the collective (Arendt 1958), it will not necessarily operate positively for all traders. Some groups may not be physically excluded from the market space but rather smothered by a dominant coding of that space in which they are invisible, by virtue of low status (Lefebvre 1991). This may mean they are unable to access the information available to others. However, over time such groups may also combine together to assert their right to space. In Plateau markets the expanding role of local Birom and other Plateau people in the vegetable trade has been achieved despite the evident dominance of Hausa traders in Jos urban vegetable markets.

***Role of moral norms in shaping trust and power relations: the moral economy***

Norms define what actions are considered acceptable or unacceptable and are therefore the basis of building and maintaining personalised trust and institutions in themselves. Moral norms of reciprocity are the most commonly referred to in this study, particularly with regard to customer relationships. These relationships, frequently between people from

different ethnic groups, were found to be able to withstand the serious conflict between ethnic groups which occurred in Jos in 2001, even though the origin of the conflict was linked to resentment against traders of a particular ethnic group.

These norms of reciprocity were often referred to in terms of friendship and obligation to others. Each party may try to build up these links in order to have better safeguards based on a common understanding of moral behaviour and obligation to friends. Co-operation in long distance trading relationships is frequently cemented through landlord relationships whereby the trader of one ethnic group will reside with another ethnic group while his/her goods are being sold (Cohen, 1971; Hill, 1971; Mortimore, 1989:131). This provides a sense of security, even if the landlord takes some advantage of his client's limited knowledge of local conditions and languages: "The [Ibo] dillali that takes you to his house personally has shown great concern. There are many thieves in the east. If you go to lodge and get attacked you won't return to him. So you are safe.... You go back to him because of the relationship between you, even though he has cheated you. If you go to another place it could be even worse. ... he respects me because I help him earn a living (driver/farmer from Tudun Mazat, Barikin Ladi district, talking about the 6-year business relationship with his Ibo dillali based in Onitsha, January 2004). In such cases there is considerable inequality in the relationship but there is still an element of choice despite the dominant position of one party. While this is not optimal, interviewees amongst less powerful parties stated that without these relationships they would be excluded from activity in distant markets.

Other important norms include interactions with strangers, keeping agreements, avoiding deception, not stealing customers or outbidding fellow traders. The moral norms regarding the relationship between competitor traders are strongly enforced as this allows the markets

to operate without descending into chaos and results in traders regarding those carrying out the same activities as colleagues rather than competitors.

Norms can be applied consciously and rely on altruism and benevolence as well as social consensus to enforce sanctions on those that break them. The sanctions or motivations may come in the form of shame, peer pressure, damaging reputations, physical threats or drawing on obligations (Scott, 1976). Individuals are pressured into keeping to norms by those around them. This can be done by withdrawal of co-operation, disapproval and attaching social stigma to norm breakers. Pressure can also be exerted through forms of authority and the roles of different forms of association and community leaders are demonstrated in the case study. The strength of their authority is based on their own set of norms that include common beliefs, values, traditions and practice that result in the recognition of the authority's right to command. Norms of leadership are adapted from common forms of behaviour of those involved. Examples include the form of the trader associations drawing norms of leadership found in the chieftaincy system.

There are also norms that are imposed or applied in a non-reflective habitual manner, rather than a conscious calculation. Nooteboom (2002) refers to these as routinized behaviour. This may be carried out as a form of altruism or where rules are internalized and people do not even contemplate the idea of breaking these unspoken rules. In this study evidence of such occurrences occurred when interviewees would laugh at questions being asked. These norms of behaviour are closely linked to issues of unquestioning obedience which is a way power can be exerted (Clegg, 1989). (This opens up potential ethnical considerations with regard to the researcher influencing the situation being researched and changing the power dynamics being studied).

While norms may be enforced through sanctions, there are also norms that determine which sanctions or forms of coercion are acceptable. The ability to make threats and carry them out is shaped by the norms of what is deemed acceptable behaviour. In Ghana's Central Region, individuals claimed they were restricted from taking forceful action against people from their own community as they did not want a confrontation and to 'get a bad name' (Lyon, 2000). On the Plateau we heard similar sentiments expressed: "there have been a few cases [of stealing]. We send them away. We don't take them to the police station because we have been together. Maybe if you can recognise your mistakes and promise not to do it again... if you repent you can stay (Hussain, loader at Building Materials market).

Insert Figure 2 about here

Obligation to cooperate or reciprocate is also based on common norms to support family or fellow workers or community members. These norms may be very different to the accepted norms of how others are treated, as we saw in the case of the loaders above. This demonstrates the importance of considering the plurality of norms dependent on the existing and emerging relationship of the two parties. Traders were found to draw on these obligations to follow norms by visiting a customer's house and getting to know other family members and community members who might be able to put pressure on the customer should there be any problems in the relationship.

The norms of behaviour towards family, community members or those working closely together can also include limitations on the sanctions available. Such cases demonstrate the difference in norms for distant others (Sayer, 2004). There is also a connection between the



existence of relative moral norms and the moral norms for relatives, where the prioritisation of kin is accepted behaviour and there is disdain for those who violate this moral norm. Platteau, (1994b: 799) states that where there is an emphasis on the strength of ties to close social relations reward and sanction are linked to patronage and dominated by the political power structures. With regard to corruption, Olivier de Sardan (1999) states that social disapproval makes denouncing kin and friends unthinkable.

The evolving nature of moral norms is shown as new opportunities arise and people enter new economic activities. For example the rapid growth in the vegetable trade in the study area over the past 20 years has led to changes in the relationships between ethnic groups. At first there were rather gradual changes as indigenes learned how to grow irrigated vegetables by taking farms next to their Hausa tenants and watching their activities closely; then some indigenes started to trade directly with southern Nigeria, bypassing the Hausa dealers in Jos (Porter et al., 2003). Recently more dramatic changes have occurred with the violent conflict of 2001, but also as the different actors have rebuilt relationships following that. It is interesting to note that many non-indigene vegetable traders and indigene farmers were able to rebuild their inter-ethnic business relationships very rapidly after this conflict, while others not involved in the food trade were still highly antagonistic.

Norms have also shifted over the last 20 years with the declining role of the state and increased levels of corruption and violence. This has resulted in a rise in new institutional forms such as vigilantism and private security (often introduced in markets through the agency of the market associations). This was found to have serious repercussions in the case study region when a simmering conflict became a bloodbath with thousands killed when security services could not curtail revenge attacks following a specific spark. While these

forms of parallel institutions to the state can meet immediate needs, there is also concern that they do not have systems of accountability to the wider community (see Alemika 2003:23,32-33) and may only represent particular ethnic groups in multi-ethnic areas. Furthermore, particular groups may clearly have a vested interest in sustaining these systems to protect their illegal businesses.

In the study area, the role of religion (Islam and Christianity) has been increasing in importance. Traders suggest religion shapes their own moral approaches, but it does not appear to be substantially reshaping how and with whom the vegetable business is transacted post the 2001 crisis. The issue of Islamic sharia law, while very important in other parts of Nigeria, was not mentioned by anyone we interviewed, although this may be due to the sensitivity of the subject following the conflict and ongoing tensions.

There are also debates about the role of markets and forms of capitalism in shaping norms and the moral economy (Booth, 1994; Hirschman, 1982). In this case there is clear evidence of the role of the market in rebuilding or preserving trust based relations after the 2001 conflict. For example the private market owners at Mararaba Foron tomato market on the Jos Plateau made a clear stand against attacks on Hausa/Moslem traders during the 2001 crisis. Some indigen traders who were not prepared to abide by the market owner's rules moved to a market nearby, but most soon returned.

### **Perceived morality of different forms of economic institutions**

The moral economy also relates to what is considered fair and to acceptable forms of livelihood. The study found that different actors have different discourses concerning the key institutions of trade. The most contentious of these are the role of trader finance, the

roles of commission agents, and the roles of trader associations and means of controlling access to markets.

While most interviewees (farmers and traders) considered offering loans as unacceptable usury, many also considered trader credit to farmers as 'providing help' rather than loans, pre-harvest sales or crop futures, all of which carry negative connotations of indebtedness on the part of the farmer and usury on the part of the traders. In particular, the discourse of trader finance as 'help' was found amongst traders and poorer farmers. The discourse of richer traders is more antagonistic to traders as they do not require the finance. The study shows that not all trust based relationships may be perceived as moral (Baier, 1994) and the degree of acceptance depends on the extent to which the less powerful parties have any other choice of livelihood. In such cases trust is based on an element of domination but weaker parties were still found to have an element of choice of whether to enter into the relationship or not.

There are also debates amongst farmers and traders in the study area concerning the morality of controlling access to markets and limiting the ability to sell without going through the dillalai. This restricts opportunities for some, and if there is any control on supply of produce, can have the effect of lowering rural prices and raising urban ones. However, it is also argued that some control inhibits dramatic price fluctuations and is a way of ensuring that small scale traders continue to be willing to invest their limited capital in a high risk environment. Only in one market was there any evidence of prices being set and supply controlled. This is in contrast to reports of several markets in southern Nigeria having fixed prices through controlling the number of trucks bringing in produce, and stopping people buying from unregistered sellers. In the producing regions, this control was not considered

possible because of the close relationship with farmers and pressure not to let produce rot in the fields: *"here anyone can offload and sometimes there is so much...the price comes down and you can loose...Here we cannot control the number of trucks coming in because they produce it here and it may spoil on the farm .. here is a farmers' market"* (Trader, Farin Gada Market).

This statement suggests that proximity (both spatial and social) between parties shapes the moral norms being used, with 'distant others' being treated differently from those who are closer.

The discourse of community leaders and politicians is frequently antagonistic to traders with references to usury and 'exploitative middlemen' (despite the fact that many traders are women). This is particularly noticeable where ethnic groups dominate parts of the marketing chain. The perceptions and discourses of immorality and unfairness of certain ethnic groups dominating particular parts of the marketing chain, were used by some community leaders and local politicians to stoke the ethnic conflict in 2001. They were able to draw on and manipulate perceived norms of what are considered to be unacceptable actions. It is interesting to note that following the conflict, relationships of indigenous farmers and Hausa traders are less antagonistic than between indigenes and Hausas not involved in food trading

## **Conclusions**

This paper has demonstrated the importance of informal social institutions that are underpinned by a range of moral norms. It also examines the range of discourses on these institutions, such as the role of traders, credit systems and market associations. The use of an empirical study has demonstrated that theoretical discussions of trust need to be complemented by analysis of how economic practice and behaviour is embedded in

culturally specific contexts. The effectiveness of these practices varies widely: this study notes the variation from market to market, from day to day and from commodity to commodity.

In the past century there have been ongoing attempts to negate the importance of informal social institutions and norms, as it has been assumed that arms-length transactions and formal legal measures would remove the need for personalized relationships, and bring a more efficient and (ostensibly) more equitable system into being. Within development economics there were assumptions of 'modernisation' away from 'traditional' forms of economic organisation in the 1950s-1970s (Moore, 1997: 313), followed by doctrinal paradigms of 'liberalisation' and Structural Adjustment Policies with the opening of economies to more 'rational' larger firms (Chang, 2005). However, as found elsewhere, social regulations are resistant and adapt (Harriss-White, 2005: 23). While there is now more interest in social institutions, in the international donor community they are often considered as unfavourable factors that can explain the failure of the liberalization policies (Chang, 2005: 18)

Moral norms are constantly shifting not only as economies change but also within the shifting political and socio-cultural context. There is a plurality of norms that shifts according to interplay between the dominant participating parties. This case study was carried out before and after a period of conflict and demonstrates not only how norms can shift over short periods of time but also how efforts may be made to reinstate them in very similar form, as actors attempt to restore order and 'normality'. It shows not only how norms of what is considered fair can be used to stoke conflict but also how norms of reciprocity

and obligation to customers can help to rebuild economic life – and, through that, social life - after conflict.

Normative approaches and ethics with regard to well-being raise questions regarding whose well-being is to be maximized and what is the meaning being morally justified. In our Jos vegetable marketing case study there are questions about the morality of credit systems, commission agents, market associations and ways of avoiding or minimizing police corruption and also about how such institutions are utilised by different genders and ethnic groups. Our evidence suggests that spatially extended trust-based systems for local ethnic groups have grown considerably in recent years, with increasing dependence on religious as opposed to ethnic ties. However, these restructured networks more commonly benefit men than women, because women's activities tend to be firmly ensconced at the lower end of the trade hierarchy in local market places. Nonetheless, the evidence as a whole suggests that while moral regulation is imperfect and inevitably compromised by inequalities of power, it exhibits clear practical adequacy in that it enables economic functioning across the region.

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Figure 1 Urban marketing chain

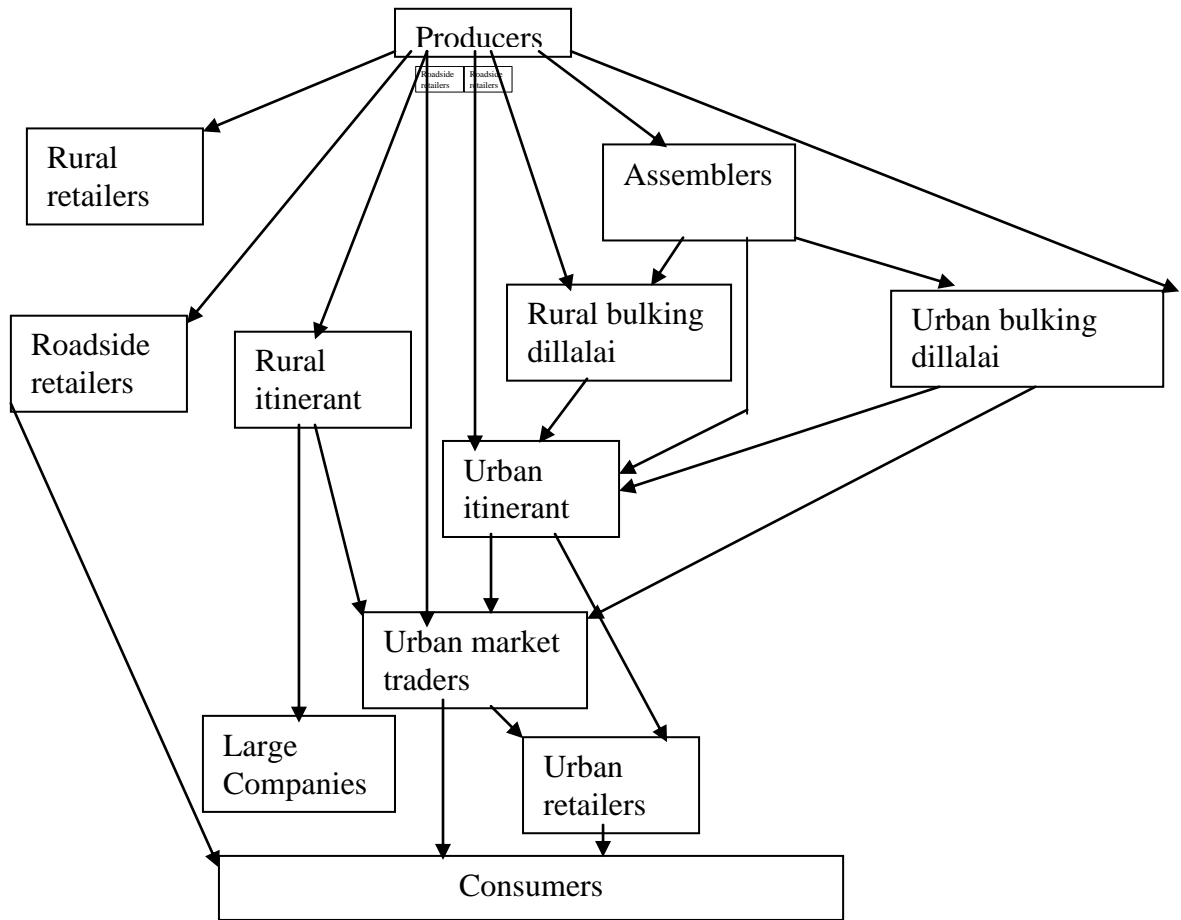


Figure 2: Norms underpinning trust relations

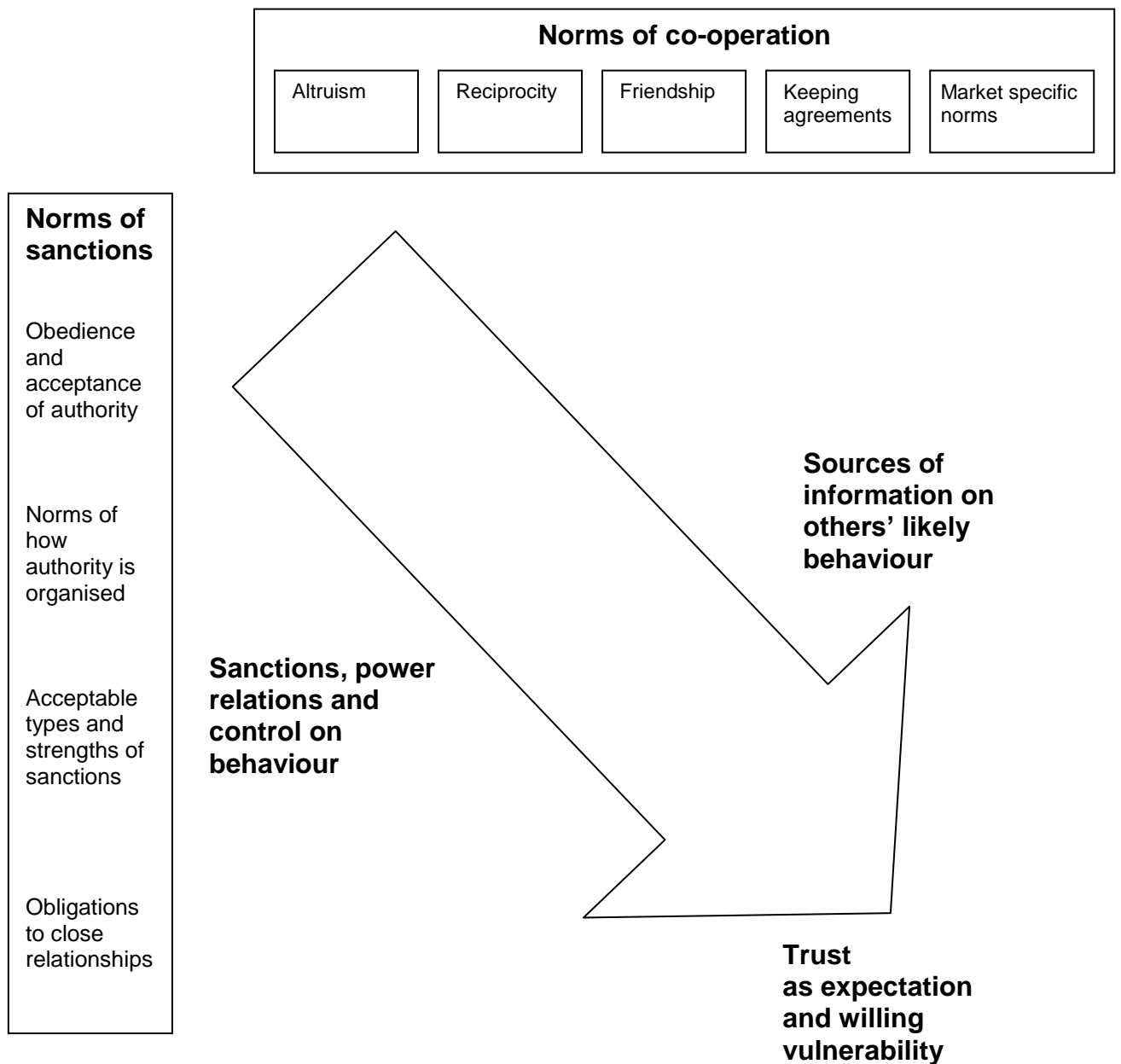


Table 1. Credit systems among whole traders in the past year

Markets	Average number of recipients of credit from traders	Average amount given at one time	Percentage of wholesale traders buying vegetables on credit	Percentage of wholesale traders selling vegetables on credit
Farin Gada N=39	4.2	N 9,808	41.0%	51.3%
Buildings Materials (N=49)	2.6	N 12,476	69.4%	59.2%
Maraba Foron (N=39)	5.5	N 10,633	56.4%	38.5%
Total (N=127)	4.0	N 11,119	56.7%	50.4%

Note: Jos urban market vegetable trader survey, January 2001