

*Full Length Research Paper*

## **Dilemmas of collective action: Explaining East African regional integration and cooperation**

**Stephen M. Magu**

1000 Regent University Dr, Virginia Beach, VA 23462. Email: [smagu@regent.edu](mailto:smagu@regent.edu). Phone: 2025944499

Accepted 22 April 2014

**East African countries have a long history of regional cooperation through institutions. Regional cooperation predated independence, and intensified with the formation of the first East African Community (EAC). The EAC was operational between 1967 and 1977 and was later revived in 1999. Cooperation was not always been flawless, reforming economies, governance and implementation of the EAC Treaty has been rocky. No member state has utilized referenda to validate their positions, despite stated actions in 'public interest'. This research applies the theoretical assumptions of Domestic Audience and Prisoner's Dilemma approaches to evaluate two instances where Tanzania cooperated with the other partner states, and two non-cooperation instances. Just as do great powers, developing countries contend with dilemmas of cooperation and the threat of audience costs, given the potential effects of different stakeholders.**

**Keywords:** Game Theory, regional alliances, cooperation, domestic audience, East African

### **INTRODUCTION**

The East African region has a long history of cooperation, whether intended or unintended by the modern East African states. As early as 1897-1901, the Kenya – Uganda Railway, running from Mombasa (Kenya) to Kampala (Uganda) was commissioned. Being a landlocked country, Ugandan imports had to be routed through Kenya's Mombasa seaport. This was the beginning of East African cooperation. In 1905, the East African Currency Board and the Postal Union were established. The Court of Appeal for Eastern Africa was set up in 1909 and the Customs Union in 1919. The earliest form of common economic integration was enacted in 1926, and the East African Income Tax Board and the Joint Economic Council were enacted in 1940.

The East African Common Services Organization (EACSO) was founded in 1960. The first regionally integrated body, the East Africa Community (EAC) was formed in 1967 and headquartered in Arusha, Tanzania

(GoK, 2009). The defunct East African Community (EAC I) was succeeded by the East African Cooperation (EAC II) agreement in 1996: it established the framework for the re-establishment of the East African Community (EAC III) in January 2001 (Kirkpatrick and Watanabe, 2005). Today, the East African Community is one of 18 Regional Trade Agreements (RTA's) currently active in Africa. For the purposes of this paper, unless otherwise specified, EAC refers to the new East African Community (EAC) inaugurated in 2001.

The cooperation treaties and associations predating the EAC were largely implemented before independence. Kenya and Uganda were colonized by Britain, and Tanzania, except between 1890 and 1918 when she was a German colony. She became a member of the British East African Protectorate after World War I, administered by Britain under a League of Nations mandate. Eventually, 15 years after the end of World War Two,

Tanzania attained independence in 1961, Uganda in 1962 and Kenya in 1963. Over the next fifteen years, pre- and post- independence cooperation would grow and then flounder. The 1967 treaty's main objective was achievement of state and regional development through economic cooperation. The subsequent membership interest by the members led to an envisioned "Community of States" or an "Economic Community of East Africa".

Even prior to Uganda's withdrawal from the Community and loss of its voice on regional matters, some of the common, envisioned features of the union had been abandoned. These included the pursuit for common currency and monetary regulation through an East African Central Bank and a troubled path towards a Customs Union. Then, as now, Tanzania believed that the benefits of cooperation and integration were unfairly biased in favour of Kenya, which was the most industrially developed country in the region.

There is official date for the dissolution of the East African Community. Scholars generally agree that the failure to approve the 1977/1978 budget, and Tanzania's closure of her border with Kenya marked the demise of the Community (Hazelwood, 1989). Tanzania's invasion of Uganda in 1978 to oust Amin further led to a deterioration of the relationships between partners. In 1984 the assets of the first EAC were divided between the Partner States.

What led to the dissolution of the EAC? The rest of this paper provides a synopsis, discussing the dissolution of the first EAC, the unresolved issues, and the renewal of the drive towards cooperation. In the paper, the author reviews the problems of cooperation leading towards the new EAC. It considers the areas of cooperation (or lack of), between Kenya Tanzania, the latter which has raised concerns around participating in the new EAC. In the game theoretic framework of Prisoner's Dilemma and dilemmas of cooperation – specifically the role of Domestic Actors, I analyze the decisions that have gained the support of both Partner States, and those which have produced disagreements. I conclude that domestic audience costs do not solely explain Tanzania's decisions on EAC revival, Rwanda/Burundi membership, and blocking ID card use the freedom of property ownership and settlement in any of the Partner States.

### **Breaking up the Community: the sticking issues**

In the 1999 EAC Treaty's preamble, the following are identified as reasons for the breakup of the first Community; the main reasons contributing to the collapse of the East African Community being lack of strong political will, lack of strong participation of the private sector and civil society in the co-operation activities, the continued disproportionate sharing of benefits of the

Community among the Partner States due to their differences in their levels of development and lack of adequate policies to address this situation (East African Commission, n.d.).

Scholars (Fitzpatrick, 2009; Varma, 2011; Kenya National Assembly, 1999; Ochieng and Maxon, 1992; Umbricht, 1989; Ogot, 2003; Omeje and Hepner, 2013) have parsed these reasons for the community's breakup. These included structural, social, political, cultural and organizational reasons, and also the non-implementation of the treaty's letter of intent. Hazelwood (1989) discusses a number of these issues, including, but not limited to benefits, governance, commitment by partner states, and changing national priorities. One of the more innovative ideas of the EAC was the distribution of the benefits of the cooperation, and implementation of transfer tax and equitable investment in all partner states. While transfer tax was intended to temporarily protect Tanzania and Uganda's industries from Kenyan competition and therefore enable them develop their industries, the net effect did not discourage duplication of within the Partner States and further restricted economies of scale.

The East African Development Bank (EADB) was formed partly to eliminate the perceived bias in favour of Kenya by allocating resources heavily in favor of Uganda and Tanzania. By 1975, total EADB investments were slightly more than double the original partner contributions. Partner states did not invest more than 4% of the annual allocation to industrial development. The bank rapidly achieved the prescribed distribution of its investments until its functions were disrupted by Uganda's coup; however, the nature of investments was questionable. Investments in textiles, sugar, paper, tires and cement did make the economies of the countries more complementary, since none of the states enjoyed economies of scale to produce these commodities and therefore produced competition instead.

All told, the first EAC failed due to a multitude of issues among the member-states, including a complicated organizational structure and unresolved resource allocation. Transport agreements, infrastructure development and allocation of revenues from tourism were also contentious. In governance, members had different ideologies and levels of political stability. Uganda was a military dictatorship, Tanzania leaned socialist and Kenya was a market capitalist state. Also, the survival of the community depended on interpersonal relationships between the leaders rather than on institutional structures. Increasingly, the secretariat became more dysfunctional. Eventually, the EAC formally collapsed in 1977.

### **Salient issues around regional integration in the EAC**

The revival of the Community provided opportunity for the

Partner States to work through the problems that led to the collapse of the original EAC systematically, over time. Twenty years later, Uganda was moving towards democracy and had achieved political stability under President Yoweri Museveni, who had been in power for 12 years. Tanzania had largely abandoned the socialist development model, and although property ownership (specifically land) remains within the government's domain, the country is moving towards a market capitalist model. Tanzania's economy is still centrally controlled, with gradual movement towards market capitalism. On the Human Development Index measuring human wellbeing, Kenya ranked 144<sup>th</sup>, Tanzania 152<sup>nd</sup> and Uganda 156<sup>th</sup> (UNDP, 2009).

Between the collapse of the initial EAC and the revival of the negotiations, leading to the signing of the January 2001 treaty establishing the current EAC, Tanzania enjoyed a stable period of political and economic growth. However, during the negotiations for ratification of various articles of the new EAC, Tanzania alternately disagreed with, and cooperated with Kenya on a number of issues. I consider two decisions on which Tanzania cooperated with Kenya on and two issues where Tanzania "defected". On cooperation, Tanzania supported Kenya in working for the revival of the EAC, and on the initial denial of membership to Rwanda and Burundi in 2000. Tanzania did not support the Protocol of Establishment and residence, which allowed equal property and settlement rights. Neither did Tanzania support the use of Identity Cards (IDs) for cross-border travel and identification.

This paper looks at each of these areas of cooperation and defection, applying the Domestic Audience Politics model, and the Prisoner's Dilemma theoretical analysis to provide a framework for understanding Tanzania's cooperation and defection. I formulate a research question:

*what paradigm, Domestic Audiences or Prisoner's Dilemma best explains Tanzania's decisions on supporting EAC's revival and denying Rwanda/Burundi initial membership, but blocking ratification of Identity Card use and private land ownership?*

I utilize the two paradigms to analyze the nature of decisions, and circumstances that led to the alternating support and lack thereof, in each of the cases discussed in this paper.

### **Chronological Development of Events and Possibilities**

From the lessons of the disintegration of the first EAC, the member nations learnt lessons on the levels of

investment, country and institutional governance, longer vs. shorter-term view, levels of benefits, problems of different levels of economic development, gains from trade and perception of distribution benefits. Other lessons included improving the degree of regional planning and coordination, the role of ideology and political harmony, surrendering sovereignty to allow decision by majority vote rather than consensus, and delegation of substantial powers to the bureaucracy, level of benefit and criteria of entry, among others. These constraints were not resolved fifteen years after independence and there was an underlying weakness in the lack of proper institutional framework, which led to the collapse of the EAC in 1967.

Two events of the 1980-1990 decade affected a number of developing countries significantly. The first was the "Washington Consensus", in which multilateral donors changed the conditionalities attached to development aid and grants. The new requirements included, among others, economic liberalization and privatization of government-owned and run economic enterprises. They also required reform in governance, leading to the "second wave of democratization" in African countries.

The second event was the collapse of the Berlin Wall and the subsequent disintegration of the Soviet Empire. It eliminated the western strategy of constraining the spread of communist ideology. Countries that previously leaned towards communism suddenly had diminished sources of development funding. The "west" could thus impose conditions for provision of economic assistance and development funding. Facing constraints in their budgets, some countries quickly liberalized their economies and adhered to the Washington Consensus' reform agenda. Tanzania, a socialist-leaning country changed its economic model; the government began privatizing state-run enterprises and adopted a free market economy.

From the observations above, that coming soon after privatization, the emerging markets in Tanzania were expected to be wary of the impact that regional integration, removal of tariffs within the EAC region and the higher level of economic development in Kenya would disadvantage Tanzania's liberalized industries, especially due to the long history of Kenya's market capitalism. At the same time, a regional Economic and Customs union would provide Tanzania's growing economy with access to a 90 million consumers' market, therefore, Tanzania would support gradual economic integration with some form of protectionism from the state. Among other outcomes, I expect that Tanzania would favor or be influenced to the following:

*Influence from Domestic Audiences led to the decision in Tanzania to support reviving the East African Community.*

*Domestic audience pressure to protect local industries caused Tanzania to cooperate with Kenya to deny Rwanda and Burundi EAC membership in 2000*

*Tanzania's opposition to Identity Cards as standard travel documents was caused by domestic audience pressure.*

*Tanzania's opposition to common land ownership by EAC residents was caused by Domestic Audience pressure.*

To consider the impact of domestic audiences and prisoner's dilemma on the process of negotiations, agreements and points of departure on the East African Cooperation treaty signed in 2001, I will briefly look at bargaining, prisoners' dilemma and domestic audience costs. This paper is informed by two theories, notably the Regional Integration and the Game Theory which are discussed in the next section.

### **Regional Integration Theory**

The earliest proposed theory of regional integration was proposed by Mitrany who, in a 1943 essay "A Working Peace System", argued that "the problem of our time is not how to keep nations peacefully apart but how to bring them actively together" (Mattli, 1999: 21). Mitrany's proposal was to grow regions and institutions "through doing things together in workshops and marketplace than by signing pacts in chancelleries" (ibid). The philosophy of this approach to integration was to substitute formulas for functions that would integrate countries and their economic functions.

Metcalf and Papageorgiou (2005) define integration as "a process by which the quality of relations between autonomous social units changes in such a way that each unit's autonomy is eroded, to allow for the creation of larger composite units" (pp. 5). They argue that regional integration theory and that of supra-nationality are closely related, yet note that "integration implies the formation of a new unit" (ibid). It is evident that the first East African Community intended to achieve regional integration - as opposed to unification - as most regional organizations generally do.

Other theories of regional integration include the "static theory of regional integration" which arises from the works of Viner (1950) and Meade (1955), which, like Mitrany, consider the economic benefits of integration of economies. It is important to note, however, that while regional integration may be achieved and trade improved, it may also lead to diversion of trade, therefore leading to a net negative impact on the member states of the integrated union (DeRosa, 1998). Countries that do not have strong primary industries are affected by regional integration when trade benefits cannot be realized

especially if partners have primarily secondary industries.

Development of the theory of regional integration has been evident: Ciriaco (2006) argues that while conventional regional theory was primarily concerned with limiting regional integration activities to institutionalization (that is, the Mitranyesque functionalism) that denoted NGOs, institutions and associations of a transnational character, modern and recent theory looks at these and the formation of civil society and intergovernmental contractualization as a means to promote regional integration, eventually absorbing certain institutions and processes (such as removal of travel barriers - visas) and promoting "free movement of persons, goods and services across the borders of the regionally integrated states" (Ciriaco, 2006: 74).

From the previous discussions, it is clear that while regional integration theories are especially important in helping us understand the reasons for the formation of the East African Community, it is perhaps more useful to use different paradigms to study the specific actions within the integration paradigms. Despite the hiccups that led to the disintegration of the first EAC, it is clear that regional integration was important enough to lead to the revival of the EAC. However, there have been decisions in which, despite the commitment to the second EAC, have led to rocky relations between the partners. Understanding the choices that partner states made in this context is best studied under the prisoner's dilemma and domestic audience approaches.

### **Game Theory and bargaining - Domestic Audiences or Prisoner's Dilemma?**

Negotiation and bargaining in international relations is a complex affair. Negotiators face questions of credibility and commitment, where their domestic and international audiences study their actions and structure their preferences according to expected outcomes and possible gains. James Fearon utilizes formalization to outline choices that a country faces when a decision has to be made in the case of conflict between two states. A state that stakes a position in a dispute faces, and considers options available to it; Fearon (1994) suggests that for states with actively involved domestic audiences, "if a state backs down, its leaders suffer audience costs that increase as the crisis escalates". Fearon finds that "a stronger domestic audience thus allows a state to signal its true preferences concerning negotiated versus military settlements more credibly and more clearly".

Negotiation with states that expect to cooperate in any number of future events benefits from the shadow of the future. States that expect to cooperate in future are more likely to cooperate now, since expectations give rise to future expectations. Similarly, negotiation between fewer

states may be more difficult due to the nature of gains and losses. Even with the shadow of the future, Mosher (2003) argues that sometimes, players can refuse to cooperate under any circumstances, turning negotiations into games of deadlocks.

Game theory has seldom been applied to specific case studies in developing countries in. Within each negotiation and bargaining situation, actors face constraints, benefits and costs. States that are unable to generate significant audience costs are assumed to be in a weaker bargaining position, since any negotiated outcome presents no costs to them. On the other hand, actors/countries with significant domestic audience costs have stronger bargaining positions abroad, since the domestic audience imposes sanctions that leaders are unwilling to bear, through being voted out of office (Partell and Palmer, 1999).

The problem, of course, is states whose leaders perceive that the domestic audience costs do not factor into the bargaining and negotiation process. Since democracies have higher audience costs, it follows that authoritarian and non-democratic regimes have fewer audience costs. In 1996, Kenya's polity score was -5, rising to -2 from 1997 to 2002. In the same period, Tanzania's polity score was -1 from 1996 to 1999, rising to 1 from 2000 to 2002. Uganda, on the other hand, Uganda's polity score was -4 (Marshall and Jagers, 2002). The impact of domestic audiences in each of the three countries therefore may not be a good indicator of domestic audience influences.

Neither Kenya nor Tanzania has a particularly robust domestic audience that could impose significant audience costs. Where audience costs are involved, it is likely that the actors and the domestic audiences do not have complete information, or have misinformation. The likelihood of using domestic audience selectively to further specific agendas for increased or limited cooperation exists. On the other hand, the domestic audience in this case may consist of the stakeholders, whose interests the revival of the EAC would either threaten or aid. In this case, the problem of specification arises; are the domestic audiences the stakeholders, or the wider public? In a traditional sense, this would include individuals, the civic society and stakeholders. However, the notion that "leaders" face costs from domestic audiences as explicated by Smith (1998) and other scholars, leaves no doubt that the domestic audience punishes leaders "electorally", and therefore are consists of the country's suffrage-age and politically active population within a framework that allows for democratic choices.

While the domestic audience paradigm assumes that domestic audience plays a significant role in negotiations between democracies and non-democracies, therefore playing an important role in strengthening or weakening the bargaining position of the actors, in this situation,

domestic audiences do not appear to strengthen or weaken the bargaining position, since democracies generate domestic costs better than autocracies (Eyerman and Hart, 1996). However, the domestic audiences differ; in the case of revival of the EAC, domestic audiences comprises of industrialists, business owners, state corporations etc – actors who gain or lose with the treaty ratification. Further study of the nature of bargaining and cooperation among sub-state actors will provide insight into the positions taken by these actors.

### **Prisoner's Dilemma**

Most studies of the Prisoner's Dilemma have focused on major powers, and the dilemmas of cooperation. The Prisoner's Dilemma is the leading metaphor for the evolution of cooperative behavior where actors are concerned with cheating. The dominant strategy in Prisoner's Dilemma is the incentive for each player to defect, no matter whether the other player cooperates or defects. The ordering preference for both players is  $DC > CC > DD > CD$ . In Game Theory, Prisoner's Dilemma is seen as a more conflictual game. A less conflictual game is the Stag Hunt, where the preferences for both players provide maximum benefit in the sequence of  $CC > DC > DD > CD$ . However, Deadlock is a more conflictual game, whose ordering preferences are  $DC > DD > CC > CD$ . With defection as the dominant strategy for each player, DD is the most likely outcome, because no matter what the other player does, each player will defect; this is the worst outcome for each of the players (Axelrod and Keohane, 1985). Busch and Reinhardt (1993) note that individually rational behavior results in a sub-optimal outcome for each actor.

While game theory has not been widely applied to studying cooperation strategies in Third World Countries, I expect that the logic of Game Theory applies to the study of cooperation dilemmas of less powerful states, just as it applies to powerful states and actors, given their ordering preferences, and their rationality.

Some factors are more disposed to shaping states preferences and bias them towards less conflictual games. The proximity of states to other states is one such example. Another example is the issue area. Issues where one state's gains mean another state's loss are likely to tend towards conflictual and deadlock games, while non-security issues tend towards games that are more cooperative. Increasing the number of actors is also likely to reduce the relative gains for each actor, therefore other states' gains become less threatening to any single actor (Grieco, 1988). In some instances, cooperation, just like trade, will make everyone better off. Axelrod and Keohane (1985) further note that in establishing institutions and cooperation patterns, the institutions change the patterns of interaction and the states

themselves, adapting to rules that make cooperation easier, through transparency and availability of information.

Iteration, that is lengthening the number of plays in the interaction, has the same effect as the shadow of the future: expectations shape player preferences, and therefore influence outcomes. Similar to the expected issue area and number of actors, repeated interaction is less likely to provide a player with the incentive to defect (Axelrod, 1980). The iteration of PD (IPD) lengthens the shadow of the future, due to an uncertain number of plays, i.e.  $n = (\infty)$  is likely to provide more incentive for players to cooperate. The Shadow of the Future and reciprocity help avoid situations like Permanent Retaliation, where a player cooperates until the other player defects, and then defects permanently from then on (Axelrod and Dion, 1988). However, since each player has to perceive some benefit in cooperating, and the second player is not sure if the other will cooperate; there is always a possibility of cheating.

In real life, players have the option of walking away from the "prison". States can choose not to cooperate, unless they perceive some benefit in cooperating. Volunteer selection of play partners using the "out-for-tat" strategy, and the availability of the option of walking away, increases the probability that players will cooperate, rather than defect (Boone and Macy, 1999). Ashley (1999) notes that utilizing a two-player game of complete information, players can predict the actions of their counterparts. However, this model is based on the assumption that domestic audiences have an ability to influence and adjust leaders' choices. With the two countries' low level of participation as reflected in the polity scores; it cannot be assumed that domestic audiences have any influence on leaders' choices. However, since a rational actor considers the benefits of cooperation and a decision on whether cooperation improves or worsens the status quo, cooperation is possible unless it severely harms the player's interests.

Applied to the problem of East African cooperation, a number of prior conditions immediately influence the expected behavior of both Kenya and Tanzania. The long prior history of both countries - including shared populations, border, and wildlife migration patterns, previous membership in the original East African Community, membership in the Commonwealth, colonial history, shared language and transportation networks among others, there are expectations that both countries will be more likely to cooperate. Andreoni and Miller (1993) refer to such previous interactions as "reputation building". While this interaction is not entered to strictly as a game-theoretic and cooperation problem, the two countries have a previous reputation, giving the other country information on previous actor preferences and reliability, making cooperation more likely.

Did Tanzania express her preferences for cooperating

or defecting based on Prisoner's Dilemma (one-time, iterated, out-for-tat, tit-for-tat, complete information or  $n = (\infty)$ ) games? David (1991) suggests that Third World Countries' Foreign Policy and International Relations choices determined by omni-balancing. The leaders (negotiators) are more concerned with their staying in power and personal survival, rather than the consequences of the other player defecting. According to David, being in/out of power sometimes determines whether the leader is executed, imprisoned or continues to enjoy benefits of office. In analyzing Prisoner's Dilemma, actors only face costs imposed by the defection of other players, and these inform their decision to cooperate or defect. Where the decision of the other party to defect leads to loss of life or limb, or leads to a significant change in the status quo that affects the non-participative domestic audience, the leaders are more likely to defect.

### **Reviewing the evidence: a case for Domestic Audiences or Prisoner's Dilemma?**

In this section, I examine the hypotheses in light of the literature on PD and Domestic Audiences and the hitherto unsatisfactory application of game theory to problems of Third World international relations. Due to the absence of polling data on the support, or lack thereof, of East African cooperation and the revival of the EAC, I discuss qualitatively the revival process.

### **Cooperation**

#### ***Influence from Domestic Audiences led to the decision in Tanzania to support Kenya reviving the East African Community.***

Upon the collapse of the first EAC and division of the Community's assets in 1984, a provision was made to "explore future areas of cooperation", which formed the basis of the renegotiation for the establishment of a Permanent Tripartite Commission for Co-operation Between the Republic of Kenya, the Republic of Uganda and the United Republic of Tanzania (East African Community Treaty, n.d.). Between 1985, Tanzania had three presidents elected by universal suffrage. As a one-party state, no literature suggesting that domestic audience costs influenced the choice of leadership.

As van Cranenburgh (1995) notes, Tanzania's one-party constitution was formalized in 1965, and elections for parliamentary representation were between two candidates of the same party. Presidential elections offered voters a chance to vote "yes" or "no" on one presidential candidate. The political system gradually reformed under pressure from the donors, and the first

multi-party elections were held in 1995. Without competitive politics, the audience costs to its leaders were essentially nil; therefore, policies cannot be attributed to political competition and the concern that domestic audiences would extract costs for either cooperating or not cooperating. It appears that the hypothesis that domestic audience pressure led to the decision to support revival of the EAC cannot be supported.

***Domestic audience pressure to protect local industries caused Tanzania to cooperate with Kenya to deny Rwanda and Burundi EAC membership in 2000***

While economists agree that trade creates winners and losers, trade improves the welfare of both consumers and producers in both countries, and that free trade is better for the world (Pugel, 2004). Countries enter trading agreements in order to provide for their consumers, and to enable specialization in order to exploit comparative advantage in their abundant factor of production. Regional Trade Agreements, Customs Unions, Preferential Trade Areas and other tax-reduced zones encourage higher trade through removal of tariffs and barriers.

Chapters 11 and 12 of the EAC treaty, the first two chapters dealing with the benefits of the East African Cooperation, outline Co-Operation In Trade Liberalization And Development, and (12) Co-Operation In Investment And Industrial Development. Further, the elimination of internal tariffs and other charges of equivalent effect, elimination of non-tariff barriers and the establishment of a common external tariff are key components of the EAC treaty. The establishment of the Common Market also required for the “free movement of labour (sic), goods, services, capital, and the right of establishment” (East African Community Treaty, n.d.)

Tanzania’s reforms from a centrally managed, to a liberalized, market economy began in 1985 under pressure from the World Bank and IMF (Van Cranenburgh, 1995), as a condition for “development aid”. Kenya had adopted the capitalist market model since independence, 22 years before Tanzania’s adoption. While the entry of Rwanda and Burundi in itself did not actively threaten Tanzania’s domestic industries, despite Rwanda’s impressive economic development, Rwanda was poised to recover quickly and diversify her economy, in part driven by donor funding for her reconstruction.

In 1998, donor funding for Rwanda’s reconstruction was more than \$300million (World Bank, n.d.). The rapid pace of economic reform placed Rwanda well on the path to become an economic powerhouse. Tanzania’s objection to Rwanda and Burundi’s membership of the EAC however, appeared driven more by the “need for

Rwanda and Burundi to fulfill the conditions of entry into the EAC”, include holding referenda on participation in the East African Federation and maintaining peace and stability. Other views suggest that Tanzania is more committed to the South African Development Community (SADC), and is the only country with membership in both EAC and SADC. This view contends that Tanzania is using the contentious issues, such as use of Identity Cards, land ownership and protection of her industries.

Tanzania’s disadvantage in terms of business competitiveness is evident in a review of the top 16 companies in East Africa (by performance). Of the 16 companies, Tanzania’s companies accounted for 12.5% while Kenyan companies accounted for 62.5% (Price and Solomon, 2005). These companies are in key economic sectors, including air transportation, energy, utilities, manufacturing, import, exports, and other service sectors. Therefore, liberalization and integration, which leads to removal of tariffs, would place Tanzania’s companies at a disadvantage and increase the competition. The 2005 Kenya constitutional referendum provided evidence that successful referenda can be carried out in the region.

In this case, based on the disintegration of the original EAC, the political will to cooperate, or to fast track the integration process seems have the same effect as it previously did: while the reasons for Tanzania’s cautious participation may be truly based on the issues raised, possibilities of discomfort with speedy integration may be evident. In the absence of referenda or other data-collection mechanisms on the contentious issues, Tanzania has not credibly shown that domestic audiences are against the ascension of Rwanda and Burundi would compromise her domestic industries, or compromise her relative stability, the reason cited for refusal of membership to Rwanda and Burundi.

***Defection***

In the previous two hypotheses, Tanzania cooperated with Kenya in reviving the East African Community and in denying membership to Rwanda and Burundi in 2000, until they had fulfilled the requirements of the protocol regarding ascension. However, Tanzania “defected”, and did not support Kenya in ratifying the use of identity cards a standard travel documents for the East African Community, arguing that the non-biometric nature of the IDs rendered them susceptible to forging. Tanzania did not support the common land ownership policy in any of the Partner States by any member of the EAC. What led to these “defections”?

***Tanzania’s opposition to Identity Cards as standard travel documents was caused by domestic audience pressure.***

Ethnicity and identity are sensitive issues on the African

continent. The unforgettable 1994 Rwanda genocide with close to a million deaths was driven by ethnicity. Tanzania, a nation with more than fifty "tribes", has enjoyed relative peace, through an active process of "one Tanzania", where identification by ethnicity was actively discouraged through the "Ujamaa" socialization process (Kadende-Kaiser and Kaiser, 1998). Tanzania does not require identification cards, unlike the four East African Partner States. In addition, although she has hosted thousands of refugees from the Great Lakes region, Tanzania dealt with the problem of refugees by concentrating them in certain areas and issuing them with Identity Cards. Tanzania did not issue its citizens with identity cards and utilized passports as official travel documents. This dealt with the issue of refugee identification without 'labeling' her citizens (Kibreab, 1999).

Tanzania argues that in addition to the insecurity of the ID cards, the cost of producing tamper-proof Identity Cards would be costly. Instead, Tanzania's position is that use of passports, which meet the international biometric data security standards, would avoid costs and duplication. In taking this position, Tanzania provides no data for the cost of producing ID cards. Comparatively, Kenya is projected to spend Kshs. 2 billion producing the new document (approximately 0.3% of the annual budget). While no statistics on potential domestic audience costs on the Tanzanian government for lack of support for a regional or national ID card exist, defection in this issue can be attributed to the absence of such costs. The Tanzanian government expects no domestic audience sanction or for other Partner States to defect, therefore, is unlikely to back down on the issue.

***Tanzania's opposition to common land ownership by EAC residents was caused by Domestic Audience pressure.***

In 1967, with the adoption of the Arusha Declaration, Tanzania privatized most economic production means. This led to a process of "collectivization", also known as *ujamaa*. These Ujamaa villages were centrally managed, state farms but also led to the creation of parastatals to manage the production and export of the mainly agricultural produce. While private investment was not outlawed, this change towards socialism placed the means of economic production and land ownership with the "people" through the Ujamaa villages (Briggs, 1991).

However, this centralized economic management, in part due to state monopoly and lack of competition, would begin to deteriorate in the 1980s, leading to the World Bank and IMF pressure to reform the economy as discussed previously. However, land ownership remained with the state. Waters (2000) suggests that in Tanzania's case, the trend towards communal ownership of property

and farming began in the 1890's, and the embrace of individual property ownership did not develop even after Tanzania became a British Protectorate. When the administration of Tanganyika passed onto the British under the League of Nations, Britain adopted indirect rule/communal "villagisation", similar to the German approach (Waters, 2000).

Given a history of communal land ownership throughout her history, change in land ownership from community to individuals is problematic for Tanzanian public, potentially imposing domestic audience costs for leaders. This is possible where Partner States' nationals gain simultaneous equal land access ownership with Tanzanians (East African Community Treaty, n.d.) Due to the perceived loss of land ownership if the Protocol is ratified, Tanzania has an opportunity to capitalize on domestic audience's potential sanctions as justification to decline ratification, due to land ownership sensitivities. A referendum on this issue may support the government position. The attempt to sanction the Tanzanian government on this "defection" instance, with Uganda threatening to proceed without Tanzania's participation, was vetoed by Kenya. The shadow of the future and previous Tanzanian cooperation paid off in her favor.

## DISCUSSION

Implementing a customs union and eventually a political federation by 2015 is an exceedingly ambitious goal. States have to implement governance structures, for the EAC and within the states; structures that support bilateral and multilateral partnerships, based on principles, rather than personalities. The democratic and reform agenda in the Partner States has not progressed well; Rwanda's government is perceived to be increasingly authoritarian, and Uganda's president has been in power for 23 years - hardly the bastion of democracy. Evidently, the ideological differences in representative governance produced a rift that gradually grew. Harmonization of ideologies will help the EAC stand better chances of succeeding.

Building consensus on areas of cooperation and areas where negotiations appear to have broken down is critical in fashioning the future of the East African Community. Issues of dual participation in Regional Trade Association, as is the case with Tanzania (dual participation in South African Development Community (SADC) and EAC) provide great opportunities for further work on harmonization of the various trade and customs regimes. The perception of lack of lack of political will, repeated mistakes of the past, lack of preparedness to implement the treaty in its entirety and perceived skewed benefits in favor of some members are issues that the Community has to work on.

Self-binding commitments among members is a good

way of lengthening the prospect of the shadow of the future, and therefore insuring cooperation. However, where partners encounter intransigent issues, bargaining – and the role of domestic audiences where these exist – becomes more difficult. Due to the non-democratic nature of most African countries, the domestic audience costs cannot always be counted on to influence the direct of bilateral or multilateral negotiations. Selective application of the domestic audience – except in areas where the very existence of the particular audience is threatened – in the case of agricultural production, may not produce favorable results for the negotiating partners.

States that consider involving their audiences, in areas of civic education to highlight the benefits of the Union and the bargaining position, and thereby claiming legitimacy in the positions, give states a stronger platform. However, in increasing civic participation, states encounter the unintended consequences of an active public, which is likely to pursue greater democratic freedoms. Since omnibalancing drives state leaders to self-preservation, state leaders then face a moral dilemma with sub-optimal outcomes. Tanzania finds herself in an unenviable position of having few states with stable, non-conflictual pasts. Among the original Partner States, she invaded Uganda 40 years ago; support from Uganda cannot always be counted on.

## CONCLUSIONS

Popular game theory suggests that individuals, players and countries as rational actors, attempt to maximize their benefits in every situation, settling for their optimum outcomes given the constraints they face, as well as other actors' preferences. At the same time, in democratic societies, governments and leaders have to worry about sanctions imposed by the costs of signaling, of cooperating, or defecting, especially in negotiations. However, non-democratic societies and those which opposition and civic costs are not a factor in leaders' choices, face other publics, such as the military, business investors, economic costs or credibility costs in deciding what course of actions to do. It is possible to assume that leaders in such countries, for example Tanzania, make decisions based on what is best for the country, even in the absence of data to show what positions their audience takes.

East African cooperation has had a long history, dating back more than a century. The East African Partner States have followed different paths of development, political ideology; cultural traditions and market models have shaped the states into their present entities. It is fallacious and dangerous to assume that the countries can gloss over their perceived differences, and the process of negotiation and bargaining, taking Tanzania's

interests, objections and compromises into account. This will lead to a more robust, less conflict-prone Community.

The consistent perception that Tanzania is frustrating the attempts to integrate the East African region to create a 120 million strong market, and eventually a political federation exists. However, without reworking the internal mechanisms of the Partner States, including their different ideologies, governance, political goodwill, investment, movement of persons and property ownership will likely drive states back to the past: repeating the mistakes that led to the dissolution of the first EAC. Pressure on Tanzania by her various publics to improve her economic well-being will inform her choices regarding her terms of cooperation with the other Partner States. The reform needed of her political and social institutions has to happen at her pace; given the Great Lakes proclivity to conflict, Tanzania may indeed do well by avoiding problems that may internally destabilize her.

From a theoretical perspective, I draw the conclusion that gaps exist in attempting to apply the clear-cut theoretical perceptions that states are either democratic or non-democratic. It is also presumptuous that if they are democratic, their publics are sufficiently informed to demand and participate in referenda to provide strong bargaining positions for their countries, or have the capacity to impose domestic audience costs on the governments.

Similarly, non-democratic countries and leaders, despite having no domestic audience costs, will cooperate where their interests are served by cooperation, and defect where cooperating would provide the worst possible outcomes for them, and where they perceive that the other actor's relative gains are worse than the status quo. Tanzania's current land system and the use of Identity Cards (which would impose direct costs and possible misuse) are two instances where defection, despite a prior history of cooperation, is likely to work in her interests. Tanzania's prior history of cooperation allowed Kenya to veto proceeding with the ratification of these clauses without Tanzania.

The patterns of cooperation and defection are illustrative of what domestic audience costs (businesses and leadership) perceive to be best actors' interests. The shadow of the future for the Partner States makes further negotiations, rather than sanctions, the preferred mode of settling the contentious positions. Previous information on Tanzania's pattern of behavior (credibility) assures Partner States that defection is not the dominant strategy; Tanzania will cooperate where her interests are in cooperating but defect where they are best served by defecting. More importantly, this analysis shows that even in the hierarchy of anarchy's "smaller" states facing decisions on collective action, domestic audiences and Prisoner's Dilemma are useful paradigms to analyze possible course of action for actors.

## REFERENCES

- Andreoni J, JH Miller (1993) "Rational Cooperation in the Finitely Repeated Prisoner's Dilemma: Experimental Evidence". *The Economic Journal*. 103(418): 570-585
- Axelrod R (1980). "More Effective Choice in the Prisoner's Dilemma". *The Journal of Conflict Resolution*. 24, (3): 379-403
- Axelrod R, D Dion (1988). "The Further Evolution of Cooperation". *Science, New Series*. 242(4884): 1385-1390
- Axelrod R, RO Keohane. (1985). "Achieving Cooperation under Anarchy: Strategies and Institutions". *World Politics*. 38, (1): 226-254
- Boone RT, MW Macy (1999). "Unlocking the Doors of the Prisoner's Dilemma: Dependence, Selectivity, and Cooperation". *Social Psychology Quarterly*, 62(1): 32-52
- Briggs J (1991). "The Peri-Urban Zone of Dar es Salaam, Tanzania: Recent Trends and Changes in Agricultural Land Use". *Transactions of the Institute of British Geographers, New Series*. 16, (3): 319-331
- Busch ML, ER Reinhardt (1993). "Nice Strategies in a World of Relative Gains: The Problem of Cooperation under Anarchy". *The Journal of Conflict Resolution*, 37, (3): 427-445
- van Cranenburgh O (1996). "Tanzania's 1995 Multi-Party Elections: The Emerging Party System". *Party Politics*. 2, (4): 535-547
- Ciriaco S (2006). "Migration, Minorities and the Transfer of Technology in Early Modern Europe." in Harad Kleinschmidt, Ed. *Migration, Regional Integration and Human Security: The Formation and Maintenance of Transnational Spaces*. Hampshire, UK: Ashgate Publishing Company, 2006
- DeRosa DA (1998). *Regional Integration Arrangements: Static Economic Theory, Quantitative Findings, and Policy Guidelines*. Washington, DC: The World Bank Development Research Group, 1998
- David S (1991). "Explaining Third World Realignment". *World Politics*. 43, (2): 233-256
- Fearon JD (1994). "Domestic Political Audiences and the Escalation of International Disputes." *The American Political Science Review*, 88, (3): 577-592
- Grieco JM (1988). "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism". *International Organization*, 42, (3): 485-507
- Hazlewood A (1989). "The End of the East African Community: What are the Lessons for Regional Integration Schemes?" *Journal of Common Market Studies*. XVIII, (1): 40-58
- Kirkpatrick C, Watanabe M (2005). "Regional Trade in Sub-Saharan Africa: An Analysis of East African Trade Cooperation, 1970–2001". *The Manchester School*, 73,2): 141-164
- Kadende-Kaiser RM, Kaiser PJ (1998). "Identity, citizenship and transnationalism: Ismailis in Tanzania and Burundians in the Diaspora". *Africa Today*. 45 (3-4): 461-480
- Kibreab G (1999). "Revisiting the Debate on People, Place, Identity and Displacement". (1999). *Journal of Refugee Studies*. 12, (4): 384-410
- Leeds BA (1999). "Domestic Political Institutions, Credible Commitments, and International Cooperation". *American Journal of Political Science*. 43(4): 979-1002
- Marshall MG, Jagers K (2002). *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2002*. Version p4v2002e [Computer File]. College Park, MD: Center for International Development and Conflict Management, University of Maryland. URL: <http://www.cidcm.umd.edu/inscr/polity/index.htm>. (Accessed 2/27/2009)
- Mattli W (1999). *The Logic of Regional Integration: Europe and Beyond*. Cambridge, UK: 1999
- Metcalf KN, Papageorgiou I (2005). *Regional Integration and Courts of Justice*. Oxford, UK: Intersentia, 2005 Ministry of East African Community. "The Treaty for the Establishment of the East African Community". [http://www.meac.go.ke/index.php?option=com\\_docman&task=cat\\_view&gid=21&Itemid=52](http://www.meac.go.ke/index.php?option=com_docman&task=cat_view&gid=21&Itemid=52) (Accessed: 2/27/2009)
- Mosher JS (2003). "Relative Gains Concerns When the Number of States in the International System Increases". *The Journal of Conflict Resolution*. 47, (5): 642-668
- Partell PJ, Palmer G (1999). "Audience Costs and Interstate Crises: An Empirical Assessment of Fearon's Model of Dispute Outcomes". *International Studies Quarterly*. 43(2):389-405
- Price S, Solomon J (2005) "Heavyweights maintain supremacy". *African Business*. 308
- Pugel TA (2004). *International Economics*, New York: McGraw Hill
- Smith A (1998). "International Crises and Domestic Politics". *The American Political Science Review*. 92, (3): 623-638
- United Nations Development Program (UNDP). (n.d.). "Human Development Reports – Data". <http://hdr.undp.org/en/statistics/data/> (accessed on 15 April 2009)
- Waters T (2000). "The Persistence of Subsistence and the Limits to Development Studies: The Challenge of Tanzania". *Africa: Journal of the International African Institute*. 70, (4): 614- 652
- The World Bank (n.d.) (2009). "Rwanda-Economic Recovery Credit, Report No. PID7365". [www.web.worldbank.org/external/projects/main](http://www.web.worldbank.org/external/projects/main) (accessed on April 2009)