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Taken for Granted:
Geographies of Social Welfare in South Africa

By

Erin M Torkelson

A dissertation submitted in partial satisfaction of the

requirements for the degree of

Doctor of Philosophy

in

Geography

in the

Graduate Division

of the

University of California, Berkeley

Committee in charge:

Professor Gillian Hart, Chair
Professor Michael Watts
Associate Professor Sharad Chari
Associate Professor Donald Moore
Professor Michael Burawoy

Spring 2020

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Abstract

Taken for Granted: Geographies of Social Welfare in South Africa

by

Erin M Torkelson

Doctor of Philosophy in Geography

University of California, Berkeley

Professor Gillian Hart, Chair

My dissertation, *Taken for Granted: Geographies of Social Welfare in South Africa*, explores the collision between normative assumptions about cash transfers as public goods and the lived experience of cash transfers as private debts. While most global development theorists assume cash transfers are easy, apolitical monetary instruments, I argue that they are not value-neutral at all, and are increasingly used to conscript poor people into a financialized economy through indebtedness. Through three years of fieldwork, I show how South Africa's cash transfer program was outsourced to a private company, Net1 UEPS Technologies, which compelled recipients into using their grants as collateral for loans. Such loans were risk-free for the lender, who built a segregated and monopolistic banking system and ensured recipients could not default. The financial technologies of the social grant program did not merely bring grantees into the same banking system as the rest of the country, but confined them within an entirely separate domain, and subjected them to private indirect rule without public oversight.

My argument builds on the multivalent meanings of debt embedded within the grant program, as economic, political, cultural, and familial obligations. While the post-apartheid social contract – between citizens and the state – is predicated on equality before the law, the indebtedness produced through the social grant program provided a new basis for racialized and gendered differentiation. Since grants were targeted toward poor Black women in their roles as mothers and grandmothers (85% of all recipients), debts were passed on to this population at the very site of familial care-giving. In post-apartheid South Africa, where political independence has not guaranteed social justice or economic freedom, this redistributive program was intended to consolidate national legitimacy. Yet, the government consistently used the social grants to sustain a liberal democratic order that continually reproduces racialized and gendered inequalities. Such contradictions enabled social grant delivery to become a potent struggle over "who owes what to whom?"

For Gary, Denise and Leopold

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List of Acronyms

AFI	Alliance for Financial Inclusion
AG	Auditor General
ANC	African National Congress
ATM	Automated Teller Machine
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BIG	Basic Income Grant
CGAP	Consultative Group to Assist the Poor
ConCourt	Constitutional Court
CPS	Cash Paymaster Services
CSG	Child Support Grant
CT	Cash Transfer
DA	Democratic Alliance
DG	Director General
DSD	Department of Social Development
EFT	Electronic File Transfer
EMV	Europay Mastercard Visa
EPE	EasyPay Everywhere
EPWP	Expanded Public Works Program
FCG	Foster Care Grant
G20	Group of Twenty
GEAR	Growth Employment and Redistribution
GPFI	Global Partnership for Financial Inclusion
IFP	Inkatha Freedom Party
IMF	International Monetary Fund
MEC	Mineral Energy Complex
MP	Member of Parliament
NCA	National Credit Act
NCR	National Credit Regulator
Net1	Net1 UEPS Technologies
NIDS	National Income Dynamics Survey
NPS	National Payment System
NSFAS	National Student Financial Aid Scheme
NT	National Treasury
OPG	Older Person's Grant
PMFA	Public Finance Management Act
RDP	Reconstruction and Development Program
SAPO	South African Post Office
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SCOPA	Standing Committee on Public Accounts

SDA	Special Disbursement Account
SLA	Service Level Agreement
UEPS	Universal Electronic Payment System
UBI	Universal Basic Income
WB	World Bank
WBDRG	World Bank Development Research Group

Glossary

This glossary contains a mix of Afrikaans and Xhosa words, many of which have been shared and are part of all South African languages.

amagqobhoka	educated people and converts to Christianity; literally people who have been penetrated by other cultures
amagwinya	savory fried bread
amaqaba	uneducated people, who have not converted to Christianity; people who do not embrace other cultures
dompas	stupid pass, the pass all black South Africans had to carry to work in areas outside the so-called homelands
donga	large hole or ditch
dop system	Cape farm workers received wine as a substitute for a wage
gatvol	fed up
gogos	grandmothers
iclub	rotating savings and loan association
Khayelitsha	new home, the name of a township 40 km from central Cape Town
klap	slap
kombi	minibus taxi
Koue Bokkeveld	cold goat scrubland
mashonisas	loan sharks
ordentlik	proper, decent
oubaas	old boss
sangoma	healer, diviner
smallanyana	a hybrid word of English and Xhosa, invented by Minister Dlamini, meaning very small
spaza	small community grocer
stokvel	rotating savings and loan association
tatamkhulu	grandfather
tshisa nyama	burnt meat, meaning BBQ
tokolosh	malevolent spirit
toyi-toyi	protest
vleis	meat
vlugtelinge	scatterlings
voorlopers	oxen in front that pull a wagon
witman	white man, meaning boss

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They give us money because we are poor, and then they take our money because we are poor.

Sophia Daniels, *Ceres, South Africa, February 2017*

PRELUDE

She Has the Receipts:
The Evidentiary Artefacts of Social Grant Payment



Figure 1: Receipts in motion: blurred, confusing, and hard to understand. Ceres, 2017. Photo Credit: Leopold Podlashuc[1]

Khayelitsha (new home) is a township 39 kilometers from the center of Cape Town, which was built on the shifting sand dunes of Monwabisi beach in 1983. According to local legend, Prime Minister PW Botha flew over in a helicopter, pointed, grunted, and ordered Cape Town's black[2]

[1] All photos in this dissertation are part of the Black Sash photo archive. They were taken to support a television documentary about social grants and document their work.

[2] The Population Registration Act [No 30 of 1950] required each inhabitant of South Africa be classified in accordance with a racial hierarchy created by the apartheid state. There were three basic classifications: 'White,' 'Native' and 'Coloured' (with 'Indian' as a subset of 'Coloured'). In 1951, the National Party opted for the use of 'Bantu' rather than 'Native,' changing again in 1978 to 'Black.' In the 1970s, as an act of resistance, the Black Consciousness Movement contested this narrow use of Black, redefining it as a political identification based on resistance to White supremacy, not a narrowly epidermal category (Erasmus 2012). The post-1994 Constitution followed suit, using Black as a more inclusive category. Yet, people's lived experiences – of housing, schooling, labor, and language – are still divided by apartheid's racial project and the categories have affective force and material effects. In this dissertation, I mostly follow the racial descriptors of my interlocutors, who used the categories of black, coloured and white to speak of their particular experiences of racism and racialization.

population to be put there (Reed 1994: 151). Through this despotic gesture, Botha identified a far-flung, low-lying portion of land to confine black people, who were perceived as a temporary population in Cape Town.[3] Due to strict "influx control"[4] measures, black people were only allowed to live in Cape Town for the duration of their labor contracts, after which they were forcibly returned to their designated rural "homelands"[5] in the Eastern Cape, over a thousand kilometers from the white (and coloured) city. Three years after the founding of Khayelitsha, in 1986, the devastating "pass laws"[6] were repealed, allowing black people to freely and permanently settle in Cape Town. Today, Khayelitsha is home to over one million residents and continues to materialize this racist legacy in the built environment.[7] Thirty-seven years after its establishment, and twenty-six years after the end of apartheid, most of Khayelitsha's residents are poor, unemployed, and struggle to gain access to the promises of democracy. A very important source of income for Khayelitsha's residents comes from South Africa's social assistance program.

On the first day of October 2016, Site B Community Hall in Khayelitsha was one of the busiest social grant pay points in all of South Africa. Situated in a large concrete multi-purpose building, the pay point formed the center of a lively commercial hub. The adjacent shop owners and street traders built their enterprises around the temporal rhythms of grant payment, hawking their goods most enthusiastically in the first week of the month. When we arrived, my colleague, Nobuhle, and I surveyed the bustling square.[8] Nobuhle was a social worker with the Black Sash, a sixty-year-old non-governmental organization (NGO) fighting to achieve comprehensive social security. Formal shopfronts around the perimeter boasted names of NGOs, payday lenders, phone repair technicians, China shops, dentists, and *sangomas* (diviners and healers). Informal traders demarcated space in the center of the square, designated by stacks of Tupperware, bags of second-hand clothing, building materials, mattresses, and *tshisa nyama* (burnt meat, i.e. BBQ). Nobuhle directed my attention to Dr. Mustafa's herbal clinic. In addition to the *sangoma* stock-and-trade – the return of lost lovers, penis enlargement, lotto numbers, infertility, bad luck/*tokolosh* (malevolent supernatural being) and business contracts – Dr. Mustafa was offering a new service: "financial problems/SASSA debt." If *sangomas* were offering to remedy it, "SASSA debt" must be a significant problem.

Following the Black Consciousness Movement, I also use Black when it is important to speak of a collective experience of oppression.

[3] With the Coloured Labor Preference Policy of 1955, Cape Town was declared the preferential home of white and coloured people; and with the Group Areas Act of 1966, apartheid sought to decrease the black resident population by 5% per year.

[4] The program of surveillance and control imposed on the movement of black people into urban areas.

[5] The "Bantustans" or "homelands" were the apartheid continuation of the colonial "reserve" policy, where 13% of South Africa was set aside for 85% of the population. Black people were incarcerated in ethnically-defined reserves and later Bantustans. They could only settle in urban areas with special permission.

[6] The pass laws restricted the free movement of black people under colonialism and apartheid. Black people were required to carry a pass, colloquially called the *dompas*, or stupid pass in order to live and work in urban areas. The pass laws had their roots in the 1760s, when people enslaved in the Cape had to carry paperwork. Successive colonial and apartheid governments instituted various pass laws to enforce racial segregation, containing black people within reserves and arresting those found to be "out of place."

[7] No one is quite sure how many people live in Khayelitsha. The most recent census from 2011 put the population at 391,749 people (StatsSA 2011). Other larger estimates range from 1 million (Brun and Wilson 2013) to 2.4 million (Beyond Our Borders 2018).

[8] All names have been changed in accordance with UC Berkeley CPHS Protocol 2014-12-7017.

From the square, Nobuhle and I could see the queue of people, circumnavigating Site B Community Hall. It was 10:30 in the morning, but the summer heat was already radiating off the pavement. Hundreds of elderly and disabled people sat in line, hard up against the building, making the most of its half meter-wide (less than two feet) shadow. Security guards, bearing semi-automatic rifles glanced in our direction, but said nothing, as Nobuhle and I greeted the first few people in the queue and entered the hall. Inside, we were met with a cooler reception. A pay point operator, from Cash Paymaster Services (CPS), ran over to position himself between us and the rest of the hall. Nobuhle handed him a letter from the South African Social Security Agency (SASSA), authorizing our presence. Scanning the letter, he responded, "you might have *their* [SASSA's] permission, but you do not have *ours* [CPS's]." Hitting that distinction hard, he called his manager over, Vuyani Faku, who seemed slightly more prepared for our visit. Mr. Faku issued a number of stern warnings and instructed us not to take photographs, before letting us pass.

Nobuhle and I scanned the two banks of chairs laid out in long, neat horizontal rows, facing the larger of two stages which occupied opposite ends of the building. As we arrived, the security guards were counting off 60 people from the outside queue, and ushering them into the first two rows of chairs nearest the stage. The other 16 rows of people had already moved two rows back, making room for those entering from outside. When a row of people reached the last row of chairs, they lined up single-file against the wall of the building facing the front stage. Another security guard would instruct five people at a time to join smaller queues behind two tables with aluminum briefcases, containing various electronics operated by CPS consultants. The CPS consultants inserted grantees' SASSA cards into their card reading machines and guided grantees' thumbs onto their biometric scanners. The machines printed out receipts, stating the proper amount of money each grantee should receive. The consultants counted out the cash, and handed each person a stack of bills along with their receipt. Those who lacked "legible" fingerprints, stood off to one side, nervously wiping their hands on a wet cloth provided by CPS for this purpose, and then stepping up to the card reader for a second (or third) try.[9] Nobuhle and I found some empty chairs below the stage and spent the morning surveying people at this pay point.[10]

While most of the action seemed to happen on the front stage, after lunch we discovered something else was happening on the back stage – something more in line with Dr. Mustafa's foreboding sign. There was another, shorter queue of about 30 women seated in chairs, which had not moved since morning. Many of the women had been there since 6:00 am, long before the pay point opened. This queue was for grantees who had problems with "short pay," i.e. they did not get the full value of their money. CPS claimed ignorance, and the women were waiting to talk to an official from SASSA. The SASSA official was nowhere to be seen, and one security guard informed us that "she had gone to lunch." Everyone seemed to doubt she would return that day, but waited just in case.

[9] Natasha Vally (2016) describes a remarkably similar scene in Bushbuck ridge. Oddly, this seemed to work in most cases.

[10] This was part of the Black Sash's Community Based Monitoring Project. Pay point enumerations in Khayelitsha were carried out in partnership with the Social Justice Coalition. The poster produced from the results of our survey is reprinted in Chapter 1.

I sat down next to Thandeka, who I had seen pacing nervously earlier that morning (Torkelson 2017a). When I asked if she was okay, Thandeka explained that she had no money for a taxi and had walked from Mfuleni,[11] about 8 kilometers (5 miles) away, to collect the child support grant for her daughter. After standing in the queue for several hours, the CPS operator explained that she only had R0.26 cent (less than $0.02)[12] in her account, which he could not pay out. Anything under R10 ($0.66) was rolled over to the next payment period because CPS could not be bothered with coins. The operator told Thandeka that her money was paid into her account that morning, but he could not explain what happened since. He gave her a long receipt to document their encounter, which she gripped all morning.

Thandeka explained that, when I had seen her pacing earlier, she was asking Mr. Faku why her money "was short." He informed her that he didn't have a computer, but could WhatsApp the main office with her identity number to get details from his colleagues. Mr. Faku did so, or seemed to do so, and she sat down to await his response. When Thandeka followed up, he said he hadn't heard anything, but his phone was out of data, so he couldn't actually send or receive messages anyway. The only thing she could do was sit and wait for the SASSA official with the other women on the back stage.

In the meantime, we looked at her receipts. Everyone on the stage had these crumpled documents that itemized transactions and fees. Thandeka unfurled nearly a meter of flimsy 2-inch-wide paper. Brandishing this record, she asked me if I could decipher its contents. As she did so, I understood that each of these well-worn, but carefully preserved, receipts told a story. Each one comprised a potent critique of South Africa's social welfare program, precious evidence that people's experiences of social grants were often quite different than the promises made in development reports.[13]

This reminded me of Mary Poovey's (1998) work on accounting practices in Medieval Italy. Poovey argues that authority and moral rectitude in the financial sector came to rest double-entry book-keeping: where the practice of recording two balanced columns of credits and debts appeared to validate the trustworthiness of merchants, traders and banks. Each entry subordinated all the messy particulars of any given transaction to a single line of text, an amount debited or credited. Even as double-entry book-keeping obscured the everyday "frictions" (Tsing 2005) of economic exchange, the system's formal coherence gave it and its users credibility. I wondered what CPS's receipts, which appeared to be recording incontestable facts, were

[11] A township on the opposite side of the main arterial highway (the N2) from Khayelitsha.

[12] The dollar-rand exchange rate hovered around $1 to R14 for most of my research period. I used this conversion throughout for simplicity.

[13] Doing this research, I looked at hundreds of receipts. Every time I did so, I was reminded of a popular internet meme. In 2002, "receipts" entered the popular vernacular when Diane Sawyer accused Whitney Houston of having a "$730,000 drug habit." Houston knew Sawyer could not prove this spurious claim, and coolly replied "show me the receipts." In 2016, "receipts" were made popular again when Taylor Swift publicly criticized lines of a Kanye West song. Kim Kardashian "had the receipts" to prove that Swift had previously approved those same lyrics. This incident sparked many demands for "receipts" – meaning proof or evidence – meant to distinguish between claims that were and were not "true." Receipts, in this sense, were not only slips of paper printed by a cash register, but online pictures or recordings, accessible with a few strokes of a keyboard. This meme was powerfully deployed by Black people in the US, who used "receipts" to prove racial discrimination, particularly in cases of hard-to-pin-down micro-aggressions. For an excellent analysis of receipt memes and race, see Katy Waldman's (2016) piece in *Slate*.

concealing. At first glance, Thandeka's receipt seemed to offer a transparent account of the last few months of her grant payments (credits) and purchases (debts). But it disguised all those messy particulars, all of the stuff that could never be recorded in a double-entry ledger.



Figure 2: Sample receipt of deductions from a disability grant, Khayelitsha, 2016.

As we scoured Thandeka's receipts, we saw that at 8:54 in the morning, the exact moment her finger touched CPS's biometric scanner, R350 ($23) was deposited in her account, the amount of one child support grant.[14] At the exact same time, 8:54 in the morning, Smartlife deducted R63.00 ($4.20) for a funeral policy; uMoya Manje deducted R100 ($6.67) for airtime and R50 ($3.33) for electricity; Moneyline deducted R130 ($8.67) for a loan repayment; and CPS deducted almost R20 ($1.33) in account fees. All of these companies are related to CPS through their parent company, Net1 UEPS Technologies (Net1). Thandeka's opening balance was not listed on the receipt, only her ending balance of R0.26.

While the slip seemed to present a sort of calculative rationality, as we went over each line together, Thandeka strongly disagreed with what her receipt aspired to show. This economic artifact made it look as though Thandeka had received her money and subsequently spent her money. The two columns reconciled, appearing to describe flows in and out of her account. But, she had never actually been able to withdraw cash, and she had not been able to go to the grocery store and make her usual purchases for the month. For all intents and purposes, Thandeka never received this money because it was digitally routed to make payments on a funeral policy, airtime and electricity. Thandeka stridently denied registering for any of these products,

[14] R350 was the value of the grant at the time. The child support grant is currently R420 ($28).

protesting "how could I? The children's money is too small."[15] She expected to get her three hundred rand in cash every month, not have it diverted to financial products she neither wanted nor recognized.

Thandeka explained that she had borrowed money from Moneyline, but only after the other deductions began depleting her grant. "Really," she told me, "I had to borrow. The deductions took all my money. My child was hungry." She suggested the earlier deductions were an intentional strategy on the part of CPS. "You see, with this deductions story, first they steal our money, and then we are forced to beg them for a loan."

While CPS issued receipts in an attempt to demonstrate their financial decency, Thandeka clung to her receipt as evidence of their financial depravity. It seemed to me both CPS and Thandeka had a deep faith in the virtue of numerical systems of value, and hoped to use the "facts" of her receipt to achieve different ends. I hoped that CPS's performance of transparency was accurate enough to contain traces of their venality. While at first glance, any single receipt seemed to present a straightforward record of transactions and payments, the receipts I read *en masse* told a different story – one far more aligned to Thandeka's suggestion of malfeasance. Each contained another clue about how social grant money directed toward South Africa's poor was converted into profits for a private corporation.

Reading hundreds of receipts, I started to find discrepancies. I found electricity deductions on an old age pension, where the grant recipient lived in a state care institution and had no need to purchase electricity for himself. I found airtime deductions on a disability pension, where the grant recipient sold mobile phone minutes as a business and had no need to purchase airtime for herself. I found funeral insurance deductions on children's grants, where the usuriously high monthly payment was not tied to the risk of child mortality, which in South Africa is very low.[16] I found people with so many loans and deductions coming off their accounts, they no longer received any money through the grant program and could *only* use their grant as collateral for increasingly more debt. It became clear that grantees were not freely choosing to sign up for these deductions – they were being conscripted into regimes of debt without their consent (as I will explain in the introduction).

This is what Dr. Mustafa short-handed as "financial problems/SASSA debt." And this is what this dissertation is all about.

[15] The National Credit Regulator has taken Moneyline to court on this issue. They have argued that children's grants are too small to be used as "income" in affordability tests for credit and other financial products. Additionally, since children are the beneficiaries of the grant money, and are under 18, they are too young to enter into such contracts.
[16] The South African Social Security Agency (SASSA) took Lion of Africa Life Assurance Company to court on this issue. In a study commissioned by the Black Sash, Roseanne da Silva, president of the Actuarial Society of South Africa, estimated on the basis of child mortality statistics that less than 1% of the premiums paid to Lion of Africa were needed to pay out for funerals of children (only R17,000 of R1.7 million in monthly premiums / $1214 of $120,000).

INTRODUCTION

The Mama and the Baby:
On Principle(s) and Interest(s)

"Nelisiwe can never pay the mama because the baby is growing. She uses the mama of this one to pay the baby of that one."
-Patricia, Limehill, February 2019



Figure 3: Grantees attending a Black Sash "Speak Out" on debt, Ceres, 2017. Photo Credit: Leopold Podlashuc.

In mid-2017, I was squeezed into the last seat of a *kombi* (minibus) taxi in rural KwaZulu Natal, looking out the window at the dry, cracked ground. Patricia, the Black Sash's partner from Limehill, pointed to the arid landscape and told me how their dam had dried up earlier that year. Water was trucked into their settlement, but only politically well-connected people got their tanks filled. As the rainless months wore on, residents burned down the nearest government building – the South African Social Security Agency (SASSA) office – to demand a meeting with the new president, Cyril Ramaphosa.

Limehill exists because of its aridity. It was purposefully built in a "rain shadow" (Hart 1999). In the 1950s, planners from the South African Department of Native Affairs deemed this "natural"

feature ideal, and established Limehill as part of an ironically named "betterment" program to destroy the thriving livelihoods of black farmers living at the Maria Ratschitz Mission (Desmond 1970). The Department of Native Affairs evicted black farmers, who owned their land through the Mission, and moved them to a location situated 40 to 60 kilometers from three medium-sized cities. Ironically, called a "labor reserve," the labor of Limehill's residents was never really needed by anyone and local agriculture was impossible without rain. Black farmers in Limehill elaborated the government's motivation: "They moved us to this place so that we may suffer till we die" (1970: 17). Today, there continues to be neither work nor water in Limehill. Residents experience the "affective force" (McIssac 2019) of past deprivations in relation to their present livelihood struggles.

As we travelled to see the scorched remains of the SASSA office, Patricia updated me on several of her clients. I asked about one person in particular, Nelisiwe, a mother with four small children, whose husband had died in a car accident. Nelisiwe had used her social grant to borrow money from three payday lenders to provide for her kids, as well as her uncle, brother, and sister who all lived with her. Patricia explained how Nelisiwe was using newer loans to pay back older loans. As she did so, she substituted the words "mama" and "baby" for "principle" and "interest."

"Nelisiwe can never pay the mama because the baby is growing. She uses the mama of this one to pay the baby of that one."

Patricia's metaphor elaborated the central dynamic of this dissertation. It captured how a national social welfare program conscripted poor Black mothers and grandmothers into predatory debt regimes through their practices of intimate family care. The bundling of social welfare with debt produced new racial and gendered formations and structured familial care in the aftermath of colonial and apartheid violence. Patricia's use of the terms "mama" and "baby" was doubly meaningful. In the first instance, Patricia used these terms to describe the relationships at the heart of social reproduction, and the practices of care that support the well-being of the family. In the second instance, she used these terms to describe the relationships at the heart of financial accumulation, and the practices of accounting that support the accrual of interest on credit. Layering these meanings, Patricia described how Nelisiwe needed credit to care for her family (as a mama for her babies) *and* needed more credit to care for her loans (the mamas and the babies). The multivalence of meaning demonstrated how normative assumptions about cash transfers as public welfare collide with the lived experience of cash transfers as private debts. Patricia's use of the terms mama and baby elaborated credit and debt as economic claims, as well as moral demands, kinship obligations, and political rights.

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Over the past two decades, cash transfer programs have become extremely popular and world-making development interventions. They appear to be preferable to large-scale post-WWII development projects, which have been critiqued for being expensive, top-heavy, one-size-fits-all approaches, inattentive to the diversity of local contexts. Cash transfers are imagined to side-step such uncomfortable and universalizing development initiatives, by just giving money to poor people, who are best positioned to make their own decisions appropriate to their circumstances. Social commentators and academics from the left and the right have bought into

this perception of cash transfers, as easy and uncomplicated tranches of money that give people the "freedom" to choose their own financial priorities (Hulme et. al. 2012; Collins et. al. 2009). What is missing from such analyses, however, is how cash transfers introduce new universals appropriate to a global economy driven by finance capital: specifically, that cash transfers should be bundled with financial products and loans to be most effective (Clemence and MacLellan 2017; Collins et. al. 2009). This assumes a sort of ahistorical, liberal sovereign subject, who while excluded from the formal productive economy (as a worker), can make "choices" to provide for her family through the financial economy (as a debtor). Such assumptions completely ignore the experiences of grantees like Nelisiwe, who are not "choosing" their debts, as much as having those debts foisted upon them.

Given this, I make three central arguments over the course of this dissertation. First, while cash transfers are often seen as emerging from a radical political impulse, they are not necessarily progressive. Cash transfers are power-laden political interventions that can and do emerge from destructive processes of racial capitalism. I focus on how the South African Social Security Agency outsourced grant payment to a private corporation that used their monopoly control over personal data to segregate Black women grantees into an alternative digital financial space on highly unequal terms. Within this banking space, they were subject to aggressive marketing, and conscripted into regimes of credit and debt in the name of moral improvement and progress. Contrary to the hype, cash grants were not just an easy transfer of money to the poor, but a new political technology of state power and racial financial capitalism.

Second, since the vast majority of cash transfer recipients were Black women, they became the proverbial "bread-winners" for their households, not from a wage but from their state grants. Social grants were targeted toward specific categories of individuals – the elderly, caretakers of children, and people with disabilities – but formed the only income available for entire households and families. The extreme financial demands of caring for a household with an individual grant compelled recipients into consuming financial products and drove them toward money lenders. When Black women accrued debts, exactly as the social welfare system encouraged them to do, these debts were used as evidence that they were spendthrift, irresponsible and undeserving of support. Social welfare bureaucrats racialized and demeaned grantees unable to "succeed" in a financial system designed to disadvantage them.

Third, the South African government aspired to use grants to forge a new social contract with poor citizens. The distribution of grants was meant to ensure poor people would not "revolt" even as processes of racial capitalism and elite wealth accumulation continued. The government used the social grant program to shore up the liberal democratic state and make ongoing racialized and gendered inequality acceptable. Yet, the lived experience of grant-based debts inspired many people to question: *who really owes what and to whom?* In so doing, they appealed to the cultural and political debts owed by beneficiaries of apartheid (and liberal democracy) to those who continue to be poor long past the celebrated South Africa transition to democracy and "freedom." In questioning the morality and directionality of these debts, grantees claimed that cash transfers should be more akin to a reparation, redistributed as compensation for the labor and land stolen from previous generations and upon which successive "racial states" (Goldberg 2002) were built.[17]

[17] I use this in David Theo Goldberg's sense that all states are racial states.

The multivalent concept of being conscripted to debt links all of my arguments. Each of my chapters is part of a puzzle, revealing a little bit more about the way grants are transformed into debts, and grantees into debtors. One piece of the puzzle depicts how debts are linked to the social grant program, which converts money from a massive government social program into corporate profits. Another piece illustrates how debts are aggressively marketed to caregivers, who are struggling to sustain large families in a time of massive unemployment. And, another piece shows how credit is foisted on Black women, who are naturalized as subjects of debt to absorb surplus liquidity. There is another piece of the puzzle which portrays how debts are used by the government to discipline citizens even amid growing inequality. Another demonstrates how debts are used by beneficiaries to refuse the ongoing violences of racial and gendered capitalism from colonialism forward. In this dissertation, I use the expansiveness of the idiom of debt as an analytic to help piece together all the ways debts are used (and abused) in South Africa's grant payment system. As a geographer, I attend to how conscription is a deeply spatial process. Each chapter considers a place and process of conscription, including the spaces of international development aid, digital payment platforms, Western Cape farmlands, gendered household provisioning, and national government policymaking.

For the rest of this introductory chapter, I will first attend to the messy specificity of the South African social grant program, offering a short history on how it came to be privatized. Second, I will describe how the South African social grant program has generally been understood in academic and policy literatures domestically and internationally. Third, I will explain why my approach of understanding grants, not as gifts but debts, is hugely important and relevant in the present moment. Finally, I will conclude by explaining how I did this research, recounting my methods, my process, and my positioning within South Africa.

South Africa's Social Grant Program

The Nuts and Bolts

Every book on South Africa begins with a statement of time. "Ten years after the end of apartheid in 1994…" "Twenty years since the beginning of democracy…" "Two and a half decades since the transition…" Sometimes the beginning date is a few years earlier, the release of Mandela (1991), or a few years later, the passage of the constitution (1996). But there is always a statement of time. The very act of specifying the number of years since apartheid establishes expectations about a better "after" and itemizes the disappointments that have accrued through the failure to realize such an after. When South Africa transferred political power from a white supremacist government to a Black democratic one, there was a global expectation that a nation-state more just and just would come into being, and that it would come into being by a certain date. Surely, the major tenants of the Freedom Charter that formed the basis of the anti-apartheid struggle would finally be enshrined in law and in practice. Yet, South African poverty has only slightly improved and inequality has substantially worsened, creating a potent paradox: the people *are* governing, and yet, the country's wealth *is not* equitably shared. For many South Africans, the transition and the 26 years since, have not amounted to a radical break from the past, but a continuation of the racial inequalities of colonialism and apartheid well into the democratic present.

The South African cash transfer program, locally called the "social grant" program, is one of the only interventions through which people experience some form of redistribution and a break from an apartheid past. The social grant program comprises $11 billion per year and directly supports 18 million citizens (33% of the population).[18] It is the largest social assistance program in the world by GDP (3.3%), outstripping both Brazil (1.4%) and India (1.5%).[19] It is also the most important anti-poverty initiative within the country, making up the third largest portion of the national budget after healthcare and education. Most poor Black South Africans have not benefited from the government's housing delivery program (around 3 million houses have been built to date), and have to pay for their use of water and electricity beyond a minimal free monthly allocation.[20] Access to healthcare and education continues to be vastly unequal and based on what people can afford to pay and where they can afford to live. Likewise, for all the recent excitement about land redistribution,[21] such efforts have mainly benefited elites (Mtero, Gumede and Ramantsima 2019). Post-democratic economic restructuring failed to bring about "job creation," resulting instead in "jobless growth" (Marais 2011). The official unemployment rate hovers around 25% with unofficial estimates topping 40%. Almost twice as many people receive grants from government (18 million) instead of wages from work (10 million) (Institute of Race Relations 2017). Given this conflicting record on redistribution, the African National Congress (ANC) regularly boasts that social grants have been their "most effective" anti-poverty initiative (Government of South Africa 2014).

The social grant program forms the centerpiece of South Africa's social protection agenda, which is split into social insurance and social assistance programs. The former are funded through worker contributions, and the latter through taxation.[22] Social grants are (mostly) unconditional, aside from a means-test,[23] and are targeted toward children under 18 (paid to their caregivers), adults over 60, and people with disabilities (see chart below). These cash transfers not only assist the intended beneficiaries, but indirectly support whole households[24] (Mosoetsa 2011). Almost half of all South African households rely on at least one social grant income, and households with social grants are larger than those without, as family members congregate around grant recipients (StatsSA 2015). The government has steadily expanded the grant program since democracy, introducing the child support grant (for children up to 7), raising the age for CSGs (from 7 to 18) and lowering the age for pensions (from 65 to 60 for men).[25] While grants are not differentiated by race or gender, to say that grants are no longer racialized or gendered is premature (see, for instance, Seekings and Nattrass 1997). South African poverty

[18] Almost 11 million people receive grants on behalf of 18 million beneficiaries. Some people receive multiple grants, for example mothers who have two children. For the remainder of the dissertation, recipient refers to the person who receives the money, and beneficiary to the person who benefits from the money.
[19] World Bank Open Data: https://data.worldbank.org/
[20] See Antina von Schnitzler (2008) on the politics of water metering in South Africa.
[21] From 2017 until now, the ANC has been working on a draft Bill that would speed up land reform, specifically through "expropriation without compensation." This is in stark contrast to the "willing buyer willing seller" principle that has been followed since 1994.
[22] See Franco Barchiesi (2011) for a comprehensive discussion of South African social welfare.
[23] The means test is for both assets and income.
[24] I use "households" throughout this dissertation because that is one of the ways grants are measured in South Africa. Informed by Jane Guyer's (1988) important critique, I try not to assume households are spatially or temporally fixed, and rather attend to the shifting nature of social and cultural realities.
[25] Women could always access pensions from 60 and men from 65.

continues to be Black and female: Ninety-nine percent of grant recipients are Black and eighty-five percent of recipients are Black women (StatsSA 2015).[26]

Grant Name	No. of Grantees	Amount	Purpose	Means Test or other Information
Older persons	3,369,513	R1,600 (over 60) R1,620 (over 75)	Beneficiaries aged 60 and older	Recipients must earn less than R73,800 (single) or R147,600 (married)/year.
Disability	1,070,648	R1600	Beneficiaries with disabilities	Recipients must be between 18 and 59; and submit a medical assessment.
Child support	12,196,981	R380	Caregivers of children (under 18)	Recipients must earn less than R45,600 (single) or R91,200 (married)/year.
Foster care	478,158	R920	Caregivers of foster children (declared by the court)	No means test. This grant is debated as many children are cared by relatives other than their parents.
Care dependency	146,870	R1,600	Caregivers of children with severe disabilities	Recipients must earn less than R192,200 (single) or R384,000 (married)/year; and submit a medical assessment for the child.
War veterans	180	R1,600	Veterans of WWII or Korea	This grant will be phased out in a few years.
Grant-in-aid	181,672	R380	Older and disabled persons who need full-time care	Recipients must submit a medical assessment.
Social relief of distress	unknown	In-kind or in cash	A temporary grant for people in need	For those awaiting payment of an approved social grant, or those affected by a disaster.

Figure 4: Grants by number of recipients, amount and purpose, 2017. The information in this chart was adapted from SASSA's website in 2017. Grant amounts are typically increased twice a year, though not at a rate that keeps up with inflation.

Between 2012 and 2018, the South African Social Security Agency (SASSA) contracted a private company, Cash Paymaster Services (CPS), to pay social grants nationally.[27] SASSA wanted to consolidate grant payment so that every recipient countrywide could be paid through the same system, supposedly making distribution more equitable. And yet, one of the outcomes of this consolidation was that CPS and their parent company, Net1 UEPS Technologies (Net1), were given control over millions of grant recipients through access to their personal and financial data. CPS and Net1 collected and stored information – including pictures, voice and fingerprint biometrics, addresses and phone numbers, demographic information, banking details, credit scores and spending habits – outside of state oversight. Their subsidiary companies shared access to this treasure trove of data and developed and marketed financial products to recipients, including airtime, electricity, insurance, and loans. Net1's founder, Serge Belamant, boasted that his company was providing a vital national service (in Hogg 2016), by "including" Black people in a financial system that they had been denied access to under apartheid. But, under the guise of inclusion, South Africa's flagship anti-poverty program used poor Black women to profit from

[26] This figure had to be compiled from other data, as it is not given in StatsSA's publications. I arrived at this figure in this way: Child support grants are 71% of all grants, 97% of which are given to Black women in their capacity as mothers. Old age and disability grants are 29% of all grants, slightly over 50% of which are given to Black women as well (StatsSA 2015).

[27] Previously, provinces individually contracted service providers for grant delivery. Most provinces used one of three companies, including CPS.

household debt. Paradoxically, this ambitious and progressive redistributive policy – a grand experiment in the tradition of basic income and cash transfer – has proven to be not only fraught with risk but also incapable of addressing the crippling legacies of apartheid.

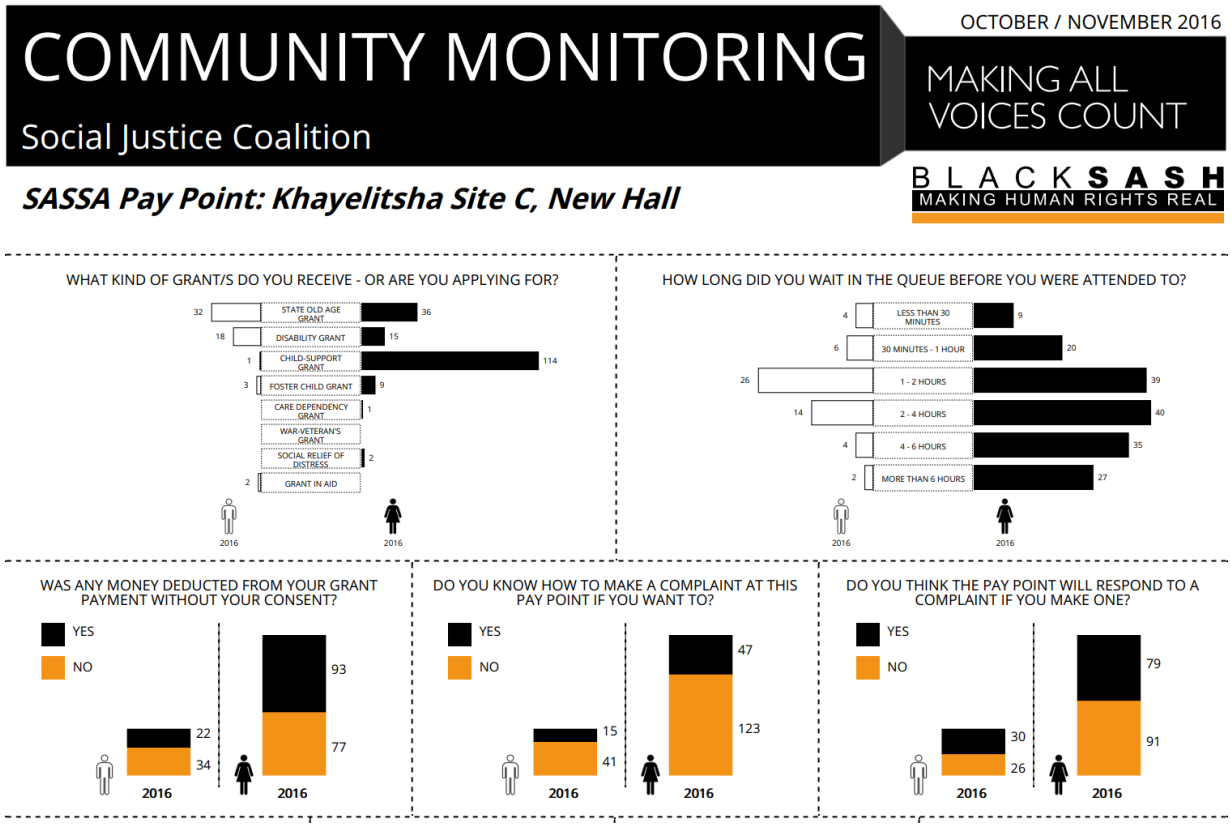


Figure 5: Black Sash Survey, SASSA Pay Point, Khayelitsha Site C, New Hall, October/November 2016. Poster created by the Black Sash based on a survey conducted in partnership with community based monitors from the Social Justice Coalition at a SASSA Pay Point in Khayelitsha between October and November 2016. Over 50% of participants said they had money deducted from their grants without consent.

While it is difficult to estimate the cost to grantees – in part, because this information is controlled by Net1 – there are some useful proxies. The Black Sash, a leading South African social security NGO, conducted a survey between October and November 2016. Enumerators surveyed seven SASSA pay points in three provinces. Out of 1591 grantees surveyed, 25.5% answered "yes" to the question: "was any money deducted from your grant without your consent?"[28] These non-consensual deductions included loans, insurance, airtime and electricity payments. In the urban township of Khayelitsha, 40 kilometers from downtown Cape Town, almost 50% of grantees said they experienced non-consensual deductions.

[28] Complete survey data available at the Black Sash website: https://cbm.blacksash.org.za/survey-types/sassa-paypoint-citizen.

Additionally, Net1 commissioned a report by auditing firm KPMG (2017) to assess their lending practices. By their own internal assessment, KPMG[29] found that between March 2016 and February 2017 grantee bank accounts were subject to 15.5 million debit orders, over half of which (53.4%) were deducted by two Net1 companies: Moneyline (loans) and Smartlife (insurance) (11-12). This report, however, purposefully excluded 2 million grantees with EasyPay bank accounts[30] and those with uManje Mobile deductions (two of Net1's biggest products). This audit demonstrated that Net1 controlled over half the market and seemed to have a significant advantage over other companies. Likewise, Net1's annual reports show profits from "South African transaction processing" (i.e. their government grant payment contract) and their sale of "financial inclusion and applied technologies" (i.e. the additional products sold through subsidiary companies). According to their statements to shareholders, between 2015 and 2017, Net1 made more money from their financial inclusion products than from the distribution of social grants.

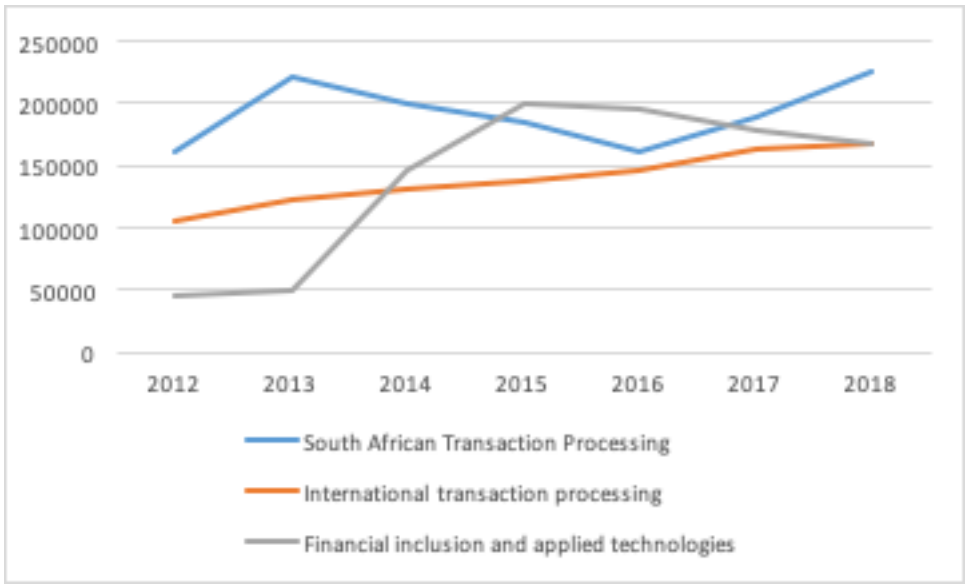


Figure 6: Net1 Profits in '000 Dollars. The lines represent the three segments of Net1's business as reported in their Annual Reports (Kotzé 2018; Belamant 2016). "South African transaction processing" and "Financial inclusion and applied technologies" are based in South Africa; while "International transaction processing" is based in South Korea, Hong Kong and the European Union (Kotzé, 2018, p. F-67). South African transaction processing consists of the welfare benefit distribution service, ATM infrastructure, and transaction processing for retailers, utilities and banks. Financial inclusion and applied technologies consists of short-term loans, bank accounts, prepaid products, life insurance, and the sale of hardware and software (ibid p. F-67-68).

This is not just a problem for South Africa. Powerful international actors, such as the Group of Twenty (G20), are calling for the bundling of cash transfer programs with financial inclusion products worldwide. The international donor community has funded several major reports

[29] This report begins with a strange caveat: the auditors "do not express any assurance" on the reports' contents (KPMG 2017).

[30] From 2015, Net1 encouraged grantees to transition to a second bank account outside SASSA's purview controlled entirely by them, called EasyPay. By the time of this survey, 2 million grantees had transitioned. I found that most people transitioned to the EasyPay account in order to get a Moneyline loan. Therefore, one would expect a much higher percentage of EasyPay account holders to have deductions.

written by financial inclusion think tanks to elaborate the rationale for such bundling (Clemence and MacLellan 2017; CGAP 2011a, 2011b, 2011c, 2011d; GPFI 2010), and Silicon Valley investors have rushed to fund universal basic income trials because of the financial inclusion potential (see McCullough 2019). Additionally, the International Finance Corporation (IFC) invested $107 million to support Net1's expansion into African countries with "limited banking infrastructure and financial services" (IFC 2016: 1). While South Africa's cash transfer program might seem extreme, the model could expand worldwide.

I need to offer one important caveat here. As I was finishing this dissertation, the South African grant payment system changed twice. The first change occurred in mid-2018. CPS's contract ended (as I will explain in chapter 5), and the South African Post Office (SAPO) took over as the primary distributor of social grants. For almost two years, SAPO paid 70% of grants, banks paid 20% of grants,[31] and Net1 paid less than 10% of grants (PMG 2019). Grants paid to SAPO accounts were protected from automatic deductions and debts, while all other accounts allowed such transactions. During that period, Net1's share price fell dramatically, and a Constitutional Court battle raged over whether CPS would have to pay back ill-gotten profits to SASSA (Postman 2020).[32] The second change occurred in mid-2020, as Covid-19 was spreading around the world. The government introduced a new grant category for unemployed and informally employed people. Just as the Minister of Social Development, Lindiwe Zulu, announced this grant, a company called Capital Appreciation Limited benefited from an 8% bump in its share price. Several of the founders of Capital Appreciation Limited also founded Net1 (and acquired CPS), and could be using this crisis to get back into the social grant payment business (Sithole 2020). While CPS was temporarily removed from its role as paymaster, a related company now seems positioned to wheedle its way back in (see Conclusion).

The Uses of South Africa's Social Grant Program

When I first conceived this project, nearly eight years ago, many scholars were carrying a torch for Universal Basic Income (UBI) and Cash Transfer (CT) programs as evidence of a new form of distributive politics (at least partially) originating in the Global South (Hickey and Seekings 2017; Ferguson 2015; Garcia and Moore 2012; Hulme, Hanlon and Barrientos 2012; ILO 2000). This was decades after the fall of the Berlin wall and the end of a Soviet socialist alternative, and against the backdrop of rising right-wing populisms, even in former bastions of leftist politics. Comprehensive social assistance programs seemed like the last best hope for a kinder, gentler more socially-democratic world negotiated through the backdoor of progressive politics (Standing 2014; Pateman and Murray 2012; Van Pajis 2004).[33] Instead of pushing the customary leftist agenda of seizing the means of production, many speculated that more egalitarian distribution could, in itself, transform capitalism, or at least alleviate its worst effects (Ferguson 2015). Universal basic income projects have been proposed and piloted around the world (Garcia and Moore 2012) to liberate us from our "bullshit jobs" (Graeber 2018) and protect us from the immanent robot take-over of the "Fourth Industrial Revolution" (Schwab 2016). Temptingly,

[31] South Africa's so-called big five banks include Absa, Standard, Nedbank, First National Bank, and Capitec.
[32] This was ongoing at the time of writing.
[33] This excitement over cash transfer has only intensified, as I was finishing the final edits on this dissertation, and Covid-19 was just beginning its journey around the world. Within several weeks of the pandemic hitting the US, over 133 countries instituted some sort of one time or monthly relief payment.

universal basic income promises to reshape "the way we live now" (Trollope 2005[1875]),[34] freeing us from the shackles of labor and unleashing our collective creativity through leisure time (Barchiesi 2011; Lafargue 2012[1883]). Universal basic income's Southern cousin, cash transfer, promises a similarly egalitarian transformation, freeing the world's "bottom billion" (Collier P 2007) from extreme poverty.[35]

Amid this enthusiasm, South Africa's cash transfer program has been a rich laboratory of experimentation and scholarship. Generally, academic and policy literature tends to be organized around three questions: Do social grants work? What do social grants tell us about South Africa's political form (i.e. is it neoliberal or not)? And, what do social grants tell us about emergent political forms (i.e. can distribution lead to more just social formations)?

By far, the majority of literature on South Africa's cash transfers has been organized around the first question: whether (or not) grants "work," and whether (or not) tinkering with certain elements could make them "work" better (Neves, Samson, van Niekerk, Hlatshwayo, and Du Toit 2009; Booysen 2004; Duflo 2000). Economists have used large-scale survey data, like the South African National Income Dynamics Survey (NIDS), to assess the effects of grants on developmental indicators like nutrition, health, education and child labor (Woolard, Buthelezi, and Bertsher 2012). Such studies have demonstrated that South Africa's grants have successfully reduced poverty, sustained poor households, and improved nutrition and educational outcomes. These quantitative approaches, while producing hopeful results, are often guided by a deep faith in the capacity of cash transfers to do exactly what they purport to do and nothing else. The persuasiveness and simplicity of the strap-line *just give money to the poor* (Hulme et. al. 2012) means that cash transfers have become a preferred solution to almost any problem (gender empowerment, military demobilization, famine, poverty), substituting the messiness of more complicated development interventions with supposedly smooth, frictionless bank transfers.[36]

Beyond this policy-oriented work, social scientists have had more to say about what grants demonstrate about the post-apartheid nation-state. They have used South Africa's cash transfer program as a diagnostic marker of the contemporary political form, specifically whether and to what extent South Africa has followed the global prescriptions of neoliberalism. After the passage of the Growth, Employment, and Redistribution policy (GEAR) in 1996, Patrick Bond (2000) argued South Africa willingly enacted "homegrown" structural adjustment, adopting reforms around privatization, deregulation and free trade without pressure from the International Monetary Fund (IMF) and World Bank (WB). Hoping to attract foreign investment, the South African government implemented neoliberal economic policies and consolidated its "elite transition" – a massive class project – alongside the delivery of social assistance (Bond 2000). Social assistance, in this analysis, seems to be mere window-dressing, which has no meaningful impact on South Africa's adoption of neoliberalism. Other scholars appealed to the social grant program, in particular, as evidence that South Africa was not as neoliberal as it first appeared, or was certainly not neoliberal in the Western sense of the term, which was often accompanied by

[34] Nearly a century and a half after Trollope coined the phrase to evoke the financial scandals at the heart of modern commercial, political, and moral life.
[35] See Collier S, Cross, Redfield and Street 2017 for a description of the shift from modernist development to little development devices and humanitarian goods.
[36] See Tsing 2011, Maurer 2012, and Massey 2004 for analyses that complicate the frictionless movement of money.

slashing social expenditure (Seekings and Nattrass 2001, 2005). This South African balancing act between neoliberal economic policies *and* the social welfare state grew up alongside North American analyses that the very definition of neoliberalism needed to include the possibility of "free" market provisions *and* increased social spending, i.e. "rollback/rollout" neoliberalism (Peck and Ticktell 2002). The social grant program seemed to highlight the contradictions that the African National Congress (ANC) desperately needed to hold together: they were simultaneously "opening up" the economy in ways that that were "good for business," while placating voters by investing in redistribution (Seekings and Nattrass 2001; see also Gupta 2012 on India). Social grants were, thus, not inconsistent with, but expanded alongside classic neoliberal reforms.

During these early debates, South Africa appeared to be a leading example of innovative social welfare delivery, with its comparatively strong government, functional economy, and a post-apartheid mandate to redistribute the wealth of the country. Indeed, in the late 1990s and early 2000s, the Basic Income Grant (BIG) campaign mobilized civil society organizations and trade unions to stridently push for a universal cash payment for all South Africans. BIG campaigners wanted to start small, pass a token basic income grant (R100 or $14 at the time), and expand it over time, becoming a pathway to greater and more equal redistribution. This social movement has been the subject of much of the most interesting writing on social grants and the possibilities for a more radical politics to take root amid wider neoliberal economic policies (Ferguson 2010; Barchiesi 2007; Meth 2004; Standing and Samson 2003; Taylor 2002). James Ferguson (2010), for example, considered how the Basic Income campaigners deployed neoliberal "rationalities" to demand universal cash transfers. He used BIG to argue that scholars must move beyond a knee-jerk opposition to neoliberalism to consider how its intellectual and institutional resources could serve diverse social and political ends. Despite considerable excitement, however, the Basic Income campaign failed, shutting down any similar mobilization for years to come.[37]

Even so, South Africa's BIG campaign has continued to be used as a thought experiment about possible political emergence. Five years later, in *Give a Man a Fish* (2015), Ferguson argued that Southern Africa's welfare programs are part of a new distributive politics. He recounted how the vast majority of people in Southern Africa are structurally unemployed and have, effectively, been "cut out of the distributive deal" by no longer being included as waged laborers (38). Instead of proposing job creation and strong capable trade unions, Ferguson suggested that radical forms of distribution, de-linked from productive labor, could provide a way of "cut[ting people] back in" (38). This would require undoing normative associations of dependency, where social welfare appears as the denigrated feminized opposite of valorized masculine work. But, he says, Southern African political forms have not had the same negative associations with dependence and have long been based on rich systems of patronage. He used South Africa's BIG campaign to suggest that a new politics is emerging, in which everyone deserves a "rightful share" of a "common inheritance" (186) from the "social origins of wealth" (205). Following Kropotkin, Ferguson proposed society as a whole, rather than just productivist labor, as the source of economic value, where all people present within society should be owners or shareholders in that wealth. He anticipated potential critiques that distribution alone cannot form

[37] Only recently have their been calls to start up basic income mobilizations once more. Such calls are starting to be realized, as I finish this dissertation. The government has announced a new Covid-19 grant of R350 for six months. This grant is specifically for people who are not employed and do not receive any other grants.

the basis of structural transformation and merely mitigates the worst effects of poverty (207), asking if distribution was extensive enough, might it not transform the very basis of capitalism (2016)? He stopped short of advocating for how this should happen and instead suggested it is best worked out in practice (26).

As illustrated above, scholarship on South Africa's social grant program fallen into these three broad categories, all three of which have catalyzed very valuable conversations about social grants. Yet, they all give limited attention to on-the-ground, everyday experiences of grant distribution. Each of these literatures revels in a sort of techno-optimism, where the actual delivery of money is quickly and easily "solved" via digital banking technologies. The now infamous *Just Give Money to the Poor* (2009) embraces technology as the way to facilitate that giving, particularly in rural and remote areas were "traditional" banking institutions have failed to reach poor people. Even in more nuanced analyses, like Ferguson (2015), there is a cautious techno-optimism, where neoliberal "rationalities" could be repurposed to distribute cash to bank accounts, and grantees could access their money at cash machines with smart cards and biometric markers (30). Ferguson even wonders if the biggest trouble with cash transfers is that the types of dependence forged between recipients and the state, when mediated by technology, are thin or asocial (160).[38] The assumption here is that the technologies of cash transfer can be so smooth that they fade into the background, obscuring the historical and contemporary social relations which led to their development and use. Only Natasha Vally's (2016) work questions this unstated techno-optimism through her ethnography of Bushbuckridge. This dissertation shows that the technologies through which grants were paid generated all sorts of dense social relations between citizens and the state and grantees and their households.

Moreover, by not attending to the materiality of grant payment, scholars of South Africa's social grant program have tended to overlook the way that racial and gendered formations get reworked in practice through the infrastructures of grant payment. They often assume that inequities within can be corrected through the expansion or universalization of distribution. However, the inclusion of previously disenfranchised populations, while espousing anti-discrimination rhetoric, is not necessarily more egalitarian in practice (Taylor 2019; du Toit and Neves 2007). Even where expressions of democratic inclusion have been used to make substantial political gains, such gains can be made without challenging the structural power and the racial and gendered foundations of capitalist exploitation. Inclusion, even through a very radical form of distribution, like that which Ferguson has in mind, can "fuse technologies of racial [and gendered] domination with liberal freedoms" (Melamed 2006). When people are no longer exploited as workers, and only exploited as consumers, they are very far removed from the politics of accumulation. Power and wealth accrue to the owners of production, the rentiers of land, and the investors of finance. There is no necessary reason that "cutting people in" to this

[38] This acceptance of cash transfers as easy and value-neutral stands in contrast to Ferguson's (1985) earlier research in Lesotho. In *The Moral Topography of Wealth,* Ferguson offered a detailed ethnographic analysis of the cultural, political and economic relations that create a "bovine mystique," ensuring that cattle could not be convertible to cash and sold. Only as a last resort do cattle become a commodity for sale. More frequently, cattle are a placeholder for absent men working on the mines, and are able to work for their families and communities, thus maintaining social relations from afar. They also serve as a particularly gendered and generational store of value for the future, protected from the day-to-day domestic needs of the household. Indeed, Ferguson's optimism about cash transfers is less attentive to cultural forms of value.

"common inheritance" via distribution would allow recipients to hold equal power or transform South Africa's entrenched racial capitalism. Likewise, there is no necessary reason that enabling the majority to own a distributive share would limit historical, generationally-inherited power of producers, rentiers and financiers.

Finally, by not attending to the materiality of distribution, there is a tendency to assume that grantees actually receive their money as stated by the government. As such, the many experiences of debts and deductions from grants are completely obscured. Where credit is taken to be a standard part of cash transfer programs, grantees are imagined to be making certain choices about financial management and consumption, i.e. giving people cash, as opposed to an in-kind donation, like food, housing, or healthcare, supposedly lets them set their own development priorities. With cash, they can become savvy financial managers, choosing to consume, borrow or save. This sort of rational choice theory conjures up an ahistorical liberal sovereign subject that is not appropriate to the dynamics of South Africa's grant program. Seeing this as a mere supply and demand problem – where people drive the supply of credit by making economic choices – misapprehends what is really happening (Strathern 1992). Eager lenders create the possibility of extending credit to the poor to solve their own financial crises. Rational choice does not enter into it, at least not choice as it is conceptualized by economists. Choices are not maximized but constrained, and these constraints only come into focus when the material structure of the grant payment system is well understood. I, thus, show how grantees were conscripted (Scott 2004, Asad 1992, Diamond 1974) into a highly financialized economy as debtors.

Conscripted to Debt through Practices of Care

The complicated realities of "choice" became clear to me during a workshop with Black Sash paralegals from across the country. I was presenting the findings of a nine-city study on debt and social grants with Deborah James and David Neves. Everyone at this workshop was a long-time field worker and had participated in this research. We had all heard similar stories. We all knew how the financialization of cash transfers were leading to rampant over-indebtedness. The meeting was convened in order to brainstorm potential advocacy campaigns and propose "solutions" to this grantee credit crisis. When the facilitator went around the room, and asked if people felt ready for the task at hand, there was a deep unease in the room. Almost everyone expressed concern that whatever "solution" we proposed might make people worse, not better, off.

One fieldworker, Joseph, illustrated his concern most vividly. Joseph gave an example of a mother who had come to his office seeking help for debt. She got into debt because she needed to bring her child to a private doctor as the public clinic was closed. If we closed down the creditors in his rural area, what would have happened to that child? People are poor, they do not need money for superfluous things, but for very real emergencies. Will we "do harm" by closing down these options? People around the room nodded in agreement. Joseph framed this as a choice. At first, he told us that the ability to take credit was a choice, a potentially damaging choice to be sure, but still better than "no choice at all." Then, he twisted this phrase just slightly, admitting that given the circumstances, his client actually had "no choice at all." What person would choose to let a child suffer? He gestured assertively, concluding that even though the

creditors are harming people a worse harm would have befallen her child if she had no access to credit. Those absolutely most aware of the problems of wrought by this system, still thought it was better than the alternative.

Such struggles over choice like these left me wondering how best to understand the politics indebtedness and welfare. Joseph's experience revealed that his client did not borrow money in an exercise of free choice, but rather because she had no choices at all. Her lack of choice was not simply of the moment but carried the weight of colonial and apartheid history, and the ongoing constraints facing South Africa's poor. Her actions made perfect sense in a context already fully structured and transformed by processes of racial financial capitalism, within a political and economic system that normalizes gendered and racialized poverty for years to come. Practices and discourses of financialization are so pervasive that even those fighting against the exploitation of the poor, are themselves shaped by the dominance of racial financial capitalism. Throughout this dissertation, I have chosen to use the analytic of "conscription" to describe how a public grant program compels people to take on private debts. If we think of debtors as conscripts, instead of neoliberal sovereign subjects, a number of other questions arise: How are they conscripted? Who is the "they" that are conscripted? What are they conscripted into?

To consider these questions, I turn to Talal Asad (1992) and David Scott (2004), who drawing upon Stanley Diamond (1974), developed the analytic of "conscription" to make sense of the predicament of colonial and postcolonial subjects. In "Conscripts of Western Civilization," Asad argues that we should understand the adoption of modernity, by colonized subjects, not as a free choice among many competing forms of subjectivity, but rather as a set of conditions that fundamentally restructured the sorts of choices, possibilities, and futures that could be made or imagined (337). He shows that modern power is not just about the violence of dispossession and subjugation through force, but something subtler and more productive, more about the reconfiguration of the very conditions under which life is organized. For Asad, colonial subjects are not self-sovereign agents, who chose to be either modern or "traditional" because even this binary is already a Western choice. His theoretical framing of conscription necessitates a very different understanding of political mobilization, where resistance cannot come from outside Western modernity in the form of generating alternative modernities or reclaiming precolonial "traditions." Rather, the language and categories through which we conceptualize the horizons of political change are bound by "the effect of dominant political power" (337) encapsulated in the modern state form.

Scott, drawing upon Asad, also foregrounds this distinctive concern of modern power, drawing upon late 20th century critiques of subjugation, language, desire, agency and more. Scott shifts the focus from colonized subjects to anti-colonial revolutionaries through CLR James's rendering of Toussaint L'Ouverture in two editions of *The Black Jacobins.* In the first edition, CLR James's Marxist sense of historical progress is read through a romantic "emplotment" that configures L'Ouverture as the agent of change, able to overthrow a racist colonial power. In the later edition, however, James renders L'Ouverture not as a romantic hero but as a tragic one, caught between the need to demand freedom from colonial oppression and the inability to assert that freedom in categories outside of colonial modernity. L'Overture's actions are constrained because colonial modernity has itself created the categories that make possible a desire for

"progress," both as a synonym for Westernization and as a synonym for revolutionary rejection of colonial oppression. For Scott, the current moment is defined by the collapse of alternative political forms – the Bandung projects and socialism – and almost fifty years of pressure from the World Bank and IMF on economies of the Global South to liberalize and privatize. This has led to the "exhaustion of the vocabulary of modern left politics [and] the remarkable surrender of left-wing intellectuals to the most uncunning and banal liberalism" (1999: 5). Gone are the political hopes of revolting against modern power, and replacing it with something else, for there is no outside from which to overthrow it. Modern power has successfully made itself normal, that is, produced itself as the norm of objective and subjective transformation. What is left are challenges to the grounds of power's normalization, whose disruption may contribute, not to escaping or replacing modernity, but rather to "refusing the terms of its normalization" (1999: 4).

This genealogy of conscription helps make sense of how a post-colonial and post-apartheid state has used a welfare program to reconfigure and normalize the operation of finance capital and indebtedness in the lives of the poor. There is a tendency to understand the ANC as having sold-out to global capital, after a failed or incomplete revolution. From the point of view of Asad or Scott, the ANC has not sold-out exactly, because its leaders' aspirations and political desires have been *made* through the productive power of modernity. Gaining independence when neoliberalism and financialization were already entrenched across the world, South Africa's democratic leaders entered the global community of nations with constrained political and economic choices. Following the prescriptions of neoliberalism, while expanding social democratic protections, are not antithetical agendas, where the austerity of the former kicks off demands for the latter in some Polanyian counter-movement. Both finance capitalism and social welfare (as it is practiced in South Africa) have been structured and organized by modern state power. Thus, allowing finance capital (in the form of Net1) to distribute social welfare is completely consistent with the current milieu.

While both Asad and Scott primarily rely on historical and literary analysis, I build on their analytic by focusing on everyday material processes of the conscription of welfare recipients to debt and finance capital. In the last half century, several major global shifts have taken place. Millions of people around the world were dispossessed of their subsistence livelihoods and moved to urban centers in search of work. The vast majority of these "freed" workers were rendered surplus to the needs of capital in production. There are simply more people than the "economy," as it is currently configured, can accommodate. Not only are potential workers unemployed, they will continue to be so, as the entire productive sector has decreased in relative importance to the financial sector. Even businesses historically engaged in production now have massive financial investment portfolios which account for a larger portion of their profits (Krippner 2011). Capital that is not re-invested in production is increasingly invested in financial markets. Financial innovations, like ratings, securitization, credit default swaps, reduce the risk of lending to otherwise risky debtors, creating new markets for investors.

In chapter one: *Conscripts of Racial Financial Capitalism*, I explore how conscription works through geographies of international finance and development aid. Amid this rise of financial capital, development theorists have increasingly advocated for poverty alleviation mechanisms attached to market imperatives. While initially microfinance was global development's rising star, the backlash against giving loans to the poor cleared the way for cash transfers to rise

instead. Alongside the very real desire from many quarters to use cash transfers to alleviate poverty, there has been a simultaneous discovery that cash transfers can also be commoditized and liked to credit. The excitement around "financial inclusion" catalyzed a massive drive to "bank the unbanked" and ensure poor people have access to "financial products and services." The authors of *Portfolios of the Poor* (Collins et. al. 2009) popularized the idea that poverty is a problem of temporality: poverty is no longer just a lack of money, but a lack of money at specific times. Characterizing the problem of poverty as one of temporality, eliminates political economic analyses in favor of quick-fix solutions, like credit, to help poor people overcome their "temporal" struggles. "Financially inclusive" credit is no longer imagined as primarily developmental, as microfinance was, i.e. "helping" people build an asset base or a small business, where (ideally) their earnings would exceed the interest on their loan. Now, people are encouraged to use credit for credit's sake, as a way of addressing household shortages in the present by delaying them into the future.

Not only are grant recipients conscripted to debt through finance capital and international development, but as a result of these global changes, domestic policy in South Africa changed too. The end of apartheid brought about the simultaneous "democratization" of social welfare (although this had begun earlier) and credit. Up until the last years of apartheid, pensions were paid at racially differentiated rates, so that elderly black and coloured people earned less than white people. Likewise, family maintenance grants were only provided for white and coloured mothers, since the rural "African family," forcibly incarcerated in "ethnic homelands," was intended to serve as a social safety net for black people. As apartheid came under threat, officials attempted to expand their legitimacy by equalizing pension amounts to buttress the so-called "independent" homeland system. As a result, the post-apartheid state inherited a supposedly race-blind pension system, which relied solely on a means-test. Additionally, in the early years of democracy, family maintenance grants were scrapped and replaced by children's grants available to designated caregivers regardless of gender.[39] Expanding the grant system to include those previously excluded seemed to be a substantial gain, against racism, sexism, and other forms of discrimination. But, the demographic make-up of grant recipients demonstrates that democracy has not altered the composition of the poor, and poverty continues to be Black and female. Grant distribution, while nominally equal, aids in the continued racial and gendered discrimination at the lowest end of the economy.

Likewise, while Black South Africans were excluded from formal credit under apartheid, democracy ushered in the de-regulation of microfinance through an exemption to the Usury Act [No 73 of 1968]. Under this exemption, Black South Africans were "included" into credit markets under adverse conditions, where loans under R6,000 had unrestricted interest rates. Many financial service providers specifically targeted Black public sector workers – like teachers and nurses – for these expensive loans. Creditors arranged to deduct loan repayments from government accounts, before salaries were transferred to individual workers (known as the Persal system). The National Credit Act, passed in 2007, curtailed some of the worst of these abuses, and created interest and credit ceilings on short-term and unsecured loans. But this Act also led to a huge expansion in the low-income credit market and effectively gave lenders legal guidelines for the exact amount of exploitation they could get away with. This led to a very rapid expansion of the credit sector. South Africa's household debt-to-GDP ratios in the world (44%),

[39] Importantly, they were replaced with a much lower value grant once "democratized" (as I explain in chapter four).

and 50% of all people were indebted (25 million) (SARB 2019).[40] This so-called democratization of credit, while claiming to be inclusionary, subtly encoded racial hierarchies, allowing Black borrowers to be deemed "risky."

In chapter two: *Bantustan Banking,* I consider how conscription also works through the space of digital finance capital. Since this lending targeted formal sector workers, there was a real limit to the number of loans that could be issued to a small (and shrinking) workforce. Amid growing pressures to find "productive" outlets to invest surplus capital, lenders searched for an untapped, low-risk population to draw into credit arrangements. Between 2012 and 2018, the South African social grant program transformed recipients into just that population. Under the reign of CPS and Net1, social welfare was no longer a relationship exclusively between the state and its citizens, but involved a private fintech corporation, which assumed significant governmental power. Janet Roitman (2005) calls this the "pluralization of regulatory authority," where some of the functions presumed essential to the exercise of state power are no longer monopolized by the state.[41] CPS and Net1 built an entirely segregated and monopolistic banking system, with very different rules and regulations, which decreased the risk of lending to grantees. Social grant recipients effectively became the public sector employees of the previous decade, and Net1 built a Persal-like system to ensure they got *re*-paid before grantees got their money. The system encouraged recipients to sign up for a plethora of financial products with deductions amounting to more than the value of their grants and then ensured that all these debts got paid first. Social grantees could not default, and yet, despite the fact Net1 faced minimal risk, their credit was priced as if they did. Net1 has been able to successfully link its acquisitiveness to a previous inaccessible revenue stream, the poor.[42]

To understand how South African grantees are conscripted to debt, it is necessary to attend to the social and cultural practices around grant giving and receiving. Global processes of finance capital, international development agendas, the South African transition to democracy (and its effects on both credit and welfare) are all important. But, conscription to debt also works through the assumptions and moral regulation of South Africa's specific welfare program. In chapter three: *Hellish Home Economics*, I show how Black women grant recipients are figured as profitable sites of accumulation because of the long-standing role of debt in South African political economy. Despite changing economic conditions, certain gendered and racialized

[40] Short-term, unsecured lending comprises one quarter of the entire credit market and is valued at R225 billion per year (Differential Capital 2019). Seventy-five percent of these loans are for consumption, and allow egregious interest rates (up to 60% per year, plus additional fees). Social grant based credit falls under the National Credit Act's provisions for "short term credit," which allows 5% interest per month (60% per year), plus initiation and monthly fees. This is even steeper than the provisions for "unsecured credit," which maxes out at 27% interest per year, plus initiation and monthly fees.

[41] Previously the apartheid state aspired (though failed) to enact huge biometric programs to know and contain the black population (Breckenridge 2014). With Net1, the democratic state no longer controlled the knowledge generated about its population. Net1 registered over one third of the population as grant recipients and beneficiaries, and centrally managed all the personal and financial data collected on this cohort.

[42] When Marx described credit as a claim against future labor, he could hardly have anticipated the possibility of credit relations could be de-linked from waged work and the productive economy (Marx 1993[1894]). But, that is exactly what has happened in South Africa. Credit is now accessible not only to those with an income from formal employment, but in a country where unemployment is reaching nearly 40%, credit is also accessible to those with an income from the state, in the form of a social welfare payment.

persons have always been dispossessed and structurally disadvantaged by debt (see Kish and Leroy 2015; Chakravartty and da Silva 2012). I follow critical development scholars (Cooper et. al. 2014; James and Rajak 2014; Prakash 2003) in focusing on how slavery, colonialism and unfree labor constituted Black South Africans as debtors across time. In the Western Cape, in particular, debt was part and parcel of labor relations since slavery forward. The initial violence of slavery – of being transformed into property – was not redressed with abolition. Rather, debt was continually used to compel the labor of black and coloured South Africans on farms for generations. These historical associations of certain people as debtors continue to shape the lives of social grantees in the present moment.

Chapter four, *The "African Family" Rebooted* shows how the regulation of intimate family life in the space of the household can take particularly damaging forms in present day South Africa. The Black mothers and grandmothers who receive child support grants or old age pensions are increasingly called upon to use this income to support extended family members. One of the only ways to provide for non-grant recipient family members, who have been excluded from social assistance, is by leveraging the social entitlement to borrow money. As one of my interlocutors from Botshabelo, Free State described: "Everyone here survives on someone else's grant." The social grant program does not offer enough money to survive, but by virtue of being regular and reliable, has given grantees an asset to leverage for short-term high-interest credit. These debts work insidiously: the social welfare program characterizes some debt as enabling and some debtors financially savvy, but once a recipient crosses a certain threshold, and is overwhelmed with multiple loans, she becomes at fault for her poverty. As debts accrue, grantees and their families are made more vulnerable. Grant money must be spent in the service of mounting debts and can no longer be used to leverage additional money. Such debts come to undermine the stated purpose of the social grant program – the reduction of poverty – exposing recipients and their families to hunger, poor health and even death. This recalls Ruth Wilson Gilmore's definition of racism: "the state-sanctioned or extra-legal production and exploitation of group-differentiated vulnerability to premature death." Conscription to debt can cut short crucial years of life based on racist hierarchies of power and difference.

Chapter five: *Apartheid's Impossible Debts* explores how the spaces of governing – the Presidency, parliament, courts, treasury, and other institutions – also conscripted grantees to debt. The government attempted to use debt, in the form of moral obligation, to manage and constrain the behavior of poor people. The payment of grants substituted an ethical relation between the post-apartheid nation-state and its citizens, for a numerical value between a creditor and debtor. The post-apartheid "social contract," predicated on equality before the law, relied upon social grants to transform deeply unequal social relations, into something calculable, apolitical and morally acceptable. When Net1's malfeasance was exposed, there was a factional battle between members of the ruling elite. The demonization of one part of the government as corrupt, led to the celebration of another part of the government as liberal and democratic. This bifurcation worked to normalize the racial capitalism at the heart of the state. The social grant, imagined as *the* symbol of democratic rights and recognition, strengthened the prerogative of the state to intervene in ways that actually exacerbated inequalities within the national body.

And yet, all these forms of conscription do not necessarily mean social grantees have no agency. It is precisely because of this long history of debt that recipients recognize the abuses of the

social grant program. And, it is this history that social grantees draw upon to reverse the relations of reciprocity between ostensible creditors and debtors. Harney and Moten (2013) question how debtors, whose land and labor has been stolen for generations, become available for "another song, another round" of capital accumulation (61). They elaborate the debts that were created through the unfree labor of Black people in the US and the theft of land from indigenous peoples that bankrolled the construction of a white supremacist American nation. In most discussions of debt, the analytic of generation features in terms of the inheritability of trans-generational wealth and its associations of with whiteness and white supremacy. Here, in addition, Harney and Moten attend to a different sort of inheritance, the inheritance bequeathed to "anyone whose soul was sought for labor power, whose spirit was borne with a price marking it" (65). Such an inheritance is twofold: it refers to the accumulated Black subsidy to capital that financed the creation of a white state, *and* the Black radical tradition of creatively confronting racial capitalism. Some South African social grantees use the idiom of debt to refashion their demands to the democratic state, calling for reparation to be made for colonial and apartheid devastation. They insist social grants must not be used in the service of new dispossessions, devaluations, and exploitations of Black people.

Given the arguments of this dissertation, I anticipate being read as being against cash transfers. I am not. They are currently the worst-best option. South Africa is a country of terrible poverty and inequality. Without social grants, there would likely be mass starvation. They keep people alive at a bare minimum level, just above the most abject poverty. They provide a small amount of money, a token of redistribution, as well as an acknowledgement that the transition to democracy has not worked out as promised. But, there's a stark difference between the hype of grants and the lived experiences of grants by recipients. There is no reason grants have to be progressive, and in fact, distributive interventions have been lauded by progressives and conservatives alike (e.g. Milton Friedman's "negative income tax"). Given this ambivalence, to understand the politics enacted through a grant payment program, attention must be paid to the materialities and geographies of its implementation. In South Africa, how grants have been implemented has a lot to do with the structures and histories of racial capitalism. Because of that, grants have become an endorsement of the status quo, and not a move toward a radically better politics of distribution.

What I Did

My Methods

What I have just described was not my initial dissertation project. I set out to study how Xhosa people have continued to build spatially-stretched rural and urban homes, after South Africa's political economy shifted from (mostly) male migrant laborers to (again, mostly) female social grantees. An enduring feature of South African life under colonialism and apartheid was the forcible separation of families between town and country. Migrant workers, who were not 'legal' residents of apartheid's cities, maintained permanent homes in rural areas. Since democracy, government projections assumed that rural-urban migration would cease and black urban populations become fixed. Yet, this has not been the case for black families of the Western Cape, who travel to and invest in their Eastern Cape homes throughout the year. Although rural "homelands" under apartheid were places of oppression, these same places retain a sense of home for many Xhosa people. Against literature that sees trans-Cape relations either as a relic of

a colonial past, or a function of migrant labor, I wanted to explore how Xhosa people create a geographically-extroverted sense of home in the democratic era, *using social grant incomes*. In this formulation, social grants were somewhat of an afterthought, the last three words of my abstract, a stand-in for the changing nature of the South African economy. But that which started as peripheral became central.

While I was born in the United States, I have lived in South Africa for a decade and a half. During my PhD coursework at Berkeley, I spent every summer and winter break travelling back to Cape Town for initial fieldwork and language training. After qualifying for candidacy in 2015, I moved back to South Africa for fieldwork and have continued to live here while writing this dissertation. From July 2015 to June 2016, my research was situated at a small community-based organization, directed by Nosipho Dlamini, and devoted to caring for "vulnerable" children and families in Khayelitsha. Though the organization was started by the Anglican church, it is now a completely independent, community-driven initiative, located in three primary schools. The organization is staffed by volunteers trained as auxiliary social workers by the Department of Social Development (DSD). When I began my fieldwork, I was trying to understand how trans-Cape migrations featured in the lives of their clients, however, I was continuously asked to do more practical sorts of work. Several times per week, I accompanied volunteers on home visits, where we interviewed families of children identified as "vulnerable" by their primary school teachers. In our work, we increasingly encountered people *made* vulnerable by the social grant program: mothers who could not get grants for their children because they did not have birth certificates; aunts who could not get grants for their nieces because they had to be declared the guardian by the court; grannies who did not get grants because their grandchildren stole their ATM cards; pensioners who did not get grants because their ATM cards were held by loan sharks; and many people who did not get grants because of predatory financial products levied on their bank accounts.

With these clients, I started getting involved in the small, everyday matters of South Africa's social welfare bureaucracies. I visited pay points and payday lenders, collected receipts and contracts, filled out recourse forms from SASSA, made phone calls to Net1, and learned how to feed a family for a month on dramatically reduced money. While I previously lived in Khayelitsha for six months, during this fieldwork period, I commuted in and out most days, occasionally staying over when it got too late to safely drive home. In the morning, when I would arrive in Khayelitsha, Nosipho would say "Let me use your" and rub her finger up her arm. She never quite said what it was that she wanted to use, but it was clear it was my white skin and the privileges that went with it. With that and my American accent, we could get to the front of queues and the back of offices; we could speak with managers and investigate the financial injustices of the grant program. Slowly, we started to develop an understanding how debt seemed to be foisted on very poor clients by the grant system itself. In addition to these basic bureaucratic routines, I conducted life history interviews of multiple generations of 20 families. I also conducted formal interviews with the organization's 10 auxiliary social workers, many of whom also depended on social grants and experienced the same difficulties as their clients. Given the time we spent together, each of these interviews took well over three hours.

As my work shifted focus, so did my institutional home base. From July 2016 to June 2018,[43] I joined the Black Sash, a sixty-year old non-governmental organization, formed to fight for social security under apartheid. At the time of my research (and even still), the Black Sash was at the forefront of the fight against debt levied on grants. They recognized that predatory financiers and payday lenders were using grant payments as collateral for debts. They partnered with communities to conduct large enumerations at local pay points, and followed up on the most egregious cases of theft encountered through their work. They used these test cases to identify issues for legal action, and initiated or participated in numerous law suits. They also served on advisory councils with the Department of Social Development (DSD) and SASSA to raise these issues internally and develop solutions.

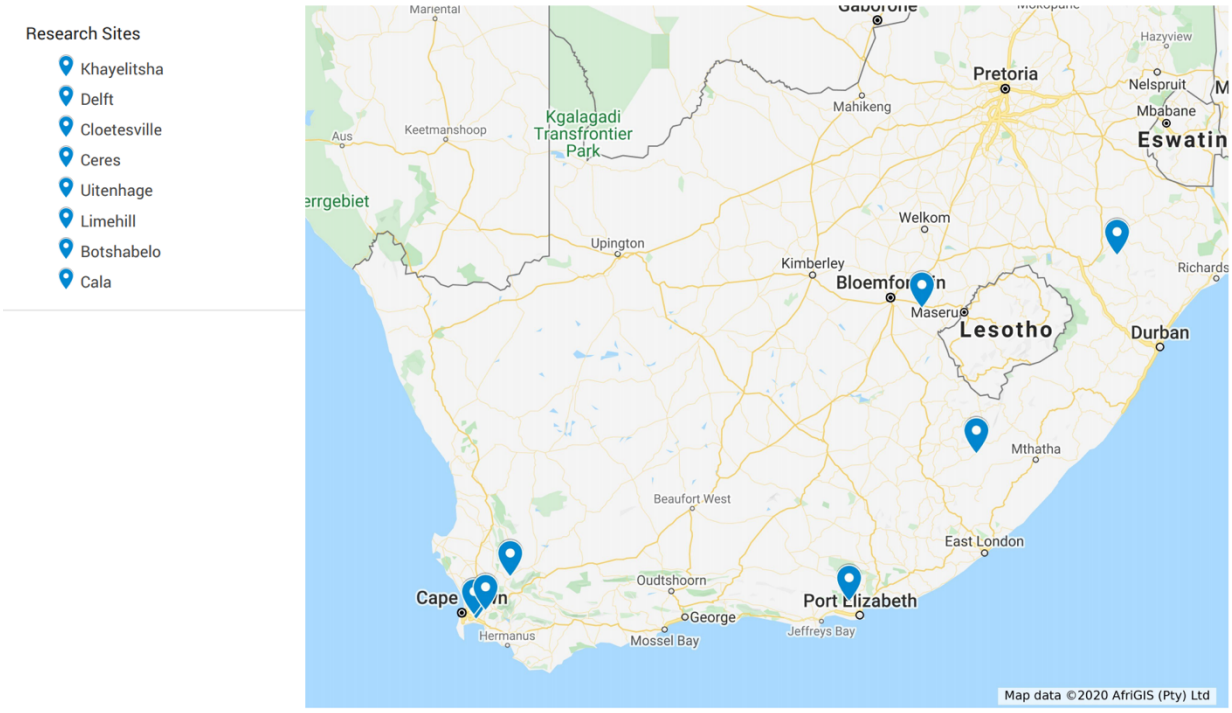


Figure 7: Map of Research Sites, Google Maps, 2020.

While originally my research was located in one place, Khayelitsha, with the Black Sash, I got to travel to many of their partner offices. Through the Black Sash's networks, I went on three field trips to Ceres (rural Western Cape), two to Uitenhage (formerly industrial Eastern Cape), two to Limehill (rural KwaZulu Natal), and two to Botshabelo (formerly industrial Free State). In an around Cape Town, I also spent weeks at a time in Cloetesville, Khayelitsha and Delft. Each of these field trips had different aims: in the first round of visits, I participated in the Black Sash's community-based monitoring efforts and documented cases of financial abuse; in the second round of visits, I interviewed people effected by Net1's EasyPay Card and their microlender Moneyline; and in the third round of visits, I focused on payday lenders and the wider debt environment. My time with the Black Sash gave me a much broader understanding of how the debts I had found in Khayelitsha were repeated in different ways across the country.

[43] While this was the end of my official period of research, I have stayed involved with the Black Sash until now.

From this work, I became an active part of the reformation of the social grant program. Building on Charles Hale's (2006) "activist research," my theoretical interventions are tied to my fieldwork practices and political commitments. I wrote up extensive reports for the Black Sash which fed into their legal actions with the High Court, the Supreme Court of Appeals and the Constitutional Court. I also met with the Panel of Experts (appointed by the Constitutional Court), as well as representatives from Cash Paymaster Services, Net1 UEPS Technologies, Grindrod Bank, Allan Gray (Net1's biggest South African investor), the Banking Association of South Africa (BASA), the National Credit Regulator (NCR), the National Treasury (NT), the South African Reserve Bank (SARB), and the National Payment System (NPS). I published a series of articles in the South African newspaper *GroundUp*, which were republished in the *Mail and Guardian* and *Huffington Post,* and widely recirculated domestically and internationally. I also researched and co-wrote a 24-minute segment for an investigative journalism program, *Cutting Edge*, which aired on South African national television and was watched by over 1 million people. In addition, I was a frequent commentator on radio programs and appeared on the *Daily Maverick* podcast.

I am not "Just a Student"
My positions

The question remains of how I do this work in these places in South Africa: my self, my race, my body, my address, my wealth, my passport, and my accent are all problematic parts of every encounter, every interview, and every interaction in this research. In his piece, *Blinded by Sight*, Francis Nyamnjoh (2012) uses the metaphor of the blind men and the elephant to discuss the existential and epistemological difficulties of anthropologists (and I would add geographers) working in Africa. He considers the making of the "insider"/"outsider" distinction, and the injustice of Euro-American hierarchies where "outsider" research continues to be seen as superior to and more objective than "insider" research. He argues that this hierarchy of intellectual production not only frees white people from being subjects of research, but makes it possible for white researchers to position themselves as "outside" South African political life. He argues that white people make themselves into "outsiders," when in fact, they have long been "insiders," holding the power to determine difference – via race, place, class, gender, sexuality – and organizing differences into hierarchies with themselves (ourselves) "outside" these structures of dominance. While these issues have been raised before, Nyamnjoh, argues that it is necessary to raise them again, particularly in Africa, where "white, middle class" researchers give lip service to their "white, middle class" positionalities, and then, duty dispensed, continue to research and write as if they have a sort of "outsider" distance to discern something or other about the continent. Nyamnjoh asks:

"In what way is a black South African labour migrant from the eastern Cape, who resides in Langa and works in the city of Cape Town more of an insider in Cape Town than a white South African anthropologist who has lived all of his or her life in the suburbs of Cape Town (Sharp 2011; Bank and Swana forthcoming 2013)? Yet, almost systematically, white South Africans in Cape Town are not subjected to anthropological studies as white anthropologists (resident or visiting) confine themselves to research themes that take them to township dwellings, housing black and coloured South Africans, and to rural areas. These sterile dichotomies make it possible for white South African anthropologists to conceptualize and research issues as if they

were not part of the society, relegating reflexivity to the token statements of "I am white, middle class…". The question of problematic categories such as "native" and "non-native" in anthropology remains unresolved, and distinctions between insiders and outsiders continue to be informed more by prejudices and preconceptions than by the objective reality of the lives of those so labelled."

When re-reading Nyamnjoh's piece, this description prompted an uncomfortable shock of recognition. He challenges white South African anthropologists to study themselves and to chip away at the idea of whiteness as a universal category. In so doing, Nyamnjoh calls white South African anthropologists to recognize that the categories of "insiders" and "outsiders," "researchers" and "subjects" are not mutually exclusive, but entangled, and are not natural, but produced. While I am not a white South African anthropologist, I am a white United Statesian geographer, and a permanent resident of South Africa for a decade and a half. I am, therefore, as problematically positioned – ethically, culturally politically – as any white South African, if not more so. I did not study white people and places, as Nyamnjoh advises, but black people and black places, as an "outsider," exactly as he critiques. Walking around Khayelitsha or Botshabelo, I am immediately perceived as "out of place" because of the continuation of colonial and apartheid racial and spatial segregation. I deal with this not by issuing one caveat in the introduction *(here!)* and then forgetting about it for the rest of the dissertation. But, rather, I attempt to expose all the times my whiteness was consequential for this research, where it was an asset or "property" (Harris 1993), a topic of conversation, and how it "mattered" in all sorts of ways. There was no possibility of me simply blending in. My presence changed all my interactions. Sometimes I recognized this and sometimes I did not. Where I have recognized it, I have made it an object of analysis as well.

Additionally, because I am still an "outsider," there is much that I can never know. It does not matter that I've lived in South Africa a long time, or have a South African partner, or (almost) have a South African passport. My positionality places limits on what I can know. I will make mistakes in these pages. I will assume too much about an interlocutor's statement (or too little). I will misunderstand statements made in Xhosa or Afrikaans. All of these mistakes will become part of my analysis in this dissertation. Where I got things right, it is surely because of the generosity of friends and comrades. Some of those who feature in these pages, I have known for a decade and a half. They hijacked my initial research plans and sent me down a path far more interesting and directly relevant to them. Debt and grants. Their expertise pushed me to think about how social welfare was articulated with debt in all sorts of ways, economically, politically, socially and culturally. They showed me how debt is not just about the movement of money, transfers and payments, but the reconfiguration of social life and practices of care under a national welfare program. They demonstrated how and why race continues to matter, not just class, in the democratic South Africa. In following my interlocutors, I hope I have responded to Nyamnjoh's calls for "creative diversity and reflexivity" in research.

Picking up on Nyamnjoh's deeper point, I have also tried to consider all the ways I am an "insider," complicit in the social structure that continues to disadvantage Black people long after the democratic transition. I am writing this dissertation from my partner's three-story Victorian house in Tamboerskloof, one of the more affluent neighborhoods in Cape Town. My foreign education has enabled me to get several well-paying jobs and consultancies at non-governmental

organizations in Cape Town. From those gigs I pay taxes that are used to fund the very social grant program that I study. Through my entanglements in South African political and social life, I am implicated in the arguments I will make in the following pages. I have felt this this most acutely around other European, United Statesian, and Chinese PhD students in Cape Town, who easily position themselves as "outsiders." I have heard friends use their student status as a form of absolution in the inevitable and uncomfortable moments, when their interlocutors make financial claims: "I'm sorry, I can't help, I'm *just* a student." Researchers who see themselves as "outsiders" claim their positionality as "a student" trumps all their other privileges. I am not *just* a student. The ease with which I move through South Africa and the comfort of my life here are constant reminders of my complicity in oppression.

Conclusion

By way of conclusion, I would like to explain my chosen title. I call this dissertation *Taken for granted* because of several ways it relates to South Africa's social grant program. First, I use *taken for granted* to refer to the literature on social grants, which tends to take the material payment of grants *for granted*, as unproblematic and apolitical. This tends to preclude deep attention to the everyday experiences of grantees as they interact with the materiality of the grant payment system. Second, it refers to the way South African *grants were taken,* stolen from many recipients by a private corporation and redirected from household provisioning. Third, it refers to the grantees themselves, who are *taken for granted* by a government and elite population, who show their disregard by allowing such a paltry program to be the primary backstop for South Africa's poverty and inequality.

CHAPTER ONE

Conscripts of Racial Financial Capitalism:
Debt, Development and Difference in South Africa

"*Is Net1 for that woman or that phone*?"
-Sophia Daniels, Ceres, February 2017



Figure 8: EasyPay Everywhere Brochure, 2016

In late 2016, I was travelling near Ceres with Sophia, a farmworker and mother of four, and Erna, a radio journalist and mother of two, both partners of the Black Sash. Erna and I met Sophia during a community workshop, where she had been recounting her experience with multiple loans deducted from her social grant (see chapter three). Erna and I spent the next few days driving Sophia to Net1 offices located in larger regional towns to learn about her debt. During these trips, Sophia shared the back seat of my car with piles of trifold brochures, posters, and pamphlets that I had accumulated over the last few months of fieldwork. When I had more time, I planned to shuffle through this haphazard archive and consider what these advertisements were trying to achieve. As it turned out, I didn't have to. Sophia expertly interpreted Net1's marketing materials for me. She asked: "Is Net1 for that woman or that phone?"

Shaking her head, Sophia scanned the images on one of the brochures. The cover depicted a young black woman, with gold jewelry and an expensive hair-do. She held her EasyPay card in one hand and transacted on her phone with her other hand. She smiled confidently. The strap line below her read: "Secure affordable banking for all." On the inside of the brochure, another professionally-dressed young black woman held her EasyPay card toward the camera with an outstretched arm. Though she was not pictured with a phone, she shared the page with a photo of a classic Nokia. The text to her left read: "It makes life easier!"[44]

Sophia noticed the disjuncture between the images in this brochure. "These women," she said, "would not use these phones." She was right. The composite images didn't quite work. But I couldn't quite figure out why. She asked again: "Is Net1 for that woman or that phone?"

Net1's brochure is an advertisement and the models represent a certain type of idealized client, a productive fiction for marketing purposes. The brochure depicts a subpopulation of South African women who do not really exist: that are both means-tested grant recipients (earning under R3,300/$236 per month) and part of a (relatively) financially secure Black middle class. Both of the women on the brochure are styled in smart clothing and one of the two even wears a wedding ring, a notable middle class marker.[45] Both of the women display their EasyPay cards as another middle class status symbol, demonstrating their inclusion in the formal banking sector and their purchasing power.[46] Both of the women are educated in law and finance and read English well enough to understand the "Terms and Conditions" that dominate the entire back page of the brochure. Both of the women are also aware of the complex fee structure and make considered choices about their banking habits in accord with the chart on the inside leaf. Both of the women are thrilled with Net1's banking products and, when they experience difficulties, have enough airtime to call the support number for assistance. And yet, neither of the women have smart phones – arguably *the* status symbol of contemporary South Africa – opting instead for inexpensive and old-fashioned mobile phones. Underscoring their implausibility, both characters are positioned against solid color backgrounds – signaling neither history nor geography – detached from social context.

It would be easy to explain away the distinction between the women and their phones as "just advertising." Trafficking in desire and aspiration, Net1's brochures might simply intimate that their financial products will make a middle class lifestyle attainable for social grantees. But, this advertising also depicted a critical historical shift in the expansion of post-apartheid South African credit markets away from formal workers toward welfare recipients.

Under apartheid, most Black South Africans were disqualified from formal credit markets on the basis of race, what Deborah James (2014) has called "credit apartheid." Since democracy, politicians and bankers alike have asserted that improved access to financial services will benefit those previously excluded from them (Manuel 2011). Given this history, the democratization of

[44] See Leigh Raiford (2011) on how photography influenced Black American social movements and how Black American social movements influenced understandings of the politics of photography. She delves into the deep ambivalences of photography and Black visuality that could, simultaneously be put to progressive and racist ends.
[45] Marriage rates have declined in the last two decades, and the majority of South Africans cannot afford to wed in accordance with cultural expectations. See Rudwick and Posel 2013; Hunter 2010;.
[46] There is a US parallel here: the food stamp booklet was replaced by a credit card, which advocates thought would be less shameful for users.

credit appeared to be *inclusive* and *reparative*, a much-needed fix for unjust colonial and apartheid exclusions. Even the National Credit Act [No 34. 2005] elaborated inclusion and equality as the guiding principles of financial services regulation. Within this enabling political environment, the consumer credit sector rapidly expanded from the 1990s, marketing loans to a growing middle class Black population in secure government jobs (James 2014). Black middle class South African borrowers are the exact image of the women depicted in Net1's brochure.

Although these may be the women depicted on the brochure, they are not the women that Net1 wanted to attract as its customers. Given South Africa's high unemployment rate (25% officially, 40% unofficially), there was a firm limit to the credit that could be absorbed by the formally employed workforce. Microfinance proliferated in the 1990s, due to a significant regulatory gap: microlenders were exempted from the Usury Act, so that they could "democratize" credit to an emerging middle class on predatory terms. There were no interest rate caps, and microlenders could garnish government employee's wages before they were paid (PMG 2000). Once the National Credit Act [No 34. 2005] was passed, the worst abuses were curtailed and South African microfinance struggled with high default rates. Microlenders sought a new relatively risk-free market, and changes to the social grant payment system made cash transfer recipients an obvious choice. If securely-employed government workers were the first Black South Africans to be *included* in post-apartheid credit markets, securely-paid government grantees were next. Social grantees, some of whom use the retro Nokia's depicted in the brochure, were the clients Net1 wanted to attract.



Figure 9: Net1 Shareholder Presentation, 2018.

Consider another sort of advertisement (above). Here Net1 is attempting to attract not customers, but investors. In this image, Net1's business, i.e. the provision of credit to social welfare recipients, is packaged and sold as a philanthro-capitalist enterprise to shareholders. The

white hetero-patriarchal hand of capital stretches out into abstract space, with a glowing ball of light and the provocation, "Be included." This image contains a double-entendre with regards to inclusion: first, it depicts Net1's business model as one of *inclusion*, bringing poor people into financial markets; and second, it urges investors to be *included* as well, involving them in this supposedly altruistic enterprise. The very visible (rather than invisible) hand of the market implies that shareholder profits will increase like the zig-zagging graphs emanating from the model's light-filled palm. In an irony lost on no one, shareholder profits (or their "inclusion" as financial partners) depends on the "inclusion" of a population of poor Black welfare recipients into regimes of debt. The profits of Net1, racialized and gendered in this image, come from the very social grants intended to alleviate racialized and gendered South African poverty.

Taken together, these two advertisements show how Net1 created a mechanism to accumulate "surpluses" – that is, both grant recipients who are made surplus because they are not necessary to the economy,[47] and liquidity that is made surplus because it is not in circulation. Marx (1976) [1867] used the term *relative* surplus population, differentiating himself from Malthus, who argued growing populations would outstrip critical resources. Marx instead focused on how populations were made surplus through the reinvestment of capital in labor-saving technologies and the reduction of workers required for production. Likewise, surplus liquidity, as David Harvey (2003) has described, is the massive sum of money no longer invested in production – either as fixed capital (labor-saving technology) or variable capital (wages) – that seeks profitable accumulation opportunities, increasingly through financial channels. Ruth Wilson Gilmore (2007) plays on the multivalent meaning of surplus to show how multiple surpluses – of finance capital, land, labor and state capacity – were key to driving mass incarceration in California. Similarly, the wording in these advertisements implies that some people and capital are "excluded" and can only be made profitable through their "inclusion."

I call this process of accumulating surpluses by including the excluded, conscription. It is the conscription of poor, Black, feminized social grantees (people *made* surplus) into credit markets forces them to become available for investment by white, patriarchal surplus capital (money *made* surplus through over-accumulation). The interest and fees derived from the financialization of their social welfare payments transforms grantees into critical sources of profit. The images I present here illustrate how the financialization of social grants in South Africa conscripts poor Black women into regimes of credit to ameliorate the contradictions of global finance capital. Inequality in South Africa is built into its financial system through centuries of imperialism, colonialism, apartheid and white accumulation of wealth at the expense of Black impoverishment. The social grant program is meant to ameliorate some of the worst legacies of these historical contradictions – and yet, through it, Black women grantees who have been historically barred from accumulation are devalued further and made a resource for finance capital.

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I begin this chapter with these images because they are a lens into a more focused historiography of international development theory and South African financial capitalism. From the 1980s and 1990s, at the same time as the devastations of structural adjustment were wreaking havoc the

[47] Through their status as children, elderly, or disabled people.

world over, two competing development agendas prevailed: on one hand, technocrats "discovered" that poor people had money and could be incorporated into (still relatively uncommodified) markets; on the other, there was a major push for expanded social protection programs in response to austerity measures that was not about market incorporation at all. I trace how these countervailing tendencies produced a global alliance between finance capital and social welfare, where poor people could be incorporated into financial markets through microfinance, and slightly later, cash transfer programs.

I, then, position this broad history of international development against South Africa's history of racial capitalism, and how it was reconfigured under financialized capitalism from the 1970s. The financialization of welfare was not just transported unchanged from abroad, and imposed upon South Africa. South Africa generated its own, domestic discourse about the importance of including Black people in financial services to repair apartheid exclusions. Yet, these attempts at "inclusion" or "democratization" were predatory, and continued to produce forms of domination based on hierarchies of gender, race and class difference. This might be surprising to some, who cite the election of a Black government and the massive increase in Black capital, as proof that class has become the only category of difference that matters (Seekings and Nattrass 2005; Crankshaw 1997). Against this, I show how deeply engrained structures of racial capital are in South Africa, and how they morph, mutate and coalesce into new configurations. Rather than liberal democracy using finance to decrease poverty and inequality, democracy reveals its illiberal roots and its continued dependence on race and gender as conditions under which capitalism, and financial capitalism in particular, preforms its work. This is a story about the state financing of finance capitalism and the conscription of racialized and gendered welfare recipients to debt.

In this chapter, I first give a potted history of how the passing on of debt, in the name of development, to the Third World catalyzed important changes to the global financial system. Second, I show how, what followed from the first round of lending and structural adjustment was a powerful backlash, and led to the creation of new social protection programs. Third, I demonstrate that while these programs did not necessarily begin by pushing the poor toward market incorporation, that is certainly where they ended up, particularly in the wake of the 2008 financial crisis. Fourth, I consider how South Africa fits into this broader context. I focus on the rising importance of financial capital in the South African economy, and the processes of liberalism and democratization that make the commodification of social welfare appear progressive.

Third World Debt and the Rise of Financialization

Globally, the power and reach of finance capital and institutions have massively increased since the introduction of a US-authored regime of Third World debt. Scholars now commonly use the term "financialization" as a way of explaining this change. And yet, financialization, is a relatively shaky category with a wide variety of debated definitions. Gerald Epstein (2005) defines financialization most broadly as "the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of domestic and international economies." Ben Fine (2010) defines financialization as a process through which "economic activity in general has become subject to the logic and imperatives of interest bearing capital"

(99). Greta Krippner (2005) identifies the shift between productive and financial activities, where even non-financial companies accrue profits through financial channels rather than trade and commodity production (174). And Randy Martin (2002) describes the increasing penetration of finance capital into everyday life.

For my purposes here, I do not wish to wade into debates about the analytical specificity of the term financialization or arbitrate whether or not one definition is superior to another. Instead, I want to point out that a very large part of the research on financialization has been centered on financial institutions and practices in the United States and Europe (Ho 2009; Zaloom 2006), particularly in the wake of the subprime mortgage crisis (Wyly et. al. 2009; French et. al. 2009). Such work often mentions that what we call "financialization," in all the formulations described above, was made possible through the development of a new global financial order scripted alongside the extension of sovereign debt to the Third World. Even amid such remarks, many contemporary Western-centered analyses of financialization tend to miss the racist, imperial and colonial modalities of power that engendered critical changes to the global monetary system. Building on Chakravartty and Da Silva (2012), I argue that financialization must be understood not only in relation to the US and Europe, but as part of the "neoliberal backlash waged across the *postcolonial* (global) South" (364, emphasis in original).

Of course, prior to the financialization of the last 50 years, theories of finance capital had a distinctly South African origin story.[48] After covering the second Anglo-Boer War (1899-1902) for the *Manchester Guardian,* where Britain asserted control over the rich gold and diamonds mines of the Transvaal, John Hobson (2018)[1902] penned his influential theory of imperialism. He argued that under-consumption, which led to surplus capital saved in banks, was the driving force behind Britain's imperialist war in Southern Africa. Finance capital's overseas adventures were driven by the desire to exploit new sources of raw materials, absorb a surplus English workforce, and generate markets for industrial manufactures. Lenin (1999)[1917] picked up on the major tenets of Hobson's theory, but introduced one key difference: arguing that the trouble was not under-consumption, but over-accumulation and monopoly capitalism. War between the imperialist powers would continue, not until resources were redistributed as per Hobson's argument, but until there was an anti-imperialist, proletariat revolution. Hannah Arendt (1968) too used South Africa as a nodal point in her analysis of imperialism, drawing on Hobson to argue that "the overproduction of capital" and the "emergence of superfluous money" changed "the whole capitalist economy from a system of production into a system of financial speculation."

The conditions of possibility for financialization, in our contemporary sense, have a Global South origin story as well. In the wake of anti-colonial struggles, neoliberals sought to contain Latin American and African radicalism and the possibility of socialist alternatives in the South. Here, I want to briefly revisit the history of the Third World debt crisis and IMF/WB structural adjustment and stabilization programs to show how this required substantive changes to the international financial system. This story usually focuses on the promotion of neoliberalism worldwide through the introduction of conditionalities on borrower countries. While indisputably true, I would also like to emphasize how the major tenets of financialization, and the very ability to move speculative capital around the globe, came into being through the same exploitative

[48] Thanks to Gill Hart's Development Studies course for this reading.

processes. In fact, Ben Fine (2019) has argued neoliberalism itself has primarily been dedicated to the promotion of the "internationalization of capital in general, and of finance, in particular" (80). This is not to reduce neoliberalism to financialization, but to see intentional global financial restructuring at its very heart.

A brief recap: in 1944, at the Bretton Woods ski resort in New Hampshire, when it was clear Hitler was about to be defeated by the Allies, John Maynard Keynes and Dexter White devised a relatively secure, stable monetary system for the post-war world. They set in place a series of financial arrangements for global trade, where the price of gold was fixed in dollars and every other currency was denominated in dollars. This system kept exchange rates fairly stable across currencies. Changes to the value of the dollar had to be approved by the IMF and all currencies could fluctuate within a fairly narrow band. Capital markets were tightly regulated by central banks, and private financial operators could not move money around the world very easily. The IMF was established to give short-term loans to countries in balance of payments difficulties, and the International Bank for Reconstruction and Development (later the World Bank) was established to give medium-term financing for the reconstruction of Europe (Gowan 1999).

All this changed in 1971, when Nixon ended dollar-gold convertibility, leading to a devaluation of the dollar and an increase in the price of gold. As Peter Gowan argues, conventionally, economists have understood the 70s as a period of weakening US hegemony, due to a trade deficit with Germany and Japan and an imperial war in Vietnam. Likewise, economists see the devaluing of the dollar as the cause of OPEC's decision to raise oil prices, disadvantaging the US and Israel on the eve of the Yom Kippur War. In line with this narrative, the deluge of "petrodollars," flooding into US banks after the first oil shock, created an incentive to lend this money to Third World countries. Yet, Gowan's compellingly heterodox interpretation reveals how the Nixon administration wanted to break out of restrictive monetary arrangements and exert more control over global financial affairs. Gowan shows that Nixon did not have to end the Bretton Woods regime because of waning US hegemony, but he and his advisors *did so intentionally* to create what became known as the Dollar-Wall Street Standard. Gowan demonstrates how the US played a decisive role in encouraging OPEC to raise oil prices because Germany and Japan depended on Middle Eastern supplies. He also argues that even before the oil shocks, the US planned to allow private banks to recycle petrodollars to Third World countries. Banks initially did not want to do this, and had to be strongly incentivized by eliminating caps on lending to individual borrowers and passing risk off to the populations of debtor countries. Given these incentives, private banks invested a massive amount of capital in low-interest, variable-rate loans to Latin America and Africa.

Many countries were able to pay down their debts until Federal Reserve Chair Paul Volcker raised interest rates from 11% in 1979 to 20% in 1981. This "Volcker shock" reversed inflation, strengthened the dollar, and attracted money to US financial institutions. But, more than that, Volcker's actions triggered a significant interest rate rise on billions of dollars of loans from private banks to the Third World. Countries that had previously managed to pay their debts, could no longer afford to do so, leading to defaults and near defaults. As there was no possibility of bankruptcy for sovereign debt, every new crisis was handled through negotiations between creditor banks and debtor countries (Potts 2017). The IMF and the World Bank were repositioned as key actors in negotiations and in the design of bailout arrangements. The IMF

and World Bank not only bailed out private banks but used stabilization and structural adjustment programs as economic and political tools, transforming debtor country policies in favor of domestic elites and creditor states, at the expense of the poor. Market liberalization and privatization programs led to the devaluing of public assets and a "fire-sale" for international financial investors (Harvey 2003; Biersteker 1990). Similarly, the relaxing of capital controls made it possible for the domestic elite in borrower countries to get their money out and into Wall Street banks. Overall, the risk of default was shifted from private banks to the poor populations of borrower countries through public spending cuts and austerity measures (Taylor 1997).

Private banks were major "beneficiaries" of the abandonment of the Bretton Woods regime and the Third World Debt Crisis.[49] International financial institutions and private banks forged a strategy to reduce the risk (for banks) of lending to already indebted countries by continually restructuring bailout packages to ensure ongoing interest payments (Potts 2017). The Brady plan (1989) offered just enough relief for debtor nations to consistently postpone default, without jeopardizing the stability of the global financial system. Private banks exchanged their bad loans for new tradable bonds to get debts off their balance sheets. Debts that were previously at risk of default were transformed into new claims with greatly extended maturities, and, in some cases, shifted into secondary markets, where distressed debt investors managed relief (Potts 2017). In many cases, to qualify for new loans, the World Bank and IMF forced debtor countries to adopt explicit conditionalities to be deemed credit-worthy; but, in other cases, the need to appear creditworthy, generated nearly the same implicit conditionalities without intervention. Debtor countries continued to change domestic policies in line with the requirements of global financial capital and neoliberal mores in order to access loans. Nation-state sovereignty, defined as the ability to negotiate with transnational companies and institutions (Ferguson 2006), was undermined by an IMF/WB-ruled Latin America and Africa.

Financialization, in this story, can look like a ubiquitous, ever refining processes where capitalism is the main driver of history. But, the changes to the global financial system that paved the way for what we now call financialization grew up in relation to neo-imperialism and the debt-based subjugation of the Third World. This historical fact should raise questions about why *certain* people and *certain* places are used in the service of capital accumulation. Indeed, it has for many people and organizations advocating debt forgiveness throughout the Third World. In 1987, Burkina Faso's President Thomas Sankara spoke to the Organization of African Unity characterizing sovereign debt as a new imperial conquest of Africa: "Under its current form, that is imperialism controlled, debt is a cleverly managed reconquest of Africa, aimed at subjugating its growth and development through foreign rules." Building on Walter Rodney's (1972) earlier critiques, the pursuit of accumulation via debit was intentionally targeted at nations and peoples of the Global South, expanding long histories of conquest, imperialism and colonialism. Positioning racism and empire in discussions of financialization and international development is crucial to understanding what comes next: the massive backlash against structural adjustment programs and the simultaneous discovery of "markets for the poor."

[49] And quite a bit better off than the so-called "beneficiary" countries of development loans.

Putting the "Micro" in Micro-Finance

Ironically, the backlash against Third World sovereign debt and structural adjustment programs, led to development programs geared toward the expansion of debt at the individual and household scale. This happened alongside key trends in development from the large-scale, capital-intensive spatially-fixed infrastructure projects of President Truman's post-War development agenda to "little development devices" and "humanitarian goods" (Collier S et. al. 2010). Important critiques of industrial projects – such as dams, roads, and electricity – paved the way for more individualized interventions – such as composting toilets, mosquito nets, and clean burning stoves. These interventions are no longer directed toward *the* "public" or *the* "nation" as a whole, but the social capital and developmental savvy of individual or household users (ibid). Such interventions are supposed to work independently of investments in national infrastructure (though they rarely do) and be quick to implement and light on the ground (though they rarely are). Also, while such interventions are smaller in scale, they are rarely smaller in ambition. Little development devices are meant to save the world in much the same way as big infrastructure projects were previously (ibid). Small solutions are geared toward individuals, who are put in charge of their own development, without the imposition of universals. But, even these small fixes, introduce new universals and new ideas about what is best for "the poor."

A large part of this small-scale transition occurred in the wake of ruinous structural adjustment programs just described. Ananya Roy (2010) offers a detailed history of how microfinance – focused on giving small loans to poor people and ensuring repayments through localized peer networks – came to be a significant part of the World Bank's post-Washington Consensus development agenda. While the story of micro-finance begins with Mahammad Yunus' Grameen Bank (1983), its rapid internationalization is due to the World Bank. When James Wolfensohn became president of the World Bank in 1995, he built his reputation on creating a community engaged and locally responsive global financial institution (ibid). In the same year, Wolfensohn supported Ismail Serageldin – then the Vice President of Environmentally and Socially Sustainable Development – to start the Consultative Group to Assist the Poor (CGAP), a network of various organizations housed within the Bank and devoted to the proliferation of microfinance. According to Roy, Serageldin's Pauline epiphany occurred during what was meant to be a celebration for the Narmada Dam in India. The celebrations were disrupted by huge protests against the dam and the World Bank pulled out of the project in embarrassment.[50] Serageldin recounted how the Narmada Dam protests encouraged a number of people within the Bank to reevaluate their strategy of large-scale resettlement in the service of hydro-electric power (ibid). Serageldin interpreted this Narmada moment as an indictment of how World Bank loans were unsustainable, damaging and largely bypassing the poor. The Narmada protests made room for Wolfensohn and Serageldin to reshape the Bank's mandate, moving toward smaller-scale interventions, focused on localism[51] and the development of social capital, including microfinance.

After Hernando De Soto ((2002)[1989], 2000) advocated "the other path" to create markets for the poor, and about the same time as CK Prahalad (2005) identified the "fortune at the bottom of the pyramid," Serageldin's Consultative Group to Assist the Poor developed a similar mission.

[50] For a thorough analysis of the Narmada dam project see Baviskar (2003).
[51] For an excellent critique of "localism" see Mohan & Stokke (2000).

CGAP's primary aim was to encourage the spread of microfinance institutions, and (more broadly) the "integration of the poor into financial markets." In contrasts to Yunus' Grameen bank model, which was built on non-governmental organizations and not-for-profit financial services, CGAP encouraged a profit-driven sort of microfinance and the development of a global financial industry for the poor (Roy 2010). Serageldin's CGAP was born of a desire to better target development aid to poor people through financial markets, but it allowed financial institutions to use financial products as a tool to reduce poverty *and* accumulate capital. The reign of microfinance as *the* pre-eminent pro-poor development intervention did not last long. Shortly after Yunus won the Nobel prize for his work with the Grameen Bank (2006), microfinance dramatically fell from favor. A slew of increasingly negative reports questioned microfinance's effects on poverty alleviation (Van Rooyen et. al. 2012; Duvendack et. al. 2011; Bateman 2010), women's empowerment (Cookson 2016; Karim 2011; Molyneux 2006), and farmer suicides (Taylor 2011; Young 2010).

Around the same time as microfinance was taking heat, cash transfer programs were very rapidly expanding. In the wake of the Asian financial crisis, mainstream development agencies surveyed the damage of free market capitalism and began to promote redistributive forms of social protection to curtail its worst effects (Hickey and Seekings 2017). Building upon existing efforts in the Global South (such as *Oportunidades/Prospera* in Mexico, *Bolsa Família* in Brazil), international development agencies promoted non-contributory donor and tax-funded cash transfer programs for old age pensioners and poor families with children (Garcia and Moore 2012; WB 2001; ILO 2000). Unlike microfinance, cash transfer programs initially focused not on credit, but so-called cold, hard cash (Hulme et. al. 2012). Cash transfer programs spread, in part, because of their commonsense rationale: that people need money to meet their needs and are best positioned to decide how to allocate their resources (ibid). Many studies confirmed how and under what circumstances cash transfers improved childhood nutrition (Leroy et. al. 2009; Aguero et. al. 2006; Gertler 2004), reduce child labor (Barrientos 2012; Soares et. al. 2010; de Janvry et. al. 2006), and advance educational outcomes (Barrera-Osorio et. al. 2011; Duryea and Arends-Kuenning 2003), even in countries with limited government capacity (Seekings 2017). But, cash transfer would not remain exclusively about cash for long.

Enter financial inclusion. Only a decade after the Asian market collapse and the rise of social protection programs, the 2008 global financial crisis produced a different response. The economy had just been undermined by agents of high-risk financial products, marketing subprime mortgages to unqualified buyers and hedging against them (Chakravartty and Da Silva 2011). Though subprime mortgages were themselves a financial inclusion product, the global response to the crisis, authored by the G20, was not to curtail the effects of financial capitalism, but to expand its reach. In 2009, the G20 leaders at the Pittsburgh Summit produced a statement on the need to "stabilize" the global economy and a plan for including "the most vulnerable" in financial markets worldwide (G20 2009). One year later, at the Toronto Summit, the G20 promulgated a set of principles to "spur innovation for financial inclusion" while safeguarding "financial stability" and "protecting consumers" (GPFI 2010). This was a moment of definition: although the G20 proposed financial access as a moral advance – for equity and inclusion – the "financial inclusion" of the poor was contained within their broader strategy to rebuild the global economy.

Financial inclusion, however, could not be spontaneously enacted without being combined with existing development initiatives. Cash transfer was an ideal partner. On one hand, cash transfer programs were always underpinned by a subtle techno-optimism, depending on "new computer and electronic communications systems" to make distribution possible (Hulme et. al. 2010). On the other hand, financial inclusion programs needed new "markets" – i.e. "surplus" people previously outside formal banking arrangements – to subscribe to their financial technologies and product offerings. Despite different theoretical underpinnings, numerous reports made the association between financial inclusion and cash transfers seem normal. Actors like CGAP easily adapted their microfinance programming to financial inclusions' broader rationale. CGAP, alongside the Alliance for Financial Inclusion (AFI), Bankable Frontier Associates (BFA) and the Department for International Development (DFID) published a slew of reports linking financial inclusion with cash transfers: *Scoping Report on the Payment of Social Transfers through the Financial System* (Porteous 2006); *Designing and Implementing Financially Inclusive Programs* (Porteous 2009); and *Social Cash Transfers and Financial Inclusion* (Bold et. al. 2011). These repetitively titled reports, along with global exchanges, working groups and donor funding, advocated the techno-financial delivery of cash transfers. According to a study of 212 cash transfer programs, 20% are now bundled with at least one financial product (Clemence and MacLellan 2017).

Taking the "Cash" from Cash Transfer

Financially-inclusive cash transfer subtly shifts one development program – geared toward giving money to the poor – to another development program – geared toward providing money to the poor alongside a suite of financial products and services. While the rationale for financial inclusion was simultaneously developed in a variety of places, it was, perhaps, most persuasively argued in the *Portfolios of the Poor* (Collins et. al. 2009). In this major international study, four researchers interviewed 250 families from South Africa, India and Bangladesh every two weeks for a year about the "minute details" of their financial transactions. Over the past decade, the *Portfolios* project has become a touchstone in the literature on poverty and its methodology has expanded to ten countries in the Global North and South.[52] The *Portfolios* was innovative because it moved "financial inclusion" beyond its historical focus on credit by turning critiques of microfinance on their head. Microfinance was under fire because borrowers were using loans for consumption and very marginal businesses, failing to increase their capital and leading to over-indebtedness (Bateman and Chang 2012). The *Portfolios* authors suggested that instead of critiquing the way poor people use credit, development professionals should learn from them. They argued that, through their financial practices, people demonstrated that they needed a broad range of techno-financial products – particularly savings, credit, payments and insurance – to manage their money (Morduch 2017; Collins et. al. 2009).

This research produced a temporal rationale about how and why poor people required particular sorts of techno-financial instruments to overcome poverty. The *Portfolios* authors argued that savings and credit products would enable people to reallocate their income and expenditure across time to respond to crises. Instead of using loans for entrepreneurship, as per the discourse of microfinance, financial inclusion sees credit as necessary for smoothing "economic shocks" and encouraging "resilience" across time. During their interviews, the *Portfolios* authors tracked

[52] Including the US in the wake of the subprime mortgage crisis.

all instances when poor households did not spend their income in one lump sum. Such moments were used as evidence that their interview participants were already sophisticated financial managers, saving their money and planning for their futures (see Mader 2018 for a thorough analysis). Their problems did not just stem from a lack of money, but a lack of money at critical times: poor people have "not just low, but also irregular and unpredictable" incomes (Collins et. al. 2009: 16). Depoliticizing poverty, temporality was now understood to be the common problem across poor participants and countries. Giving cash via cash transfer programs would not be enough to solve temporal crises. Cash transfer recipients need the fiscal tools to prepare for crises.

The *Portfolios* project also offered new ways of diminishing risk. Microfinance was targeted toward the notion of the universal entrepreneurial woman, heroically struggling to feed her family in the absence of or despite the presence of her husband. Microfinance institutions found ways to reassess risks for poor women, by characterizing them as virtuous entrepreneurs and men, by implication, as the opposite (Roy 2010). In order to buoy the credit-worthiness of some poor people, microfinance diminished the credit-worthiness of others. The peer pressure of group loans was meant to further decrease the risk of non-payment through community discipline and surveillance. For *Portfolios* authors, women are still the primary targets of financial inclusion, though not in their capacity community-embedded entrepreneurs, but as sophisticated accountants and money managers (Mader 2018). While subtle, this is an important change. No longer are peer groups required to mitigate the risk of non-payment, now "appropriate," automated financial technologies can even more effectively do the job. The "right" technologies can make cash transfer recipients – poor women of the Global South – available as low-risk subjects of credit.

While the *Portfolios* project demonstrated why poor people needed access to financial products, other reports elaborated who should deliver these technologies. Banks, financial institutions, and technology companies emerged as key, for-profit delivery agents of financial products. CGAP for example, structured a series of reports around the question: how can "financial institutions offer financially inclusive services to recipients on a profitable basis?" (Bold et. al. 2011; CGAP 2011a, 2011b, 2011c, 2011d). However, in attempting to make the "business case," CGAP revealed that it is quite expensive to deliver decent services to low income clients, living in remote areas without existing infrastructure. CGAP subtly suggested that profitability for the private sector required governments to subsidize investments in infrastructure and generate clients in the form of cash transfer recipients. The World Bank Development Research Group (WBDRG) suggested that governments should shift cash transfer payments to electronic form, "create[ing] a foundation upon which the private sector […] can build" (WB 2014: 3). Reports like these change the focus of cash transfer programs from poverty alleviation to the state-subsidized development of a "general retail payment system" (Bold et. al. 2011: 22).

Likewise, financial inclusion experts advocated that governments ease protective regulations in order for private contractors to profit. While technologies of financial inclusion claim to be able to smooth out structural and geographical obstacles to access, this can only happen once governments create a perversely named "enabling environment"(GPFI 2010: 1). Instead of fulfilling the customary expectations of banking practices (document-intensive enrollment procedures, accessible physical infrastructure, and adequately trained employees) financial

inclusion proffers low-cost services like "mobile money" or "branchless banking" as alternatives. As GPFI says, changes in legislation "provide the right conditions for innovation to thrive" (ibid). Yet, the language of "innovation" can excuse the delivery of substandard service. Such reports reveal that cash transfer recipients can only be made into a profitable customer base if they are excluded from normative banking arrangements. Through financially inclusive cash transfer, the state is central to building and funding the infrastructure to allow financial services to reach new markets.

Once cash transfer programs are associated with private service providers, recipients themselves subsidize grant delivery through credit. As far back as 2006, David Porteous, of Bankable Frontier Associates, recommended that one way to recover costs was for corporations to sell financial products to cash transfer recipients, particularly credit. At the time, Porteous was cautious about this suggestion and offered an ominous caveat: "The regular cash flow of grant recipients may also make them an attractive target for lenders who may use irresponsible marketing techniques to lead to unsustainable indebtedness" (Porteous 2006: 23). Porteous' prescient comment elaborated how cash transfers could be profitably linked to credit and how their very purpose could be undermined through these very links. Even so, many development actors, like CGAP, continue to suggest that cash transfer programs can be subsidized by recipients through lending (CGAP, 2011; GPFI, 2010).

Structural adjustment programs passed the risks of lending onto poor populations of developing countries by cutting social programs. Now, however, instead of cutting social programs, these same programs are boosted, and become vehicles to pass on debt and risk directly to individual recipients. Hidden within what appear to be humanitarian programs, the unchecked profit-oriented private sector is given free rein to plunder the poor. In this way, finance capital is able to circumvent the contradiction of national democratic post-SAPs backlash.

Finance Capitalism and the new South Africa

So far, the story I have been telling is global. The question remains: how does this get revised and reworked in South Africa? Tania Li (2007) has shown how development discourses and practices travel and become sustained in the Global South, not via top-down impositions from elsewhere, but through local desires, negotiations and contestations. While the discourse of "financial inclusion" certainly arose within the global development context, since the post-apartheid transition, financial inclusion has a South African origin story as well, meant to correct its history of racialized financial exclusion. Crucial post-apartheid financial services legislation requires the democratization of credit. And yet, the expansion of credit to Black people has consistently been exploitative, subjecting them to new forms of racialized dispossession that are not incidental, but central to the post-apartheid political economic order. This section will briefly trace the recent history of financialization in South Africa to better understand the present moment.

Financialization in South Africa is rooted in changes to the economy, which began in the 1970s. Since the end of the nineteenth century, South Africa's economy has been dominated by the mineral and energy sectors (Ashman et. al. 2011). South Africa's mineral and energy complex (MEC) was and continues to be a highly concentrated system of accumulation of white, mostly

English speaking capital alongside the exploitation of Black workers. Much of the rest of the South African economy was developed to support these sectors – including chemicals, infrastructure, transportation and finance – to the detriment of a broader program of industrialization. In the 1970s, as the apartheid economy was slowing down (Saul and Gelb 1986; Marais 2011), those engaged in the mineral and energy sectors, who had dominated the economy until that time, began to support investment in broader productive industries. Yet, the 1972 oil shock and the end of fixed exchange rates led to a huge increase in the price of raw materials, particularly gold, as discussed above. Just as broader industrialization was on the agenda, white South African capital doubled down on the same old sectors, benefiting from global commodity prices. At the same time, international sanctions against apartheid constrained the movement of South African capital abroad. The global financial exclusion of white South African capital effectively "trapped" it within the country. Until the end of apartheid, such capital could only be reinvested domestically in the extractive industries and the financial services sector. The financial sector developed in coordination with the MECs (Fine 2019).

Financialization was, thus, already a significant part of the South African economy by the time of the democratic transition. Negotiations between economic and political leaders resulted in the side-lining of economic redistribution efforts, in favor of constitutional reforms and liberal democratic rights. Such negotiations were heavily influenced by Western countries, international financial institutions, and white domestic capital. White South African capital, in particular, pushed for the preservation of private property and the "freedom" to move money out of the country (to be "financially included" abroad). As such, economic policies authored during the transition (and shortly after) increased global integration, and resulted in the now infamous introduction of the Growth Employment and Redistribution Program (GEAR) of 1996. GEAR enabled South Africa's highly concentrated MEC conglomerates to "unbundle" their diverse holdings and subsidiaries. Parts of these conglomerates were integrated with multi-national firms listed on the London Stock Exchange to raise foreign capital (Fine 2019, Hart 2014). This led to the massive hollowing out of domestic conglomerates and a significant relocation of the proceeds of colonialism and apartheid abroad (Hart 2014). South Africa's transition to liberal democracy was a boon for white capital, and largely maintained the constitutive economic exclusions of the poor, Black majority. With the exception of the financial sector, most other sectors have been in decline, accompanied by rising unemployment and inequality (Fine 2019).

After the post-apartheid transition, many questions remained. Key among them was how to transform the racially exclusive apartheid economy, when radical redistribution was effectively off limits. The major transformation efforts – for Black people of all classes – were, essentially, massive financialization initiatives. For the elite, Black Economic Empowerment (BEE) and its sequel Broad Based Black Economic Empowerment (BBBEE) were largely financial deals. Black trade union leaders and political activists were "included" in the mineral and energy sectors as shareholders in partnership arrangements. This allowed white ownership of the economy to remain intact, as long as dividends were paid to a select few empowerment partners (ibid). Another strategy of "transformation" centered on the preferential selection of Black-owned businesses for state contracts. Focused on the construction and mineral sectors, these too are often Black-fronted white companies with links with international capital, not a productive class in South Africa (ibid). The outcome of this approach has been the creation of a small Black elite, buoyed by white capital and government contracts, not the uplift of the general population.

For the middle class, consumer credit was sold as a quick fix to boost Black workers into a "democratic" lifestyle. As Deborah James (2014) has shown, former white Afrikaner civil servants used their redundancy packages to start microlending businesses servicing mid-level consumers across the country. These microlenders benefited from a regulatory exemption, and white Afrikaner creditors targeted Black public sector workers (teachers, nurses, police officers) with high-interest loans and exploitative conditions. Sources of credit proliferated particularly for a cohort of middle class Black government workers, to buy cars and houses with finance, furniture on hire purchase, credit cards, store cards, microloans, and so on. But, importantly, while sources of credit expanded, methods of payment contracted (ibid). Credit sources that previously allowed for diverse processes of repayment, came to be streamlined through debit orders, where money was automatically moved from a borrower's account to a lender's account. Since the 1990s, most employers mandated wages be paid into bank accounts, expanding the possibility of creditors recouping payment, both on a regular monthly basis (through debit orders) and in cases of default (through court-approved garnishee orders). In one of the worst examples of abuse, microlenders were allowed to garnish public sector employees' wages from government accounts before salaries were paid into worker accounts under the Persal system. Black middle class government workers could not default on their debts because the Persal system ensured their creditors had preferential access to their salaries. With the passage of the National Credit Act, microlenders were regulated for the first time and the Persal system outlawed. Yet, they still managed to benefit: the new regulations effectively defined the legal parameters of allowable exploitation, allowing lenders to charge high interest rates and fees on unsecured credit. As the chart below shows, the unsecured lending sector exploded after the passage of these regulations. Microfinanciers lowered their risk profile on unsecured credit through financial, technological and juridical means.

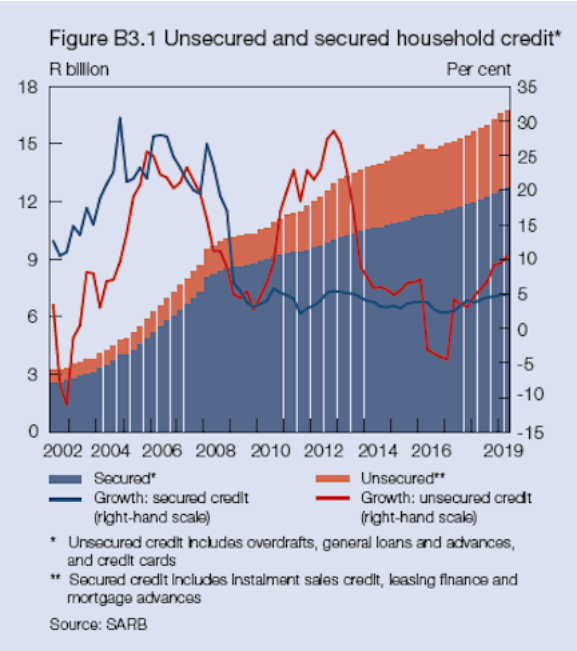


Figure 10: Growth in Unsecured Lending, Financial Stability Review, South African Reserve Bank, 2019.

For the poor, formal financial inclusion came later, through the social welfare program. Social grants were initially allocated provincially, with each province contracting a service different provider. But, in 2012, when CPS was appointed as the national paymaster for the entire country, social grants were paid centrally, by a company that had historical experience in South Africa's microlending environment. CPS's parent company, Net1, developed technological infrastructure – modeled on the Persal system – to conscript social grantees into consuming credit (see chapter 2). For the public sector workers, creditors must to go to court to get garnishee orders to forcibly recoup debts before workers received their salaries. This was not the case for the social grant recipients. Garnishee orders effectively happened automatically *within* the grant payment system itself – no court order required. Since loan repayments were deducted *before* cash is transferred to recipients, creditors bore no risk. In standard economic theory, the risk on any loan must be spread between the lender and debtor: when a lender accepts none of the risk, there is no prohibition against issuing burdensome and irresponsible loans (Graeber 2011). This is essentially what happened in South Africa: despite guaranteed government payments, creditors designated social grant recipients as risky subjects, and designed certain techno-financial means to reduce the presumed "risk" to creditors. Net1 built a techno-financial system that precluded any risk. In this way, social grant recipients no longer received a redistributive entitlement, but a profit-driven financialized instrument bundled with products and services.

Paradoxically, while much of the post-apartheid period has been devoted to the inclusion of Black people in credit markers, white consumers continue to be in greater debt than Black consumers. Yet, white consumers are consistently excluded from considerations of credit and debt. It is Black consumption that is seen to be a *problem* in national media reports. In the media, representations of Black consumption tend to focus on "splurging" on luxury goods or "blowing the entire Christmas budget" on one big ticket item (Smith 2019) and then dealing with the stress of "Januworry" (Economist 2018). Yet, as just explained, many Black South Africans can only access more expensive, unsecured credit to mitigate the spatial and racial after-effects of apartheid. Without the benefit of transgenerational wealth, and a decent sized-down payment, it is more expensive for Black South Africans to purchase a house in a well-located, formerly white suburb, or to buy a car to drive their kids to decent and also pricey school (Hunter 2019). Black South Africans borrow money to assist poor relatives with health issues, home repairs or school fees, paying what has come to be known as the "Black tax" (Manqoyi 2018). The vitriol with which the Black consumption is discussed encodes anti-Black racism, where Black consumers are seen to be flashy, irresponsible, and wasteful. White consumers, where they are discussed, are seen to be sensible and disciplined in their debt and never excessive. Even careful considerations of Black consumerism tend to show how a "culture" of consumption was produced through colonialism and apartheid. In her nuanced article, Deborah Posel (2010) argues that since the regulation of race in South Africa was produced (in part) through the regulation of consumption, in the post-apartheid period, consumerism has come to look like a form of liberation. While attending to racism in her analysis, she still subtly suggests that conspicuous consumption is a predominantly Black problem in post-apartheid South Africa. White consumption, desire and aspiration are outside the frame of inquiry, and thereby naturalized.

How is this Financialization Racialized?

Before concluding, I want to consider the financialization of South Africa's grant program as another moment in the *longue durée* of what Cedric Robinson calls "racial capitalism." In *Black*

Marxism, Cedric Robinson demonstrates how capitalism is not a radical break with previous feudal and mercantile orders, but develops within feudalism, and critically, within Western feudal societies that were *already* racialized. The emerging European "working class" was made up of racial subjects – Irish, Jewish, and Roma people – who had previously been victims of dispossession, in the form of the enclosures and internal colonialism. For Robinson, racism, which predated "race," was socially produced within Europe and used to justify the superiority of the rising English bourgeoise. As the trans-Atlantic slave trade drew African people into capitalism in Europe and the Americas, anti-Blackness developed as a distinctive, epidermalized form of racism. Likewise, indigenous people of the Americas and Africa were subject to invasion, conquest and genocide. According to Robin Kelley (2017), Robinson drew the term racial capitalism from his engagement with South African scholarship in the 1970s, particularly that of Harold Wolpe (1972), Martin Legassick (1974), and Bernard Magubane (1979). While South Africans were trying to understand the apartheid economy, Robinson took a longer historical view of what was known locally as the "race-class" debates, showing how racism preceded capitalism in Europe and was always already articulated to it. His centuries-spanning analysis of racism and capitalism is useful in understanding how the deep structures of racial capitalism are reconfigured across time.

While some people might characterize the financialization of welfare as merely an economic issue – an extension of global processes of financialization – this analysis fails when one considers the racialization and gendering of anti-dependency rhetoric in relation to social grants in South Africa. At the very same time as GEAR committed South Africa to a highly financialized economy coupled with "jobless growth," anti-dependency rhetoric proliferated. After ANC introduced significant cuts to local government budgets in the late 1990s, crippling the delivery of housing and services to poor people, social movements formed to protest such austerity. In response, in 1998, President Nelson Mandela authorized the delivery of child support grants to caregivers of children under 7 (prior to this time, grants had only been paid to pensioners). These grants were intended to diminish extreme child poverty, and neutralize antagonisms through technocratic authority and expertise. At the same time as child support grants were introduced, however, the Basic Income Grant campaign was attempting to push a far more radical program of redistribution, suggesting grants be given to every South African citizen. By the early 2000s, President Mbeki and his Finance Minister, Trevor Manuel, put an end to demands for a BIG, concluding that only those people "legitimately" excluded from the economy – children, the elderly and disabled people – should receive assistance. They asserted that a basic income grant would encourage dependency, despite the fact that they had made unemployment pervasive for the future.

South Africa's anti-dependency rhetoric was interestingly similar to US discourses circulating at the same time. In the same year as the new Constitution of South Africa was enacted, Bill Clinton overhauled America's social welfare policy. Dismantling a more comprehensive program of benefits for mothers and children, Clinton's legislation forced beneficiaries to accept very low paid work in order to receive welfare (in his own words: he was "tough on work"). Not only did he introduce mandatory employment requirements, but he also limited the length of time mothers were allowed to receive benefits to five years. Such changes were not only anti-poor, but also anti-Black. Half a century earlier the New Deal era mother's pension programs incentivized the ideal of the normative nuclear family for (primarily) white women, who were

deemed morally pure and blameless for their current situation, when their male partners were deceased or absent. Only after meeting strict eligibility criteria, could women be granted assistance to conform to white middle class notions of "proper" motherhood and the financial support needed to stay at home and raise their children. As the welfare rolls expanded to include more women of color in the 50s and 60s, popular ideas about welfare recipients changed. No longer was welfare necessary to educate recipients into white middle class decency: now, welfare itself was an obstruction to morality, exacerbating the "tangle of pathologies" in Black communities (Cooper 2017). Politicians perpetuated stereotypes that welfare recipients – now disproportionately women of color – were lazy, immoral and promiscuous. By the time of Clinton's welfare overhaul, welfare (or workfare) was seen to make recipients hard-working citizens through employment requirements. Welfare policies of this period blamed Black women for their economic deprivation, political disenfranchisement and social isolation, and, in so doing, deflected attention away from broader structural issues (Cooper 2017; Nadasen 2012).

Indeed, a parallel process was at play in South Africa at the same time. When a Basic Income Grant was purposed, the government insisted job creation programs were better and more appropriate for South Africa. This was patently absurd for an economy that depended primarily on minerals, energy, and finance to the detriment of industrialization. Unemployment is very high (27% officially or 40% unofficially), and many people are, and will continue to be, perpetually surplus to the needs of the economy (Ferguson 2015). Given the small number of employment opportunities, dependency discourse should cease to make sense (Meth 2004). People are not dependent because they *choose* not to work, but because there is no work to be had. Structural unemployment prevented the South African government from following the US model to enact a work requirement in order to access social welfare benefits. Yet, South African social policy still managed to produce a local dependency discourse because of the enormous role of work in the public consciousness (Barchiesi 2011) and welfare was viewed as an impediment to the moral improvement of citizens. Liberal values that center the role of work may be effective in highly industrialized nations where full employment is possible; but, in a post-colonial society, which has consistently disinvested in the creation of jobs, there is no viable possibility of work. Black people, who have been structurally excluded from work, continue to be structurally excluded, are assumed to be at fault for not working, and denied access to social assistance. Such anti-dependency rhetoric is racialized and generational as unemployment disproportionately affects young, poor, Black South Africans, separating the deserving and undeserving poor.

Returning to Sophia from the start of this chapter, I would like to use her story as an example of the racialization of finance capital through welfare. On February 7, 2017, in a small agricultural community with a colonial name, Sophia spoke to her neighbors seated in a circle of plastic chairs at a colorfully painted crèche. She was participating in a workshop on credit and the cash transfer system, led by a rural community advice office in the Western Cape. With her baby secured on her hip, Sophia explained that for the past four months, her children did not receive their money from the cash transfer program. And for the past four months, she had to beg for food. Nightly, she stared down at a nearly empty enamel plate with a few slices of dry bread and contemplated a hellish home economics equation. Should she split the bread between her three older children (8, 13, 16 years), or eat one of the slices herself, so she could produce milk to breastfeed her son (6 months)? As the months wore on, Sophia gave more of her resources to her

school-aged children and her milk dried up. Her baby's weight dropped from 11 to 8 kilograms (24 to 17 pounds), and the clinic nurse threatened to take her children into care.

Sophia was in this position because of debts accrued on her social grant. Semi-permanently employed in a dried fruit processing plant, she struggled to work while pregnant and was forced to take unpaid leave. Around the same time, her home burned in a fire and she gave birth while staying at a women's shelter. When she spoke of the fire, all the workshop participants nodded with the memory. Her identity documents were destroyed in the fire, preventing her from registering her son's birth and applying for his grant. Struggling to support her family of five on three children's grants (R1080/$78 per month), Sophia borrowed money from Net1 to build a one-room wooden shack. After doing so, she borrowed more money from XY Loans – a local money lender – the following month because the Net1 repayment "ate" a significant portion of her grant. Both creditors automatically drained her bank account, seizing her entire social grant in loan repayments for four months. She now had a home, but no way to feed those housed inside. Speaking with her neighbors, Sophia explained her predicament in this way:

"I can't afford milk, so I have to breastfeed, but I don't get enough food to breastfeed him. His weight dropped because I don't eat. If I have to live on coffee, I will do it."

Stressing the metabolic consequences of her debt, Sophia was unable to purchase what she needed to consume and could only will her body to convert the paltry calories of chicory coffee into breast milk. Sophia's story muddies Marxist interpretations of credit as a claim on future wage labor (Harvey (2018)[1986]). The contradictions of South Africa's highly financialized economy are passed on to social grant recipients through the extension of credit. Credit linked to social grants is very rarely developmental, used for a business or entrepreneurial activity (in fact, I only ever encountered one successful case of this). Rather, it is for care, to bridge household shortages. Sophia did not borrow money on the basis of future productive labor – or even past labor as in the case of contributory pensions schemes – but on the basis of social reproductive labor, valorized by the government. Borrowing money solved a consumption crisis in the present, only to create more acute consumption crises in the future. Sophia started with one loan, but needed to borrow more money to stave off other, more difficult crises.

If Sophia stopped borrowing money, she and her family would have to cope with the physical consequences of consuming less in future months. With grant payments in South Africa set below the food poverty line, there is no surplus for the repayment of loans. Rather, the surplus has to be extracted from the calories Sophia needs to consume to produce milk for her son.[53] The end result may not, in fact, be so different from credit offered to low-waged or casual workers: money paid to workers to support themselves and their households is also taken for the repayment of debts with interest and fees, making it more difficult to cover requirements. What is different, in this case, is who is targeted for debt and on the basis of what kind of labor. Debts accrued through the South African social protection program creates a distinct gendering and

[53] Loans taken against this social reproductive labor offers a new valence to the Hobson-Lenin debates about whether imperialism is driven by under consumption or overaccumulation. The financialization of a social program, and the accumulation predicated on the expansion of credit to the poor, quite literally, leads to household under consumption in the service of financial over accumulation.

racializing of financial capitalism. In order for Sophia to support her family, she must use their grants to search for external value outside the social entitlement. Credit is the most obvious way to do so, but, those who seek credit often end up in a worse position than before. The state appears to have dispensed with its duty to provide, and demonizes those in debt for having spent their money poorly, all the while letting people languish in the "slow violence" or "necropolitics" of a debt-based death (Nixon 2011; Mbembe 2003). As soon as she takes credit, and particularly after she takes credit from multiple sources, she becomes "at fault" for any consequences.

Sophia's story recalls Foucault's elaboration of the transition between disciplinary power to biopower. While disciplinary power is highly punitive and punishing, including the state's ability to take life at the level of the individual, biopower is productive and enabling, including the state's capacity to enable life at the level of the population. Biopower, however, does not only deal with the population as an undifferentiated abstraction, but creates a "break" in the population, producing racialized hierarchies through projects where some people are "made to live" and others "let to die."[54] This attention to premature death resonates with Ruth Wilson Gilmore's famous definition of racism: the cutting short of crucial years of life based on hierarchies of power and difference. Because state-sanctioned debts are incurred on the very grant that is supposed to support life, extreme indebtedness opens the possibility that grants may bring about premature death or have highly detrimental effects on health (as we saw with Sophia's son's weight loss). The government effectively allows poor Black mothers and grandmothers to be conscripted to debt with no regard for the consequences. All too easily through indebtedness a "make live" intervention becomes a "let die" intervention: where those who have been conscripted to debt are blamed for their financial irresponsibility and become the undeserving poor.

Financial Inclusion: The Only "Growth" Industry

By way of conclusion, let me offer one more story. It is drawn from the fact that the financial sector, as the only expanding sector of the South African economy, has an ambiguous productive corollary: one of the few places where people can find employment, is in the business of credit and debt.

One morning at a Khayelitsha SASSA office, I sat down next to Nonkululeko. She was initially very chatty, and we talked while she waited in line to pick up her grant. Nonkululeko had borrowed money the previous month to buy her daughter a high school graduation dress. Nonkululeko told me that she was dreading receiving her grant that month because she knew it would be "short." When I asked about her plans for the month, she told me she was lucky to have a job with Emerald Life. I was surprised. I knew of Emerald Life as an insurance company that sells funeral policies to social grantees. I had met many people complaining of Emerald Life's excessive deductions from their grants. Seeing my surprise, Nonkululeko said by way of explanation:

[54] Foucault uses biopower in contrast to sovereign power, where the former is the power to make live/let die, the latter is the power to kill. These are not separate or existing consecutively but can be layered or "entangled" (Moore 2005) in place.

"I only got it [the job] because my friend worked there. When you are poor, to get a job, you HAVE to know someone."

Nonkululeko's statement shows that her cash transfer, and the credit she could access, was not enough to provide for her family. Her debts drove her to search for a job, but the only job she could find was very casual work in the financial sector. And, even for that, she had to be referred by a friend. This technocratic poverty solution was also no substitute for good old-fashioned socio-cultural relations, when it came to finding a job.

I asked Nonkululeko if she had an Emerald Life funeral policy, and she again responded, "No, no never." She hoped someday to earn enough money to afford a policy through AVBOB, what she considered the "Mercedes" of funeral schemes. She admitted that Emerald Life policies were expensive, and would not pay out enough money for her family.

As Nonkululeko said this, I noticed that she was studying her hands in her lap. I asked who she sold these policies too – her neighbors? She responded "no, no never." And told me she trekked to Harare and Site C – far away from her home in A Section – to sell the policies. Her commission was the cost of the first month's insurance: if a person bought an R80 policy, she got R80; if R157, then R157. In a good month, she made R1000, but several months before, she made nothing. She explained that it is hard work tramping up and down, selling something she does not believe in to people who should not buy it. But, she asked, "what else can I do?" This was the only thing keeping her afloat. The only way she could pay off her debt for her daughter's graduation dress was to either take on more debt herself or indebt others.[55]

Amid the high unemployment across all sectors except finance, one of the only possibilities for social grantees to find casual work, and thus bring more money into the household to pay down their debts, is through the very same system. Insurance companies and credit firms seek out grantees to sell their financial products door-to-door. Grantees work on a very slim commission, and do the work of indebting others to get themselves and their families out of debt. They can absorb the metabolic consequences, or pass them on to others, but either way, they must repay their pound (or kilogram) of flesh.

In this chapter, I argued that conscription to debt happens through geographies of international finance and development which are revised and reworked in South Africa. I showed this context creates the conditions for grantees – so-called surplus people – to become the solution to the problem of so-called surplus capital. If they are encouraged to buy (and sell credit), using the only asset they have – the grant – as collateral, private capital can siphon off profits from a government welfare program. The state, thus, finances the innovations of finance capital. This is not for a universal grant recipient, but in the case of South Africa, a very particular racialized and gendered subject of the social grant program. Up until this point, I have only just started to discuss my fieldwork. In the chapters to follow, I will explore in far more detail how the conscription of social grantees to credit actually works.

[55] Nonkululeko's story points to the fact that finance really is the only "growth industry" in South Africa, and it is predicated on the proliferation of debt. This is a perversion of the "pay it forward" ideal: Nonkululeko had to indebt "it forward." It is also reminiscent of Eyal Wiezman's analysis of the "least possible evil" in humanitarian crises.

CHAPTER TWO

Bantustan Banking:
The Digital Financial Geographies of Racial Capitalism

We have a highway, but they built a dirt road.
- Bongani, BASA Manager, Cape Town, February 2018



Figure 11: Net1 consultant with a client, Ceres, 2017. Photo Credit: Leopold Podlashuc.

The Wild Fig Café sits at the end of a dirt road, which winds alongside the Liesbeek River, and passes Valkenberg psychiatric hospital and the Church of Latter Day Saints. It is a quiet restaurant in an old farm house, with mismatched wicker furniture and an overgrown garden that manages to feel out of the way, despite abutting a major highway interchange. Indeed, their corny slogan – "that country feeling on your doorstep"[56] – captures the paradoxical affect of being simultaneously nearby and far away. This was exactly what the Black Sash was eager to exploit when meeting the Managing Director and several General Managers of the Banking Association of South Africa (BASA) on 26 February 2018. It also would become a very material metaphor by the end of lunch.

[56] Wild Fig Café website: http://thewildfig.co.za

This was always going to be an unlikely meeting. While the Black Sash and BASA are technically both advocacy organizations, the former represents South Africa's welfare recipients and the latter its financial institutions, i.e. opposite ends of the class spectrum. Ironically, the leaders of both organizations were comrades in arms from the trade union movements and the anti-apartheid struggle. Despite this entwined history, the director of the Black Sash did not want to be seen lunching on R200 fish cakes with the advocates of the financial elite. Hence, the relative seclusion of the Wild Fig Café.

Our meeting proceeded haltingly. Each party attempted to elicit more information than they offered. BASA wanted the Black Sash to advise South Africa's banks on how to take over social welfare payments in the future (a very lucrative prospect), while the Black Sash wanted BASA to explain how Net1 was earning money from social welfare payment in the present. The lunch may have ended without the exchange of any useful tidbits, when Bongani, one of BASA's General Managers, broke ranks before dessert.

"We have a highway, but they built a dirt road."

For most of the lunch, I had been listening quietly, grateful to be in the room. But, Bongani's metaphor was exactly what I had been waiting to hear. I asked him what he meant.

Bongani answered that South Africa's formal banking system was a highway, built in accordance with the norms and standards of transnational capital – which he characterized as speedy, efficient, well-regulated and smooth-flowing. In contrast, South Africa's social grant banking system was the opposite – a dirt road, unsurfaced, uncomfortable, unregulated and potholed. The two were both types of transportation infrastructure, ostensibly meant to serve a similar purpose. But, the former was vastly superior to the latter. And, much like the transportation geography adjacent to where we were sitting at the Wild Fig Café, the dirt road did not, and could not, merge or intersect with the nearby highway. Bongani used this spatial, infrastructural metaphor to describe the duality of South Africa's banking system.

Yet, Bongani's metaphor was not merely about space or infrastructure in the general sense, i.e. highways versus dirt roads. South Africa's infrastructure, and transportation networks in particular, are often used as a proxy to discuss over 300 years of racial and territorial segregation by successive colonial and apartheid states.[57] Roads are material symbols of high modernist development, elaborating belonging in the national body, by bringing together and keeping apart certain people and places. As such, South Africa's road networks were never just used to transit between points on a map, but built to produce and maintain racial segregation, dividing the country into "reserves" or "Bantustans" and using race or ethnicity to "fix" people to places (Makhulu 2014; Mamdani 1996; Robinson 1996; Mandela (1987)[1965]; Wolpe 1972; Plaatje 1916). Such infrastructure was not built to rationalize static and unchanging metrics of race and ethnicity, but actively served to racialize subjects and constitute difference. In the present, the

[57] Roads and transport infrastructure have long been a flashpoint in South African public discourse. In 2017, former opposition party leader, Helen Zille, tweeted about the supposed "benefits" of colonialism: "for those claiming legacy of colonialism was ONLY negative, think of our independent judiciary, transport infrastructure, piped water." Transport infrastructure often serves to justify racist, colonialist nostalgia, even while the material reality of roads, in the townships and reserves, illustrates South Africa's vastly unequal development.

legacies of colonialism and apartheid continue to persist in national road infrastructure: where urban roads and national highways are well-built and maintained, while rural roads in former "Bantustans" are unpaved and unserviced, with *dongas* (holes) that can swallow a car.[58] I wondered whether Bongani was intimating that this dual banking system was also produced by and producing forms of difference.

Bongani's metaphor struck me because the implications were vastly different than the stories being told in the South African press. At the time (early 2018), there were two common narratives about Serge Belamant and his company Net1, which was contracted by South African government to pay social grants.[59] On one hand, there was a potent moral outcry amongst activists, academics, and the liberal press in which Net1 became short-hand for corporate profiteering from a corrupt and "captured" state (see Swilling and Foley 2018; McKune 2017). Serge Belamant was a financial predator, who was engaged in dodgy dealings, and had rigged the tender submission process to secure state contracts. The South African state was derelict in its regulatory responsibilities, permitting Net1 to use the social grant program to include poor people in financial markets on adverse terms. On the other hand, devoted financial journalists and mainstream development agencies told a far more optimistic story about how a Johannesburg-based, NASDAQ-listed company found a way to solve a dire global problem (see Hogg 2016, and IFC 2016). Net1 developed technologies to include a previously excluded, unbanked population in formal financial services via government welfare payments. Belamant was merely running a successful business, designing the best possible techno-financial system to connect welfare recipients to banking services.

Though seemingly at odds, these stories converge around one issue: that Net1 was actually delivering inclusive financial products and services to poor people. Whether or not activists decried or advocates promoted the consequences of inclusion, everyone seemed to accept that Net1 had, in fact, created an inclusive financial platform. The problem with Net1 (if there was a problem) was the way in which they included people: providing inadequate or inappropriate service at prohibitively high costs to social grantees (see Neves and James 2017). What both sides missed, and Bongani clarified, was that Belamant did not bring social grant recipients into the existing national banking system (a highway), but built an entirely separate and substandard banking system exclusively for them (a dirt road). Belamant's financial inclusion, was not inclusive at all, but the continuation of infrastructural apartheid, where segregation is constituted materially in digital, as well as physical, space.

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This chapter looks at the social grant program through the digital technologies of payment. As Bill Maurer (2011) has pointed out, payments are often seen as the "boring" or "mundane" part of emerging anthropological and geographical conversations about credit and debt – but the nuances of payment have important consequences for the current global financial system (1). The

[58] In Cala, a part of the former Transkei, residents joke about how the National Minister of Transport hails from their village, and yet their roads consist of rocky pathways compacted through habit, rather than formally demarcated avenues.

[59] Cash Paymaster Services (CPS), a subsidiary of Net1, was contracted to pay grants from 2012-2018 on a national basis. Before that, CPS had held contracts to pay grants in four or five provinces.

system designer, Serge Belamant, has a long history of technological invention in South Africa. He was involved in apartheid computer industries, which supported the South African nuclear program, arms development, electricity production, and resource exploitation. He later focused on banking technologies, developing applications to enable South Africa's financial system to operate despite sanctions. Many of his innovations contributed to the maintenance, rationalization and automation of the apartheid state. As such, apartheid was the condition of possibility for Belamant's work with Net1. In the post-apartheid period, however, Belamant casts himself as a "disrupter" (in Hogg 2016), attempting to appear neutral and benevolent, yet the very technologies that allow him to make these claims were developed to support a racist state and continue to encode and amplify contemporary racial hierarchies.

In the previous chapter, I situated South Africa's social grant system amid wider global trends. I demonstrated how racism and imperialism were critical in creating the conditions for global financialization from the 1970s, where capital controls were rescinded to allow for the free movement of money and the Third World to absorb global surplus liquidity in debt. I then argued that there has been a scalar expansion in the absorption of liquidity from the level of the Third World nation-state to the level of the individual, through microfinance and then financial inclusion. South Africa's own history of racist financial exclusion, made financial inclusion seem like an essential post-democratic initiative, and a massive public social welfare program was bundled with consumer credit for the very poor. South Africa's grantees were conscripted into debt through the international and domestic processes of racial financial capitalism.

This chapter picks up this analytic of conscription and focuses on how Net1's digital financial space compels grantees to take financial products. As such, it makes three interventions. First, many scholars have shown how racial segregation persists in South Africa's territorial infrastructures despite apartheid's end (Beall et. al. 2015; Makhulu 2014; Miraftab 2012; Robinson 1996), but less attention has been paid to apartheid's persistence in digital infrastructures. In this chapter, I center the enduring legacies of colonialism and apartheid not just in relation to the built environment, but also the digital financial environment for South African welfare recipients. Under the auspice of humanitarianism and development, social welfare recipients are produced as independent, financially sovereign subjects, segregated from the national banking space. In reality, however, they are dispossessed of normative access to the national financial system, and confined to a subprime financial market, under the guise of equality and pro-poor development.

Second, I demonstrate "credit apartheid" (James 2014) is not relegated to the past, but the Net1 infrastructure recreates a racial and gendered system of credit in the present. Numerous STS scholars have argued that science and society are not two mutually exclusive bounded spheres, where there is a stable, singular, knowable world accessible by science (Fullwiley 2008; Magubane 2003; Haraway 1997). Recent work on digital technologies and algorithmic governance demonstrate how the practices of science and technology are themselves culturally constructed and lead to the production of understandings of the human embedded in race, nation, capital and the patriarchal family (Benjamin 2019a, 2019b; Noble 2018; Nakamura and Chow-White 2013; Amoore 2009, 2011). Following from this important work, I focus on how the materiality of the social grant payment system replicates "credit apartheid" in digital space, well beyond apartheid's purported end.

Third, this chapter explores the emplacement of financial capital in South Africa. Over the past several decades, capital accumulation in the global economy has increasingly relied on profits from finance, not production (Krippner 2011; Epstein 2005). Given this shift, it is important to examine how financial capitalism is made in and through geographies, materials, technologies, and institutions. Doreen Massey (2004) reminds us that place is not just produced locally, as the opposite of the global, but that seemingly global spaces – like the New York Stock Exchange or the City of London – are also places: sums of relations, connections, embodiments and practices. I show how it is not just these large urban centers that are produced as places of global finance, but peripheral places, like South Africa, that enable new laboratories of financial experimentation. By thinking from South Africa, I explore the "other" geographies through which technologies of poverty finance are developed and instituted, in relation to poor racialized and gendered social welfare recipients. I also demonstrate how the malign and dispossessing infrastructures of colonialism and apartheid are not just a passive backdrop for the financialization of social welfare recipients, but an active, important and continuing part of contemporary digital development.

Sticking with my opening metaphor, the *road* map of this chapter is as follows. First, I outline a brief history of the material and territorial segregation of South Africa through the reserve system. Second, I recount how Serge Belamant developed his particular expertise under the constraints of apartheid. Third, I show how his design of apartheid era banking systems were part of the design of his post-apartheid welfare system, with racializing consequences. And fourth, I recount the labor of engaging with this infrastructural nightmare, in one township community in the Eastern Cape on "Mama Street."

Bantustan Banking: Race, Space and Finance

Extensive scholarship has detailed the spatial legacies of apartheid, but have yet to consider digital, financial space to be a crucial part of the making of apartheid and its continued legacies. At first glance, digital technologies seem less material when compared with the grand infrastructural projects of segregation: the reserves, Bantustans, forced removals and influx control. Yet, the technologies of grant payment follow in their wake, incarcerating poor racialized and gendered subjects in the materiality of digital space. Technologies of grant payment are similarly disciplining and differentiating, positioning Black mothers, pensioners and disabled people in digital confinement. In this section, I will offer a brief history of South Africa's Bantustans to demonstrate why "Bantustan Banking" can be used as a critical analytic for thinking about contemporary social welfare payments.

Understanding the social grant payment system as separate from and parallel to South Africa's national financial system strongly evokes histories of segregation. Under colonialism and apartheid, successive "racial states" (Goldberg 2002) aspired to produce systems of racial classification to divide the population and govern in accordance with a racial hierarchy. Black people were progressively and violently removed from all but the least valued parts of the national territory, beginning with the settlement of the Cape and the Afrikaner treks, and intensifying after the discovery of minerals and the Glen Grey Act of 1894.[60] Twenty years later,

[60] Enacted by Cecil John Rhodes.

after the Union of South Africa, the passage of the Natives Land Act [No 27 of 1913] ensured that black people, already dislocated from their ancestral lands, could no longer live as squatters and tenants on white owned farms. As Bessie Head wrote in her introduction to Sol Plaatje's classic *Native Life in South Africa*, with the Natives Land Act, the majority of the land "finally and securely passed into the hands of white people" (in Plaatje 1916). After the Natives Land Act, black people could only own land in so-called "native reserves,"[61] where belonging was regulated according to static and ahistorical notions of race and ethnicity. The reserves created a false isomorphism between people and place, naturalizing the notion that black people did not belong to the South African body politic as a whole. Rather, they belonged in separate, segregated territorial "homelands" governed by chiefs and headmen endorsed by the colonial regime. Of course, such projects were never assured nor were they totalizing (Breckenridge 2014; Ramphele 1993; Wolpe 1972). This aspiration to violently remove racialized and gendered subjects from the national territory has continued in digital financial space as well.

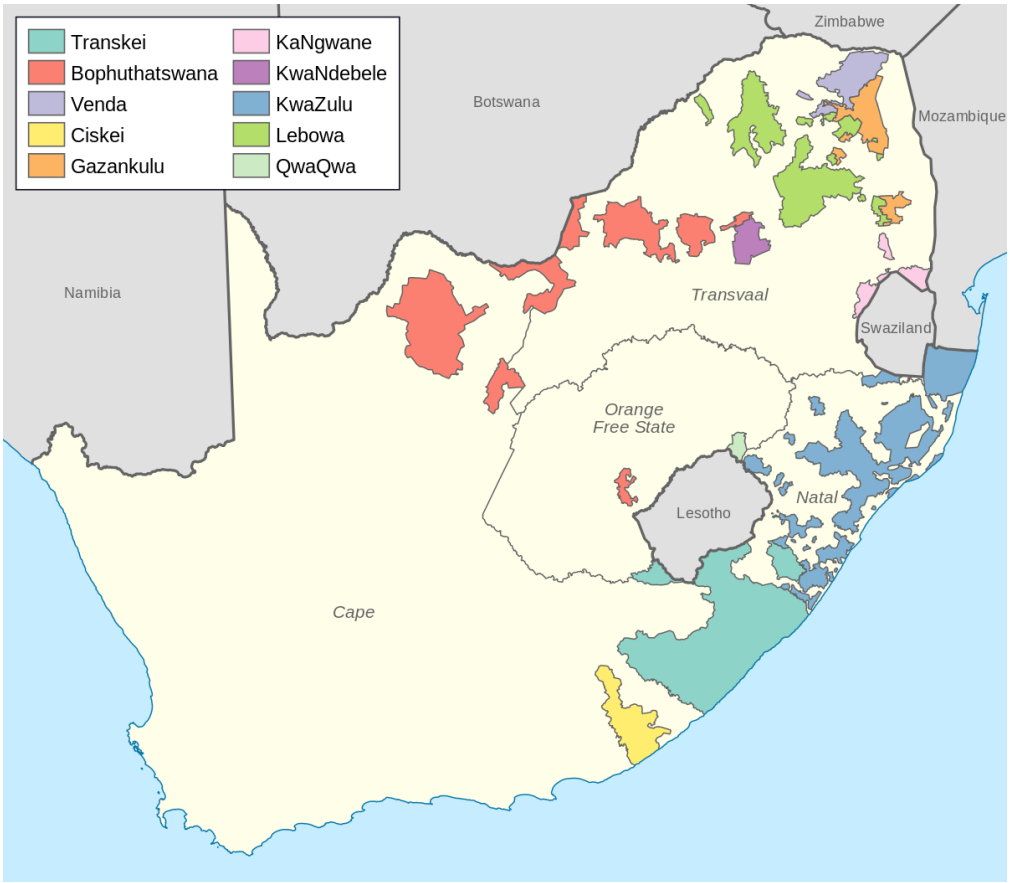


Figure 12: Map of provinces and Bantustans under apartheid. Source: Wikipedia

Although most scholars focus on dispossession primarily in terms of land (Ntsebeza 2005; Mamdani 1996; Mandela 1987[1965]), Sol Plaatje (1916) shows how the Natives Land Act also destroyed black capital and the consolidation of trans-generational wealth. At the time, about one quarter of black South Africans were living as labor tenants exchanging the labor of their families and their livestock for grazing and ploughing rights on white owned farms (ibid). Under

[61] The history of the reserves goes back even further to mid-19th century dispossessions in Natal.

such arrangements, many black farmers successfully cooperated with and competed against their white landlords, often building considerable wealth in cattle (Bundy 1979 and Van Onselen 1996). After 1913, black people living outside of reserves could only work as servants, and their livestock also had to work free of charge on white owned farms. This amounted to the total exploitation of labor as well as the expropriation of trans-generational wealth in cattle. As Sol Plaatje heartbreakingly recorded, tens of thousands of black people "chose" not to live under such heinous conditions, and roamed the country in search of land with their livestock dying along the road (Plaatje 1916.). The Natives Land Act drove people to the reserves and destroyed black family wealth in livestock. The benefits of this horrific legislative destruction of black capital accrued to white settlers, in the form of a racialized social welfare, which is constantly naturalized, and thus mis-recognized as a form of welfare.

Further, once segregated within reserves, black farmers were consistently disadvantaged by racial capitalism, while "poor white" farmers received significant capital subsidies, loans, equipment and training. Despite being able to own land in reserves, the concentration of 85% of the population on 7% (and later 13%) of the land meant that there was limited space for grazing and planting and environmental degradation restricted the possibility for producing independent livelihoods (Wolpe 1972). Likewise, the National Land Bank provided cheap loans for undercapitalized white farms outside the reserves, but black farms inside reserves did not receive any such aid (Plaatje 1916). In a short time, black families who had been successful land owners and tenant farmers, could not compete against well-funded white farmers. This, plus a series of so-called "hut" taxes made it necessary for young black men to leave the reserves and seek work in white owned industries. The potential excitement of urban areas compelled black youth through the education of desire (Mafeje 1981). Black migrant workers, with the requisite passes, went to work on the mines, railways, factories and domestic industries for the enrichment of white capital.

While colonial governments had never intended these reserves would be sovereign nation-states, apartheid Prime Minister Henrick Verwoerd enacted what Mandela (1987[1965]) called "this final lunacy." Several years earlier, the Tomlinson Commission (1956) gathered evidence to suggest that the reserves could be made into independent nation-states appropriate to the "linguistic and territorial divisions of the country" with intensive agricultural education and capitalization. This was, of course, disingenuous as the problem with the reserves was not a lack of agricultural expertise, but centuries of dispossession and violent underdevelopment. Though Verwoerd initially rejected these recommendations, in 1959, he introduced the "Bantu Self-Government Bill," which transformed the reserve system, roughly in line with the Tomlinson Commission's recommendations. The bill set in motion the territorial separation of ten "Bantu Homelands" or "Bantustans" as independent, sovereign nations-states defined in "ethnic" terms. Responding to the decolonization of the continent and increasing domestic protests, Verwoerd attempted to transform a racist apartheid state into an anti-colonial one through a program of "liberal multiculturalism" wrapped in national territorial division (Giliomee 2003; O'Meara 1996). This was a gross attempt to maintain white supremacy through the creation of ten new supposedly self-governing nations.

In his excellent essay, "Verwoerd's Tribalism," Nelson Mandela (1987[1965]) argued that even the word Bantustan is misleadingly derived from global imperialist circuits, specifically the

partitioning of India after independence into Hindustan and Pakistan. In Mandela's view (though this would prove incorrect), partition constituted two separate and independent nations, and despite religious difference, Muslims and Hindus enjoyed equal rights in both. Contrasting this vision of an unproblematic partition of the Indian sub-continent with apartheid South Africa, Mandela argued that despite the name, the Bantustans did not constitute separate, independent self-governing nations of equals, nor did black people have rights outside spaces of reservation. As Mandela writes, "The real purpose of the scheme is not to concede autonomy to Africans but to deprive them of all say in government of the country in exchange for a system of local government controlled by a minister who is not responsible to them to a parliament in which they have no voice" (78). Although the Bantustans were purported spaces of anti-colonial independence in line with international humanitarian ideals, the entire project was rooted in the continued dispossession of land, labor and wealth of black people. Fulfilling the criteria of Marx's so-called primitive accumulation, hundreds of thousands of black South Africans were *vogelfrei* ("free" as birds) to migrate to the white metropoles in search of work.

Yet, the Bantustans were not only sustained by migrant labor. Social welfare to the Bantustans was a considerable part of the elaboration of segregation and the apartheid racial state forms (see chapter 4). In 1948, the year the National Party won the elections and entrenched the apartheid state, the United Party ran as their opposition. The United Party, at the time, was proposing the creation of a settled Black working class in cities as skilled labor for industry. This was similar to what the British colonists were doing in other parts of Africa, which Frederick Cooper (1997) has described, introducing a form of "development" to suppress dissent and mollify colonial subjects. After the election of the National Party, quite a different strategy of control was undertaken: the segregation of "independent" homelands or Bantustans from the white nation. As part of this strategy, the National Party expanded social welfare in an attempt to legitimate a racist regime. The apartheid government provided the money for old age pensions to "traditional leaders" to shore up the project of Bantustan independence and make it look as though they had the funds and capacity to support the well-being of their populations (Breckenridge 2014; Lund 2007). As such, South Africa's social welfare was hugely decentralized, administered by 14 different bureaucracies in South Africa and the Bantustans (Breckenridge 2014). Even apartheid's supposedly "developmental" project of social welfare used race to differentiate the value of grants, where black South Africans received a fraction of what white South Africans did, until the 1990s.

Thus, social welfare in the Bantustans was a critical site of struggle. In KwaZulu, the Bantustan government, headed by Mangosuthu Buthelezi, did not have sufficient bureaucratic capacity to deliver pensions. Grant payment was irregular and poorly managed, and elderly people had to travel long distances and wait in lengthy queues to receive their money. In the 1980s, under pressure from civil society, particularly the Black Sash, the Bantustan government appointed Jill Nattrass to inquire into the standardization and regularization of pension payment (Breckenridge 2014). The Nattrass Commission (1984) made several critical findings: first, pensions were the right of all South Africans including those living in Bantustans; second, pensions rates should not be differentiated on the basis of race; and third, the central government was responsible for providing the budget to pay pensions (ibid). This report provided the impetus for Buthelezi to appoint First National Bank (FNB) and their subsidiary, Cash Payment Services (CPS), in 1985, to build a functioning pension payment system (ibid). FNB later sold CPS to Net1, and in so doing, kick started a corporate duo that has dominated social grant payment ever since. The post-

apartheid grant payment system originated under an apartheid system of social welfare delivery and the material requirements of paying pensions under conditions of territorial segregation. I will use the analytic of Bantustan Banking to focus attention on this combined history of social welfare and racial segregation.

The Pre-history of Serge Belamant

In this section, I will detail the relationship between computer technologies and the maintenance of apartheid in South Africa through the early career of Serge Belamant, the founder and former CEO of Net1. Obviously, Net1 is a big company, with many people, and Serge Belamant is not just one "big man," who managed to develop and engineer these financial technologies all on his own. But, the financial press, in South Africa and abroad, does tend to narrate Belamant's history as if he were a lone ranger, with significant consequences. The way Belamant's story is told highlights how the development of technologies now used to pay social grants, were originally innovated to buoy apartheid: by busting sanctions and allowing for the free movement of money within South Africa outside of the global economy; surveilling (or at least aspiring to surveil) the movement of black people into "white" cities through biometrics; and enabling white banks to target the rural poor on adverse terms with hire purchases.

Financial journalists are effusive about Belamant's "genius" and lament his under-appreciation in South Africa. Stafford Thomas of the *Financial Mail* compared Belamant to Henry Ford and Alec Hogg of *BizNews* compared him to Steve Jobs. Many articles begin with his role in designing SASWITCH, a financial technology which allowed South African bank customers to use their bank cards at any ATM in the country (e.g. Hogg 2016; Coster 2007). Likewise, a slew of articles on techno-anarchist websites credit him with the design of the first blockchain debit card, a secure transaction platform underpinning cryptocurrencies like Bitcoin (Gist 2018; Bitcoin Insider 2019). These and other commonly cited details of his biography characterize Belamant as a techno-financial outsider, disrupting the traditional financial arena from the seemingly distant outpost of South Africa.[62] This narrative considers South Africa, Belamant's naturalized home (he was born in France) as an obstacle to his techno-financial successes – too small and too provincial to understand and support his vision (a story Elon Musk, another "disrupter," also tells). Yet, despite his deracinating desires, Belamant's designs have been fundamentally shaped by the racism of apartheid and the South African laboratory of experimentation. By shifting the focus to understand Serge Belamant's early work in computer technologies, the default narrative of a benevolent genius problem-solver is itself disrupted.

Interestingly, but not surprisingly, Serge Belamant was working in computer systems development and software programming from the late 70s, at the height of apartheid. At the time, South Africa did not produce its own computer hardware and was heavily dependent on foreign imports. US computer corporations controlled the South African computer market, allying them with the apartheid apparatus and the maintenance of minority rule. A South African computer industry survey showed that by 1980, US-owned corporations sold 75% of all the computers in the country, and handled 77% of all the local rentals (American Friends 1982). Not only did the US sell computers to South Africa, but their South African subsidiaries paid R21 million (at the

[62] The Business Insider piece begins by saying Belamant did not take the traditional route, that is coming up through Stanford or MIT.

time, $26 million) in corporate taxes annually and generated another R11 million (again, at the time, $13.6 million) in sales tax every year (ibid). Because of the potential military applications, computer sales were widely debated and targeted by US anti-apartheid activists. As such, the anti-apartheid movement generated a significant archive of materials on computer companies responsible for modernizing and computerizing white minority rule. One such company, the company Belamant worked for early in his career, was Control Data Corporation.

Sanctions against apartheid proceeded as follows. In 1963, the United Nations embargoed all arms sales to the South African police and military; which only became internationally mandatory after 1977. One year later, President Jimmy Carter furthered UN sanctions by stopping the sale of "non-military" and "dual use" goods (including computers) to all government agencies involved in the maintenance of apartheid. But, two years after that, Ronald Reagan relaxed all sanctions in response to corporate lobbying efforts, enabling the sale of all but the most sensitive technological equipment. During Reagan's presidency, computer companies technically still had to apply for export licenses, but these were widely approved, under the condition that the machines would not be used to enforce apartheid (Leonard 1983). US computer companies worked within and around these licensing restrictions by "South African-izing" their operations, i.e. opening local subsidiaries or working through distribution agreements with other foreign or domestic companies. Given these circuitous sales practices, IBM admitted to the House Subcommittee on Africa that "it would be misleading to suggest that any manufacturer can control how its products are used" (in Knight 1986). The growth of the computer age in South Africa has been closely linked to the consolidation and expansion of the white power structure.

In the 1980s, Control Data Corporation, a United States computer company, had the fifth largest South African-based computer subsidiary. Serge Belamant worked for Control Data in this period and was named their analyst of the year in both 1980 and 1982. Control Data Corporation's operation were closely monitored by well-known anti-apartheid campaigners, Richard Knight and Roger Walke. The Control Data Corporation entry in their "Unified List of Companies Doing Business in Namibia and South Africa" read:

> MAJOR US COMPUTER COMPANIES IN SOUTH AFRICA
> CONTROL DATA CORPORATION
> 8100 34th Avenue South Minneapolis, MN 10017
> LOCAL SUBSIDIARY Control Data (Pty.) Ltd. P.O. Box 78105 Sandton 2146
> Number of employees in South Africa: 250
> Products and services available in South Africa: a full range of computers in the mainframe and mini series; peripheral equipment; disk storage; computer security equipment; process control devices; encoders; a wide range of electronic components; software; training; consultant services; computer-aided design systems; computer bureau services (Knight and Walke 1988).

The US anti-apartheid movement archive contains a trove of information on Control Data Corporation's sanctions-busting activities. To briefly summarize: First, Control Data Corporation was one of two primary service providers for the Council for Scientific and Industrial Research. CSIR was a large government-run research and development agency for strategic and military

related activities (Leonard 1983). Second, one of the computers sold by Control Data Corporation to CSIR was likely used in nuclear weapons research (James Martin Center 2007 and Leonard 1983). The pentagon attempted to stop this sale for fear of giving the South African government the computing power to hack US nuclear codes. Third, Control Data Corporation supplied computer systems to a British firm, International Computers Ltd., for use in a large mainframe being produced for the South African police. This system was part of the enforcement of apartheid's pass laws, regulating the movement of black people into and out of urban areas (Klare 1980). Fourth, Control Data enabled South African customers to access Cybernet, a software package which offered access to design programs for fields such as scientific and engineering research, industrial production and ship and aircraft design, many of which had significant military applications (American Friends 1982). Fifth, Control Data Corporation marketed their "Urban Planning Package" and "Perspective Software" to South African government officials for use in simulating the urban environment. Anti-apartheid campaigners reported this software package to the UN because of the potential for abuse in the design and enforcement of segregation (ibid).

Belamant's everybodywiki.com entry, elaborates his many roles with Control Data Corporation.[63] In the 1980s, he was working as the Head Analyst supporting the development of hardware and software for critical national and corporate infrastructure. There is no effort made to hide the fact that his position within Control Data Corporation supported the strategic operations of apartheid.

He was:

- Head analyst, Council for Scientific and Industrial Research (CSIR), a large government-run research agency involved in both strategic and military related activities;
- Head analyst, National Electricity Supply Commission (ESKOM), a critical public utility providing electricity throughout Southern Africa;
- Head analyst, Johannesburg Consolidated Investments (JCI), a major private mining corporation with investments in gold and diamonds;
- Head analyst, Pelindaba Nuclear Research Center, a critical military research center involved in the design and construction of atomic weapons; and
- Head analyst, the Weather Bureau.

During the 1980s, Belamant also:

- Operated the COBRA[64] system for the South African Defense Force, for which he received training in Washington DC;
- Maintained the Cybernet software access system, which enabled access to strategic and military design software abroad; and
- Built a financial system for Volkskas bank (later Absa).

[63] See Serge Belamant: https://en.everybodywiki.com/Serge_Belamant

[64] While I have tried to find out what this system did, it turns out, there are many military weapons packages called COBRA. As such, I am not certain what this particular one did.

This part of his biography is never mentioned in the pages of the financial press. Instead, when Serge Belamant's past is invoked, his work under apartheid focuses on one project: SASWITCH (Hogg 2016). SASWITCH constitutes Belamant's "origin story," which works to explain how he got involved in the design of financial technologies for the poor. The typical telling of this story goes like this: from the early 1980s, South Africa's bank cards were not interchangeable between banks. This was primarily because South Africa's banks were divided into two camps: those that used a platform based on US-made IBM equipment; and those that used a platform built by Danish company, Christian Rosving (Breckenridge 2019). When sanctions forced Christian Rosving to leave South Africa, Belamant, the lead engineer at SASWITCH, rebuilt the switch "from scratch" to accommodate all domestic banks (Hogg 2016). As Belamant describes: "My Saswitch involvement was in the mid-80s during sanctions times in South Africa where the country could not buy hardware or software from anybody in the world" (ibid). This was likely when the Comprehensive Anti-Apartheid Act of 1986 was enacted by the United States Congress, imposing sanctions against South Africa. Here, he considers international sanctions against apartheid, not as a moral imperative, but as a mere obstacle to South Africa's financial and technological operations. Furthermore, the strictures of sanctions work to evince his own brilliance because he not only developed a system no one else could, he did so despite extreme limitations. His work in supporting an international pariah state is notably absent from the narrative, and is replaced by a swash-buckling tale of techno-imperialism. What is missed in this story is how the SASWITCH was his first segregated, parallel banking system, albeit to enable white capital to move despite limitations placed by sanctions.

Told in this way, the SASWITCH story enables Belamant to launch into another well practiced tale of how he developed the idea for the Universal Electronic Payment System (UEPS) – the technology that underpins numerous offline financial transaction systems in Iraq, Ghana, Russia, and Korea, as well as cryptocurrencies like Bitcoin. South Africa's banks wanted to add additional participants to his SASWITCH system – participants such as ATMs and Point of Sale devices – so Belamant designed an expanded system to accommodate them. The system was based on swiping a traditional magnetic stripe bank card and entering a PIN number in an online environment. The owner of the card could not transact offline because a central computer was needed to verify and record their transaction. This system was never implemented in South Africa because it was prohibitively expensive. But, for Belamant, it had another drawback as well: since all the technologies operated online, it excluded a vast majority of South Africa's potential client base. He says: "The money wasn't on the card. The money was in an account" (ibid). As a result, he developed a system that could have far more reach for South Africans: smart cards. Whereas a traditional bank card accessed money in an account recorded by a central computer, a smart card accessed money recorded on the card itself. He originally developed this offline system for a small bank, called Perm, which merged with Nedbank in 1988. This technology allowed Perm's 3 million low-income savings account customers mostly in rural areas to be linked with Nedbank's smaller, but wealthier platforms (Breckenridge 2019). What this shows is that Net1's flagship technology – the Universal Electronic Payment System – was always designed for a poor rural black clientele, in particular, to allow rural retailers in the Bantustans to offer furniture and other household goods on credit (James 2014, Breckenridge 2019). Belamant uses this to suggest that he has always been interested in the social and developmental aspects of technology and finance. But, something else is going on here as well: he has consistently developed financial technologies to link poor racialized subjects to

potentially devastating credit in an offline, segregated banking environment, outside the purview of the state. This smart card, for South Africa's welfare recipients, was the world's first blockchain debit card.

Belamant wants to cast himself as "a disrupter" (Hogg 2016). And, many people, including critical academics, buy into Belamant's story of disruptive problem-solving genius. For example, Keith Breckenridge, in 2014, wrote a very compelling history of racism and colonialism underpinning biometric technologies. Then, in his final chapter, he did an about turn: he considers the social grant system, helmed by Net1, as capable of disrupting the strong historical association between biometrics and eugenics because it directs resources to improve prosperity among the poorest populations. He argues that Net1's biometric registration is far more complicated and individualized than the "brutal and cheap" forms of group identification by race under apartheid (166). This was early days in the Net1 contract and its effects had not yet come to public attention. In 2019, however, Breckenridge continued to defend Net1 and takes Belamant at his word that his technological innovations were not primarily about profit-making, but rather about creating a loyal and secure customer base through "lock-in" (presumably in order to profit?). Breckenridge's work places a lot of faith both in the inventor and the inventions – in so doing, he misses how the very technologies used to produce so-called consumer lock-in actually (re)produce a poor, racialized and gendered population from which to derive profits. It is, thus, not useful to separate Net1's profit-making from their desire to exert monopolistic control over their consumer base.

By taking a longer view of Belamant's biography – beyond just SASWITCH – it is possible to see him and his colleagues as a part of a consortium of sanctions-busting pro-apartheid computer technologists. Apartheid was not a mere limitation or nuisance inhibiting his access to more powerful computers – it was, in fact, the condition of possibility for his work. After liberation, there was no place to go, his technologies developed under apartheid were not equal to those that had become globally dominant. UEPS, though initially widely used in South Africa, was overtaken by Europay Mastercard Visa (EMV) (Breckenridge 2019). To continue to do business, he had to reassemble and redeploy his technologies to restrictive, impoverished and remote areas, areas much like the former Bantustans. The national payment of social grants provided a market of millions of people in offline environments in need of financial transfers from the state. With Machiavellian ingenuity, Belamant repurposed the products he had built to assist the movement of apartheid capital and offer credit to black rural consumers, as "humanitarian" and "developmental" financial technologies in a fledgling democracy. Undeconstructed, these apartheid technologies reconstruct apartheid practices, in this case, most profitably. Given almost 400 years of racial capital, these apartheid technologies reify Black poverty through the production of segregated digital financial space.

Net1's Dirt Road: The Materiality of Digital Space

In this section, I will explore how Net1's technologies assemble a parallel, apartheid-era, dirt-road-style, banking system for social grantees. The Net1 payment system combined several technologies that they had developed (or acquired) to pay grants in the Bantustans. When Net1 bought CPS in 1999, they paid grants in both rural Bantustans and urban provinces like Gauteng. In the following contract cycle, Absa won the bid for Gauteng, and CPS gained the Eastern

Cape. This cemented their position as banker to the former Bantustans, and focused their business on the development of segregated payment systems in very remote areas. Once CPS took over the national contract in 2012, their separate, parallel techno-financial systems had concrete effects on recipients – effects that went largely unnoticed for the first few years of the contract. Net1's Bantustan Banking infrastructure was made up of bank accounts, smart cards, biometric identification, and geographic access. Below, I will explain the most important features of this system, enabling Net1 to segregate and deepen financial discrimination against racialized and gendered grant recipients.[65]

To begin, since Net1 did not have a banking license itself, it needed to form a partnership with an existing bank. Net1, however, did not choose one of South Africa's "big five" banks. Instead, it chose Grindrod Limited, a shipping company with a small specialized bank for high income clients. Lacking the capacity to quickly absorb millions of new clients, Grindrod commissioned Net1 to design their IT system for social grant customers and social grant payment. Essentially, completing a circular organogram, Grindrod became a subcontractor of Net1; and Net1, a subcontractor of Grindrod. Net1 consultants automatically opened Grindrod bank accounts for every grantee during enrollment. This happened *en masse* from the offices of the South African Social Security Agency (SASSA) and did not result from 10 million people, acting as individuals, knowingly entering into private contracts with banking institutions of their choosing. In principle, grantees could be paid into personal accounts with other banks if they filed declarations with SASSA. In practice, very few people knew this was an option, and only about 40,000 ever did so (0.4% of grantees). Grindrod, therefore, was never the equivalent of an independent commercial bank but a monopoly service provider. Through this partnership, Grindrod's banking business grew significantly: it became the second largest bank in South Africa by number of accounts, and its profits tripled.[66]

While Net1 needed Grindrod Limited for its banking license, Net1 did not actually need Grindrod's banking system or even bank accounts. Grants were paid via the UEPS smart card system that Serge Belamant developed in the 1990s. The UEPS was an independent blockchain system separate from South Africa's main banking infrastructure that worked where online service was limited. Smart cards can essentially become banking platforms themselves: they are small computers with operating software, data processing and memory. Information for each grantee and each transaction is stored on their smart card. CPS agents bring mobile card readers into townships and rural villages to make grant payments, and also have contracts with grocery store chains and other retailers to use their card readers as well. When a grantee's smart card is slotted into a Net1 card reader to make a withdrawal or a payment, both the card and card reader make a secure, encrypted record of the transaction, allowing for transactions to occur in an offline environment. When the grantee's smart card or the card reader interacts with an online environment the entire transaction record gets uploaded and recorded. The vast majority of these transactions were settled internally on Net1's cards and Net1's card readers, unless a grantee used another bank's ATM. As Belamant himself describes it, "Whenever I trade with somebody,

[65] This section has been adapted from my *World Development* article, Torkelson 2020.
[66] Grindrod's banking business is a small portion of their overall business, which is global shipping. Even though their profits tripled, they remained small in relation to South Africa's Big 5 Banks. Grindrod's profits increased from R18.6m/$1.3m in 2012 (before grant payment) to R57m/$4.1m in 2013 (after grant payment).

my transaction goes to your card as well as mine but if you then trade with somebody else, the same transaction (incognito) will go to their card. We keep on swiping the transaction from one card to the other so even if you lose your card or if I lose my card, we will always be able to recoup these transactions through another card or through another merchant" (Hogg 2016). This settlement system happens outside the National Payment system solely within Net1's own infrastructure. For all the recent hype and promises of blockchain being a totally decentralized system, Net1 shows how it can be centrally controlled.

SASSA's desire for biometric identification provided the rationale for the development of this separate system. SASSA wanted accounts to be biometrically secured because of trumped up concerns of criminality within the welfare system (see chapter 3 for a detailed explanation). South Africa already had a biometric standard for Home Affairs and was intending to develop a biometric standard for the banking sector. The big five banks, however, resisted because of the cost of replacing their existing ATM infrastructure (which used PIN numbers) with biometric capabilities. While a fingerprint is simply an impression of a biological pattern of ridges, an algorithm turns that impression into something uniquely calculable. There is no single algorithm by which a fingerprint comes to be recognized as a biometric signature (Breckenridge 2014). Net1 developed a biometric standard that could only be "read" via their own proprietary software running their own proprietary algorithms on their proprietary card readers. By default, Net1's smart cards were secured with a biometric fingerprint, not a PIN number (although a PIN could be activated to use with other banks). This biometric security meant that grantee smart cards could only be used in Net1 devices as no other bank has access to this proprietary infrastructure. As a result, the National Treasury had to allow retailers, like grocery stores, to have two card readers at till points: Net1's biometric machine and their own bank's PIN-based machine. If a grantee used their smart card in an Absa machine with a PIN number, their transaction would be settled between Absa and Grindrod through the National Payment System (NPS). But, when a grantee used their card in a Net1 machine, the transaction would be settled outside the NPS on the smart card itself. As the only corporation in the country with this exemption, Net1 converted a significant percentage of transactions that should have been settled between banks – using the NPS – into transactions settled within their own infrastructure. This makes settlement cheaper for Net1 and beyond the purview South Africa's banking oversight bodies. According to a presentation to the Black Sash by a South African Reserve Bank Official: "We had to make an exemption for CPS. We do not like making exemptions. But since this was for social grant recipients, who are the most vulnerable people in our country, we had to take a position."[67]

Biometrically-secured smart cards stored enough financial data on social grantees to serve as a completely separate and independent credit bureau. Every subsidiary within the Net1 group – including those that sell insurance (Smartlife) and loans (Moneyline) – have the same card reader to access information from the smart cards. When a grantee slots a card into a card reader, and places her thumb on the scanner, her entire banking history is accessible. As Roelof Goosen, a former National Treasury official told me, "it's *all* on the chip, everything can be read off the chip."[68] Net1 stores more information on the smart card chip than any other bank working in an online environment, where information would be stored by a central computer. This information storage was revolutionary, encoding each smart card with an audit trail. Once you have an audit

[67] Presentation: South African Reserve Bank Official, Mowbray, 20 April 2017.
[68] Presentation: Roelof Goosen, Mowbray, 20 April 2017.

trail, as Serge Belamant says, "obviously, by definition you have access to financial products simply because you can prove to someone that you're creditworthy" (in Hogg 2016). All the information needed to make lending decisions was encrypted on the smart card. Net1, which owned the smart card technology and the card readers, has a significant informational advantage over other financial product providers. This technological intimacy enabled Net1's subsidiaries to sell financial products to an already marginalized population in a (mostly) non-competitive environment. According to the National Credit Regulator (NCR), lenders should require borrowers to bring three months' bank statements, a letter from SASSA, identification and proof of address. Net1 already had access to such information. Moreover, a credit bureau, like Equifax, is always limited by the information they actually have: not all money lenders, formal or informal, share data with this centralized system. In contrast, Net1 subsidiaries could access all grantee banking transactions automatically through the smart card and biometric fingerprint.

Another major consequence of this parallel infrastructure was that Net1 could quickly and efficiently achieve "consent" for the sale of financial products from grantees. The biometric fingerprint process raises serious questions about the possibility of informed consent. There is a very specific gesture grantees repeat when discussing their interactions with card readers: they position their left hand in a loose fist with their thumb outstretched, while their right hand guides their left thumb toward an imaginary machine. This gesture vividly illustrates how consultants "assist" grantees, who are unfamiliar with the pressure or time needed for a reading. Consultants preside over this action authoritatively, melding their hands with the recipient to ensure consent. As one pensioner from Ceres said to me: "All I did was put my finger there, nothing was signed. I can't read, I didn't have any school. I can't read or write, and I don't understand sometimes what people say."[69] The same action was used to withdraw social grant money and to register for financial products. Grantees complained that they were often instructed to put their finger on the scanner multiple times without knowing why. The standard of informed consent was undermined as Net1's biometric system enabled their subsidiaries to sell financial products in a way that was fast, efficient and made it appear that grantees were exercising independent choice.

Rewarding Conflicts of Interest

Over the course of their contract, Net1 created several subsidiaries to sell financial products to grantees, including credit. Net1 did not market loans to the low-income sector generally, but to grantees specifically, whose social entitlements served as collateral. This was made manifest as early as 2008 in their financial statements, wherein Net1 described the difference between their two moneylending businesses: a "traditional" one (accessible to everyone) and a specialized one (accessible only to grantees). Net1 revealed that their "traditional" micro-lending business was unprofitable due to the high default rate, but their specialized business was a boon for the company. Net1 eagerly detailed how microfinance exclusively for social grantees was very profitable because they controlled the entire payment stream and ensured borrowers could not default. "We consider [social grant-based] lending less risky than traditional microfinance loans because the grants are distributed to these [borrowers] by us." Of its "traditional" moneylender, Net1 reported: "Despite the fact that we attempt to reduce credit risk by employing credit profiling techniques, the rate of default on loans has been high due to the high credit risk of these borrowers" (in McKune 2017). No such difficulty was experienced with social grant-based

[69] Interview: Grantee, Ceres, 21 February 2017.

lending: one Net1 insider, revealed that Moneyline's default rate is close to zero, bragging that it was "the lowest in the entire microfinance industry" (ibid). Net1 revealed that they are able to eliminate the possibility of default because they controlled the entire payment stream.

Pravin Gordhan, the former Finance Minister, provided details on this in a Parliamentary Hearing. Every month, grant money moved in a lump sum from one National Treasury (NT) account to one Department of Social Development (DSD) account and then to nine provincial SASSA accounts (all of which are held at the South African Reserve Bank). SASSA, then, transferred this money to nine Net1 accounts (at Nedbank), and then to nine Net1 accounts (at Grindrod Bank) about a week before grant payments were made. Grindrod and Net1 earned a week's interest on R12.6 billion ($900 million), before they divided up this money into individual grantee accounts. Through their UEPS system, Net1 could "apply an automatic debit against any incoming funds to the card in respect of the premium amount." Automatic debits were processed against "incoming funds" to grantee smart cards, even before their accounts were credited. When Net1 said its "specialized" microfinance business was more profitable than its "traditional" one, it is because of their ability to garnish repayments through their control of social grant flows.

And yet, even though the risk of non-payment was close to zero, interest rates on social grant-based credit were significant. Serge Belamant, the founder and former CEO of Net1, often asserted that his products were the cheapest available: ''To me, we've been able to reduce costs and without a shadow of a doubt, our loans are probably 1/3rd of the price of any other lender in the country, 1/3rd of the cost" (in Hogg 2016). Indeed, there was some truth to this. Net1's interest rates were 0% per month, but the costs of credit were hidden in service fees of around 5.33% per month (on R1000/$71, six month loans). This was within the law: the National Credit Act (NCA) allows interest rates of 5% per month on ''short-term credit" (under 6 months), as well as initiation fees up to 15% of the value of the loan, and service fees of R50 per month. Short-term credit has the highest allowable interest rate (up to 60% per annum) of any category of credit under the NCA. Even unsecured credit, another category of credit under the NCA, has a lower allowable interest rate of only 27.7% per annum. In this context, Net1's effective interest rate (service fees plus interest) amounted to 32% over six months for R1000 loan (or 64% per annum). Given Net1's vastly reduced risk, credit linked to social grants should not have been priced at the same rate as other forms of short-term credit or even unsecured credit. Net1 should, perhaps, have priced such products in accord with forms of ''secured" credit, like mortgage payments (then, around 10% per annum).

In 2015, Net1 created another product geared toward grantees: the EasyPay account. This second smart card account gave Net1 even more control over grantee banking beyond SASSA's purview. Net1 innovated this new service for two reasons: first, the then Minister of Social Development, Bathabile Dlamini, attempted to amend the Social Assistance Act to stop debit orders on the previous account; and second, Net1 wanted to ensure that they had continued access to grantees' bank accounts when the government contract ended. Net1 essentially designed EasyPay to move beneficiaries into a separate virtual domain, not only outside of the national financial system, but also beyond the Social Security Agency's reach. To do so, Net1 aggressively marketed EasyPay through misrepresentation: some people were told that the EasyPay card is the "new SASSA card"; others that credit is "not allowed on the old SASSA

card"; still others that EasyPay is the cheapest, safest bank account "for life" (Black Sash 2016). Over 2 million grantees (or 20%) were able to open EasyPay accounts without filing the necessary declaration with SASSA. Grantees "consented," with their fingerprint, moving themselves out of the SASSA banking environment into a private arrangement with EasyPay. One SASSA official in Port Elizabeth, explained it this way: "When beneficiaries sign up for the green card [EasyPay card], they just disappear from our computer. We can't see them on our system anymore. We don't know where they go. And we can't help them when they come here crying."[70] This switch happened behind SASSA's back: grantees were removed from SASSA's database, and moved into a separate domain entirely controlled by Net1.

It was not just digital technologies that gave Net1 preferential access to grantees. Net1's geographical knowledge of recipients, derived from the practice of paying social grants, was invaluable for selling financial products. Each month, Net1 and CPS agents drove to 10,000 pay points around the country with large aluminum briefcases, containing their grant payment technologies. They set up their machines and paid social grants on the first few days of each month. Given the temporalities of grant payment, Net1's business was cyclical: the early part of the month was busy, after which their responsibilities tapered off. Still funded by the government contract, they had all the technologies and vehicles needed to spend the rest of the month selling other products where grantees were concentrated. In urban areas, Net1 established formal shops, from which consultants drove to more rural areas, setting up in people's homes or from the trunk of their cars. The same staff and infrastructures employed through the government contract were repurposed for Net1's other businesses. When I was sitting in a SASSA office in Port Elizabeth, one beneficiary drove this point home. She pointed to a CPS consultant and said, "That one. See that one. In the rainbow pants. She was at KwaNobuhle this morning."[71] The consultant spent her morning at a semi-permanent shack in front of a neighbor's house in KwaNobuhle township selling loans and insurance policies, and her afternoon at the municipal SASSA offices fielding questions and complaints. The distinction between public and private service provision was eroded as Net1 provided a specialized service to the government that subsidized their profit-driven spin-offs.

This begs the question of how Net1 compared to the rest of the low-income lending market. Net1 was not the only lender benefiting from early and automatic deductions. All other formal lenders were paid in roughly the same way. This was because Net1's infrastructure provided a platform for other formal financial providers targeting grantees. As such, many registered credit providers made the Net1 bank account a precondition of lending to grant recipients, as stated clearly on signs in their windows. Additionally, I met several informal lenders, i.e. *mashonisas*, who told me that they had recently formalized their operations to take advantage of Net1's payment platform. Net1's payment system included a perverse incentive that led to over-indebtedness for many borrowers. Lenders could give grantees more loans than could be repaid each month through their grant incomes. Such lenders would get paid some months, and would have their charges reversed in other months. Yet, even if a loan extended beyond the normal contract term, it would eventually be paid off through the regularity of the grant. Meanwhile, for every processed payment or bounced transaction, Net1 and Grindrod took a fee from the recipient, profiting from reckless lending without screening for abuses. The Black Sash (2016) collected

[70] Interview: ILDA advice office client, Port Elizabeth, 28 June 2017.
[71] Interview: Grantee, Port Elizabeth, 28 June 2017.

dozens of bank statements from grantees where monthly debit orders far surpassed income. The question of whether or not Net1 is better than the rest of the low-income lending market becomes moot: Net1's banking system lowered the risk for all formal (and even some informal) lenders and provided the platform for creditors to reach grantees.

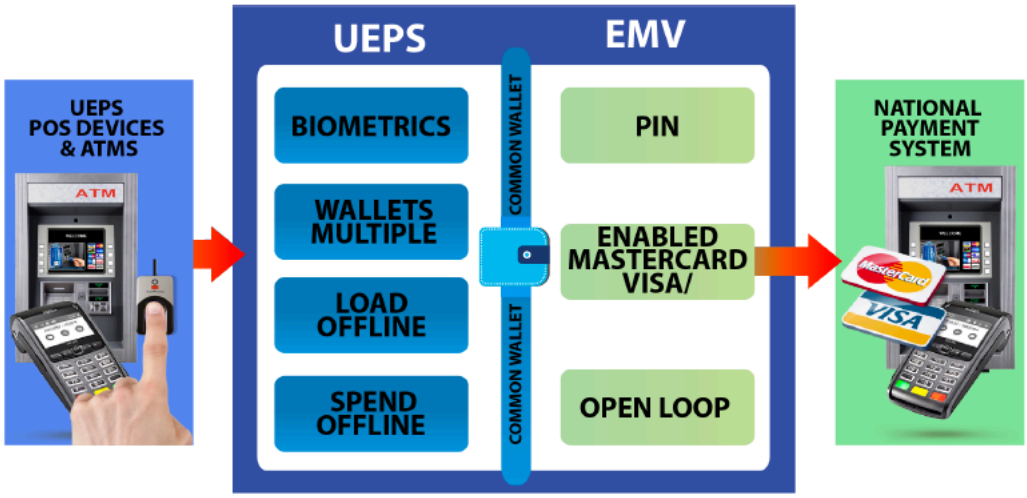


Figure 13: Net1 representation of UEPS and NPS, 2018.

Above is a pictorial representation from Net1's shareholder presentation about why this matters. These were the parameters and the perimeters of their digital financial space. The UEPS system is based on apartheid era technology, a separate closed loop system, outside of the National Payment System (NPS). When grantees used their Net1 cards in Net1 machines, their transactions were settled within the UEPS system (on the left). When other South Africans used other bank cards in other machines, their transactions were settled within the EMV system and the National Payment system (on the right). Net1's system *could* connect to EMV and then to NPS, but did not *have* to. The vast majority of grantee transactions occurred solely within their own "closed loop" system because of the exemption granted to have their card readers (in addition to other banks' card readers) at retailer checkouts. This opened the door to massive abuses (I will explain more thoroughly in the next chapter).

This graphic is where Bongani's observation that Net1 had built a "dirt road" becomes clear. The UEPS payment space on the left is Bongani's dirt road, while the NPS payment space on the right is his super highway. Net1's control over bank accounts, smart cards, card readers, account histories, and biometric consent as well as their geographical knowledge of social grant holders enabled them to create a parallel banking infrastructure. Grant recipients, many of whom had not previously had a bank account or experience with the financial system, had no way of understanding the hidden implications of this distribution regime. They did not know what information was controlled by Net1, or what conditions they were consenting to by offering up their biometric fingerprints. This is not to say that cash transfer recipients are the dupes of Net1. Rather, because Net1 is a monopoly actor, who controls a payment system that exists largely outside of the national regulatory environment, grantees have little choice and almost no

possibility for recourse. Grantees were effectively conscripted into a parallel banking system without any options of banking services.

Bantustan Banking and Indebtedness

In this section, I will show how Net1's payment technologies segregated Black South Africans in digital and physical space. Working with the Black Sash in Port Elizabeth, a second city, which borders the former Xhosa homeland of the Ciskei, I met Andiswa, a disability grant recipient, who lives with her mother and uncle, as well as her daughter, son and grandson. Andiswa lives in KwaNobuhle, a black township created under apartheid on the outskirts of Port Elizabeth to support the motor trade. Often called South Africa's Detroit, Port Elizabeth had all the trappings of a booming motor city at the height of apartheid, with American and European car manufacturers taking advantage of cheap labor. Since the end of apartheid, many people have lost their jobs as factories have relocated to other, even cheaper places in the Global South. Most families, including Andiswa's, still bear the after effects of a wildcat strike, resulting in massive lay-offs in the early 2000s. Young people are unemployed, living with their parents and eating from the household's social grant money. Andiswa's household is fairly well off, despite not having a single employed family member, with two pensions (her mom and uncle), a child support grant (her grandson), and her disability pension. Mixed generation households pooling money from grants are increasingly common in South Africa (Mosoetsa 2011).

Andiswa tells me that her trouble started in December 2016. She and her sister both have eighteen or nineteen year old sons, who were of the right age to "go to the bush" for initiation over the Christmas period. Being a good parent in Xhosa cultural practice means providing the resources for your son to attend an initiation school led by elders to learn about the responsibilities of manhood. The most potent embodiment of the transformation to manhood, that which separates those who have been to initiation school from those who have not, is circumcision. After weeks of training and healing, boys return from the bush as men and their families throw parties to celebrate their new status within the community. Such events have been imbued with an even greater cultural and communal significance. With significant youth unemployment and declining marriage rates, the initiation ceremony is one of the last remaining practices to mark the transition to adulthood. Andiswa explained that in her mother's house, the monthly grants were enough to eat – but to do nothing else. She tells me that she had to take on debts to really "live," which she further explained as "respecting the ancestors, celebrating the transition to adulthood, and slaughtering an animal." She contrasted the everyday act of merely eating with eating *meat* to celebrate the world-changing moment of her son becoming a man. The very high costs of this celebration compelled Andiswa to seek out several loans.

Older men were historically seen as central to the initiation ceremony, as teachers and guides to help boys transition to adulthood and also as economic providers of capital and cattle to fund the event. Ben Carton (2000) documented the importance of mine work in breaking this generational authority of older men over younger men. Young men went to the mines to generate income to pay for their own initiation ceremonies, and *lobola* (bride wealth) for their wives, no longer having to depend on their male elders for the capital and cattle required to become an adult and marry. While mine labor led to one major cultural political change, the contemporary crisis of

wage labor, has led to another. Older women are now taking on a key financial role in the initiation ceremony, using their pensions as collateral for loans to fund this important event.

Alexa Lane, from the Black Sash in Port Elizabeth, invited me to KwaNobuhle to meet Andiswa to understand how she had become so indebted. The story began with "mama." I readily assumed "mama" was a close relation, if not her actual mother or grandmother, then a close aunt. In Xhosa, all older women are referred to as mama as a sign of respect and to demonstrate that every person is in relation to other people. The familial appellation made it sound as if she borrowed money from a relative or friend, an intimate relation who had a social and financial investment in assisting Andiswa. But, this was decidedly not the case. Andiswa explained to me that the Net1 loan office in her area was located on Mama Street. Andiswa had heard about "Mama Street" or just "Mama" from neighbors. Numerous people told her if she needed help, she must go to "Mama." Initially, the maternalistic sound of the street name seemed to obscure the practices of predatory finance that happen there, but as Mauss (2002 [1925]) long ago observed, relations of reciprocity are also about intimate forms of domination.

According to local gossip, the owner of the Mama Street house was one of the first people from KwaNobuhle to visit the Net1 office in Green Acres, Port Elizabeth to borrow money. At that time, Net1 was trying to establish satellite sales points in Uitenhage and KwaNobuhle. The Net1 consultants asked their new client if she could gather neighbors wanting loans at her house every month in KwaNobuhle. She advertised through word of mouth, and very quickly built a reputation for being able to connect large groups of KwaNobuhle residents with Net1 consultants. Since that time, Net1 consultants regularized their relationship and set up shop at Mama Street the first week of the month. They also visited at other times when there was significant demand and the proprietor phoned them. This was not a banking branch, per se, and the only service they offered was selling products. They did not deal with any queries or problems.



Figure 14: Mama Street House, KwaNobuthle, 2016

When we arrived at Mama, we parked on the opposite side of the street a few houses away. The street has a slight rise, which worked in our favor, allowing us to see down into the Mama Street property. My white skin and American accent marked me as a threat to their business – so we were nervous to get too close. Instead, Andiswa agreed to give us a tour of the premises from memory. As we sat in the car, she told us about the inside, while we looked intently at the outside. This is a space that she could access, but I could not, confirming that this is not a financial service "for all" but only for certain marked subjects.

This looked like no bank I had ever seen. From our vantage point, we could see the Mama Street property was made up of a house, a shack and a six foot tall cinder block wall. The main house appeared consistent with the rest of the dwellings on the street, and was likely built as part of an RDP project by the municipality. The wall was not a standard part of municipal housing projects, and was added by the residents as an improvement. The property had two heavy wrought iron gates for cars and pedestrians, and two giant "red crosses" made with leftover tiles. I couldn't help but think of the humanitarian organization, and the crosses felt deeply deceptive. An asbestos sheet shack occupied the bottom corner of the yard, mostly obscured by the perimeter wall.

Andiswa said, "Yhu! Mama's quiiiiiet, today" drawing out the long "I" sound. We had arrived in the middle of the month. Most people visited Mama at the beginning or the end of the month. When it was busy, the queue ran along the front stoop of the RDP house, and then doubled back to exit the pedestrian gate, and then doubled back along the perimeter wall.

Andiswa pointed to the stoop and says, "You see? They built that from the 15 rands." Though we could not see it from our vantage point, Andiswa said that there was a sign posted just inside the yard. The sign announced that all visitors must pay the homeowner R15 in order to consult the Net1 offices on her property. When loan seekers protested the payment, the homeowner replied that this is "money to polish my stoop." Some of the people I spoke to remembered when "Mama" charged R10, and joked that the extra five rand was "inflation." Social grantees had to pay an entrepreneurial intermediary to gain access to their "bank." This was obviously acceptable to Net1 because it used this space for many years. In some ways, this was acceptable to Andiswa too, more so than Net1's fee, at least she could see the person it was benefiting.

As we waited and watched, Andiswa described what happened inside. The space was produced to limit the choices and behaviors of social grantees, i.e. to conscript social grantees as debtors. After standing in the long queue outside, when Andiswa got inside, she saw three Net1 representatives, sitting on three chairs, behind a big table. There was a queue inside, managed by a security guard, who ensured that grantees sat with each representative before moving on to the next one. There was not enough room in the narrow shack to skip ahead and everyone proceeded accordingly or was asked to leave. As people crowded in, there was no privacy, and all interactions were essentially public. Andiswa told me, "you are pressurized… there is no time… there is no time in there…" Grantees are funneled through this process in such a way as to minimize questions or disputes. If a client was angry, the security guards removed them from the premises and threw them onto the street.

People went to this office because they needed to borrow money. The loan application process was a site of conscription, where people were relocated into an entirely separate and segregated banking regime. Andiswa described the role of the three consultants as follows. The first consultant merely checked her documents and asked her to wait for the next two consultants. People who did not have identity documents or SASSA cards were sent away. The SASSA card was thereby transformed into a "pass" – evocative of the apartheid pass system – a means of sorting people by virtue of their ability to access a social grant. This introduced a "break" (Foucault 2003[1975-1976])into the population of poor people, where only those who were entitled to support from the government were able to apply for Net1's loans.

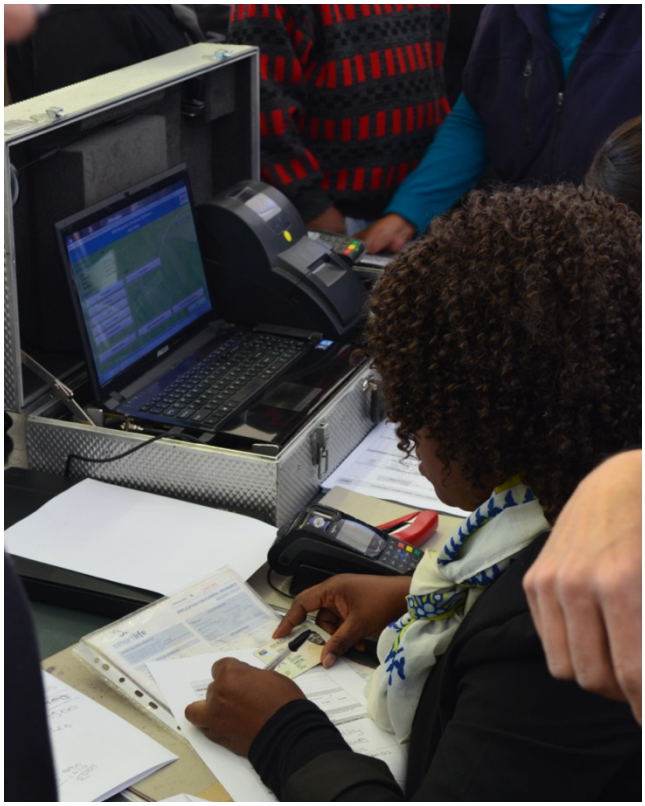


Figure 15: Aluminum briefcases, with card reader, biometric scanner, receipt printer, and computer, Ceres, 2017. Photo Credit: Leopold Podlashuc.

After being identified as part of a grant receiving population, Andiswa was moved into a separate and even more segregated financial space. She sat with the next two consultants in turn. Both worked from their aluminum briefcases, which contained the Net1 "kit" – a biometric scanner, card reader, receipt printer, and sometimes a laptop computer. Andiswa stressed these were the exact same kits used by the CPS agents at the SASSA office to pay social grants. When she sat with the second consultant, she was told to put her thumb on the scanner, and asked for her SASSA card and phone number. After the consultant typed a few things into a computer, she was issued with a new green EasyPay smart card. Although her fingerprint served as consent, Andiswa was not told what she was consenting to: she did not know that she had effectively just opened a second bank account, nor was she informed of the Terms and Conditions of this bank account. The only thing she was told was that she could no longer use her old SASSA card, and her grant money would now come to this new card. Andiswa told us, "they do things there, but say nothing." Andiswa would later discover that the EasyPay card had several significant

disadvantages over the SASSA card. Not only were the fees higher for some basic services, but when she wanted to seek recourse, she could no longer go to SASSA. Once on the EasyPay card, SASSA no longer had any way to oversee her bank account. She was separated, even further, into a digital domain dominated by Net1, outside of SASSA's oversight.

Finally, at the third consultant, she could apply for a Moneyline loan. When Andiswa sat down, she was asked for her new EasyPay Card. This card was inserted into a card reader and she was asked for her thumbprint. Through her thumbprint and EasyPay card, the consultant was able to access her entire transacting history. Of course, Net1 said this was necessary to be able to transact in an offline environment, but it also allowed for a parallel, unauthorized credit check. She was not asked about her finances or household budget, nor did she have to bring proof of address or bank statements. The Net1 consultants accessed this information through their computer system. Andiswa was given a piece of paper with the value of her loan circled from a list of standardized products. Her loan was R1000 ($71) and she would pay R220 ($15.70) each month for six months.

For Andiswa, this loan made it necessary for her to seek out more loans. She ended up "loan swapping" (Shakya and Rankin 2008), using one to pay off another and another. While some people might see this as entrepreneurial, it certainly was not profitable for Andiswa, whose whole grant was being eaten up by loan agencies. Andiswa felt that the EasyPay card was the source of her lending problems and tried to cancel it. She visited the Mama Street offices again, and asked questions. The Net1 consultants gave her a phone number to SMS. She was told that she would receive a callback from that number. She SMSed the number many times but never had a response. She also called that number several times and it only went to voicemail. She decided that number must be a "fake." Additionally, she went to the SASSA offices and was told by SASSA and CPS staff that they could not help her. SASSA officials advised her to return to the place where she got the loan. She returned several times to Mama Street to try to meet with the consultants, but was forcibly removed from the premises. She asked why she could not close the card at Mama Street, and was told it was for "security reasons." These satellite shops work in one direction only: you can open the card with them, but you cannot close it at the same site.

On her last visit to Mama, the consultant took her fingerprint, looked at her bank account, and said: "You do not want to close this card. You will be on the green card forever. Your money will always go there." In saying that Andiswa's grant money would go "there," the consultant called attention to the spatial aspects of the Net1 system. Contrary to the assumption of social welfare payments going to a person, her payment was not meant to go to her, but to go "there," to the card. Not only that, but the consultant continued: "You like loans too much, you belong there." Moreover, it was not just her money that belonged in that place, but, according to the consultant, she belonged in that place as well, in a digital financial place, marked by the locative "there." Grantees, like Andiswa, were thus conscripted into a separate banking system, where private capital confined black South Africans in a segregated digital space. In this way, Andiswa was shunted through physical and digital processes by which her grant could be pilfered because of a presumed moral character flaw: she "liked loans too much." I discus moral judgements and the politics of blame in more detail in chapter 4.

Conclusion

In this chapter, I argued that Net1's banking system, designed under apartheid for black rural populations, created material boundaries and territorialized the capital of social grant recipients. While appearing neutral and apolitical, inclusive even, particularly as compared with the overt racist banking structures of the past, Net1's technologies aspired to encode a range of discriminatory practices targeted toward Black women welfare recipients. The technologies that do so were developed to disadvantage black people under apartheid, and by their continued use, effectively recapitulate apartheid. Net1 claims they are a humanitarian, philanthro-capitalist enterprise, and created a banking system that was appropriate for their targeted population. They also claim to ameliorate the racisms of the past by expanding access to credit. Now however, under the liberal supposedly post-racial state, Bantustan banking is legitimated through liberal democracy and financial capitalism, but it is still racist. The population of social grantees, by and large made up of Black women, are again racialized through their segregation in digital space and their inability to access the far more equal and democratic national banking system.

Successive South African racial states aspired to use the technologies of the state – censuses, fingerprints, biometrics, population statistics – to surveil and segregate people according to presumed racial difference. Such technologies did not "prove" pre-existing difference, but produced it, and did so in and through space. The history of South Africa is one of spatial and racial segregation through technology, cordoning off certain people, and fixing them in certain places, beyond the territorially defined nation. Indeed, this process is continued in the social grant payment space. This time, however, it is not through a centralized state apparatus, as under apartheid. These "state effects," as Timothy Mitchell (1991) might call them, are produced through the coordination of state and private actors. Net1 helps define the boundary of the state, by assuming a biopolitical function partially relinquished by state institutions. Net1 controls personal and financial data outside the boundary of the liberal democratic state and financial system. Much like the Bantustans, this is a form of "indirect rule," where a private corporation, rather than a "traditional chief" is given authority over a certain group of people based on their membership in a population of social grantees. Also, much like the Bantustans, which used the ideal of independence and self-government as a foil for the consolidation of white supremacy, so to Net1 uses the ideal of an independent banking system, separate from that of the state, as a foil for the consolidation of racial capital.

The physical space of the Mama Street house (and the many other offices like it) in combination with the digital space of Net1's techno-financial infrastructure enables the production of difference and the forcible removal of South African citizens from national banking space. The allocation of social grantees as racialized and impoverished subjects to a segregated banking space, away from any national social protections, exacerbates poverty and inequality. As we will see in the next chapter, this foments new kinds of struggle, beyond the capitalist labor process, where those who subsist outside the productive economy via state care, are exploited and expropriated.

Indeed, Net1 is "not a highway, but a dirt road."

CHAPTER THREE

Hellish Home Economics:
A Western Cape Roadmap of Debts Past and Present

"Our money should be ours but they take it like it's theirs."
Sophia Daniels, Ceres, February 2017



Figure 16: Josiah with his EasyPay Card, Ceres, 2017. Photo Credit: Black Sash/Erna Curry.

When leaving Cape Town along the N1 highway, the Western Cape's agriculture-dependent political economy comes into sharp relief in the glaring white-hot sunshine. Cape Town's cool breezy coast quickly gives way to hot dry mountains, where old grape vines flourish and deciduous fruit trees thrive. On the road, workers huddle together in battered truck beds, as labor brokers shuttle them to farms and orchards. On the roadside, ladders descend from trees and leaves rustle, as the same workers, invisible but for a flash of blue cover-all, pick bulging fruit in triple-digit heat. Eighteen wheelers, transporting the tender harvest beyond South Africa's borders, gear down along the steep windy roads toward the port. Pears and grapes sparkle with fullness as the drought-afflicted Cape's water is exported one ripe globule at a time.[72] Beyond

[72] During the summer of 2017-2018, the Western Cape struggled through a major drought. Making the international news, Cape Town was dubbed the "first major international city to run out of water." The Western Cape's industrial

these profitable export crops, small, beautifully-upgraded cottages that once housed workers stand empty or boast romantically-named tourist accommodation.[73] Every so often, government houses, flanked by wooden shacks, interrupt the pastoral scene to contain the laboring population. While precious resources are delicately harvested and couriered abroad, the productive but cracking rinds of drought-ridden earth and the worn bodies of heat-exhausted laborers are left behind: the external value that makes agriculture profitable.

On a late-summer morning in February 2016, I was driving this highway through the *Koue Bokkeveld* (Cold Goat Scrubland), passing through Ceres toward Worcester, with Sophia (from chapter 1). We were traveling with the Black Sash and a team of investigative journalists to film a segment for *Cutting Edge,* the *60 Minutes* of South Africa.[74] As we motored past the largely unseen productive labor of the Cape, my mind drifted to the more visible consumptive end of this supply chain. Ceres has lent its name to an upscale juice brand, a beverage almost as ubiquitous as Coca-Cola, which announces itself as "proudly South African." On supermarket shelves, Ceres juice is immediately recognizable for its solid white tetra-packs, evoking colonial conceptions of cleanliness and purity and featuring photographs of perfectly styled, unblemished fruit. As I watched the workers expertly harvest the raw materials, I realized this packaging violently white-washes a centuries-long history of violence in the Cape. A few days earlier, I had googled Ceres' website and read the following slogan: "to create the perfect juice *nature* does all the work." The "magical" valley of Ceres has a "perfect climate" and "wonderful fertile soil" that makes "the fruit come to life." Such marketing divorces the work of nature from the very human effort and skill apparent throughout the Cape's agrarian heartland. Reading this, Raymond Williams would surely choke on his "medley of fruits" juice.

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agriculture was both antagonist and protagonist of the crisis: agrarian capitalists received their water allocation from the dam as expected, without having to skimp and save; only then, did the balance of the water go to the people of the Western Cape, who were under huge pressure to cut their water usage. As agrarian capital is a key supporter of the Democratic Alliance, the political party in power in the Western Cape (the only province without the ANC), they had nearly an unlimited supply of water throughout the drought. Just after the harvest, the Elgin farmers were credited with "ending" the draught for city-dwellers, by "giving" their remaining water allocation to Cape Town.

[73] The Extension of Security of Tenure Act [No 62 of 1997] granted some farmworkers security of tenure rights. This led many farmers to abandon the traditional obligation of providing housing to their permanent laborers. In a 2003 survey by Andries du Toit and Fadeela Ally, most Western Cape farmers reported having at least one empty house on their property (57%). This suggests a reluctance on the part of farmers to hire permanent on-farm labor, particularly in areas close to urban centers. Farmers would rather let their investment in housing stock go to was to – demolish houses, change their function, or let them stand empty – than house permanent workers who could acquire strong labor and tenure rights.

[74] The picture at the beginning of the chapter aims to make visible the invisible labor of film-making. It is clearly staged. The camera crew is suggesting shots to present Josiah and his home for the documentary. Josiah is directing the camera crew as to how he would like to be presented. I, in turn, present them here, in the form of a photograph, to direct attention toward the film-making process as precondition for this chapter. The contradictions and challenges of film-making are not so different than those of ethnography generally – film-makers and ethnographers both tell stories, present characters, use certain information to make certain assertions. Since film-making (like ethnography) has the potential to be an intentional process, where every moment of the film is scripted and constructed for an audience, Josiah was not just an object to be represented, but actively part of the design and presentation of information for the purposes of activism. He was intent on the viewing public of SABC1, a free, public television station, hearing his story and learning from his debts. In this way, we strove to follow Francis Nyamnjoh's (2012) invitation to reflect on the process of knowledge gathering and making, and provide for the "co-production, collaboration and co-implication" in research.

My internal musing on racialized juice boxes was interrupted by a loud siren. Sophia and I pulled to the side of the road to let an ambulance whizz past. I could feel Sophia tense up beside me. She said: "They're going to the farms." Sophia's 16-year-old son, Ardiel, is currently working at a farm alongside the Breede River, carrying a 10-rung-ladder and bringing in the harvest. In the summer, the sun's blaze is merciless, and Ardiel has collapsed twice from heat stroke and high blood pressure. Two months earlier, the ambulance had been called for him and Sophia's heart still raced with the dissonant sound. Heat stroke might well be the silent silicosis of the Cape. As with the more well-known diseases of mine labor, agricultural labor also transforms the bodies of workers. In the rural towns near Ceres, it is disturbingly common to meet young adults, who have been disabled by heat-induced brain and organ damage. After the ambulance passed, Sophia enlivened Marx's (1990[1867]) description of "surplus value," the value created by workers in excess of the cost of their labor. "They make money off him. They break his body and he sees little money."

Sophia holds herself responsible. Ardiel "hopped a lorry" and ran away to the farms because she was overwhelmed by debt. She recalls: "He told me, 'mommy, you can't always borrow from this one and that one.'" But, Ardiel has been unable to earn enough money to assist his mother in any substantial way. Sophia's debts led Ardiel into even bigger debts himself. Ardiel does "out work," or casual farm labor contracted and managed by a labor broker. He does not have a permanent contract with a single farm owner, instead the labor broker sells Ardiel's labor power for weeks or months at a time to different farms in the area. The labor broker prefers to depend upon a core group of workers and takes on others, for less skilled tasks, as required. In many ways, the labor broker has taken over the functions previously undertaken by farmers for their "live in" workers (Du Toit and Ally, 2003). He organizes room and board for his contract workers: housing stock rented from farm owners and basic provisions delivered by mobile vendors. The means of subsistence for his workers are transformed into debts and put "on book" (i.e. recorded) throughout the week or month. When the labor broker is paid by the farm owner, he has the power to deduct his commission and his workers' debts. The labor broker's control over the payroll makes all debts incurred by his workers essentially risk-free – his workers do not get their wages until their debts are repaid.

Sophia explained that "people like you" (yes, me, the researcher) go to work and bring home a wage; while "people like me" (Sophia and Ardiel) go to work and bring home debts. Debt, in Sophia's rendering, has always been part of the labor economy of the Cape, particularly for black and coloured people. It is a fiscal violence built into the historical antagonism between worker and farm owner – and more recently, in Ardiel's case, worker and labor broker, and in Sophia's case, grantee and money lender. The passing of the ambulance gave Sophia an opportunity to presence this deeply entangled history of debt. Memories and stories of debts, stretched deep into the past, where the debts of Sophia's ancestors melded with her debts in the present, tying together histories of slavery, apprenticeship, wage labor, and care work.

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In this chapter, I hone in on the geographies of credit and debt in this Bantustan banking system in the Western Cape. Under apartheid, whereas the Bantustans were the designated homelands of

South Africans racialized as black, the Western Cape was the designated homeland to South Africans racialized as coloured. This chapter focuses on one particular Black experience – i.e. Black people who were racialized as "Coloured" under apartheid legislation, including the indigenous nations of the Cape; enslaved people from Malaysia, Indonesia, the Indian subcontinent, Mozambique and Madagascar; and indentured workers from India and China. Despite diversity, "Coloured" people have been racialized as ambiguous, ahistorical, and in-between, born of so-called "race mixture" in colonial South Africa (Adhikari, 2005; Baderoon, 2014; Erasmus, 2001; Salo, 2018). Characterizing "coloured" people as *only* the children of "mixed" relationships simultaneously erases their claims to indigeneity and their claims to surviving the violence of slavery. And yet, they have also benefited from colonial and apartheid racial hierarchies, whereby the category of "coloured" was co-constituted with the forcible removal of "African" families away from the Western Cape to Bantustans and the reservation of housing, employment and political participation for "Coloured" people in the Western Cape.

In the previous chapter, I showed how the technologies of the social grant payment system were developed to maintain apartheid, and thus, perpetuate racial and spatial segregation in the post-apartheid period. Under apartheid, Black South Africans were incarcerated in supposedly independent, sovereign Bantustans in response to anti-colonial nationalist movements sweeping the continent. Yet, the Bantustans extended white supremacy and consolidated the apartheid state by propping up so-called "traditional" chiefs, who were loyal to Pretoria. The digital financial space developed by Net1 has become a form of Bantustan banking system. Ostensibly for the "development" of poor Black women, grantees are segregated into a separate, and substandard banking system, indirectly ruled by a private company, not democratic state institutions. The social grant system, thus, shores up the legitimacy of an illegitimate digital division and false independence. Importantly, the Bantustan project also forms the conditions of possibility of the current social grant payment, as the very technologies used for segregation in the past are re-deployed in the present.

In this chapter, I show how people are conscripted to debt through historical geographies of unfreedom. I do this by making three interventions. First, Deborah James and Dinah Rajak have recently offered an illuminating history of debt in the political economy of South Africa (2014). They show how various agents including employers, government authorities, mercantile traders, and rural patriarchs have consistently used techniques to keep wages beyond workers control. They argue that more recent forms of credit build on earlier expectations of the reduced control workers had over the credit repayment process. Their work reveals the "complex plurality" of historical processes that constitute financialization (458). Yet, it is not just that South Africans are familiar with or accustomed to their wages being outside of their control nor that they have long been subject to processes that favor creditors. Rather, in this chapter, I build on their work to explore how Black South Africans have historically been constituted as debtors by South Africa's racial capitalism. Social grants continue to transform Black South Africans into "natural" subjects of debt. I demonstrate how even though social grants are distributed on the basis of citizenship, this is always a "subprime" or "marked" form of citizenship, of a citizenship that owes a debt.

Second, Cape farmers used debt to compel labor in a labor scarce agricultural economy, and simultaneously, to exert effective downward pressure on wages through interest.[75] Credit extended to workers was always deducted prior to farmers paying wages, keeping laborers perpetually in debt. This system of perpetual indebtedness continues under social grant payment, and continues to be permissible because social grantees have been historically constituted as debtors (See Chakravartty and Da Silva 2012; Kish and Leroy 2015; Roy 2010). By attending to the messy realities grant payment system, I show how the interactions between Net1's staff and grantees often relies on racist conceptions of a farmworker "other" rooted in Western Cape histories. Net1's supposedly modern, technocratic system does not operate in opposition to supposedly particularist histories, but through them. Net1 staff members revise and rework the racialization of coloured farmworkers through their supposedly humanitarian paternalism.

Third, this condition of indebtedness is not simply accepted by South Africa's social grantees, but actively questioned and challenged. Sophia and Josiah gave voice to competing moral economies of debt and indebtedness. Recalling their personal histories of dispossession, and those of their forbearers, they relate this new exploitation to past processes of racial capitalism. In so doing, they strongly resisted the methods by which Net1 was attempting to dispossess them anew. They claim that a "gift" from the government to ameliorate the legacies of apartheid, should not be transformed into collateral for loans and subject to new debts and dispossessions. Challenging Net1's racism and paternalism, Sophia and Josiah fought to get reimbursed by the dodgy lenders and insurers, who sought to take advantage of them. In so doing, they revealed the difficult work of seeking recourse, due to the many legacies of apartheid, upon which Net1 built their business.

To make these arguments, this chapter is very explicitly written around a road trip with Sophia, Josiah, and the Black Sash in order to make a television documentary for the South African Broadcast Company (SABC) (Black Sash 2018). Our road trip was an extensive multi-city journey to map the spatial production of indebtedness through the public welfare system. More participation than observation, the film-makers and I worked with Sophia and Josiah to create an archive of evidence, of call center records, bank statements, receipts, contracts, even grainy footage shot through a Go Pro hidden in a cigarette box and positioned in a shirt pocket. The miles we travelled came to life through Sophia and Josiah's social history of the Cape. We set out to create a story for the purposes of activism and education, in a medium that was eventually viewed by over 1 million people. Now that the documentary has aired, there is considerably more to say about the quieter moments that happened off-camera – the moments that were both less visible and less artificial – and would never quite fit in a 22-minute investigative news segment. As such, in this chapter I give a brief history of the political economies of debt in Western Cape farm labor, before describing, in detail our road trip, and the very difficult process of undoing Sophia and Josiah's debts.

Unfree Labor and Debt

As my opening narrative reveals, Sophia's experience of grant-based debt is not easily disentangled from much longer histories of debt in the Western Cape. Her assertion that "people like you" (a white, middle class American) go to work and bring home a wage; while "people

[75] This, of course, in not just a South African phenomenon but links with global debt peonage.

like me" (a poor coloured South African) go to work and bring home debts puts race and debt into the founding narrative of political economy, "stretching" Marx's story of so-called primitive accumulation (as per Frantz Fanon's famous phrase). Marx illustrates the ironic double freedom in Europe's transition from feudalism to capitalism: "freed" from their bondage to land, peasants were thus "free" to sell their labor on the market. But, in the Cape, and perhaps, other post-colonies and ongoing settler-states, even this ironic freedom (which itself is already an unfreedom) afforded to Marx's peasants does not hold. The South African colonies, despite the ongoing dispossession of land and livestock, actually struggled to conscript the indigenous population into long-term, semi-permanent labor contracts. From the VOC (Dutch East India Company) period forward, this labor crisis was partially resolved through the importation of other colonized subjects from across the Indian Ocean as slaves (from Indonesia, India, and across Asia, and slightly later from Madagascar and Mozambique). In the wake of abolition, colonizers had to find another way to resolve this labor "crisis." Newspaper articles, Parliamentary Hearings, and Colonial Commissions all bemoaned the "labor question"[76] – that is, once unfree labor in the form of slavery was made illegal, what new systems of unfree labor could compel the local population to sell their labor power to settler industry and agriculture? Most literature on the "labor question" finds its resolution in the dispossession of land, expropriation of cattle, regulation of movement, taxation of property, and even the cultivation of desires.[77] While certainly all true, debt played a significant role as well.

From the establishment of the Cape Colony as a so-called "refreshment station" for ships to stop and refuel en route to the East, the rich agrarian economy depended upon the violent importation of Indian Ocean peoples, as slaves. Yet, with the abolition of slavery in the Cape Colony (1 January 1834), workers were not "freed" from their *witman* (literally, white man, but meaning master or boss) nor were they "free" to sell their labor on the market (du Toit 1993). Instead, Cape farmers were desperate for workers, and could not accept the possibility that, once freed, people who were previously enslaved could sell their labor at will. The initial violence of slavery – of being transformed into property – was not redressed with emancipation. Rather, people who were "freed," were subsequently "apprenticed" to their former owners, evoking the civilizational discourse of needing to "develop their skills" for a modernizing economy. The apprenticeship period lasted for at least four years, during which workers were not "free" to sell their labor power on the market. While former slave owners could receive compensation for their so-called "property losses," they could only do so in person in Britain, which was an unaffordable journey for most Cape farmers. The costs of freedom, of a juridical transformation from property to personhood, were passed on to those who had been enslaved in the form of further demands of unfree labor. Farm workers were effectively made to owe the price of their freedom as a debt of labor to their former masters through legislation and racial capitalist violence.[78] Slavery and emancipation are part of the distinctive regional political economy of the Western Cape, and the longstanding geography of debt.

[76] Key among these was the Transvaal Labor Commission. Minutes of Proceedings and Evidence (1891).

[77] See, for example, the many wonderful studies of South Africa's agrarian economy and the Natives Land Act: Mafeje 1981; Bundy 1979; Trapido 1978; Wolpe 1972.

[78] For other excellent considerations of the relationship between slavery and debt in very different contexts, see Graeber 2012; Alexander 2012.

After the formal end of this "apprenticeship" period, Cape farmers used other forms of debt to compel labor at sub-market wages. This became all the more necessary after the discovery of diamonds (1867) and gold (1886), when workers suddenly had more choice: they could work on the mines, railways, or harbors often for nearly triple the pay of farms (Scully 1987). Already, however, there were fierce laws restricting the movement and settlement of coloured farmworkers around the country. The Masters and Servants Act made workers guilty of criminal offenses, if absent from work without cause, forcing laborers to remain on farms or suffer imprisonment (Ross R 1983). Farmers allowed workers to lease houses on their land in exchange for labor during peak season for daily wages. The workers' wages were meager as compared with their rent: up to 84% of their wages were often deducted for rent by the farm owner (ibid). Likewise, farmers paid laborers "advances" at the end of harvest season to guarantee their labor the following year. Since farmers would defer the payment of additional wages until the advance had been repaid, workers would have to take another advance to survive the following year (ibid). Local tavern owners and traders were complicit as well: extending credit to workers with interest that could only be repaid through farm labor, and taking a commission from farmers for delivering an already indebted labor force. Moreover, the *dop* system, where workers received wine as labor compensation in addition to a reduced wage, used alcohol addiction to ensure loyalty. These systems of credit, coupled with repressive legislation, worked to ensure farm owners could conscript the labor they required.

Such debts were continually renewed due to the temporality of labor remuneration. Labor power is the only commodity that is paid for after it has been used. All other commodities, including those necessary to the social reproduction of laborers and their families, must be paid for before they have been used (Denning 2011). If workers were paid up front, they could purchase the means of subsistence without relying on debt. But, if workers were *indebted* up front, through what were called "advances," farm owners or local traders could exert considerable pressure on them. This temporal perversity meant that workers struggled to end contracts and escape debts to farmers, who retained control of their wages. Farmers benefitted doubly here from primary exploitation of surplus value in production and what Marx (and Engels 1991[1894]) called "secondary exploitation" of interest in financial markets (230). First, they used their control over wages to effectively secure the labor of their workers, and often that of their workers' wives and children, year after year. Second, they used this control over the means of subsistence to create conditions where workers constantly owed farmers for their debts, effectively depressing real wages through interest. Such relations of debt in South Africa were, perhaps, less interpersonal and intergenerational than in Asia or Latin America because there was considerable mobility of workers in industries and farms (James and Rajak 2014). Even so, the double exploitation of debt – to compel labor and interest – meant that Western Cape workers nearly always labored to pay off prior debts rather than earn a wage.

When Sophia refers to "people like her," she is explicitly talking about workers in the Cape's agrarian economy, who have been racialized as "coloured."[79] Part of the way in which coloured farm workers have been racialized by white farmers has been through violent relationships of

[79] People racialized as black also worked on farms, but were mostly brought in as seasonally laborers from the Eastern Cape, and did not live on the land year round in the same way as those racialized as coloured. Still, farmers did have long relationships with some seasonal workers: du Toit (1993) showed how particular Eastern Cape villages had relationships with particular Western Cape farmers and sent workers each year.

debt, which are made to appear familial and benevolent. Paralleling Lugard's (1926) "dual mandate," white Afrikaner farmers built their cultural identity upon the "cultivation" of the resources and people of Southern Africa (du Toit 1993). White Afrikaans-speaking farmers defined themselves by their attachment to and identification with South Africa's land, and their supposed benevolence for and custodianship of "coloured" workers. As Andries du Toit has described, historically, to be a farmer was not only to own a farm, but to establish relations of "understanding" (meaning deference and authority) between "Master" and "Servant" (ibid). This "understanding" was rooted in racist and paternalistic notions that coloured workers were childlike, irresponsible and in need of protection (ibid). A farmer could uphold the "white man's burden" by providing room, board and other services that his workers needed to survive, in exchange for their subjection to his supposedly "benevolent" power. This racist paternalism used civilizational discourses and Christian morality to paper over the inherent violence of such "gifts," which were not freely given and always subject to social and economic debts. These debts gave employers significant control over their workers. Early work on the Cape's agrarian economy suggested that such labor arrangements were quasi-feudal or pre-modern, and would be shaken off with the transition to modern capitalist agriculture. (du Toit and Ally 2003; Ewart and Hamman 1997; Lipton 1993). But this system was always modern – created through the modernizing projects of capitalism and colonialism – and continues to be reconfigured post-apartheid (du Toit 1993; Ross 1983). Even as workers have achieved democratic rights and agriculture has been commercialized, such practices of debt are reworked or reconfigured through the casualization of labor (du Toit and Ally 2003).

In the present moment, the "labor question" is a markedly different one: there is no longer a shortage of labor, but a glut. With so few employment opportunities and so many unemployed people,[80] workers compete to accept the most casual and poorly paid positions. Debt is not strictly necessary to compel labor, as Ardiel's story shows, but still has a vital role in social, political and economic life. The extension of rights to farm laborers have made farmers fearing stronger labor and land claims, end long-standing permanent relationships with workers, and opt instead for increasingly casual employment (du Toit and Ally 2003). Workers exchanged the authoritarian racial hierarchies and ambiguous protection of agrarian paternalism for "free" but increasingly precarious casual employment contracted through a labor broker. While workers are, to some degree, out from under the direct control of a white farm owner, they continue to be subject to violent patron-client relations and relations of debt via labor brokers as Ardiel's story shows.

Road Trip Ethnography: Space, Race and Debt

While drawing a direct and continuous line from the debts of slavery through farm work to social welfare is beyond the scope of this project, I have shown how the indebtedness in South Africa has deep historical roots. Sophia, Ardiel, and generations of coloured South African farm and mine workers have been constituted as debtors, and disciplined through debt to sell their labor power and finance their means of subsistence on highly exploitative terms. In the social grant economy, grantees continue to be constituted as debtors, and compelled to use their social entitlements as collateral for loans. In the present moment, social grants have the same economic

[80] Official unemployment is around 27% and unofficial unemployment is 37%. Moreover, youth unemployment could be as much as 70%.

primacy that farm or mine labor did a half century ago. About half of all South African households cobble together livelihoods from a variety of sources: piece work, day labor, small trade, and importantly social grants. As I mentioned previously, households with grant recipients are larger than those without grant recipient because extended family members increasingly congregate around those entitled to this social benefit. But instead of social welfare being a simple monetary infusion into the social life of poor households, cash transfers continue to constitute poor black and coloured people as debtors – at the very point where they are supposed to have their basic needs met.

Chakravarty and Da Silva (2012) have compellingly analyzed the making of "subprime" subjects in the US housing market, which naturalized racialized subjects as targets of economic expropriation. Secondary bond markets enabled financial institutions to secure their profits from the non-payment of loans. Since financial institutions could profit from the non-payment, rather than payment, of loans, they specifically targeted credit toward those least able to pay, particularly Black and Latinx borrowers. Under the guise of democratization and expanding access to home ownership, financial institutions hedged against homeowners, who would surely default, effectively profiting from a system that they had brought into being (ibid). In South Africa's social grant system, while there are different mechanisms of securitization at work, it results in similar effects. Securitization does not come from foreclosable assets (like a house), or even secondary bond markets (in unpayable loans). Instead, securitization is based on the government-citizen relationship, and the techno-financial technologies that make loans undefaultable. Instead of developing a system to hedge against non-payment, financial technology firms developed a system of certain payment.

In the remainder of this chapter, I will narrate my road trip with Sophia, her neighbor Josiah, and the film crew to demonstrate the way historical geographies of debt are encoded in the social grant system. The social grant payment system uses racialized and paternalistic practices to mark social grantees as inadequate subjects of finance, and once marked, as "risky" takes away their ability to default on their debts. The road trip ethnography is a useful way to understand the spatial and technological barriers to getting out of debt. In my position as researcher and consultant, apartheid geography is easy to overcome. For Sophia, in her position as a grantee farm-worker, no longer tied to the land, but still not fully free to move around, apartheid geography is impossible to transcend. She is not readily mobile, and the social grant payment system fully exploits this immobility to ensure she is continually subject to debt.

With the hum of tires treading the road, Sophia told me about her experience of borrowing money from Net1. One of her neighbors told her about a car that visited their village once a month, branded with logos from EasyPay, Moneyline and Smartlife (all Net1 subsidiaries). When the car arrived, Sophia joined dozens of other applicants in a long queue and met a Net1 consultant named Sizwe. She described how Sizwe carried a big aluminum briefcase, the same big aluminum briefcase[81] that CPS consultants use to pay social grants. Inside the case, she saw all the familiar machinery: a computer, card reader, fingerprint scanner, microphone and receipt printer. Sophia stressed how this aluminum briefcase made her feel that she was borrowing money in a relatively protected environment, from SASSA, or if not SASSA, from a company

[81] This briefcase has already come up many times in this dissertation, in many different contexts. The aluminum briefcase itself is a sign of Net1's mobility, and domination over grant recipients.

that SASSA endorsed. But, instead of being set up on a table at a SASSA office or paypoint, the aluminum briefcase was stationed on the trunk of a vehicle, its contents spilling over onto the roof and all available flat space above the ground. Sophia stressed the mobility of Net1 and its aluminum briefcases compared to her own: "They come to us. They set up their machines *from the boot* (trunk) of the car. But, we cannot go to them." Net1 is highly mobile, and takes advantage of their relative mobility, while Sophia rarely leaves her town and the surrounding farms.

Sophia remembers waiting in line for an hour or so and, upon arriving at the front of the queue, placing her thumb on the biometric fingerprint scanner. Sizwe told Sophia she could only get a loan if her thumb passed "the test." This "test" concerned whether or not Sophia was indeed a grant recipient, and whether or not she had already borrowed money. Only Sophia's thumb could prove that she was a member of the community of social grantees and as yet unencumbered by debt. Only Sophia's thumb, disassociated with the rest of her body and her mind, could be trusted to offer reliable information. Sophia herself was cast as suspect, dodgy and potentially criminal. On the day Sophia went to borrow money, she told me that the biometric machine, with the power to assess her worthiness, was misbehaving. The computer was spontaneously logging Sizwe out of his operator account, and he struggled to make his own biometric fingerprint "known" to the machine. Sophia said Sizwe was cursing his thumb, and trying all ten of his fingerprints to see if one might pass the "test." He took the fault to be his own fleshy failing, as opposed to a technological glitch. Sizwe was demonstrating his desperation to be part of a different community of biometric belonging, i.e. a worker, not a social grantee.

This reminded me of story told to me by my friend Vuyelwa, who grew up in rural KwaZulu in the 1980s with her grandmother. Vuyelwa remembered how, every other month, her grandmother would travel to the nearest town to get her grant from CPS, but would often return home empty-handed. When she arrived home, she would tell Vuyelwa, "my thumb has failed me" because the biometric scanner did not successfully read her fingerprint. Like Sizwe, Vuyelwa's grandmother felt her body was to blame. Yet, many grantees have bodies that resist biometric assessment: laborers have unrecognizable fingerprints, and pensioners have voices that crack and cannot be verified. In fact, the very indicators that qualify people for grants often exclude them from accurate measurement because they cannot offer stable and unchanging biological material. The people who are meant to have the most concrete claims to grant incomes – poor, elderly and disabled people – have bodies that refuse the disciplining of the machine. Grant recipients who often fail to pass the "test" – a test made for a supposedly universal subject – are thus transformed into inadequate, and risky financial clients. Only those that are physically known and knowable can borrow money from Net1.

Despite such deficiencies, nearly everyone involved in social grant giving and receiving agrees that this form of biological verification is necessary. Grantees are presumed to be financially illiterate at best (who cannot operate bank cards with PIN numbers) and artful fraudsters at worst (who falsely register undeserving family members for grants). For example, one member of the Portfolio Committee on Social Development, in a public hearing, stressed that social grantees needed to be verified biometrically because of the elderly who were forgetting their PIN numbers.[82] On the surface, statements of this type seem to be about care for a "vulnerable"

[82] Portfolio Committee for Social Development, 30 November 2016.

population, but also encode a history of black South Africans characterized as infantile, illiterate, and in need of protection and care. Another member of the same Portfolio Committee was far bolder, stating a baby can be "recycled if we don't do one-to-many checks." Statements of this type presume grantees are potential criminals, such as mothers registering the same child twice to receive double the grant money; or children failing to declare their parents' deaths to receive their old age pensions (Torkelson 2017a; Donovan 2015). Ironically, despite this consensus on the necessity of biometrics, Net1's technology can only verify a person's identity, not ensure that same person only registered once. Though technologically inadequate, the government sees Net1's biometrics as having the power to exclude potential criminals and assist financially illiterate grannies. They regularly boast that Net1's biometrics saved the Department of Social Development (DSD) millions of rands, when in fact most of this savings came from the registration process.[83] Since it is not a functional system, biometrics operates mostly as a threat, an aspirational disciplinary technology, making it seem like the system cannot be cheated to grantees and the general public.

By marking people as "risky" or even "criminal" actors, Net1 was effectively authorized to develop a system of credit that reduced the potential for non-payment. Sophia told me that she was forced to open another account with a Net1 subsidiary called EasyPay. Sizwe did not tell her about the Terms and Conditions of the EasyPay account. She was only told to "use this green card" (EasyPay), instead of the "white card" (SASSA) from now on. She did not know that her social grant payments would be transferred to a whole new account each month, and, from this account, her creditors would be paid *before* she had access to her money. Once we got Sophia's bank statements (much later that day), we could see that her creditors frequently got paid one to three days before the first of the month. Yet, Sophia's social grant was only transferred into her account when she offered her "proof of life" (i.e. her fingerprint) from the first of the month. EasyPay advanced payment on the 29th or 30th of the previous month to Sophia's creditors because SASSA had already paid her grant money to Net1's group bank account. Sophia felt she had very little choice: she agreed to open the EasyPay account in order to be approved for a Moneyline loan. She was approved, and R1000 was deposited in her EasyPay account, repayable in six monthly installments of R220. (See chapter 2 for a more detailed explanation of the interest on such loans).

Remember I explained Sophia's predicament in chapter 1: she lost her job and her house in a very short period of time. Even with this loan, she still did not have enough money to properly care for her family. She still needed some furniture, new school clothes for her older children, and diapers for her baby. She went to another lender, XY Money Loans. XY Money Loans is a dubious payday lender with a hastily printed canvas sign, situated in a large, plain, boxy shop, bifurcated by a flimsy plywood partition. Loan applicants queue on one side of the plywood, and lenders peered through four small windows from the other side. A sign on the wall advertised loans for SASSA card-holders *well* , misleadingly appearing as if they could be affiliated to SASSA. XY Money Loans also set certain conditions: Sophia had to have an EasyPay or a

[83] During the Net1 registration process, there was a significant portion of people who did not reregister for their grants. Some of these may have been duplicate or false registrations, and the threat of biometric surveillance prevented them from re-registering. Others were rightful grantees, who struggled to register and were purged from the system. In the first instance, it was the threat and not the actually biometrics that saved money; in the second instance, it was the limitations of the grant program in serving everyone it was supposed to serve.

SASSA account. Net1 does not just allow its own subsidiaries early and automatic payment from grantee accounts, but all other microlenders as well. Sophia took a very small loan from XY Money Loans (R256 payable in two R256 installments). The interest here was 50% per month, exceeding the allowable limit by nearly ten times. The EasyPay card also allowed XY Money Loans to deduct these repayments before Sophia could access her money – and did not flag suspicious or illegal behavior on the part of the creditor.

Sophia was following a familiar pattern. Once in debt, grantees seek additional credit because their social grant intended for consumption is eaten up in repayments. Prior to the Net1 regime, debts were contracted through a range of community networks and lending practices, some of which were potentially very exploitative (e.g. loan sharks who held on to ATM cards as surety). Numerous people have told me that they were initially relieved to have a formal credit option after being victimized by *mashonisas* (loan sharks) or dealing with the risks of rotating savings and credit schemes. It is important to note that formal credit linked to social grants does not simply replace informal credit, but *adds* to the lenders catering for the poor. After incurring debts through Net1, grantees turn to informal lenders to subsist through the month. With the EasyPay card as a singular repayment plan, all creditors can deduct money from grantees without risking default. In a very real sense, then, Net1 has made informal credit more, not less, necessary. Credit-linked cash transfer programs are not a panacea for exploitative informal credit arrangements, but rather reveal how the formal and informal are much more deeply entangled than they first appear.

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We had only travelled for about 20 kilometers (12 miles), when Aashif, who had been sleeping peacefully in Sophia's lap, woke up hungry. Sophia tried to feed him, but both mother and son quickly grew frustrated because she was not producing milk. Sophia cried out in pain as Aashif bit her, and Aashif cried out from a swift *klap* (slap) on the hand. It had already been a long morning for them with the community meeting, and this was a signal that it was time for lunch. We stopped in Ceres and met up with the documentarians, who had been traveling in a separate car, at the local KFC. We ordered a "family feast" for Sophia. She carefully took out one thigh and packed the rest of the meal away for her daughters at home.

We sat and ate in the company of Sophia's neighbor, Josiah, who was traveling in a separate car with the film-makers. I told Josiah that Sophia and I had just been talking about how Net1 gave out loans in their town from the boot of a car. He chuckled, and said, that he could top that. Net1 came to his door! Net1 consultants knocked on his front door and asked if he could bring together friends and neighbors who "needed help." In retrospect, this phrase, "needed help," offended Josiah. He felt what he got from Net1 was not help but debt, dressed up as some form of developmental or humanitarian assistance. He was annoyed that the Net1 consultants characterized themselves as aid-workers engaged in providing further "help" to social grantees. Josiah said he was initially wary of Net1 and questioned their motives: "They said they are legal otherwise they wouldn't have access to the machines to activate the cards. They told me they are from SASSA." Again, the aluminum briefcases are made to convey status and government-sanctioned authenticity. Josiah understood Net1 to be part of the grant-giving community, an ally of SASSA, not an independent profit-making corporation. Because of this, he gathered about 15-

20 people at his home to get "help" from Net1. He explained the process this way: "They showed me the green card, they took my fingerprints and I got my card. It took about 20 minutes at my house, because my 2 sons also got the green cards. They needed shoes and clothes and the house rent was also expensive. Net1 told me they could *help* me make the loans for my sons." Josiah's two adult sons are both on disability grants: one of his sons has cerebral palsy and was disabled from birth; the other son had a stroke while working on a nearby farm. Josiah is the legal guardian for both, and neither can make their own financial decisions. Josiah felt the Net1 consultants persuaded him to accept their "help" (i.e. debt) on his sons' behalf.

Josiah, a life-long agricultural worker, like Sophia, compared the "help" he could receive from a farm owner to that of the social grant system. For most of his life, Josiah lived on a farm and grew his own food. He now works at the grocery story Spar, packing produce, even though he should be retired. He said,

"Spar asked me to come work there because they needed someone. And I needed a job. I was struggling. It's difficult with me. It doesn't go so easy with me. In the old days, I could go to Fanie (the farm owner) and say 'just give me a few potatoes.' Now I have to buy potatoes. Before I could say 'Fanie, give me an apple,' now I must buy it. I got to take out my wallet if I want an apple. It goes tough. Everything that I want, I have to pay for. I have to lend money to pay for it. I can't ask SASSA for a potato or an apple."

For Josiah, the paternalism of farm labor meant that farmers often treated workers, particularly live-in workers, as part of a community. It was a system of mutual, if very unequal obligation, where workers who labored for low wages on behalf of the farm, could ask for assistance from the farm owner in times of crisis. Josiah remembers the reciprocity of this relationship, not fondly, but as a notable contrast to Net1 system. Josiah felt he could ask Fanie for assistance and expect to receive something, even if just an apple or potato. Josiah compared Net1's digitized debts with the paternalistic debts on the farm, which though exploitative, were negotiable. Josiah remembers even the minimal reciprocity of this relationship in marked contrast to the anonymity of the current system. Once Josiah had contracted loans and an insurance policy, he stopped receiving the value of his grant. He could not find the Net1 consultants nor the insurance consultants as they did not have a permanent office in his area. Josiah makes claims about debt linked to the deep geography and history of Western Cape farm labor. The paternalism of farm labor was deeply unequal, but it was intimate, unlike the automation of Net1.

Josiah also tied this debt to his personal history of being dispossessed on three occasions. The first dispossession was before he was even born. He was born on a farm near Ceres. His parents were farmworkers, who never owned land of their own. From the time he was a small child, he had to participate in working for the white farmer. He got married on the farm, had children and raised his children under the same conditions. His second dispossession happened after the transition to democracy. He was kicked off the farm and forced to build a shack in the neighboring town. Many farmworkers were likewise dispossessed with the threat of laws being introduced to give workers tenure security on farms. His third dispossession came when Josiah was selected to be part of a so-called "empowerment" project. He was one of the first Black farmers in his area given a small plot under a department of agriculture program to diversify land ownership. He threw everything he had into that plot to make it successful, but somehow there

was a politically well-connected stand-over man, who managed to seize the money that was meant to be his start-up capital. He was kicked off the plot because he was told he wasn't using it properly, but he had no money to do so. "But I often think if I had my own farm, things would go better. But that money never came to me. And now again, they taking it from me. Nothing will come to me. As it should come, it comes only halfway and goes into a dead end."

After these previous dispossessions, Josiah understood the social program as a new dispossession, another incident when the money that "should come" to him "comes only halfway." The grant that should sustain him in his old age, is not actually his, but is taken in the same way as these other things were taken. As a pensioner, long-time farmworker Josiah has a part-time job at the Spar supermarket packing produce that he used to grow himself. Josiah linked his experience of dispossession to accumulation, and specifically the white (and increasingly Black) capitalists in South Africa, who have consolidated their wealth through stolen land, labor, and now financial assets. The thefts Josiah endured did not end suddenly with the transition to democracy but continue to buttress the most unequal society in the world.

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Back in the car, Sophia returned to her story. She was not hungry for the moment and Aashif was easily lulled to sleep. While Josiah contrasted Net1 with farm paternalism, Sophia countered that the exploitation was very similar. The personal encounters with Net1 consultants made Sophia feel the new system resonated with the old. She continued her story...

Sophia knew something was going wrong with her account. She went to the ATM and could not withdraw any money. If you have under R100 ($7) in your account, many ATMs do not have the cash to dispense such small denominations, even though R20 ($1.40) would buy a loaf of bread. Sophia's first stop was to SASSA, but was turned away because she had an EasyPay card. She wanted a bank statement. She knew that only a piece of paper would allow her to understand why her money was short, who was taking it, and fight for recourse. Her own experiential pleas would fall on deaf ears, unless she had documentation. Sophia began what would become an epic journey to get something that so many people take for granted: a bank statement.

Why was it so hard to get this critical piece of paper? Using appeals to technological sophistication, Net1 sugar-coated its second-rate service, making it sound progressive. Net1 "banked" the unbanked poor, but not with the same level or kind of support as traditional financial services. Net1 uses claims to mobility to paper over the fact that they only have 144 physical locations throughout South Africa (most of which are linked to SASSA infrastructure and are only open for one week a month), and Grindrod, their banking partner, only has four. Compare this with the 1000 plus branches of Standard Bank or Absa. Given this limited physical infrastructure, Sophia and other grant holders are meant to use Net1's "mobile solutions" for all their banking needs. Sophia tried to use Net1's mobile service to access her bank statement – but this proved nearly impossible because she does not have a cellular phone nor access to a payphone or landline. Technological boosters assume everyone in Africa has, at least, a basic mobile phone (Aker and Mbiti 2010). Sophia, like many people in her area, only has a SIM card, which she occasionally uses in her neighbor's phone. The first time she phoned the EasyPay call center, she waited for almost 30 minutes and ran out of airtime before a person answered. The

second time she phoned, she did not pass the security test because she forgot the phone number linked to her bank account. Since Sophia only uses a phone infrequently, this is not a piece of information she has readily available in her memory. Even if she had navigated the security questions correctly and requested a bank statement, she would have needed an email address, and access to a computer with a printer and internet to download it. The third time she phoned, she asked for a different security question, besides the mobile phone number. The consultant responded that there was no alternative possible: these questions *should* be answerable by every account holder. Users who cannot work within the system are again labeled as morally suspect. In the absence of an accessible, physical bank branch, she is essentially excluded from getting a printed bank statement. Technologies meant to be ubiquitous and make banking accessible from anywhere, actually make banking for the poor accessible from nowhere.

Sophia also tried to use an ATM in her village to inquire about her balance. While mobile technology is represented as placeless, physical banking infrastructure capitalizes on notions of rootedness and belonging in order to create difference. South African banking lingo labels infrastructure owned by a particular bank as "native" and all other infrastructure as "other." Expressed through the language of nativity, banks penalize grant holders with punitive fees for using machines that do not belong to their network. In Sophia's village, Net1 does not have a permanent machine on offer, only a traveling machine on certain days of the month. When Sophia went to an "other" ATM to try to find more information about her account, she racked up significant fees, by checking her balance and requesting withdrawals of different amounts of money. Net 1's banking infrastructure is given a sort of originary power, through an association with place. Even if Net1's physical and infrastructure provision is thin on the ground, and Sophia *has* to use "other" infrastructure, she must bear the financial consequences. Contemporary grant distribution produces a spatiality of difference via claims to native-ness.

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When we entered Worcester, near Net1's office, the film-makers signaled that they needed to make one more stop. Sophia and I pulled into a parking lot and waited as they bought a packet of cigarettes in a black box (yes, it had to be black) to hide their Go Pro. While we waited, Sophia told me that after exhausting Net1's "technological solutions," her only remaining option was to wait until Sizwe arrived in her village two weeks later. Sizwe's monthly visits structured time in the village as many people needed loans, and those who had them often had questions. In October, after Sophia's account failed to provide her with any money, she went to see Sizwe. She demanded to know what happened to her money, and asked to see a bank statement from the past month. Sizwe said he could only print out the last few transactions, on a thin cash register receipt. He would have to request a more comprehensive statement, on a normal A4 sheet, from head office and bring the following month. In November, the same thing happened: Sophia could withdraw less than R100 from the ATM. Again, she went to Sizwe. Sophia told me: "He forgot. He never brought that statement. He said he'll bring it neeeeeeeext time." In December, the same thing happened again. "Sizwe asks me, 'why do you need the statement? You won't be able to read it anyway. You're a *farmworker*.'" Sophia says Sizwe also told her "to stop being too clever," and "to stop making a scene because he has other customers." Sizwe never recorded these interactions, so there was no proof Sophia had demanded to see her bank statement for three months. Instead, she tells me: "Each month, I argue with him again, like the first time. He

forget me." Sophia has to be made invisible – the exception not the norm of Net1's lending business.

In Sizwe's outburst, Sophia's physical labor as a farmworker is set in contrast with the mechanization and technological sophistication of Net1. Sizwe deploys a familiar discourse of colonialism, where machines were used as the "measure of men" and the way of marking civilizational distance between peoples (Adas 2015). His language conjures images of long histories of Western Cape slavery on fruit and wine farms, and very exploitative labor relations, resulting in illiteracy, alcoholism and indebtedness. The contrary image is of Net1, a benevolent computer software company, coming into South African to assist the delivery of social grants through technologically sophisticated systems and accounting procedures. Sophia's persistence, however, clearly upsets this binary Sizwe has created. He calls her "too clever" – a familiar paternalistic phrase associated with "acting above her station" or "not knowing her place." Sizwe is able to move around the country, consulting with clients from the trunk of a car; but Sophia must stay in her village, content to visit him every month, and beg for more information. Sizwe's visits are intended to make Net1 appear accessible, while continually delaying information and barring grant holders from accomplishing the most basic tasks (like getting a bank statement). The ability to see your balance and transactions, at any moment, in real time, is part of what invests financial systems with cultural authority. Since getting a bank statement is nearly impossible in Net1's system, the authority invested in transparency is not possible, and must come from elsewhere. Foot soldiers, like Sizwe, use aggression and shame to assert Net1's authority and put clients in their place.

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The filmmakers came out of the petrol station with their cigarette box and started to fit the camera inside. We made our plan. Johan and Josiah would go into the office first with the Go Pro and a microphone. Clinton would be able to hear them through the microphone from outside on the street. Once they were being helped, Sophia and I would go into the office as a seemingly separate pair. Clinton would ensure everything was going okay for Johan and Josiah, who would be surreptitiously watching out for Sophia and me. For a moment, I was nervous, and yearned for the relative safety of the car. Sophia and I watched the first pair go in, and waited until Clinton signaled us to enter to office. The Net1 service staff readily assumed that I was Sophia's "madam" and she my "maid" – still the only believable situation for a middle class white woman and poor coloured woman to tackle bureaucracies together.

We were greeted at the door by two armed private security guards, moving purposelessly around the inside of the shop. Net1's office was a large, open room that looked like a high school cafeteria having a career fair. There was a long table across the front of the room and smaller ones on each side, draped in plastic banners, announcing themselves as EasyPay, Moneyline or Smartlife. Posters were hanging on the walls, advertising "instant affordable loans!"; "prepaid airtime and electricity"; "social grant cash withdrawals." Sophia went to an available consultant and requested a bank statement. Even though Net1 was not busy, she was instructed to take a seat, and wait for someone from "the back." It was only then that we noticed the space was larger than what we could see: there was a door and a large one-way mirror along the front wall. We learned that the front room was available for public processes, such as opening new accounts and

accepting new products, while the back room was reserved for private processes, like dealing with complaints and managing anything unsavory. The designation of one place as public and another as private imposed a spatial ordering of power within the office and on the movements of clients and consultants. Some kinds of knowledge were rendered permissible in some spaces, and some were not. Overall, this allowed for the front room to retain an appearance of transparency, visually signifying the rectitude of financial institution. In the back, behind closed doors, in what essentially amounted to a storage room, there was no longer a sense of openness and accountability. Sophia had to be excluded from the public operations of the business, in order for the endemic problems also to be hidden.

Once in the back room, we met Anthea, a young consultant who looked like a bank manager, despite sitting in a cramped and dirty storage space with stacks of aluminum briefcases, and huge bundles of pamphlets. Sophia explained her inability to get a bank statement and complained of the treatment she received from Sizwe. Anthea looked at us knowingly, and said: "Ohhhh. Sizwe. We've had other complaints about him." With this reply, she turned Sizwe into the rogue, effectively excising him from the "normal" functioning of the business. One of the goals of accounting practices has been to create systems, which cannot be changed or challenged by individuals, making all employees seem interchangeable, and capable of conveying the authority of the institution (Poovey 1998). But, such goals can never fully realized. In this case, it worked in Net1's favor to differentiate Sizwe as "one bad apple." Anthea alluded hierarchy among different levels of Net1 workers, with the traveling consultants at the bottom. Traveling consultants are far from the authority and supervision of the main branches, so there is no way to ensure their behavior is above criticism. Sizwe's retention with Net1 is dependent on his ability to continually meet monthly sales targets: there are incentives for him to brush off Sophia, and make sure she cannot cancel her EasyPay card, making it more difficult to meet his goal. In this way, Net1 depends on Sizwe to ensure clients cannot close accounts, and simultaneously, uses his role as a "field worker" to give them plausible deniability of his bad practices.

Initially, Anthea told us she could not print the bank statement because the person with the proper computer log in details had gone home for the day. After making it clear we were not leaving, Anthea made several phone calls and finally printed Sophia's bank statement. She did not, however, hand it to Sophia. She looked at the statement for a long time, and began highlighting different lines with pink. We waited. Ten minutes passed. Still holding on to the statement, Anthea started to explain what happened. She told us that Sophia went to the wrong lender: "This XY is not good. We see them appear all the time." She pointed to her pink highlighting: in October, XY Money Loans makes 7 different debit orders (three of which are reversed); in November, they make 3 different debit orders (one of which is reversed), and in December, they make 5 different debit orders. Eleven of the debit orders were for the exact same amount of money (R256), which Anthea tells us is a red flag. She concludes that these deductions are most likely fraudulent. Sophia asked if EasyPay could do anything to stop or even reimburse these transactions. Anthea shook her head. It is Net1's policy that Sophia must report fraud within 40 days in order for the transaction to be stopped and refunded automatically. Sophia protested that she *did* alert Net1 to the fraud, through Sizwe, but there is no proof of this. Now, says Anthea, Sophia must first go to XY Money Loans to get her original loan contract and then go to the police station to open an investigation. After doing so, she would have to bring

these documents in person back to the Worcester office (paying for transportation). With that, Anthea concluded: Net1 was not at fault.

Sophia and I looked at each other, surprised by this conclusion. The thing about a bank statement is that the columns of credits and debits are supposed to give the illusion of transparency, of a simple numerical equation, that is objective and true. As Anthea was holding on to Sophia's bank statement, still unsure of whether she really wanted to hand it over, she seemed concerned about the potential power of this ledger, and what we might be able to deduce from its contents. She controlled how we would read it with her pink highlighting, drawing our attention to XY Money Loans only. With the pink illumination, she was attempting to make less prominent, or even hide, the fees EasyPay card was extracting from XY Money Loans' fraud (in overdraft charges, EFT reversals, and insufficient funds requests). She was also attempting to distract us from the Moneyline and Smartlife payments that had come off the account every month as well.

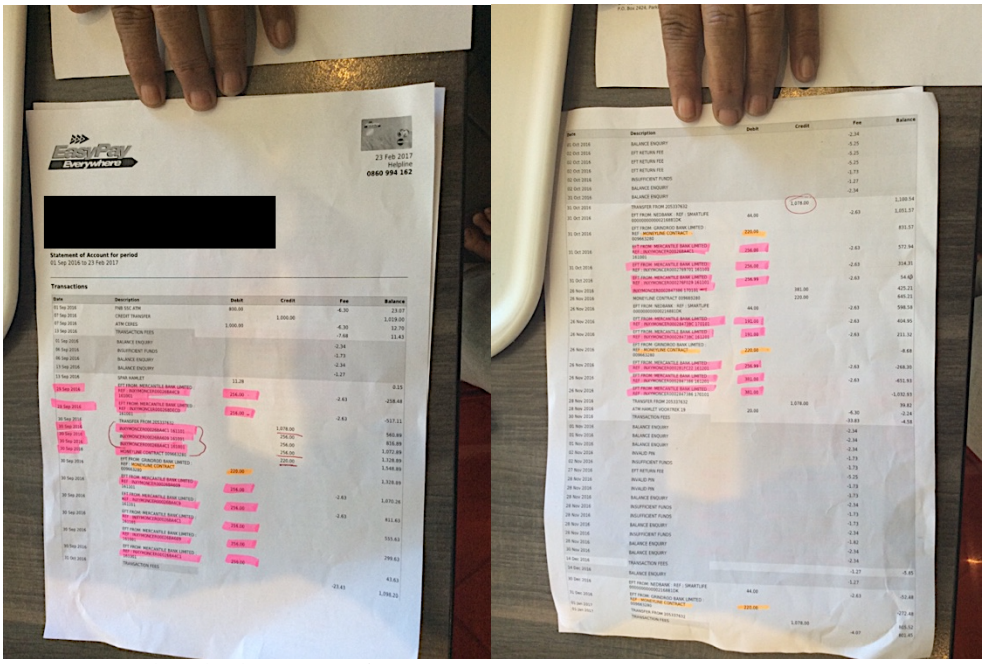


Figure 17: Sophia's bank statements from Net1, Worcester, 2017.

Anthea told us, repeatedly, that EasyPay was much better than lenders like XY Money Loans and Sophia should not use any one else in the future. She explained that she had a degree in accounting and was proud to help work with Net1 to "help" people. She also mentioned that she was from Worcester and EasyPay was the only business that was hiring. She had been out of work about five years after school. While aware that some people had bad experiences, she wanted us to know that Net1 was a good place to work. Throughout this speech, the office manager, a very tall and broad white man leaned over Anthea's desk looking at the statement as well. At one point, his chest was almost touching her head and she had to duck to retain some distance. I wondered about her conscription as well, and the lack of employment opportunities for young people with degrees.

When we finally got the bank statement, and looked at it ourselves, it seemed to tell a different story. The EasyPay bank account enabled automatic deductions for all lenders without discrimination or protection. A technologically-savvy corporate system is not necessarily better than a shady payday lender or *mashonisa*, and might even serve to facilitate their theft. And, because Sophia was unable to report this fraud, "correctly," within 40 days, there would be no recourse. Contrary to Sophia's hopes, this bank statement papered over deep inequalities, experiences, and knowledges.

Having come all this way, we tried to do a few other things to ensure Sophia would receive her full grant the following month. We asked Anthea if we could pay off her Moneyline loan and cancel her EasyPay card. But we were not able to do either of these things – despite Net1's own Terms and Conditions saying otherwise. For the Moneyline loan, we asked Anthea to find out how much Sophia still owed. Anthea made several more phone calls, presumably to the person with the *right* computer access. An hour and several bungled scans and emails later, we were told Sophia should pay R660 – or three of her five payments. We were not able to pay this amount at the Net1 branch, because they do not handle cash, but at one of the big five banks around the corner (which we did). We were also told her loan would not stop immediately, since there is no immediate reconciliation on their computer system, and Sophia would have to wait 30 days. No one has ever paid early before, so there was no process for it. For that reason, Anthea said, Sophia should not close her EasyPay card, otherwise she would not get reimbursed. Money would be deducted this month, as the payroll had already been loaded into the system. Her account would only go back to normal the following month. Anthea wrote down Sophia's details on a scrap of paper, and promised she would respond with a phone call. This phone call never came.

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Despondent and back in the car, we decided to make one more stop. After visiting Net1, we went to XY Money Loans. Here we tried a different tactic. Sophia went into the loan shop alone, while the film crew waited outside slightly out of view. Through the windows, we watched her arguing with a teller for at least ten minutes. After some time, the film crew set up their camera's outside the shop, and pretended to film the interaction through the doorway. Very quickly, a manager came from the back of the shop, briefly consulted Sophia's bank statements and returned with a fistful of cash and huge apologies. Sophia came out of XY Money Loans, looking triumphant, and brandishing over R3000 – the entire amount fraudulently deducted. I asked how she felt. "*Gatvol*. [Fed up.] It was the cameras." She asked if it would always take a film crew for financial services to work for the poor? At the end of this experience, Sophia was not disciplined or grateful for getting her money back. She was "Gatvol!" or fed up. Net1 tried to bar debtors from occupying the morally righteous position of grantee, but Sophia introduced their own counter discourse of morality. The work of financializing a social grant becomes a terrain of struggle, where very different notions of debt and debtors come into being.

At this point, we still had not found out what happened with Josiah and Johan in the Net1 office. We went to a nearby Wimpy (burger shop) for a more thorough debrief. Over coffee, Sophia and I learned that Anthea had used a very similar tactic with Josiah. But, instead of diverting attention to XY Money Loans, she told him an insurance company called One Life was

deducting most of his money. There were several policies coming off his account every month, none of which Net1 was responsible for. Josiah adamantly refused that he contracted these policies. From the restaurant, we phoned One Life to inquire. The consultant pulled up the documentation and said Josiah's son, Elton Daniels, signed him up for the policies. Josiah explained that while he had sons, neither was named Elton, and neither could sign contracts on his behalf. One Life had to be mistaken. One Life, of course, could not take his word for it, and needed proof, identity documents of his sons and police affidavits swearing to their disabilities, before they would agree to cancel the policies. Having none of these documents with him, that would take a whole separate trip, from his mountainous town near Ceres, back to Worcester, where the nearest Net1 office was also located. We returned two weeks later to assist Josiah with One Life.

When we got off the phone with One Life, Sophia asserted: "Our money should be ours, but they take it like it's theirs." The juxtaposition of the possessive pronouns "ours" and "theirs" focused attention on the rightful ownership of the grant. Sophia felt the grant should be "her" right, but her creditors made it "theirs." Credit, under the tyranny of capitalism, creates debts in the present which mandate repayments in the future. Her creditors (and Josiah's) used technologies of banking to present certain "truths" — measured in interest rates, initiation fees, service fees — to demonstrate that Sophia owed them money. Her debts allowed her creditors to position themselves as the "rightful" owners of her social grant income. But, Sophia adamantly denied their claim to this income, asserting an alternative moral economy as well (see chapter 5 for more detail. Sophia was saying that this money is not a "gift" from the nation but the payment of a debt – or reparation – the money owed to her to redress the violences of colonialism and apartheid. In so doing, Sophia, Josiah, and many other Western Cape grantees suggest, that capitalists in South Africa, have consolidated their wealth through stolen land and labor. Thus, they should not be getting a grant but a reparation for these ongoing violences.

In this way, Sophia and Josiah analyzed the current social grant distribution program, against historical processes that produced unjust distribution in the first place. In so doing, they linked a violent past, with a desired future, and asserted their right to receive a social grant as reparation. This reparation is not merely focused on repairing relationships, as per large public nation-building projects the Truth and Reconciliation Commission, where stories were offered in exchange for amnesty. This reparation is an economic payment for historical debts and deprivations meant to produce a more equitable future (Mamdani, 2010). This resonates with Frantz Fanon's (2007[1963]) rejection of relational or political repair without economic redistribution: "Moral reparation for national independence does not fool us and does not feed us." Fanon advocated for reparation in the form of economic and technical aid directed toward the post-colonies of Africa.

While these conversations mulling over the meaning of debt did not take the "typical" form of South African protest, these subtle debates at community meetings, in loan queues, and gathered around obscure receipt papers, became vital sites of creative theorizing. Debt became a tool to link histories of oppression to the present, and to rework the meaning of the social grant as reparation. Yet, it is important to note, in every instance, Sophia and Josiah were asserting a subsistence ethic: Josiah wanted to access food from the farmer and Sophia wanted to provide for her children. All are modest asks in the face of South African racial capital accumulation: the

politics being asserted was still constrained. They were not demanding total racial and economic equality, but survival, that is, sustainable levels of inequality. Thus, at the very point of theorizing creative alternative moral economies, Sophia and Josiah consent to an unfavorable distributive regime.

When the filmmakers and I returned to our accommodation that night, Johan asked me: "The Galant Rebellion happened right up the road from there. Have you heard of it?" He continued, explaining how in 1825, a famous uprising occurred in the *Koue Bokkeveld*, exactly where we had been driving all day. Galant van der Caab led enslaved and free workers in a revolt against a farmer and his family, who denied them independence. Johan drew upon these racial and historical geographies to tell me that Sophia and Josiah's resistance had very significant history, one that had to be included in my telling of these events. This suggested to Johan, while Sophia and Josiah were currently constrained in their resistance, they might not be forever.

Conclusion

In this chapter, I showed how the historical geographies of the Western Cape formed the basis for Sophia and Josiah's conscription to debt. Through the generational histories of themselves and their forbearers they had been marked as proper subjects of debt. Net1, with all its claims to democratizing credit through universal technology, capitalized on particular histories of racism and paternalism in the Western Cape to disadvantage current grantees. Our road trip was a process of creative resistance to understand how Net1's system used apartheid's legacies for profit, and how we could challenge this system. The documentary we made aired in the middle of April 2017 on SABC 1, the African language public access television station. The station received an unprecedented number of SMS messages and WhatsApps in response, and aired it two more times in the same month. SABC sent the messages to the Black Sash and SASSA, who attempted to assist people in similar situations. Sophia and Josiah succeeded. Their stories were a big part of what shifted public understandings of debt and social grants.

CHAPTER FOUR

The "African Family" Rebooted:
Racialized and Gendered Politics of Social Assistance

"When I was young, there was jobs but no money, now there is money but no jobs."*
- Lebogang, Botshebelo, June 2019 *[i.e. grants]



Figure 18: Net1 office manager, with grant payment queue, Ceres 2017. Photo Credit: Leopold Podlashuc.

In March 2016, I was working with a small community organization for "orphans and vulnerable children," operating from a shipping container stationed at a Khayelitsha elementary school. The mission of the organization was relatively simple: when teachers noticed changes in their pupils' circumstances, community workers would be dispatched on home visits to understand what was happening and try to assist. The director, Nosipho, initially did this work through the Anglican church, but the pastor embezzled her operating funds and she set up shop independently. One morning in March, I accompanied Zandile, a long serving community worker, to meet an elderly man whose grandson was being bullied at the local elementary school. While talking about his grandchild, *Tatamkhulu* (grandfather) gave us a broader sense of the difficulties he experienced in his home.

Tatamkhulu lives with his wife, four of his children and one grandchild in a four-room government house, referred to locally as an RDP house.[84] Another one of his children and her husband lives with their three children in a backyard shack on his property. He has one other child, who is working full time as a security guard and lives independently. His daughters receive child support grants for their children, and he receives an old age pension. His pension is the primary income for the family. He goes to Shoprite (a grocery store) on the first of the month to withdraw his grant and then gives it to his wife who he affectionately calls, the "Minister of Finance." She uses his pension to feed all twelve family members staying in the house and "at the back." That way, his daughters are able to spend their children's grants on other needs like nappies, school clothes or transportation. Zandile fills me in afterward on how she thinks this is possible: the family uses his pension to purchase beer in bulk and then sells it to neighbors throughout the month. They get back the value of the grant, and a little extra through the beer sales, participating in a very long-standing location economy.[85]

Even with this added income, Tatamkhulu's family is struggling. While their RDP house is already a decade old, it hasn't been upgraded beyond the basic unit provided by the government. There is no ceiling inside, nor plaster on the cinder blocks. In the sitting room, there are only two chairs. One is a big soft arm chair where the top section juts off at an uncomfortable angle from its base. The other is a very small stool, ubiquitous in township homes, evidence of a wood-shop project under "Bantu education."[86] The linoleum covering the floor is worn, and despite many washings, dirt is wedded to its cracks. Sleeping mats in rolls line the walls of the room. Tatamkhulu gestures to the room and tells us it is hard living in such close quarters with his family, but there is no alternative. He continues:

There is a change to our culture. That time, we were ploughing, selling things, and it was nice in the Eastern Cape. Here [in Cape Town], there is no land, so SASSA is the one who is ploughing for us. My home is in the Eastern Cape. I want to go there now that I am old and get SASSA. I come to Cape Town to work, selling small things, sweets and amagwinya (savory fried bread). *My children are here, they don't work. My SASSA is for all of us. I can only leave Cape Town, when I know they have jobs. I will go to the Eastern Cape and have an easy life.*

Many elderly Capetonians dream of the day that they can retire in their rural villages, often planning and investing in fine houses there, instead of in the urban location. Yet, Tatamkhulu feels he must stay in Cape Town because his children cannot afford for him to move to the Eastern Cape. As he said: "*My* SASSA is for all of us (emphasis mine)." His mix of singular and plural possessive pronouns underscores how his entire family shares in his/their pension payment. Comparing his current condition to the past, he remembers the possibility of a decent life in the Eastern Cape. He had some land in his village and could live from ploughing, planting, and selling produce. In Cape Town, without land, he cannot provide for himself and his family independently. He depends on SASSA, and the cash he receives, to cover the monthly expenses.

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[84] While the Reconstruction and Development Program (RDP) was South Africa's first post-apartheid economic program, this quickly was superseded by GEAR. Yet, government-built houses are still known as RDP houses.
[85] Beer brewing and beer selling have been a longstanding South African economy in the townships. See, for example Mager 2010.
[86] The Bantu Education Act (1953) legalized separate educational facilities for Black students and introduced a curriculum to train Black students for the "unskilled" labor market.

Here Tatamkhulu identified the key paradox in South Africa's social welfare system: while grants are designated for *individuals* more and more, they comprise the only income available for *households* and *families*. Designated categories of grants are provided for certain "deserving" individuals on the basis of their presumed exclusion from the workforce (children, older people, disabled people). Yet, 40% of working-aged adults are unemployed – structurally excluded from the workforce – and deemed undeserving of social support through the grant program. Working-aged adults have no choice but to congregate around their mothers or grandmothers who are entitled to social grant benefits. I say mothers and grandmothers, not to exclude people like Tatamkhulu, but to recognize that he is the minority. The vast majority of grant recipients (85%) are Black women. By providing grants to those deemed "legitimately" unemployed, and neglecting those deemed "illegitimately" unemployed, the government effectively forces Black women to care for their whole families on their individual pensions.

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In this chapter, I explore the consequences of this failure to provide social support for unemployed people, and, I focus not on the unemployed youth themselves, as most analyses do, but on their grant-receiving partners, parents and grandparents. I argue that such exclusions do not just come from ideas about welfare inherited from Northern States nor from neoliberal tendencies and strained budgets in South Africa. Instead, I argue that such exclusions are inherited from racist notions of "the African family" as the proper locus of care. In the present moment, in a post-apartheid state, "the African family" continues to be seen as the space where care-giving takes place. However, since social grants are far too small to provide for families, debt becomes the only option to offer care, when monthly incomes inevitably run short of household budgets. As I have explained in previous chapters, social grants have opened the door to many new forms of credit and debt, from Net1, to payday lenders, cash lenders, one-time lenders, *spaza* shops, loan sharks, *stokvels* or *iclub*. This presumption of familial care passes on new risks for grant recipients: as they search for external value, outside the grant program, and contract more and more debts, they are increasingly deemed poor care-givers and undeserving of their grants as well.

In this chapter, I explore the analytic of conscription in the space of the "household," specifically perceptions of the "African family" or "African household" by government bureaucrats and policies. As such, I begin with a brief genealogy of how culturally essentialist and racist claims about the "African family," under colonialism and apartheid, served as a historical basis for the denial of welfare. I then show how these same claims about the "African family" continue to enliven social welfare policy in the post-apartheid period. The responsibility of familial care is constantly passed on to Black women, first outside of, and now through, the very public programs meant to alleviate poverty. I trace their struggles at pay points and in loan offices to secure extra value, using the grant as collateral for credit, and show how these very practices, made necessary by the constitutive exclusions of the social welfare system, serve as evidence that grantees are undeserving of their grants to begin with. Financialization, thus, produces a new gendered and racialized politics of the deserving and undeserving poor.

Who Cares?

In June 2019,[87] over three years after I first met Tatamkhulu, I was sitting in the sun, having a cup of tea outside BUM headquarters (the Botshabelo Unemployed People's Movement), a one-room wooden shack, made from shipping pallets. BUM (yes, BUM is their preferred acronym, perhaps a cheeky response to South Africa's alphabet soup) is a Black Sash partner organization in the Free State, lobbying for jobs and training opportunities for unemployed young people. Botshabelo is a black settlement of about a million people established (seemingly) in the middle of nowhere, totally delinked from urban opportunity, yet large enough to be a thriving urban area itself. Driving from Bloemfontein, the nearest city, one passes 50 kilometers of farmland before ever reaching Botshabelo. Formerly part of the QwaQwa "Bantustan," Botshabelo was built far enough from Bloemfontein to force all Black people who were not employed in the local economy to live in a rural area, and close enough to mobilize laborers for farm work and minework when required. Botshabelo had a small boom in the late 1970s, when it was (briefly) designated as an industrial decentralization area (Cobbett and Nakedi 1987). Fifty factories opened within five years – from Taiwan, Israel and South Africa – and closed within fifteen.[88] Nearly all major industry moved across the border to Lesotho or out of Southern Africa entirely.[89]

Older Botshabelo residents share a history of formal employment and a deep-seated sense that hard work is the path to "respectability." They struggle with the unemployability of their children, and the collapse of work based social membership (see Barchiesi 2011). This was clearly illustrated by a pensioner, Lebogang, who came to BUM seeking help with her grant payment. She had gone to the neighboring grocery store, Shoprite, purchased the requisite amount of groceries,[90] but was unable to withdraw her grant at the till. The store simply did not have enough cash on hand to accommodate payday, and did not inform the queue of women wrapping around the building in expectation. They waited for hours, and got to the front, only to have to join the already very long queue at SASSA. She sat down, handed me the receipts from her shopping and asked me to have a look. As I was calculating what she was still owed, she told me that her daughters were waiting on their remittances, which she always sends on the first of the month. Two of her daughters were looking for work in Bloemfontein, and the third is at a training college waiting for NSFAS[91] to come through with her fees. Lebogang sighed:

When I was young, there was jobs but no money, now there is money [i.e. grants] but no jobs.

Lebogang had watched the Free State transform. She was born on a farm to a family of labor tenants. People started moving off the nearby farms around Bloemfontein looking for alternative places to live from the 1970s. Many of these so-called "refugees" settled in Thaba'Nchu, creating a vibrant settlement of Tswana, Sotho, Xhosa and Zulu people. When the independent

[87] This was about six months after the post office took over the payment of social grants.
[88] Kgotso Rama, the director of BUM, interview 2019.
[89] ibid.
[90] Retailers profit from grant payments by requiring purchases before grantees can withdraw their money. Or, if they do not *require* purchases, they encourage purchases, by designating only one till, with a very long queue for those withdrawing their grants only (Vally 2016).
[91] NSFAS is the national bursary program for tertiary education. It is notoriously difficult to access, and late in making payments, placing an extra burden on those it is meant to assist.

state of Boputhatswana was created in 1977, all non-Tswana speakers in Thaba'Nchu were transformed into "illegal" residents because they threatened apartheid's policy of ethnic purity. Violence against these "refugees," sponsored by the apartheid state and executed by the Boputhatswana police, provided the rationale for moving all non-Tswana speakers from Thaba'Nchu. Apartheid's official position was that the violence arose between different "ethnic groups," and the government of South Africa, as a "neutral arbitrator," had to geographically divide people. Mopeli, the elected the governor of Qwaqwa, the independent Sotho homeland, protested the treatment of the Sotho in Bophuthatswana. In 1978, a complicated land deal was negotiated: twenty-two farms were purchased from white owners on land adjacent to Thaba'Nchu, where Sotho- and Xhosa-speaking people were forcibly removed in what became Botshabelo, euphemistically named place of refuge.

She worked on the farm as a child, and then in a hotel kitchen for most of her adult life. Her husband had worked at the mines. As she remembered it, there was never a shortage of work under apartheid – anyone could go to the labor board and apply for a job. At that time, what was always "short," was her wages. She continued:

Lebogang: When I was working at the farm, I worked hard and didn't get the right money. When I was working in the kitchen, I got little money and I never got the bonus. It's [the grant] the money that I'm owed from that time.

Erin: Oh…So this is your money, that you worked for, that the government is giving back now?

Lebogang: Yes, the salary was never right, I never get what was right. It was short. It's like a tax, like the government take that money then, and return it now. Now I must get what is right. It's that money I'm owed.

The types of jobs she and her husband had – reasonably secure, long-term employment – do not exist anymore, and the only income available for many people comes via the social welfare system. Lebogang did not believe that her grant literally came from a contributory social insurance scheme. She knew that her white employers did not contribute to a state social insurance fund on her behalf. Instead, she used this as a provocative way of explaining how her labor as a farmworker and domestic worker was constantly undervalued, and the wage was never "right." In her analysis, the grant becomes her just dessert for a cheated past: the personal history of being underpaid and exploited is (slightly) repaired in old age through the social grant program.

I asked Lebogang about her unemployed children, and whether the grant should be their right too, as they were not working. She responded: "they are not working now, but they are working hard, living is hard work." The conditions of poverty, inherited from the past and reproduced in the present, make living "hard work" and make even unemployed young people deserve the grant. As with Tatamkhulu, Lebogang worried that this crisis of waged labor had not translated into a national welfare program inclusive of unemployed people. And, she worried that the crisis of waged labor burdened the people, who received social grants and were expected to care for everyone else.

Who, then, are those people expected to care? Because of the enduring legacies of colonialism and apartheid, 99% of poor South Africans are Black (StatsSA 2017). Because of the gendered notions of care-giving, 97% of South Africans caring for children are women (ibid). Women also make up slightly more than half of all qualifying old age pensioners and disabled people. This means that 85% of grant recipients across all categories are Black women. Yet, throughout the literature on South Africa's social grant program, there is a tendency to suggest that grants were "deracialized" from the 1970s, and "degendered" from the 1990s (Seekings and Nattrass 1997). Indeed, there is a sense in which this is true: from the 1970s, pension payments were progressively equalized across racial groups; and from the 1990s, children's grants could be paid to any care-giver regardless of gender. However, while racially differentiated payment rates and gender biases in care are no longer a statutory requirement of the grant system, to say that grants have been "deracialized" or "degendered" makes invisible the realities of Black feminized poverty and structures of care. The overly optimistic focus on a speculative universal grant tends to obscure the on-the-ground effects of the current distribution program (Ferguson 2015 and Barchiesi 2011), where poor Black women bear the burden of care for those deemed undeserving of social support.

Scholars of social welfare and social assistance have often considered how liberal projects of rule are predicated on constitutive exclusions – of race, gender, sexuality – whereby only a certain type of white, middle class, hetero-normative citizen is included in and deserving of the welfare benefits of the nation (Donzelot 1979; Foucault 1990[1976]). In the global North, since the 1980s, neoliberalism has revived a deeply disciplinary and punitive approach to welfare distribution, penalizing poor Black women almost as soon as they were "included" within social protection programs (Cooper 2017; Nadsen 2012; Soss et. al. 2011; Fraser and Gordon 1996). In the Global South, however, literature on cash transfer and social assistance tends to celebrate the relatively few conditions placed on grantees and the move toward an increasing universalism. Despite such claims to universality, racialized colonial and apartheid-era expectations around care-giving and intimate family life are smuggled back into seemingly progressive grant programs.

The "Culture" of Care

In the previous section, I outlined how the current grant distribution program passes the burden of care for an unemployed generation predominantly onto Black women. In this section, I will show how this idea of Black women as care-givers was produced under colonialism and apartheid. In fact, the South African welfare state has been co-constituted with the notion of the "native family" or "African family," depending on the racial designations of the time, since the 1930s. The crux of this co-constitution is the varying ways in which an essentialized African "culture"– as a stand in for race – was mobilized in arguments for or against the distribution of welfare. Depending on the political moment, the "African family" – as the proper locus of care – has been used to either extend or withhold state support. In this way, colonial and apartheid power worked in and through intimate family relations through the delivery of social welfare (McClintock 2013, Stoler 1995).

As I described in previous chapters, South Africa's white settlement was built upon the dispossession of black people, and the forced relocation of black women and children to so-

called reserves or "ethnic homelands." Black women and children, for the most part, were meant to maintain a rural base in such reserves, sending their husbands and fathers to work in white South Africa's industrial centers. Colonial and apartheid leaders used the reserves to "solve" South Africa's dual imperative: that the white nation wanted to include black people as laborers during their working lives, and exclude them from residency before and after their economically productive years.[92] Maintaining this racist geography, colonial policy-makers legislated that black workers had to maintain ties with their wives and children in so-called "ethnic homelands," returning every year to renew their temporary residency permits. Mining houses found ways to "legally" hold on to workers' salaries, paying them only just before the holidays, in an attempt to ensure this money went home and was used for the family (and the state in tax) (James 2014). The biggest potential "threat" to the colonial state, as articulated by Jan Smuts, was that black women might "detribalize," abandoning their rural "homes" and following their husbands to town. This was untenable, for white colonials, because it would undermine the liberal multiculturalist fantasy of "separate development" (Mamdani 1996; Mandela [1956]1990). For apartheid to "work," the "native family" had to remain intact.

As Smuts (1930) articulated in his Rhodes Memorial Lecture at Oxford:

It is only when segregation breaks down, when the whole family migrates from the tribal home out of the tribal jurisdiction, to the white man's farm or the white man's town, that the tribal bond is snapped, and the traditional system falls into decay. And it is this migration of the native family, of the females and children, to the farms and the towns which should be prevented. As soon as this migration is permitted the process commences which ends in the urbanized detribalized native and the disappearance of the native organization. It is not white employment of native males that works the mischief, but the abandonment of the native tribal home by the women and children.

With liberals[93] like these, who needs conservatives? The question of the how to "prevent" processes which end in the "urbanized detribalized native" animated South African parliamentary and academic debate from the 1930s. Max Gluckman (1961), a British social anthropologist working in West Africa, argued that migrant workers did not suddenly "detribalize" all at once, but engaged in "situational selection," acting like "townsman" in urban areas and "tribesman" in rural areas. Following from such research, Philip Mayer (1971), a South African anthropologist, working in the Eastern Cape, argued that migrants chose "progressive" or "conservative" responses to urbanization, and their "choices" reflect the long-standing divide within Xhosa culture introduced by European missionaries. Mayer relied on the Xhosa categories of *amaqaba* or "reds" (those who did not embrace other cultures) and *amagqobhoka*[94] or "schools" (those who had been "penetrated" by other cultures) to argue that each group made a choice in some distant past about whether or not to accept so-called "civilization," and have reproduced their choice, unchanged, over generations. Bernard Magubane's (1973) scathing critique of Mayer insisted that such research assisted the white supremacist state in its desire to cultivate "conservative" responses to urbanization amongst black people, ensuring that they would only stay in town temporarily before heading "home" to their rural families permanently.

[92] This project was never complete or totalizing but an aspiration.
[93] Smuts was considered a liberal or moderate, certainly a progressive reformer of Afrikaner nationalism.
[94] Literally, the ones with holes, or those that have been penetrated by other cultures.

Fora such as the Rhodes Memorial Lecture, enabled Smuts and other white supremacist law-makers to characterize their policy of "separate development" as the liberal multiculturalist preservation of "native culture," "native organization," and the "native family." Against the rise of Nazism in Europe, Smuts' speech fell in line with a global shift from biological racism to cultural essentialism. Moving away from scientific racism and eugenics, Smuts used culture as the basis of difference and offered "territorial segregation" as a common-sense strategy of "cultural preservation." Yet, as Stuart Hall (2000) memorably put it: biological racism and cultural essentialism are not actually contradictory forces, but complement one another as "racism's two registers." From the 1930s forward, South African statemen used social welfare policies to preserve "native" culture and position the "African family" as the proper space of care-taking. According to the Native Economic Commission 1930-1932: "there is no starvation [in African families] because each man will share his food with others" (142). This sense of communal care gave the white state a "cultural" reason to deny Black people social welfare, i.e. doing so would erode their "traditional" cultural practices.

To understand how South African social welfare developed – and how Black people came to be excluded on cultural grounds – requires understanding what was called "the poor white problem."[95] By the 1930s, one sixth of all white South Africans were living in urban poverty, most of whom were formerly marginal farmers and sharecroppers (Iliffe 1987: 117). The "problem" of white poverty can be traced to the consolidation of agrarian capital through highly subsidized credit. When the British took power through the Anglo-Boer War (1902), they worried about continued resistance from large Afrikaans landowners, who previously dominated the social order. The British incorporated elite Afrikaners, in large part, through cheap credit, i.e. by creating a National Land Bank (1912), which offered government-secured loans to encourage the development of industrial agriculture (Trapido 1987). Prior to 1910, white and black farmers (some of whom still owned land through the mission stations) were heavily leveraged and indebted to often rapacious merchant capitalists (Bundy 1979). In principle, the Land Bank was introduced to buoy all white farmers, over and above their supposed black competition. In practice, however, the Land Bank gave loans exclusively to rich white farmers, binding the Afrikaner elite to the new British-ruled state (Trapido 1987). As Afrikaans capital was consolidated, poor white sharecroppers and farmers were dispossessed – not by competition with black farmers – but by heavily-subsidized elite white landowners. At the same time, black sharecroppers and farmers were dispossessed by these same financial processes and abusive legislation as well, including the passage of the infamous Natives Land Act (1913), which made it illegal for black people to own land outside of reserves (See chapter 2).

As rich white farmers squeezed their poorer white cousins, the South African government introduced welfare policies to foment cross-class racial solidarity. Tiffany Willoughby-Heard (2015) makes the point that poor white farmers had to be made to feel that they were in competition with black farmers, and allied to white farmers, despite this not being the case. White populists felt that black farmers had a cultural advantage because they could mobilize

[95] This was considered such a big problem that the United States based Carnegie Corporation funded a study (1932) of poverty among white South Africans, and made recommendations about what could be done for racial upliftment.

farm labor from their extended families.[96] However, it was rich white farmers who had the real advantage, as they could offer black labor tenants, who were not legally allowed to own land, reasonably large areas for ploughing and grazing. In cahoots with government, rich white landholders also ensured the government failed to enforce the Squatters Act (1887, 1895) for many years, which would have limited the number of black labor tenants allowed on each farm and freed up black workers for smaller farmers (Trapido 1987; Willoughby-Heard 2015). Instead of seeing rich white farmers as their class antagonists, poor whites were made to see them as their racial allies via the passage of policies meant to ameliorate the problem of white poverty. Job reservation policies for poor white men, particularly in state owned enterprises like the railways and harbors, served as a state subsidy for the "civilization" of white people through the provision of a family wage and family house (Willoughby Heard 2015). Similarly, non-contributory pension schemes for elderly, blind, and disabled people and family maintenance grants for single mothers, focused on the upliftment of white people (and to a lesser extent coloured people) in the absence of a "breadwinning" male (Seekings 2007). Characterizing poor white people as the "deserving poor," on the basis of race, was necessary to sustain white solidarity in South Africa.[97]

Against these changing agrarian relations, the modern South African welfare state originated in 1926 with the Pienaar Commission. Considering the "poor white problem," the Pienaar Commission focused on establishing non-contributory social assistance programs for former farmers and sharecroppers who had never paid in to social insurance schemes (Seekings 2007).[98] Yet, the Pienaar Commission actually recommend pensions and disability grants for all South Africans albeit at racially differentiated rates. Hertzog's Pact government, however, went against such recommendations and allocated grants for means-tested white pensioners (65 and over) at 30 pounds per year and means-tested "coloured" pensioners at 18 pounds per year, denying pensions for Black and Indian people (Seekings 2007). Additionally, district pension officers verified the eligibility of the applicants, and attempted to recover state payments from pensioners with income-earning family members (ibid). From the inception of the welfare state, even for white people, the family was seen as the place of care-taking, not the state. This resonates with Melinda Cooper's (2017) analysis of the British Poor Laws, under which families who failed to provide for their indigent relatives could be fined by pension officers.

Although white pensioners were denied support only if their family members could provide for them, black people were denied support altogether, regardless of whether their family members could provide. The Pienaar Commission had reasoned that black people must be included in the pension program on the basis that they paid national taxes (Seekings 2007). The payment of taxes meant that Black people were members of the national body politic, who should be

[96] There has, historically, been considerable research on so-called "poor whites" in South Africa and elsewhere. In the US, WEB du Bois (1935) wrote about what it means when "poor whites" are constituted as a "problem." Likewise, in the colonial world, Ann Stoler (1989) has written about the category of "poor whites."
[97] As Seekings (2007) records, in an article that takes its name from this quote, National Party MP, Dr. Stals said: "In this country, there is a small number of whites against the natives, a few civilised people against uncivilised hordes, and for that reason it is so important that not a single white person should be allowed to go under ... There is no greater problem than this, because the existence of the European civilisation in this country hinges on it."
[98] The First Report of the Pienaar Commission recommended social assistance programs non-contributory old age pensions and disability grants, only then did the next two reports propose social insurance for illness and unemployment for industrial areas.

included (unequally) in the benefits of social welfare. It took a second commission – the Native Economic Commission (1930-1932) – to provide the rationale to deny black people pensions, despite taxation. The Native Economic Commission came up with the liberal multiculturalist rationale that "native custom makes provision for maintaining dependent persons" (ibid). The Commission reported that individual poverty was rare amongst black communities because of the culture of care and the provision of pensions would harm this cultural imperative (ibid). Racism fused with cultural essentialism meant that the "native family" in the reserves was culturally-bound to provide, even though, at the time, it was not possible to do so. By the time of the promulgation of the Hertzogian pension system, land in the reserves was already so environmentally degraded that it was unable to support the number of people living there (Wolpe 1972). In Mamdani's (1996) terms, black people were forcibly excluded from the state and made subjects of corrupted "traditional" laws and rulers, and they were simultaneously subjected to white supremacist conceptions of "native" culture.

In the 1940s, the pension system expanded slightly to include urban black people, but rural black people continued to be denied on the basis of familial care. The 1943 Social Security Commission convened by Social Welfare Minister, Jan Hofmeyer, introduced pensions for all South Africans and established a "principle of discrimination" whereby grants would be paid in the ratio of 4:2:1 to "whites, coloureds and Indians, and Bantu" (Devereux 2007). In reality, the extent of discrimination was far worse than the "4:2:1" principle because black people were further subdivided into geographical categories – city, town and rural residents – with different payment rates (6:3:1; 8:4:1; and 12:6:1 respectively) (ibid). For the first time, then, some black people were included in the social welfare system – but only if they had lived in an urban area for five years, had not been allocated land in a reserve, and had no immediate family in a reserve. Black people who did not have permits to live in towns or cities were ineligible, unless they were landless, so as not to "conflict with or break down their traditional habit" (ibid). Effectively, only black people, seen to have been "detribalized" or permanently urbanized as per Jan Smut's cautionary speech, were eligible for pension payments. Those who had any connection to family members in a reserve, had to return home to the Bantustan and were denied social assistance. Even with this hugely inequitable program, the "deracialization" of welfare led to an outburst of anger amongst white voters and the election of the National Party, which inaugurated apartheid.

In the 1970s and 1980s, the pension system changed again. Familial care was still used as a rationale for pension payments, but this time the reasoning was reversed. The apartheid government feared that the differentiation of rural-urban grant rates was encouraging black migration to cities. An international pariah with a stagnating economy, the National Party wanted to convince the world of the truth of "separate development," and the independence of the reserves or homelands. But, in the words of Nelson Mandela (1990[1956]), "Politically, the talk about self-government for the Reserves is a swindle. Economically, it is an absurdity" (73). Both politically and economically the authority structures of the homelands were oriented toward the seat of white governance in Pretoria. The so-called traditional leaders could only keep their positions through the approval of the apartheid government (Mamdani 1996). Maintaining this fiction of separate and equal, and shoring up the status of undemocratic "traditional" leaders, the apartheid state abolished the difference between urban and rural grants for black people and funneled payments through homeland structures. Considerably more slowly, the apartheid state reduced the "principle of discrimination" between racialized pension payment rates, eliminating

it altogether by 1993 (Devereux 2007). This slow move toward a more equitable pension scheme was a final effort by a dying regime to uphold the apartheid project: i.e. encouraging black people to stay in independent "homelands" and passing the responsibility of care onto the family. The main difference was, this time, the pension was meant to assist, not stifle cultural practice of care.

Post-apartheid Cultures of Care

I have just shown how the "native family" was seen as the proper and responsible space of care under colonialism and apartheid. In this next section, I want to consider how that continues to be the case in the post-apartheid period. While the "native family" is not a trans-historical category, and is racialized in different ways across time, it is still used to ensure black care-giving remains a private responsibility. In the current period, instead of grants being given only in the absence of "African family" care, now the grant is given to encourage the provision of family care. This came to fruition most forcefully in the wake of the Taylor Commission (2002) and the failure to provide a basic income grant for all South Africans.

While in the current period, there has been a lot of optimism about the potential universality of social welfare – through programs like basic income or cash transfer – South Africa has never come close to enacting a universal policy. To date, there has been a considerable amount written about the Taylor Commission and South Africa's Basic Income Grant Coalition. Two of the most detailed analyses come from Franco Barchiesi (2011) and James Ferguson (2015). Both Barchiesi and Ferguson focus on the potential for unemployed or casually employed people to be deemed rightful, deserving grant recipients on the basis of their social citizenship. They propose new political imaginaries based on the speculative possibilities of universal social assistance. Yet, in so doing, they leave unexplored the politics that the Taylor Commission and the Basic Income Grant Coalition generated for grant-receiving South Africans. They offer important analyses of the working-aged unemployed, or casually employed, but say little about how these exclusions effect those who are currently deemed deserving of social grants. In the wake of the Taylor Commission, the responsibility of care was, once again, passed on to Black women in accordance with gendered and racialized notions of "African family" caregiving.

Let me briefly recount how the typical story is told in reference to the Taylor Commission: In the new democratic state, there continues to be a sharp distinction between social insurance and social assistance. The former is intended for workers: it is largely contributory, made up of private pensions, medical schemes, and unemployment insurance for those who are retired, injured or temporarily out of work. The latter is intended for people outside the labor market: it is non-contributory, and made up of children's grants, disability grants and old age pensions to support poor and marginalized people, who are unable to work. The Taylor Commission was established to reconcile South Africa's differentiated welfare programs – social insurance, social assistance and healthcare – into an overarching social security paradigm. One of the stated goals of the Commission was to provide support for working-aged people, those between 19 and 59. This age group has been consistently excluded because they are *supposed* to be working. Yet, youth unemployment has been calculated as high as 71%. And, even employed people face vulnerabilities with the casualization and informalization of the work force. Given this reality, the Taylor Commission recommended that a monthly universal income grant of R100 ($7) per

month should be paid to every South African citizen (wealthy citizens would have this stipend recuperated through their taxes).

Throughout the hearings, the Taylor Commission had to contend with a deep-seated anti-dependency discourse promulgated by members of the South African government. The Commission process came into conflict with a form of government-led respectability politics, where the newly elected ANC publicly preferred boot-strap developmentalism and job creation to welfare. The South African President and the Finance Minister expressed concern that South Africans were too dependent on social welfare, and must wean themselves off social grants through employment. Finance Minister Trever Manuel stressed that "people must again learn to work instead of living on handouts" (Manuel 2011). President Thabo Mbeki wanted to "reduce the number of people dependent on social welfare, increasing the numbers that rely for their livelihood on normal participation in the economy" (in Barchiesi 2011: 130). Within the Commission itself, conservative, free-market types thought any sort of basic income grant would erode incentives to work, encouraging dependency on government. Liberals thought that basic income should provide for subsistence in the absence of work, and help people to become entrepreneurial. And progressives wanted the grant to be de-linked from work altogether, and to be compensation for skills and resources developed outside of the world of employment and compensated by the government for citizens (ibid).

In the final report, in order to combat the pervasiveness of dependency discourse, the Taylor Commission settled on a two-pronged justification for a universal basic income grant. They proposed that a basic income grant would enhance entrepreneurship and decrease dependency on other poor people. First, with regards to entrepreneurship, previously working-aged adults had been excluded from the social welfare system because they were meant to be workers. Now, if they were to be included, they could *only* be included in such a way that would strengthen their role as workers. The grant was, thus, no longer about basic income, but a tool by which to educate the desires of this age cohort and encourage "risk-taking and self-reliance" (Taylor 2002, 61). Second, with regards to decreasing dependency, the grant was meant to provide a "springboard" to development for working aged adults, decreasing their dependency on other poor, grant receiving family members. No longer were poor people meant to be cared for by their family members. The Taylor Commission briefly, but quite radically upended the caregiving role of the "African family."

As soon as the report was released, however, members of the South African government buried the basic income grant and opted to create another precarious low-wage employment program instead. The South African Social Security Act [No. 9 of 2004] and the White Paper on Families (2013) continued to suggest that those who were not working, should be supported by their families and not the state. With the unemployed working-age population was once again cast as underserving of social welfare, the developmental "springboard" logic of the basic income grant as well as African familial care were both passed on to current grant recipients. For example, *The* White Paper on Families is emblematic of these contradictions. In one sentence, the policy advocates "sufficient minimum income" for people who are "vulnerable and/or in extreme economic or social need," possibly including the working-aged unemployed. But, in the very next sentence, the policy calls for "employment and other income-generating opportunities for working-age family members" (41). There, the vulnerability and economic need of working-aged

people is denied, and the provision of grants is replaced with the provision of employment or entrepreneurial activities. In contrast to the provisos of the Taylor Commission, the necessary "cultural characteristics" of the "African family" is built back into social welfare policy.

In another example, *The White Paper on Families* goes on to acknowledge that working people are burdened by "caring for their children, older persons and people with disabilities" (41). Certainly, this is true for some families, with children who have gone to college and are part of a fledgling middle class. But for many grant recipients, the reality is the exact opposite: grantees themselves are burdened by caring for unemployed and underemployed adults. Social grant payment rates are set below the food poverty line for even the designated individual and never keep up with inflation – and yet must stretch to accommodate other household members as well. Transforming masculinist notions of the proverbial "bread-winner" as male migrant laborers, Black female social grantees have now become the center of South African political economic life.

In the wake of the Taylor Commission, the social grant system has been made to operate according to two antithetical intentions: on one hand, it is targeted toward those populations considered to be vulnerable or unable to work, and on the other hand, it has become commonsense to see social grants as an incentive to "self-activation" and entrepreneurship for those very same people. Basic income support is mixed with developmental objectives and expectations for mothers, pensioners, and disabled persons. In so doing, conservative family values, culturalist discourses and neoliberal economic policies come together.

Let me give one more example from a recent election speech by Secretary General of the ANC, Gwede Mantashe on Wednesday, July 6, 2016, at a rally for local government elections in Ekurhuleni, Gauteng. Addressing a group of (mostly) women and their children (Thakali and Ndaba 2016), Mantashe told the women gathered to hear him that the ANC was responsible for maintaining their children. In so doing, he redrew the boundaries of the state and family to center the ANC as the patriarchal care-taker of vulnerable women and children.

"I can tell you that half of children under 18 years are maintained and supported by the ANC. Men are hurt because they can't do their job."

"The ANC is maintaining and supporting their children. How can it not be voted for when it relieves men of their duty to maintain their children? Those children who go to school, half of them if not all go to no-fee schools. In addition, they are fed at school, so what else now?"

He continued:

"We are not like other parties, which come to you to give you promises. The ANC doesn't make promises but commitments, that's a big difference (in Thakali and Ndaba 2016).

Speaking in isiXhosa, Mantashe positioned the ANC as part of a spatially-extended African family, standing in for unemployed young men and maintaining their children. Emasculating younger men, and displacing the care work of younger women, Mantashe was situating his party as a patriarchal benefactor in accordance with an idea of *the* "traditional" African family. Using

this apartheid designation, Mantashe was not trying to deny rural Black families social welfare, but to show how only the ANC enables the maintenance of these cultural practices of care through grant distribution.[99] This same static and unchanging view of "culture" is mobilized by the post-apartheid government to knit together a Black South African family under the patriarchal leadership of the ANC. Such a community is immensely unstable and "vulnerable to claims of betrayal" (Hart 2014) due to the massive social differentiation between rich and poor occurring since the end of apartheid.

There is one more critical point to make here. Given the weight placed on familial responsibilities, credit has become the primary way that grant recipients can fulfill their social and cultural obligations. Grantees must be financially-savvy, able to borrow money in times of need and manage repayments, without getting over-indebted. The financially-savvy grantee represents a set of conditions in which financialized welfare – through the idiom of debt – can be recognized as alleviating poverty. This will be the argument of the rest of the chapter.

Caring on Credit

One morning in June 2018, I joined Black Sash fieldworkers on a visit to their partner organization, Hope for Destiny in Delft. Although Delft was built after the end of apartheid and the first formal houses were handed over in a big celebration with Nelson Mandela, the overall appearance is not so different than an apartheid era township. About 40 kilometers from central Cape Town, Delft is remote, and made up of relatively formal small brick houses with utilities, and very informal houses without water and electricity. The key difference is that Delft, unlike its sister townships of Khayelitsha and Mitchell's Plain, is not segregated according to apartheid racial logics. Black and coloured people, no longer confined to their own segregated spaces, live together under their shared condition of poverty.

Mary, a friend and comrade from the Black Sash, and I, sat in Georgia's kitchen, a tiny space used simultaneously for her home and Hope for Destiny. Next to the kitchen, an enclosed garage space provided protection from the rain for two dozen three- to five-year-old's enthusiastically doing calisthenics and squealing with delight at the silliness of their day care leader. One mother, Jacqui, joined us in the kitchen with her daughter (Jessica, 23), after dropping her sons (Jason, 3 and Jeffery, 7) off with the other kids. She came to Hope for Destiny that morning to see if they had any extra food in the pantry. As we spoke, Jacqui helped us see how the grant program encouraged recipients to become debtors.

"This country! It's getting expensive by the day. Even a bread! Since this morning, we are walking around looking for something to eat. Since this morning! The money we have is too little. Yes, it's for free, it do help. It's for one or two gaps, but not the whole month's gap. From the 20th my money's finished, my stuff is up. And I must hustle. When I'm struggling I come here: Hope For Destiny. It's never that I don't get by them. I never ask for money. I behave right

[99] Whether or not grantees view grants as from the ANC directly depends a lot on geography. In the Western Cape, for example, where the ruling party has often shifted between the ANC and DA – and grants have continued despite these shifts – no one I interviewed understood the ANC as the sole giver of grants. This is somewhat difference in ANC strongholds, like parts of KwaZulu Natal, but even there, many people viewed grants as coming from the government not the party.

[ordentlik]. I say, 'please, give me something to eat.' With money, I might buy luxuries. Or I say, 'give to them (she gestures toward her children), not to me.' There's no people around here that will help you for 10 cents."

Like Tatamkhulu and Lebogang, Jacqui pinpoints the problem with the social grant system: the money is "too little." Grant amounts rise each year, but do not keep pace with inflation or the consumer price index, falling in relation to the food poverty line. I have often heard mothers talk of their struggles to buy both food and nappies for their babies, underscoring the impossibility of using this money to adequately support a child. Many people getting grants do not live in circumstances where they have access to the water necessary to wash cloth diapers, particularly in the middle of the infamous Cape Town drought. As Jacqui says, the grant is "for a one or two gaps, but not for the whole month's gap." She always runs out of money two thirds of the way through the month, and has to "hustle" to feed her family for the rest of the month.

Jacqui lives with her mom, and her three children. She receives child support grants for her two youngest children (R800/$57) and her mom receives a pension (R1690/$120). Jessica's father sends money (R500/$36) every month, which goes toward the household as well, but the father of the younger two children does not contribute. Jessica has been out of school for three years and has applied for jobs, but has not succeeded in finding anything permanent. Jacqui does not have a job because she is caring for her mother full-time. She explains that she cannot afford to work: even as a full-time domestic worker, receiving the sectoral minimum wage, she would not earn enough to pay for her mother's full-time care. She says, "I can't get work cause I'm looking after my mom. She's not stable, forgetful, she collapses, she can't listen. Wherever she goes, I must follow." Jacqui can't afford to work because she can't afford a care-giver; but she also can't afford to stay home because the grant is too small to pay for her family of five. Jacqui feels pressure because her siblings do not help her or her mother. All of her siblings are married, working and living in the area, and have families of their own that they are struggling to support. "There's no help from nobody. […] Everything falls on me. I am the pillar of that house."

As she describes, the only way to fill the gaps created by the state program is to "hustle." Part of that hustle, particularly with charities like Hope for Destiny, is to present one's self as *ordentlik*, (decent and respectable). *Ordentlikheid* (decency and respectability) has been an important mode of structuring racialized relations from the arrival of missionaries,[100] but what constitutes *ordentlikheid* shifts over time (Ross F 2015). There is no essential, trans-historical criteria that defines decency and respectability though an association with religion, either Christian or Muslim, is still a large part. Jacqui, for instance, references God throughout our conversation, and tells us her whole family has "J" names because of Jesus. For coloured South Africans, *ordentlikheid* involves caring for appearances and households, and marks the way people are differentiated from "the wild" or "the bush" (Ross F 2015; Salo 2004). This recalls Louis Henry Morgan's ordering of spatial into historical difference, placing all humans on an evolutionary continuum from savagery to barbarism to civilization. Maintaining *ordentlikheid*, or keeping the so-called "natural" order at bay, has always been feminized work, the work of caring.

[100] See, for example, Comaroff and Comaroff 2008[1991].

Jacqui's way of "behaving right" or *ordentlik*[101] is twofold. First, in the quote above, Jacqui is careful to show how she asks for handouts properly. Her grant is too little, so she is dependent on the charity of Hope for Destiny, but she does not ask for money, which she could misspend, but food. In this way she simultaneously defuses conservative anti-dependency rhetoric, in her case, and reinforces it more broadly. She implies that unlike her, there are people who spend their grants poorly, or misuse charity, in ways that do not accord with respectability and decency.

Second, Jacqui, not only uses *ordentlik* to describe her entreaty to Hope for Destiny, but to describe her borrowing practices as well. Jacqui explains how three years ago, around the 20th of the month, when her money had run short, she went to Moneyline to apply for a loan. She did this right or properly, she says, because she thought that Moneyline was affiliated to SASSA. They were advertising right from the SASSA paypoint, and they had vans at the SASSA paypoint, shuttling customers to the Moneyline offices for a loan. The consultant told her that a loan would help ease her burden, giving her money now that she could pay back later. But, lending very quickly became routine, for Jacqui, seasonal even. She would borrow money in December for Christmas and pay it back over six months. Then, she would borrow money in June for winter clothes and pay it back over six months. When she tried to stop lending, she was told she was a good customer, and was behaving *ordentlik*. For Jacqui, and many others, credit becomes the primary way of taking care of their families in excess of the social grant. In this way, credit becomes associated with a racialized and civilizational hierarchy, and a feminized responsibility of care.

In order to care for her family, Jacqui did exactly what the social grant program encouraged: she used credit. Formal credit is supposed to offer a protection against loan sharks, and highly abusive creditors, readily available in poor communities. Credit is also meant to help ameliorate the temporal crises of poverty, making money available when people really need it. This might be the case if grants were in fact universal and developmental, but in a context where the grant is meant for basic needs, for those beyond the labor market, any credit simply encumbers the state support meant for survival. Even so, credit continues to be encouraged as decent, respectable behavior – *ordentlikheid* – and it is the only option available for poor people caring for large families. Credit becomes a juggling act, where at certain times of the month, people use their grant as collateral to access external value in the present, and pay for it in the future. Because credit linked to social grants is priced at the same rate as any other short term loan it very quickly leads to additional lending. In this way, grantees are conscripted to credit, through the normalizing force of modern power (Asad 1992). Credit, through the dominance of finance capital, is made to seem as the best, if not only, option for care-giving.

Such racialized and colonial ideas of morality are shot through the development discourse of financialized social grants. Consider how credit is talked about by the CEO of Net1, Serge Belamant:

"Everything Net1 wanted it got and every lawsuit that Net1 went into we won. So, legally nobody can actually accuse Net1 of anything and when it comes to the so-called ethicality of things. I would love to have a sit-down discussion with Black Sash, with GroundUp, with our friends from Allan Gray and to talk about ethics and to talk about what we did for the poorest of the poor.

[101] This resonates with Foucault's analysis of discipline as conduct.

And to talk about should I give a 16-year-old, head of family, that looks after 3 siblings because of the fact that his parents died of aids and I must say to that person, no, you will not get a loan because according to the Black Sash you can't afford it. So, rather starve to death or put your kids into prostitution situations." (Hogg 2017)

Throughout the social grant program, credit was sold as the *right* and *proper* way for people to care for their families. This quote comes from an interview between Serge Belamant (the founder of Net1) and Alec Hogg (a prominent financial journalist). Hogg interviewed Belamant repeatedly times over many decades. The context of this particular interview, however, was not a fancy long-format profile, but redemption. Hogg questioned Belamant about the reputational damage he suffered from ongoing legal disputes and media allegations on several continents.

Hogg: "You started this business, you've given your life, your career to this. You are now at a point where your reputation has been…"

Belamant: "Tarnished."

Hogg: "Impugned, to be polite. […] How do you deal with that? How do you, philosophically, you're French, how does that kick in, when you go to bed at night that you can have peace of mind?" (ibid.)

Belamant's response to Hogg's question is to shift the terrain from whether his actions were legal or illegal to whether his actions were moral or immoral. Since Net1 has never been found guilty of doing anything *illegal,* Belamant concludes the only possible grounds to dispute his business practice is what he refers to as the "ethicality of things," i.e. on moral grounds. He wants to tell his detractors that Net1 merely provided a service for the "poorest of the poor" – and that service was to extend credit to those who needed it. In this way, he characterizes lending as a moral practice, and to characterize grant recipients who apply for loans as moral actors. Credit, in his view, is the only way the poor can act morally, enabling them to stave off the worst consequences of poverty, disease, and starvation. Without credit, Belamant assumes, poor South African mothers would have to act immorally and put their "kids into prostitution situations."

In this way, Belamant elaborates a South African version of the "culture of poverty" thesis – familiar from US welfare debates in the 1960s – wherein poverty is passed on as a cultural characteristic not as a result of racism, colonialism and capitalism. He invokes long-standing colonial and neocolonial tropes of African poverty – HIV/AIDS, hyper-sexualization, starvation, death – with a newly financialized twist. He hyper-sexualizes the African family, juxtaposing his ideas of an immoral erotic economy with the proper, *ordentlik* financial economy. For Belamant, extending credit is a humanitarian act because loans are the only thing separating grant recipients from moral debasement. On one hand, loans are made into tools of morality, which can break the multi-generational "poverty trap." On the other hand, debtors, who choose to take loans, are made into responsible, ethical financial actors, capable of escaping from the worst conditions of African poverty.

Financialization and the New Underserving Poor

The morality around lending and borrowing is always fickle (Peebles 2010). Even though some credit is promoted as the way to ameliorate monthly shortages under the social grant program, too much credit is accompanied by significant risk of social censure for the borrower. Very quickly, if a person gets in too much debt, credit is no longer a moral solution to their problems but an immoral crutch. No longer are borrowers virtuously saving their family from all manner of bad choices and behaviors, but they become immoral, greedy and undeserving. Too much credit becomes all their fault.

I saw this first hand. Early one October morning, on the first Thursday of the month, I arrived at "New Hall" across from the Site C taxi rank in Khayelitsha. While New Hall is the bland bureaucratic name listed on government websites, neighbors refer to this community center, as Solomon Tshuku, after the ANC chairperson from Site C, whose family was murdered by apartheid state police in the 1990s. While it has an important name, the building itself is anything but. Designed with the perfunctory boxy-ness of a number of community halls, such spaces are the only government-sponsored infrastructure in Khayelitsha beyond schools, hospitals and RDP houses. On the third and the fourth of each month, Solomon Tshuku Hall is used as a social grant paypoint. Nobuntu from the Black Sash, Loyiso from the Social Justice Coalition and I were spending our morning there to monitor grant delivery.

Solomon Tshuku Hall is one of four payment sites in Khayelitsha, where grantees can withdraw their money from CPS consultants under the guidance of SASSA officials. Payment at Solomon Tshuku Hall begins a couple of days later than at other sites in Khayelitsha, and because of this, it has a reputation for being more comfortable and less crowded. Grantees, who are in a strong enough financial position to wait a few days to withdraw their money tend to come here. Solomon Tshuku's relative quiet was brought into sharp relief during our monitoring efforts on Monday morning at Site B, also in Khayelitsha. One of the pensioners, who had waited for over four hours in unseasonable heat, had a seizure in the queue. Only after his private suffering became uncomfortably public was he offered care or consideration by the CPS staff.

On this morning, however, despite its reputation, Solomon Tshuku was not at all quiet. Typically, on grant payment day, two CPS consultants staff two tables at the front of the hall, and rows of chairs divided by a central aisle face those tables. This setup gives Solomon Tshuku Hall a religious look, lacking only a podium for Sunday service (one of the hall's many uses). What was unusual this morning, however, was that there was a second queue of chairs in a giant semi-circle, almost circumnavigating the inside perimeter of the hall. This queue continued to swell as 20, then 40, then 80 people waited for a third CPS consultant, tasked to issue new cards. While we had been monitoring for some months, I had never seen such a long queue for "lost and stolen" cards before.

The officious CPS site manager rushed up to me as I entered the room to describe what I was observing. Gesturing toward the women in this queue, she told me, "No. These ones? They are ducking and diving. They'll be back in 2 months for new cards again. They have their SASSA cards in their purses right now. They've got loans. They think if they take the new card, the loan won't follow them there. But loans are linked to the ID number. They'll see."

She made a point of speaking loud enough that some of the women could hear her tone – a tone both accusatory and mocking. I immediately doubted that this was a queue of people "ducking and diving." I looked at the women seated in these chairs, and thinking back, I too stereotyped them. Many if not most of them were elderly, quietly chatting to their neighbors or watchfully eyeing their grandchildren. The disdain with which the CPS consultant spoke of these women jarred violently. I could not believe the women I saw as helpless *gogos* (grandmothers) were the women she saw as greedy loan dodgers.

Taking my stack of surveys, I sat down next to Nomthandazo, who was seated at the end of the queue. I started to ask a few introductory questions, when I noticed the CPS site manager was standing over my shoulder. She interrupted Nomthandazo to explain why the queue had stalled. She clearly thought I missed her point the first time around. "It's the loans," she said, "They don't want to pay them. They don't spend money right, they don't *deserve* it [the grant]. *(emphasis mine)*."

I returned to Nomthandazo. To my surprise, she broadly confirmed the story of the CPS site manager. It *was* the loans. She *did* want to change her card. But where the CPS site manager saw a loan dodger, Nomthandazo explained why she had little choice. She only received one child support grant for the care of her grandchild. She tried to do exactly as Belamant advised. She tried to take a loan to start a business. She bought a large bag of Nik-Naks (off-brand Cheetos), and repackaged them in smaller bags to sell near an elementary school. She underestimated the number of women already engaged in this business and did not sell all her Nik-Naks that first month. Unable to recoup her investment, she had to take another loan to cover her monthly expenses, then another. Her creditors had been taking her entire social grant for the past three months. Nomthandazo's card was not *actually* lost or stolen, and she was trying to avoid her loans.

This is a profoundly contradictory situation: where credit is both encouraged by the grant system for familial care, and then discouraged immediately after grantees become over indebted. As such, social grant linked credit creates a new discourse of the deserving and undeserving poor, linked to finance and financialization. The CPS site manager here was articulating the bifurcation of the deserving and the undeserving poor through a discourse of credit, debt and financial (ir)responsibility.

Conclusion

Even activists fall unto this trap of demonizing debtors, as Irma Titus (2017), a grantee and freelance journalist from Bonteheuwel pointed out. Once the media began to cover this story – of credit and debt and financialized poverty – photographs of grantees standing in queues at cash lenders became ubiquitous. I included a photo like this at the start of this chapter, albeit centering not the queue itself, but the payment site manager instead. I will end with a critique of such photographs by Titus, who sparked a debate about the ethics of such representations on Facebook and Twitter. She described how an "activist" she knew posted a photo on social media of grantees standing in a loan queue outside of a Net1 office. While such images were used to

signify SASSA's ineptitude and Net1's avarice, as Titus pointed out, photos like these did other work as well. Writing under the handle @bornin85, Titus wrote:

"DEEPLY disturbed by a Facebook post showing social grant recipients standing in-line for loans. I am even more disturbed to note that this is through eyes of an individual who deems himself an activist. From the camera's point of view, he is a spectator and a participant of shaming. It says more about him than the 'subject'. I can't help but see this image as the frontline of our revolution of values. The question I beg to ask is on which side of this scene are you?"

Instead of re-posting the photo Titus described, she included a picture of herself, standing behind a Bonteheuwel fence, with worker's hostels and Table Mountain in the background. Anyone who has been to Cape Town knows that Table Mountain is visible around the city, but how you view it, from what angle and at what distance, is an indicator of race, class and the built legacies of apartheid. With this photograph, Titus effectively answers her own question: she turns the camera on herself and "situates" her knowledge, the place where she is knowing from (Haraway 1997). She is a social grant recipient, living in the Cape Flats, and standing in line for EasyPay loans. Titus argues photos of grantees in loan queues celebrate the activist, while shaming grantees for their financial need. She goes on to say:

"I'm a grant recipient on life-support. I own a bright green EasyPay card because I made a loan at Net1 in Athlone last month. I have end-stage kidney failure and need a machine to stay alive. I receive dialysis treatment three times a week. My monthly medical aid premium is R2500. For the last two years I have struggled to find employment as a result. The stigma is as bad as a disability as I question my own ability. Now the added shame of being poor? Where are all my activist friends now? They are standing on the other side of the road from Net1; on the other side of that camera lens."

Titus elaborated how the panic around Net1's immoral financial behavior was turned against poor people themselves. She explains how photographing people waiting in queues enflamed outrage in such a way that the outrage at an exploitative company and the outrage at the people being exploited were condensed. These photos contain implicit moralizing questions: why is that person standing in that queue? Does she really need that loan? Why can't she just "pinch and save"? At the heart of these incredulous statements is a firm division between those on either side of the camera lens. Activists presume all people can make choices, reifying a liberal belief in personal agency. Activists claim that were "we" in that situation, "we" would be more responsible. The people in the photo become "our" others, whose financial and moral irresponsibility forced them to turn to money lenders. Not only shamed for their poverty, the people in the photograph are condemned for their borrowing. In Titus's words, the activist's violence turns on "those who must be saluted for their daily struggle to survive." The politics of shame – not only encountered at paypoints, or amongst government officials, but with so-called progressive activism and discourse – exacerbates the break between the new deserving and undeserving poor, or the financially reliable and the financially irresponsible.

As I have argued in this chapter, South African welfare discourse and practice have always worked by introducing a break into the recipient population, parsing out the deserving from the

undeserving poor. Giving money to a population of grantees can only be justifiable, if those grantees are deemed to be deserving. But, deservedness is not trans-historical or trans-geographical, it is a situated category attached to normative notions of gender, sexuality, race, family, labor, and, in this instance, financial responsibly. South African grantees can only be produced as deserving, through the production of their constitutive outside, the undeserving poor. And those deemed deserving, are always at risk of being made undeserving, depending on their actions.

CHAPTER FIVE

South Africa's Impossible Debts:
Moral Economies of Debt, Patronage and Reparation

April 1st is April Fool's day but for the South African public it is a slowly creeping reality.
-Themba Godi, Chairperson of Parliament's Standing Committee on Public Accounts, Cape Town, November 2016.



Figure 19: Black Sash Protest, St. George's Cathedral, Cape Town, 2016.

April 1, 2017. The Day of Reckoning.

On November 23, 2016, I stood in a queue at Parliament, behind a large delegation of Khoi leaders wearing leopard-skin regalia and a larger delegation of Gender Based Violence activists wearing black T-shirts. Admiring the accessibility of South Africa's legislative branch, I showed my ID and had my photo snapped, before being directed to a committee room, where Themba Godi was about to chair a meeting of the Standing Committee on Public Accounts (SCOPA). Godi was a well-known watchdog of the public purse, committed to the liberal ideal of good governance through disciplined financial management. Godi had "invited" the Minister of Social

Development, Bathabile Dlamini, and the leadership of the South African Social Security Agency (SASSA) to account for the circumstances behind a recent Auditor General's (AG) Report. The Auditor General had found that SASSA had exceeded 1 billion rand ($67 million) in "irregular, fruitless or wasteful expenditure." The term irregular, as I learned that morning, was used to indicate government spending that did not adhere to competitive procurement procedures laid out in the Public Finance Management Act (PFMA).[102] Though the meeting was primarily convened to probe this enormous sum from the previous year, the Public Accounts Committee also directed their questions toward the future.

Half-way through the meeting, Themba Godi deviated from the main agenda to ask: "Will SASSA be ready to take over social grant payment on *April 1st?*"

Minister Dlamini adroitly dodged his question. "The committee does not have time to hear about *April 1st* now. Can we please have time to report on this separately?"

Godi responded: "I want your assurance that you will be ready on *April 1st*."

This chorus of "April 1st" featured prominently in South African political discourse for six months before it arrived. It served as short-hand for a dreaded, doomsday reality when social grants might not be paid and recipients would bear the burden of a massive government failure. The April 1 deadline was ever-present in national political discourse not because the government had ended their flagship anti-poverty program, nor even because the budget had been reduced. Rather, different parts of the South African state were engaged in a political squabble over whether and how to extend an illegal contract. The Constitutional Court had declared Net1's contract illegal almost five years earlier, but allowed it to run its course so that grantees would be paid. In the meantime, the Court pushed SASSA to initiate a new tender process or develop the in-house capacity to take over grant payment. With Net1's contract ending, April 1 seemed to herald an impending disaster. Godi's question to the Minister attempted to discern whether SASSA had the capacity pay grants themselves, or whether they would hurriedly initiate a new contract with Net1. If the latter, that contract was sure to be non-competitive and fall outside of the Public Finance Management Act. This would lead to even more "irregular expenditure" and land SASSA in front of his committee once again.

Godi ended the meeting by pointing out the ironic connection with April's day of pranks: "April 1st is April Fool's day, but for the South African public, it is a slowly creeping reality." Come April 1st, it seemed as if social grantees might find their ATM cards invalid *("April Fools!")* and their bank accounts empty *("April Fools!")*.

"April 1st" was just one common appellation for the social grant "crisis," or "scandal" or "debacle." It was part of a "moral panic," much like Stuart Hall (2013[1978]) described in *Policing the Crisis*, where a group of people, an event, or a condition emerges that is widely seen to be a threat to social values.[103] For Hall, the perception that crime was rising – in the form of

[102] The largest amounts included a small, additional contract with CPS (R316 million), security contracts (R414 million/$27.6 million), office contracts (R233 million/$15.5 million), and forensic investigations (R75 million/$5 million).
[103] Hall's use of moral panic comes from Stanley Cohen (1973).

mugging – served a national ideological function to justify increased policing of young black men. In South Africa, the "moral panic" around April 1st was produced by people and institutions representing parts of the South African state – the Constitutional Court, the Portfolio Committee for Social Development, the Committee on Public Accounts, the National Treasury, the South African Reserve Bank, the Post Office, the Department of Social Development, the Auditor General, Cabinet Ministers and the President of the Republic – as well as bankers, activists, and journalists, who rushed to take part in stopping this "crisis." Between late 2016 and mid 2018, there were thousands of news articles, weekly (or monthly) meetings with two separate Parliamentary Committees, monthly Panel of Experts meetings, two Constitutional Court cases, one High Court case, Ministerial Task Team meetings and many other forms of oversight. Throughout this period, there was widespread agreement that grants must be paid, because, as Chief Justice of the Constitutional Court Mogoeng Mogoeng said: "The consequences [of non-payment] could be more catastrophic than we have the capacity to imagine." But, we need to ask Stuart Hall's question: what was this moral panic used to justify?

On the surface, this weighty "moral panic" appeared to be about concern for the well-being of poor South Africans. Grants simply *had* to be paid to mitigate the worst effects of poverty on health and well-being. But, just a few weeks before April 1st, Themba Godi elaborated a more sinister ideology of social control through grant payment. He suggested that the payment of grants – i.e. a cash transfer between one part of the state and its citizens – was necessary to uphold South Africa's precarious "social contract." He said: "SASSA is the one that mitigates against a revolution of the poor, and if you mess up *in April*, then you must know that everything will go up in flames" (emphasis mine). By fulfilling the provisions of the Freedom Charter (1955)[104] enshrined in the Constitution (1996), the social grant program is one of the only ways poor South Africans are able to "share in the country's wealth." On this basis, Godi described how the payment of grants engenders a sort of implicit (and functionalist) "social contract," where the state gives grants in order for poor citizens to remain docile and disciplined. If grant payments were interrupted, Godi predicted a future where grantees would rescind their support of the state and burn the country down. The poor featured in his discourse not as an oppressed population in need of state care, but as a real threat, capable of spontaneous revolution and fiery destruction. Through such warnings, middle class and elite South Africans revealed their fear of the undisciplined, revolutionary poor, and characterized grant payments as vital to the maintenance of state sovereignty and the status quo. While members and institutions in government had competing ideas about what should happen, they all agreed that grants must be paid (under almost any conditions).

Scratch the surface, however, and this moral panic had a slightly different valence as well. The moral panic around the potential cessation of grant payment combined with a national moral panic about corruption and patronage politics – i.e. another form of financial flow between the state and its citizens. At the time, the allocation of government contracts to politically-well

[104] In 1953, ZK Mathews suggested convening a congress of the people to draw up a vision of an alternative society. Instead of one event or "congress," the Congress of the People was a series of campaigns rallies and meetings all over the country with the African National Congress, the South African Indian Congress, the South African Coloured People's Organization, and the South African Congress of Democrats. The resulting document, adopted at Kliptown, Johannesburg on 26 June 1955, The Freedom Charter, outlined the aspirations for an equal and just future South Africa.

connected individuals was a major flashpoint in South African public life. Then President Jacob Zuma was facing serious allegations of corruption for his relationship with the now notorious Gupta family.[105] Zuma and many of his political allies allegedly accepted bribes from the Guptas in exchange for lucrative contracts with State Owned Enterprises. These sorts of contracts came to be understood as the primary vehicle for "state capture," a new-fangled term for corruption. Minister Dlamini, a close ally of President Zuma, also appeared potentially corrupt in her position as the political head of the Department of Social Development (DSD). She had failed to ensure SASSA was ready to pay grants, and seemed prepared to force the government to initiate an illegal and non-competitive contract with Net1. This left many people speculating whether or not Dlamini, or other members of the Zuma alliance, were directly benefiting from their relationship with Net1. Investigative journalists found evidence of corrupt relationships, catalyzing a public backlash against the Minister (McKune 2017b, 2016). Net1 CEO Serge Belamant seemed to have flaunted his willingness to pay bribes, when in 2005, he told the *Mail and Guardian* "We don't get a R1,7-billion contract without being pretty close to the minister nationally as well as to [provincial ministers]" (in McKune 2016). The press and some members of government called for the production of a new grant payment system, where the national budget would not hijacked to benefit a few politicians and elites.

Scratch the surface even more, and the moral panic over "state capture" worked to justify the massive inequalities of a liberal democratic state. The discourse of "state capture" often became functionalist reworking of racist discourses of African corruption and failed states. The almost exclusive focus on Minister Dlamini turned her and her allies into a powerful patronage network that "captured" an otherwise decent liberal democratic state. This discourse contributed to the notion that the government and ruling party were bifurcated: the former embodied in Minister Dlamini (linked to Jacob Zuma and security sector loyalists, a corrupt and captured state) and the later embodied in Minister of Finance Pravin Gordhan (linked to the National Treasury and banking sector, a liberal and just state). The many interventions to "save" the grant program or "solve" the grant "crisis" were celebrated as a triumph of "good governance," by liberal, democratic institutions enforcing rules and regulations around procurement processes to prevent unjust patronage politics. The liberal democrats characterized themselves as interrupting the flow of benefits to a few well-connected people in order to guarantee social protection for the majority of the South African population – and stave off the "revolution of the poor." But, liberalism itself, despite its claims of inclusion and equality, is predicated upon constitutive exclusions and inequalities. In South Africa, the transition to liberal democracy entrenched the very inequalities that colonialism and apartheid produced. Poverty in South Africa continues to be Black and wealth is maintained by the former white elite in partnership with Black economically empowered allies (Fine 2019). In this case, the accusations against Minister Dlamini hid how the "crisis" (and resolution) of social grants benefited long-standing powerful interests. Liberal democrats *also* work on behalf of the few, though a different few, whose interests have been so long produced with the state, they appear normal. The affective force of this moral panic enabled the long-term acceptability of a radically unequal status quo.

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[105] A wealthy Indian-born family with business interests (computer, mining, media) in South Africa closely tied to Jacob Zuma.

This resonates with Janet Roitman's (2013) *Anti-Crisis* and her discussion of the apparent increase in "crises" in the contemporary period. She questions whether this empirical moment is, in fact, more crisis prone, or whether the politics of the moment produce more characterizations of events as crises. Roitman argues that such labels imply a deviation from what is seemingly normal. Characterizations of events as deviations from normalcy work to reinforce normalcy. Crisis and normalcy are, thus, co-constitutive of one another.[106] In the case of South Africa's social grant "crisis," what is made normal is a politics aimed at providing an arbitrarily agreed upon minimum level of subsistence to targeted populations – mostly poor Black women – while condoning the ongoing accumulation of wealth by owners of capital. Instead of working toward a more economically equal society through broad redistribution, the restoration of the grant program used a popular "anti-poverty" initiative to make long-term inequality politically permissible. Calling out Dlamini for her patronage politics, effectively enabled another sort of "patronage" politics – not of overt back-handers – but the continued normalization of racial inequalities and the structural processes which produce them.

While it is easy to celebrate the continuation of grant payment (at no point was it actually interrupted), it is important to recognize who benefited from the "crisis" and its resolution. In *Saviors and Survivors*, Mahmood Mamdani (2010) argues that the Truth and Reconciliation Commission was dramatically limited by its system of classification, where only "victims" and "perpetrators" of apartheid's gross human rights violations were recognized and called to account. The absence of a category of "beneficiaries" allowed those who did not commit gross human rights violations, but profited from apartheid's crimes, to be excluded from the Commission and any possible remedies. As per Mamdani's provocation, it is important to demystify the notion of "beneficiaries" and understand how financial flows of resources between individuals and national bodies constitute relationships of reciprocity between citizens and the state. Social grants, and the forms of reciprocity they generate, become a terrain of struggle over *who owes what to whom and for what*. In this context, the category of beneficiaries is laden with meaning. Most often, the term "beneficiaries" is used to designate recipients of state largesse in the form of grants, the poor who receive monthly payments directly from the state. However, through the "state capture" narrative, the term "beneficiaries" also referred to the companies and politicians who benefited from illegal contracts for grant payment, illicitly receiving payments directly from the state. But there is a third, equally important meaning of "beneficiaries" in my analysis. I will argue that recognizing some "beneficiaries" as corrupt, leads to a mis-recognition of other "beneficiaries" as uncorrupt, even while they maintain the racialized and gendered exclusions of liberal democracy.

Ultimately, the moral panic around social grants worked to buttress the liberal democratic, racial capitalist state. In a dissertation that has been largely focused on "state" welfare policy, this chapter pulls apart the idea of a unified "state" with a monopoly on power. I tease out the dynamics of a highly differentiated state – the ministries, institutions, departments, courts, elected officials, political appointees, advisory bodies, and task teams from various branches of government – to demonstrate the deep contestations within the state about welfare payment. I attend to the incidences when one institution goes against another institution, or even when one representative of an institution goes against another representative of that institution. In so doing, I argue that the so-called "welfare state" does not exist outside of these debates, practices and

[106] The auditor-general's language of "irregular" expenditure resonates with Roitman's analysis too.

contestations of actually giving welfare. The social grant "crisis" and its resolution produced what Timothy Mitchell (1991) would call the "effect" of the state, i.e. the squabbles over competing methods and control of social welfare delivery created the effect of a state that exists outside of or external to those processes, when it really only exists through them. This chapter, then, considers how the social welfare "crisis" both generates the social welfare state and, critically, challenges to it.

In what follows, I consider how the spaces of state power works to conscript grantees to debt. As such, I make two main interventions. First, I show that what came to be seen as *the* "social grant crisis" was actually a series of several events, all deemed crises. Through a brief outline of the *matryoshka*-like form of these crises, I will demonstrate how the idioms of debt and patronage worked to make certain people victims, others perpetrators, and let the vast majority of "beneficiaries" off the hook. In so doing, the liberal democratic state could simultaneously restore an anti-poverty program, while normalizing the conditions of long-term racial and gendered inequality. Second, lost in this very visible moral panic is how social grant recipients experienced the "crisis" themselves, and the ways they creatively challenged the normalizations being produced in these fora. I conclude by turning my attention to social grant recipients and how they use the idioms of debt and inheritance to assert different moral economies, shifting their focus from poverty (which has decreased since apartheid) to inequality (which has increased over the same period). Though their moral economic assertions were emplaced far from the spaces were the "crisis" took place, they were politically potent rejections of a social contract predicated on racist liberal exclusions. Instead, they elaborate a rationale where grants become a form of reparation for racial injustice under colonialism and apartheid, making a very strong moral claim.

Race, Racism and Moral Economies

Before moving forward, I want to pause to briefly consider the literature on moral economies and how it relates to the South African social grant program. Interestingly, in 2017 and 2018, there appeared to be relatively little "protest" over social grants. There were constant whispers in academic and activist circles as to why grantees were not protesting. South Africans often characterize the tradition of protest as singular, with a recognizable vernacular of practices inherited from the liberation struggle. Almost daily, people *toyi-toyi*, block streets, and burn tires to protest what is referred to as "service delivery" failures, such as inadequate housing or metered electricity. Part of what made the social grant "crisis" unique was the apparent lack of these familiar types of protest. Though millions of people physically gathered every month in public places to queue for their social assistance payments, there seemed to be little collective revolt. Throughout literature on debt, scholars suggest that global finance regulates debtors as disciplined, individuated financial subjects, limiting collective action (e.g. Mahmud, 2012; Soederberg, 2014). And indeed, some grantees expressed fear that if they complained too loudly the state might take away their monthly grants. But, to begin to offer explanations about why grantees were not protesting is to simultaneously ignore the very public forms of contestation occurring within the state as well as the less visible forms of resistance occurring amongst social grantees. During this period, representatives of the "state" and recipients of social welfare were constantly debating the meanings of the social grant program, and making moral economic

claims about the limits, entitlements and obligations that it represents. In both cases, racism and race were important parts of moral economic claims-making.

Travelling with moral economies is, of course, contentious. Thompson (1991) cautioned against the use of this analytic outside of eighteenth-century England. Yet, the term moral economies predated Thompson (Götz 2015) and scholars have not stopped making use of it. The term demands a consideration of moral and ethical obligations as coproduced with economic processes (Sayer 2004). Thompson glosses moral economy as a "legitimizing notion": that is, the 18th century English crowd does not just revolt over the price (quality and distribution of) bread, but the crowd revolts over *violations of prior norms* related to the price of bread. Dearth plus the contravention of earlier practices justifies the actions of the crowd and forges unexpected cross-class alliances over the defense of "traditional" rights and customs. For Thompson, this "tradition" of conflict over entitlement to food tempered the worst effects of market manipulation. Importantly, the English crowd was not exerting a right to absolute equality, but a right to an agreed upon "tradition" of inequality, in this case, the right to subsist (e.g. Calhoun 1994; Gregory 1982).

Thompson offers a historically and geographically-rooted examination of the tradition of bread riots, not a universal theory. Even so, he assumes a that the tradition of conflict over food is singular. For Thompson, contestation emerges when tradition is violated, and contestation itself is a recurring tradition. For Talal Asad (2015), however, contestation or revolt is not a tradition in itself, but a vital part of any discursive and embodied practice of tradition. Asad demonstrates how traditions are made and remade, by linking the past "when the practice was instituted" to the future when the practice is "secured, […] modified or abandoned" through the present (20). When practices of contestation are embedded in theories of tradition, the ethical obligations and duties – related to the right to subsist – are made multiple and debatable, rather than singular and universal. The eighteenth-century English crowd, for instance, can protest over a violation of norms around the price of bread, and yet not agree to what those norms actually are or were.

If traditions are contested, then who is doing the contesting must also be considered. Cedric Robinson's *Black Marxism: The Making of the Black Radical Tradition* (1983) makes this point powerfully. Robinson's work demonstrated that race was not merely epiphenomenal to capitalism, used to divide the working class, but actually predated capitalism. He further demonstrated that the English proletariat could never be considered a viable universal subject for Black people and other oppressed groups, who formed mass movements to make different types of claims. Defying the notion that well-known radical Black thinkers comprise *the* Black radical tradition, Robinson focused instead on the complex, manifold, and embodied practices of resistance amongst Black people. He showed how Black radical traditions are built upon the refusal to be reduced to factors of human capital and the contestation of economies which prioritize accumulation over practices of care (see also Kelley 1990).

Abandoning an elitist notion of radicalism and a universal subject position opens up the possibility of understanding everyday practices of moral economic claims-making in South Africa. Robinson's work, of course, has deep South African resonances. He first encountered his key analytic – racial capitalism – on sabbatical in England working with scholars studying the apartheid economy (Legassick 1974; Wolpe 1972). His work on popular Black radicalism was

enlivened by anti-apartheid struggles and is useful in understanding how South African social grant recipients creatively theorize their incorporation into an ostensibly "free" democratic nation via debt. The collapse of socialism alongside pressures from the World Bank and IMF to yield to economic liberalization and privatization has eroded, in David Scott's (1999) words, the "horizon" against which post-colonial political alternatives are imaginable (142). The post-apartheid transition offered a lean form of democracy, a *democracy lite*, comprised of electoral politics alongside an under-resourced developmental state. Most Black South African grantees do not experience the present as "freedom," but ongoing inequality and deprivation, tied to centuries of racial oppression. Linking Thompson's theorization of moral economies, with Asad's theorization of tradition, and Robinson's theorization of Black radicalism, I am attempting to understand the forms of moral economies articulated by parts of the South African "state" and the grant receiving "public."

Deductions and Indebtedness: A "Crisis"[107]

"SASSA stop the unlawful, fraudulent or immoral acts facilitated by the current service provider to Net1 subsidiaries and others in the financial sector." -Black Sash Banner

On Wednesday October 12, 2016, I was at the back of St. George's Cathedral in Cape Town with Black Sash activists from around the Western Cape (photo above). I was participating in a "protest" that was like no other protest I had ever attended in South Africa. It began with a church service inside the Cathedral, and continued with a moment of silence outside on the steps. Instead of emboldened singing, there was quiet; instead of long-distance marching, there was stillness; instead of personalized placards, there were standardized posters with approved messages. The Black Sash slogans were long, confusing, and impossible to chant, e.g. *"SASSA stop the unlawful, fraudulent or immoral acts facilitated by the current service provider to Net1 subsidiaries and others in the financial sector."* As I moved through the crowd to locate friends, I felt a tug on my sleeve. Georgia (the Black Sash partner from Delft in chapter 4) loudly whispered: "Why don't they [the Black Sash] let us toyi-toyi proper?" Georgia's sentiment was obviously shared, as other very audible whispers disrupted the official moment of silence. Suddenly, the relative quiet was boldly shattered somewhere down in front. A voice called out a familiar, all-purpose protest slogan inherited from the liberation struggle, and a coordinated response issued from the crowd. Despite considerable coordination on the Black Sash's part, this "silent" protest came to an end with a boisterous rebellion.

That morning, St. George's Cathedral became a site of contestation over different understandings of the "proper" way to protest. Georgia used the word "proper" to mean a familiar set of practices – songs, dances, and chants – made all the more meaningful through their creative transposition from the anti-apartheid struggle into the present. The Black Sash, however, wanted to host a "proper" protest consistent with quite a different repertoire of practices drawn from their organizational history. While today the Black Sash is led by black and coloured women, when it was formed in 1955, the organization's leadership was comprised (mostly) of white women. The whiteness of the Black Sash gave them considerable room to maneuver under apartheid and the organization was never banned. Their campaigns were drawn from one-on-one consultations, at a country-wide network of advice offices, between white paralegals and Black

[107] From here on, I am going to stop putting crisis in quotes for ease of reading.

women. The Black Sash took up cases from these consultations and worked within the legal system to force the apartheid state to implement (slightly) more progressive policies. Given their embodied positionalities, Black Sash leaders developed a non-contentious style of protest quite different from the student or trade union movements of the time: white women wearing black sashes, standing in silence to draw attention to abuses of state power. It was this notion of a "proper" protest the Black Sash hoped to emulate in October 2016.[108]

Despite this tussle over proper practices of protest, the most notable thing about this particular event was that it hardly seemed to rise to the level of an event at all. There were only around 200 people at St. George's Cathedral that day, and the protest was almost invisible except to the cars driving past. Compared to student-led #FeesMustFall campaigns occurring at the same time, which mobilized a hundred thousand protestors in cities across the country, this hardly registered within the South African landscape of political dissent.

Though small and a bit awkward, this Black Sash protest gave voice to grantees' experiences of debts foisted upon them through the social welfare program. During the service at the Cathedral, Sipho Bani and Aletta Bezuidenhout[109] detailed Kafkaesque stories of how Net1, payday lenders and insurance companies were profiting from social welfare payments. The protest was organized because the Black Sash, along with Bani, Bezuidenhout and four others, had applied to intervene in a High Court case the following week. The High Court was going to hear arguments pertaining to the legality of new amendments to the Social Assistance Act. About six months earlier, the Minister of Social Development, Bathabile Dlamini, changed the Act in an attempt to curtail deductions for loans, airtime, electricity and funeral policies.[110] Her regulations sought to eliminate all deductions on children's grants, and allow only one funeral policy deduction up to 10% of the amount of the grant for pensioners and disabled people. She sought to end the use of the grant as collateral for credit and other automated debit orders. As soon as these new regulations were published, however, Net1 and several other financial firms brought four separate cases against the Minister, which were rolled into one.[111]

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[108] It also is a style of protest that a social grant recipients, who are elderly or disabled can more easily participate in.
[109] These are their real names because they were included as intervenors in the court proceedings.
[110] The regulations were as follows. Changes to Section 21 of the Social Assistance Act included: 21(1): SASSA can pay a grant into a bank account of a beneficiary; or by a payment method determined by SASSA; 21(2): Social grants must be paid monthly by SASSA; 21(4): The method of payment shall not allow for deduction. Likewise, changes to Regulation 26A included: Only *one* deduction is allowed: a funeral policy deduction that is no more than 10% of the grant; Funeral policies cannot be deducted from children's grants or temporary disability grants.
[111] These were later bundled into one case. This case eventually went to the Supreme Court of Appeals under the name: Minister of Social Development of the Republic of South Africa and Others v Net1 Applied Technologies South Africa (Pty) Ltd and Others, In Re: Net1 Applied Technologies South Africa (Pty) Ltd and Others v Chief Executive of the South African Social Security Agency and Others; Finbond Mutual Bank v Chief Executive of the South African Social Security Agency and Others; Smart Life Insurance Company Limited v Chief Executive of the South African Social Security Agency and Others; Information Technology Consultants (Pty) Ltd v Chief Executive of the South African Social Security Agency and Others; Black Sash Trust and Others; Net1 Applied Technologies South Africa (Pty) Ltd and Others v Chief Executive of the South African Social Security Agency and Others; Finbond Mutual Bank v Chief Executive of the South African Social Security Agency and Others; Smart Life Insurance Company Limited v Chief Executive of the South African Social Security Agency and Others; Information Technology Consultants (Pty) Ltd v Chief Executive of the South African Social Security Agency and Others (825/2017; 43557/16; 46024/16; 46278/16; 47447/16; 752/2017; 43557/16; 46024/16; 46278/16; 47447/16) [2018] ZASCA 129.

This case turned around whether or not limitations could be placed on social grantees so-called "freedom" to bank or transact. Net1 and its cronies argued: first, that the Minister could not stop grant recipients from "freely" transacting with their bank accounts after their grant money is paid, i.e. any legislation restricting recipients from borrowing money should be declared unconstitutional; and second, that the Minister did not have the authority to regulate deductions because she was not part of financial sector governance, i.e. she did not have the jurisdiction to intervene in the banking space. In response, the Minister, SASSA and the Black Sash countered: first, that the regulations were necessary to protect recipients from exploitation by financial firms; and second, that that if the regulations were to be declared illegal (as presently written) the Minister should be given an opportunity to improve them. Financial institutions sought to position themselves as providing a vital service to beneficiaries by offering credit, where the ability to transact was made tantamount to freedom. The Black Sash, however, argued that Net1 did not provide "freedom" for grantees, only debts. Grantees were "free" to transact, but only within a coercive and monopolistic system which was already unfree (explained in chapter 2).

While the case was heard the week after the protest, the Court delayed its decision for over six months, well into the new year. Eventually, the North Gauteng High Court[112] sided with Net1, endorsing the "right" of grant recipients to "freely" transact.[113] The judge denied the Black Sash's request to intervene and refused to consider their evidence. In the ruling, Net1 came off as a disinterested party – without state-facilitated monopoly control of grantees – merely providing a service through the provision of inclusive credit. Despite such a damning judgement, it hardly caused a stir. By the time it was released, there was another social grant crisis underway, accompanied not by a tiny protest on St. George's steps, but a considerable national outrage.

Contracts and Social Contracts: A "Crisis"… Within a "Crisis"

If we got to choose between paying the grants and irregular [expenditure], and if the country is going to burn on April 1 or irregular [expenditure], I choose irregular.
- Thokozani Magwaza, the CEO of SASSA

The crisis I just described was quickly overwhelmed by a second crisis, which focused on whether or not grants would be paid on April 1, 2017. Unlike the previous crisis, which was accompanied by fairly small protests, the April 1st crisis stimulated a widespread public outcry. For the most part, however, this panic did not originate with grant recipients themselves, but came from middle class or elite "publics." Politicians, bankers, activists, lawyers, judges, journalists, and even hedge-fund managers were outraged about what might occur if grants were not paid.[114] As Thokozani Magwaza, the CEO of SASSA, said: "If we got to choose between paying the grants and irregular [expenditure], and if the country is going to burn on April 1 or irregular [expenditure], I choose irregular." This crisis linked the *fear* of grant recipient protests – what Godi called the "revolution of the poor" – to the seemingly dry and technocratic realm of public financial management. Magwaza argued that it was essential to find a way to legally

[112] No. 825/2017 and 752/2017
[113] The Minister of Social Development appealed at the Supreme Court of Appeal, and won.
[114] Allan Gray, an investment company, was drawn into the fracas, and held accountable for their role as the largest South African shareholder in Net1. Magda Weirzycka, founder and director of Sygnia Capital, another investment company, published numerous opinion pieces in the *Daily Maverick*, calling out Net1's corruption.

deviate from established procurement practices to fulfill South Africa's duty to pay grants. The continuation of grant payments was vital to ensuring the poor would not "burn" the country down. Like Godi, Magwaza characterized social grants as critical to a sort of "social contract" between the government and the poor ensuring the stability of the state.

This crisis had been building for five years and was rooted in Constitutional Court rulings dating as far back as 2012. At the time, one of the rival bidders to CPS, AllPay (a subsidiary of Absa, a major national bank) took SASSA to court for changing the tender criteria for biometric verification from "preferential" to "mandatory" just days before the submission deadline. Both CPS and AllPay had the capacity to authenticate beneficiaries biometrically during enrollment, but now SASSA wanted grant recipients to show biometric "proof of life" every month. CPS proposed that those who used pay points would scan their fingerprints and those who used bank accounts would verify their voices during monthly phone calls.[115] The Constitutional Court ruled that this last minute change reduced the number of viable bids to one – CPS – rendering the process uncompetitive and precluding a comparison of costs.[116] On this basis, the CPS contract was declared unlawful and invalid, but the Constitutional Court suspended their declaration of invalidity for the five-year term of the contract. The Court also ruled that, CPS was an "organ of state"[117] and could not walk away from their duty to deliver social grants and could not "benefit" from an illegal contract. Additionally, the Court mandated that SASSA must regularly report about its progress to remedy the illegal contract. In this ruling, the Court sought to curtail the potential patronage politics that put CPS in this privileged position as the single beneficiary of a massive state contract.

In response to the Court's judgement, SASSA initiated a new tender process, which was unsuccessful. Two bidders withdrew at the last minute and those remaining did not actually have the capacity to pay grants. SASSA promised the Court that, instead of initiating a second tender process, it would develop the capacity to pay grants "in-house." Based on this plan, the Court ended its supervisory order in 2015, and SASSA set about developing an alternative payment system. Or so it was assumed…

On 13 October 2016, however, at the same time as the debt crisis, SASSA had a seemingly perfunctory meeting with the Portfolio Committee for Social Development about its *Annual Report*. In that meeting, it became very clear that SASSA had done very little to prepare itself to take over grant payment. SASSA had surveyed the options available for grant payment, and realized that developing in-house banking and technology systems would be lengthy and complicated. Yet, SASSA had not chosen exactly what type of systems they wanted nor had they (legally) procured the services necessary to build such systems. Members of Parliament, particularly those from opposition parties, pressed Minister Dlamini on her department's plan. But, the Committee Chairwoman, Rosemary Capa, ran interference for the Minister by ending

[115] Net1's voice recognition protocol never actually worked and was abandoned before the system was ever launched

[116] AllPay Consolidated Investment Holdings (Pty) Ltd and Others v Chief Executive Officer of the South African Social Security Agency and Others (CCT 48/13) [2015] ZACC 7; 2015 (6) BCLR 653 (CC) (24 March 2015)

[117] The words "could not benefit" are still being subject to court challenges. Some members of the court clearly understand benefits to refer to profits, and have argued that Net1 should not have profited for the entire duration of their contract. Retroactively holding them to account, through the court-mandated release of financial statements and independent audits, has proved difficult.

the meeting early because there was "no lunch" provided. Capa concluded with a dismissive statement: "We've been told this is being done," implying the Minister's word was enough and no further questions were necessary.

In the new year, when Parliament opened, the media stirred up a huge frenzy around grant payment. For months, it seemed to be *the* only news story in every paper.[118] The crux of the issue was why SASSA had not done more to ensure a smooth takeover in April. Almost a year earlier (April 2016), after conducting studies to understand the technical elements needed for SASSA to pay social grants, project manager, Zodwa Mvulane, knew it would need more time beyond Net1's current contract. Mvulane recognized this could be tricky: the Net1 contract was already declared illegal because it was non-competitive, but since it was the only company that could seamlessly pay grants beyond April, the contract would need to be extended non-competitively. She asked the Office of the State Attorney for a legal opinion on how to proceed and Advocate Nazeer Cassim advised SASSA to approach the ConCourt for instructions. After that time, SASSA sought two additional legal opinions, which confirmed Cassim's opinion that approaching the ConCourt was essential. On February 7, 2017, SASSA CEO, Thokozani Magwaza, wrote to the National Treasury requesting approval for a deviation from standard procurement processes to extend Net1's contract. Minister of Finance, Pravin Gordhan, responded in accord with the three previous legal opinions: National Treasury could not give permission without the ConCourt's approval as this would set a dangerous precedent for public financial management. On February 16, 2017, SASSA informed the Portfolio Committee of Social Development about Gordhan's letter and expressed their intention, at long last, to go to the ConCourt to seek clarity on a future CPS tender. Everyone seemed content…

But, everything changed the following weekend. Minister Dlamini went to Kwa-Zulu Natal to meet with President Jacob Zuma's personal lawyer, Michael Hulley, who went against the previous three legal opinions and the National Treasury. He advised Minister Dlamini that she did not have to consult the ConCourt to extend Net1's contract. He said that since the Court dispensed its supervisory order for SASSA in 2015, it only had to be alerted of the outcome of negotiations with Net1. This put Net1 in the pound seat, and CEO Serge Belamant, publicly declared that he would raise his prices from R16 to R22 - R25 per grantee. Minister Dlamini appeared to be deliberately flouting South Africa's judicial and financial institutions to negotiate with a racketeer.

On February 22, 2017, Minister Dlamini informed the Portfolio Committee that SASSA would not report to the ConCourt. This was a huge surprise to the SASSA leadership and the Members of Parliament in the room, who were visibly angry. As one representative, Liezl van der Merwe from the Inkatha Freedom Party (IFP) put it: "The Minister and DSD have shown negligence and complete disregard to the reputation, dignity and authority of the Constitutional Court order. In 2014, the Constitutional Court told DSD to prepare itself for 1 April 2017. Until now it is not clear what happened in the last three years. According to the presentation, some of the work started in October 2016. Now the country is being forced into a crisis." Rosemary Capa disciplined van der Merwe and instructed that Members of Parliament could only raise questions "on what has been presented." In this way, Capa was trying to stop members from asking

[118] Just to mention, during this period, I was an active participant in the media frenzy, publishing three articles between March and April 2017 (Torkelson 2017a; Torkelson 2017b; Torkelson 2017c).

questions about the role of the Constitutional Court. As this back-and-forth grew more and more heated, Chairperson Capa adjourned the meeting prematurely.

Minister Dlamini's surprising Parliamentary shenanigans, prompted a revolt within SASSA. On February 28, 2017, SASSA CEO Thokozani Magwaza broke ranks with the Minister and made a submission to the ConCourt, asking permission to extend Net1's contract. On the very same day, Minister Dlamini rescinded the documents Magwaza had filed. On the same day again, the Black Sash filed its own case with the ConCourt, asking for clarity around an interim contract with Net1. This led to an emergency sitting of the Court on March 15, 2017, and the approval of a one-year extension to Net1's contract. Daily Maverick journalist, Marianne Thamm (2017), who covered this story accused SASSA of "manufacturing an emergency" and holding a "gun to South Africa's head."

While this rather dramatic series of events appeared to be about the payment of social grants, it was actually a power struggle over who had the authority to decide the terms of an illegal contract. On one side, Minister Dlamini, Jacob Zuma's lawyer, and some of the SASSA leadership felt the Constitutional Court was not required to extend Net1's contract. On the other side, Minister Gordhan, the National Treasury, and another part of the SASSA leadership thought the Constitutional Court was essential. By the time the Court adjudicated, everyone, on both sides, agreed about what had to happen: it had already been concluded that the only option available was to extend Net1's contract because they were the only company that had the ability to pay grants in this foreshortened time period. Social grant payment was deemed so critical to the nation that a deviation had to be granted, otherwise the state would be abandoning its duty to its citizens. But, while the "social contract" provided the rationale for deviating from proper procurement procedure, who had the power to rubber-stamp this deviation became a very heated battle. Minister Dlamini's attempt to exercise the power of contract without oversight from financial or judicial parts of the government led to allegations of corruption. This stink of possible patronage initiated yet another related social grant crisis, this one with ramifications that coincided with a change of President.

The Patronage Politics of Liberal Democracy: A "Crisis"… Within a "Crisis"… Within a "Crisis"

"All of us there in the NEC [National Executive Council] have our smallanyana skeletons. And we don't want to take out all skeletons because hell will break loose." - Bathabile Dlamini, Minister of Social Development, 19 March 2016

Minister Dlamini's "*smallanyana* skeletons" became one of the most oft repeated quips in South African political parlance from 19 March 2016. *Nyana* is a diminutive in Zulu and Sotho, which works to reduce the size of the noun, in this case meaning tiny little skeletons or very small skeletons. Speaking to the SABC, at the Commission on the Status of Women at the United Nations in New York, Dlamini used "*smallanyana* skeletons" not to reprove members of the ANC for corruption, but to chasten them for "hanging [their] dirty linen outside." She made these comments one day after Deputy Minister of Finance, Mcebisi Jonas – Pravin Gordhan's right-hand man – admitted that he rejected a R600 million bribe from the Gupta family. By

characterizing a R600 million bribe as a *smallanyana* skeleton, Dlamini left South Africans wondering what would constitute a *"biginkulu* skeleton" and if she had such skeletons to hide?

Throughout the social grant crisis, this quote came back to haunt Minister Dlamini. After the Constitutional Court ruled that CPS's contract could be extended by one year (and then a subsequent six months), they held a second investigation into the Minister's conduct to investigate whether she was derelict in her duties. In an unprecedented judgement, the Court ruled Minister Dlamini was "reckless and grossly negligent" in her handling of SASSA and ordered her to pay 20% of the legal costs of the Black Sash and Freedom Under Law[119] in her personal capacity. As part of the Court's investigation into mismanagement, the former Director General of Social Development, Zane Dangor, and the former CEO of SASSA, Thokozani Magwaza, alleged that Minister Dlamini actively undermined the development of a new payment system. They accused her of creating a parallel governance structure within SASSA comprised of a financially well-remunerated and politically well-connected "advisory team" to head up "work streams" that only reported only to her. Magwaza and Dangor argued that Dlamini's advisory team members were appointed non-competitively and were positioned to both advocate for the design of a new payment system and benefit from contracts to implement that system. Magwaza and Dangor contended that the leadership of SASSA was excluded from these processes, and the Minister made it impossible for them to systematically develop a payment system in accordance with financial management procedures.

This conflict was not confined to SASSA. Competing factions within the government and ruling party accused each other of manipulating grant payment systems for personal gain (Foley and Swilling 2018). On one hand, Minister Dlamini and her advisory team preferred what was called a "closed loop" option. CPS would pay social grants for now, and SASSA would develop its own capacity to pay grants in the future. Both the CPS system and the subsequent SASSA system would be exclusively "closed loop" for social grantees separate from the National Payment System (see chapter 2). The Minister argued that this would enable SASSA to protect grantees from predatory companies (although that did not seem to be the case with Net1). On the other hand, the National Treasury and the Reserve Bank preferred what was called an "open loop" option. South Africa's banks, and the Post Office, would pay grants through the National Payment System. This payment system would work for grantees living in urban areas, but not those living in remote areas, far from Post Office or bank branches. Grant payment for remote areas would have to go out to contract and would likely still have to be a closed loop option.

This open loop/closed loop debate dated back to the *AllPay* decision in 2012, when Net1's contract was declared illegal. From that time, there was a disagreement over who should profit from the second largest government contract every issued.[120] On one side was South Africa's big banks (Absa and its subsidiary AllPay) and the government institutions that supported the financial sector, including Minister Gordhan, the Reserve Bank and the National Treasury; and on the other side was an internet technology start-up (Net1) and the government institutions

[119] Freedom Under Law is an NGO of retired judges, advocates and lawyers, who litigate in relation to institutional conduct and "rule of law."

[120] The biggest state contract at the time was for the Strategic Defense Package, or "arms deal." This was a R30 billion / $ 4.8 billion purchase of weapons from mostly European arms firms by the ANC government in 1999. It is widely associated with major government kick-backs and corruption.

involved in social development, Minister Dlamini, Social Development, and SASSA. In Parliament, Minister Pravin Gordhan gave a potted history of this conflict: he reported that SASSA never consulted National Treasury in the initial design of the national grant payment system. If they had been consulted, Treasury never would have accepted the parallel, closed loop infrastructure, outside the very stable National Payment system. Tim Masela, from the South African Reserve Bank, summed up Gordhan's sentiment, asking: why SASSA would choose to avoid South Africa's safe, secure banking infrastructure to pay grants in favor of a poorer alternative. Minister Dlamini, for her part, defended her choice by accusing National Treasury of putting the interests of the financial sector – the big, old, long-established banks – ahead of the interests of grantees. She argued that a closed loop system, was most appropriate for grantees because of its biometric security and extensive delivery into remote areas. Minister Dlamini suggested that Gordhan wanted SASSA to "call everyone to go and register with banks and it became clear to me that he was working with banks" (Dlamini 2019).

The conflict between Dlamini and Gordhan was a struggle over the meaning of "radical economic transformation." This contest played out in a twelve page letter Minister Dlamini wrote to President Jacob Zuma complaining about National Treasury at the end of 2016. Minister Gordhan had an opportunity to rebut Dlamini's accusations at a state capture hearing in 2018. For Dlamini, the banks had never favored SASSA's core constituency and had been part of the production of South African inequality. She argued that the banks could never be part of "radical economic transformation," nor design a system suitable for "our people," meaning grantees. She held that Minister Gordhan and the National Treasury had showed "bias toward the private sector" when payment options were considered, not-so-subtly implying that he was corrupt. Gordhan replied: "The substance about radical economic transformation is: how do you change the structure of the economy so that we make greater use of the resources we have now, and the anticipated opportunities that we have, but at the same time make sure that the benefits of those changes accrue to all citizens and to a select few" (Gordhan in Miya 2018). Gordhan accused Dlamini of designing a monopolistic system to benefit a select few people, again not-so-subtly implying that she was corrupt. Gordhan, instead, positioned himself, the banks, and the financial oversight bodies on the "right side" of the state capture debates, i.e. the side of the state that is not captured. He normalized, in Roitman's sense, the operation of a highly unequal South African economy. In the name of financial stability, he suggested that South Africa's five biggest financial institutions were best positioned to benefit from this very lucrative contract.

This crisis (debt) within a crisis (grant payment) within a crisis (state capture) continued to normalize the financial structures that had long produced inequality. While the initial crisis, defined by activists and grantees, was about Net1 passing on debts to the poor, it was transformed into a political football between two major factions of the state. On one hand, the Zuma-Dlamini faction is seen to be the epitome of the worst sort of patronage politics and the repurposing of the state for political gain. On the other hand, the Gordhan faction is seen as the fiscally responsible, internationally savvy, liberal managers of the economy. What is missed in this narrative, however, is how the Gordhan faction also represents a form of patronage politics. It is well known that Zuma's securocrat state was a continuation of apartheid security elements in a post-apartheid period (Holden and Van Vuuren 2011). So too, Gordhan's fiscal state is a continuation of economic ownership by a white elite with Black partners and allies (Fine 2019). In this tension, the historical antagonism between the apartheid state and liberal capitalism

continue (exemplified by mining giant Anglo-American's Harry Oppenheimer). Gordhan, previously a member of the South African Communist Party and heavily influenced by his time (1999-2009) as the Minister of the South African Revenue Service (SARS), deemed financial institutions vital to the stability of the economy and the stability of the state through the responsible payment of taxes.[121] But, these are the same the banks and financial firms that drove the political transition to democracy at the expense of economic redistribution (chapter 1). This too is patronage, though perhaps not of bribes and back-room deals, but of a more covert sort, a form of patronage that has long formed the basis of the colonial, apartheid and post-apartheid states – a form of patronage that is so acceptable, it does not look like patronage at all. In the end, the Treasury faction could look like the saviors of social welfare, while actually maintaining the structural conditions that make grants necessary.

These social grant crises were taking place against a wider South African political crisis, which eventually led President Zuma's resignation. In 2015 and again in 2017, Zuma fought to remove Gordhan as Minister of Finance because he wanted to install someone loyal to himself and the Guptas in this key position. In early 2017, three days after Gordhan made his damning presentation to Parliament about grant payment, and kicked off his war with Bathabile Dlamini, Zuma removed Gordhan from this position in favor of Malusi Gigaba. This "late-night Cabinet reshuffle," as it has been called, ultimately led to Zuma's forced resignation and Cyril Ramaphosa's ascension to the Presidency.

The Restoration of Grant Payment

Through these three crises, the "saving" of the social grant system has come to be about the restoration and acceptance of a vastly unequal, highly technocratic, racial capitalist order. My understanding of this crisis counters an increasingly popular narrative about inequality in South Africa, which identifies a shift between a race-based system of inequality to a class-based system of inequality in the post-apartheid period (Seekings and Nattrass 2005, Bond 2000, Crankshaw 1997). Analyses like these appeal to the fact that the inequality between black people, now surpasses inequality between white and Black people; and the number of white high net worth individuals has decreased, while the number of Black high net worth individuals has increased (Francis and Webster 2019). The ascension of Black people to positions of political and economic power through Broad Based Black Economic Empowerment serves as evidence that class not race is the definitive difference in the present moment. One recent analysis even suggested that a continued focus on race is sloppy because it fails: "to explain why and how the racism that supposedly keeps the majority of Black people poor simultaneously produces, and reproduces, a growing class of rich Black people" (Rudin 2019). Analyses that stridently divide class from race misunderstand how historically-specific racisms continue to be embedded in such class-based deferrals, which circulate in popular discourse. The idea that race has become irrelevant to South African capital, renders new articulations of racism invisible and illegitimate. To ignore the racial hierarchies that have been so central to the creation of the state, is at best premature, and at worst a limit to our thinking and theorizing.

Two processes of racialization seem to be at work in the social grant crises. First, in reference to Zuma and Dlamini, the focus on Black wealth naturalizes the idea that Black wealth is an

[121] Thanks to Hennie van Vuuren for this reminder of the longer history of Gordhan and SARS.

anomaly, blaming people for accruing wealth very quickly. The frequent association of Black wealth with political patronage, can obscure how white wealth in South Africa was created and sustained through a white supremacist state program also through political patronage. The state capture narrative, at times, rehashes racist discourses about corrupt African leaders and failed states, which both ignores the many Black whistleblowers in government who exposed corruption, and also ignores the (often, but not exclusively white) enablers of corruption in the form of bankers, lawyers, accountants, and auditors (Marchant et. al. 2020). It also tends to suggest that the corruption of the present marks a difference, not continuation from the corruption of the past, where the state served as white supremacist pyramid scheme in the form of colonialism and apartheid. Additionally, while wealth might now be shared, poverty most certainly is not. If race were no longer a factor in South African economics, there should be no color bias at the lowest end of the spectrum. While white homeless people are becoming more common, poverty is not yet equitably shared.

Second, capitalism itself is and has always been a racial project. This does not end when political and economic power-holders are Black. The people filling these roles do not cease to perpetuate the racial exclusions of liberalism. As David Theo Goldberg (2009) writes in *The Threat of Race*, commitments to racelessness insist simultaneously that race is a politically irrelevant category, while also making appeals to universal values allied with whiteness. What is interesting here is the larger narrative of "state capture" has been wielded primarily against Black politicians, not the (mostly) white corporations, domestic and international ,that enabled their corruption. Many of these corporations have long been at the center of the state – profiting from colonialism and apartheid (see chapter 2) – highly corrupt white regimes. With Jacob Zuma's resignation, and Minister Dlamini's reshuffle to another portfolio, there was a palatable sense that a certain corrupt faction had been removed. But, failing to examine what remained was a significant oversight. The production of racial inequality continues by appealing to the supposedly universal values encoded in liberal democratic institutions and the need for financial stability. The (seemingly more progressive) pro-Treasury faction pushed forward a highly technocratic, liberal democratic agenda focused on the stability of political and economic institutions. This reasserts South Africa's racial capitalist geography, normalizing what "just is" (McKittrick 2006) and has been since colonialism, and making race invisible as a structuring category.

Many of the Black leaders who occupy positions of power and authority continue to wield power in such a way as to perpetuate liberal (white, patriarchal, Eurocentric, classed) norms through a belief in institutional state forms and the "stability" of the economy. The social grant program, as I showed in chapter 4, is one place where racism has been perpetuated pre- and post-apartheid. Black leaders in the early 2000s embraced the bootstrapism and dependency discourse typical of white liberalism.[122] Then President Thabo Mbeki and then Finance Minister Trevor Manuel (a good friend of Pravin Gordhan) both cautioned that social grants would produce dependency on the state. They focused not on social protection, but job training programs and employment opportunities, consistently denying able-bodied working-aged people grants. Unemployed people, not an unjust economy, were seen to be the "problem" in need of fixing. In contrast,

[122] While this is somewhat resonant with US analyses of the Obama presidency, South Africa is quite different in that, unlike the United States, there is not just one Black person at the helm, who had broad popular appeal. South Africa has under gone a massive political transformation from an entirely white ruled settler colonial state to a almost entirely Black ruled post-apartheid state.

welfare, in colonial South Africa, was meant to racially empower white and coloured people and create (and sustain) a strict racial hierarchy. The family maintenance grant for white and coloured women *only* with absent or unemployed husbands was meant to elevate certain families above those racialized as black. When grants were expanded to include black people, in the early 2000s, the previous apartheid era family maintenance grant was ended. In its place, a program of democratized child grants was enacted, but well below the value of previous family maintenance grants and well below the real cost of raising a child. This expanded program of children's grants was supposedly too much for the finances of the state, but the effects of this decision was profoundly burdensome for black women. Additionally, the continual exclusion of an 18-59 grant for unemployed people, and the expectation that Black mothers and grandmothers will use their grants to care for those excluded, also continues to be anti-Black (as explained in chapter 4). This is a system where, as Ruth Wilson Gilmore says, "particular kinds of bodies, one by one, are materially (if not always visibly) configured by racism into a hierarchy of human and inhuman persons that in sum form the category of 'human being'" (Gilmore 2002). Black grant recipients, slotted into the very bottom of this hierarchy, have their social protection payments reduced to the food poverty line and then attacked by predatory financiers. In the ongoing production of inequality, even a state with a predominantly Black government can continue to be anti-Black.

My analysis of the grant program showed how, race does not just disappear, and continues to enliven hierarchies of power and dominance in the democratic state. A very clear example of this is the difference between the crisis conceptualized by Black Sash protesters at St. George's Cathedral, and the crisis conceptualized by the state. For the Black Sash protesters, the part of the crisis that felt most unfair and unjust to beneficiaries was not the same for politicians. Grantees were not protesting about a potential interruption to their grants but about how the very grants meant to counter the unfair and unjust histories were stolen once again. As such, Sipho Bani, Aletta Bezuidenhout and the Black Sash fought for what became known as the SASSA recourse mechanism, a way of documenting financial deductions. While SASSA received about 70,000 complaints in three months, SASSA did not have access to Net1's data to investigate them (Panel of Experts 2018). After the complaints were passed over to Net1 for arbitration, over 60,000 were deemed settled without reimbursement and less than 10,000 people got any money back (ibid). Additionally, a few very egregious cases, picked up by Black Sash partners were forwarded straight to the CEO of SASSA. Less than 100 cases total were "solved" in this way. The vast majority of grant recipients with problems either did not know about the recourse mechanism or were denied access to it. It was highly individualized, and the burden was placed on grant recipients themselves.

At no time did anyone from government call for reimbursement, even as several court judgements declared certain financial practices illegal. The Court ruled, for example, that funeral policies on child grants were usurious and unconstitutional – but no order was made for an automatic reimbursement of those who had paid such policies for many years. The Court also ruled that funeral policies were only allowed to be up to 10% of old age pensions and disability grants – but no order was made for an automatic reimbursement of those people either. Despite multiple court cases declaring certain actions illegal, no remedy has included making grantees whole in a comprehensive way, in a way that does not burden recipients once more. Additionally, the case I discussed at the very beginning of this chapter about Net1's deductions

was overturned at the Supreme Court of Appeals. The Supreme Court recognized the need for legislation that protects grant holders from "unscrupulous vendors and corrupt activities by employees of service providers," and called for "clearly defined, enforceable protective measures to ensure that social grants are not unlawfully depleted" (Minister of Social Development of the Republic of South Africa and Others v Net1 Applied Technologies South Africa (Pty) Ltd and Others 2018). While ultimately the grant crises resulted in a successful push to completely overhaul the payment system, there was no blanket reimbursement for victims of unscrupulous and corrupt activities. Contrary to all demands of grantees, the remedy was made in the form of future protections and did not seek past reparation.

An Uncommon Inheritance

I now want to shift gears and focus on a different outraged "public." Not one made up of elite and middle class publics, but grant recipients themselves. Grantees watched their government pat themselves on the back for "saving" a program that devalues and debases them. Because of the lived experience of this dissonance, many grantees made very different sorts of moral claims around the grant program. While it is true that there were no huge protests on the street – not like #FeesMustFall, not like #AmINext[123] – there were protests. Often these were forms of resistance that were not recognized as protests because they did not subscribe to the familiar vernacular of practices. There was no *toyi-toying* at Parliament, no loud calls for the President to address the gathered crowd, and no repressive military and police violence against those congregated. The protests took place amongst grantees, at paypoints, in queues, at community meetings, over cups of tea. In such spaces, grantees refuted the overly technocratic terms in which their grants were being discussed. Recipients, instead, focused on deductions and debts, and the ongoing dispossession of their social benefits. They contextualized these contemporary deductions and debts against a longer history of colonialism and apartheid. It is in these less visible spaces and places, that grantee practices and assertions around debt become creative acts of theory, drawing attention to the contradictions at the heart of an ostensible anti-poverty program.

In the previous section, idioms of debt worked in at least three ways: first, as actual debts incurred on social grants; second, as part of the social contract, where government gives social welfare to beneficiaries to secure a debt of discipline, and third, where corporations give kick-backs to politicians to dispense with a debt incurred from assistance in securing lucrative contracts. In what follows, however, I will explore how grantees used the multivalence of the category of debt to offer new, creative theorizations about what it means to be in debt, and probe who is actually in debt to whom and for what. In so doing, grantees related their current debts – incurred under a social welfare program – to longer histories of racialized dispossession and exploitation, where Black South Africans have been used to increase the wealth of others. Challenging the directionality of debt, grantees asked whether or not an anti-poverty program, commissioned to mitigate Black poverty resulting from stolen labor and land, could result in

[123] Fees Must Fall was a South Africa-wide protest of university students against fee increases, as well as the injustices of the bursary program, registration fees, campus accommodation, and other bread and butter issues of being a student. The students also teamed up with campus workers, forcing universities to "insource" contracts, giving workers greater benefits and job security. Am I Next was also a South Africa-wide protest of university students, albeit centered in Cape Town, where Uyinene Mrwetyana was raped and murdered by a post office worker. University students, supported by many South African citizens, protested at the World Economic Forum in Cape Town against gender based violence.

more Black debt. Social grantees thus made the idea of debt "productive" – as per Janet Roitman's (2005) analysis of debt – by reversing the common-sense morality related to debtors and creditors.

I met Sihle, a 72 year old pensioner from Botshabelo, in June 2019 on a research trip for the Black Sash with the Botshabelo Unemployed People's (BUM) movement. The director of BUM, Kgotso and I sat at a large table taking up most of the space in BUM's small offices. We were looking out over BUM's scraggly garden of medicinal herbs. Sihle was visiting BUM's office to borrow seeds for his garden from the seed bank. This was a type of loan that only had to be repaid if his garden flourished and otherwise would be forgiven. Sihle was confident he would pay back the loan easily because he was a seasoned farmer, and proud of what he grew in his small yard, even in the drought. While Sihle browsed for seed, he teased Kgotso about BUM's agricultural program: "I get my seed from BUM… but BUM is too eco-friendly. I have to buy pesticides otherwise my garden will look like theirs."

Kgotso explained to Sihle that my reason for visiting BUM was to learn about debt in Botshabelo. Sihle's interest was piqued and he joined our conversation. He shared that he only started borrowing (money, not seed) recently, when his sister died and he needed to pay for her funeral. He described his debt with a powerful agri(cultural) metaphor. He referred to himself as an ox, pulling a loan hitched to him at the back. Paying down his debt for her funeral was a heavy burden that he carried with him. Sihle explained that he would be in a better position to pay off this debt if he had a hectare of land and water. He said:

Nothing is alright. My food? Because of the drought, I need SASSA. I can't grow. I need to buy mealie meal [corn meal] and vleis [meat]. There's no fruit, too expensive. I buy oil, I buy sugar. I spend R700 on groceries. I have lay buys for clothes for my grandchildren. I don't buy clothes for myself. I still wear the clothes that the oubaas [old boss] that my sister worked for gave her. So, they're all the oubaas' old clothing. They look good on me don't you think?" A hundred [rand] electricity means nothing. It's finished before the month's end. Oooohhh, and transport. I carry that on my shoulders. I am deaf in the eyes. I went to the hospital. I got a date for the operation. I was totally deaf in both eyes. I was blind. Now they fixed the one eye. And now I must go later for the other eye. All this travel to the hospital is on my shoulders. I am the ox pulling all these things. I spend R400 plus on transport. I have a funeral burial plan, which comes off the grant every month automatically. And I have another one from the Christian funeral parlor, which I pay cash each month.

As Sihle described his expenses, he elaborated how he pays for many things the government should provide. Although his granddaughter gets a child support grant, it does not cover her clothes and he has to purchase these. Although he qualifies for free electricity, it does not last through the month and he has to buy more. Although he can use the public health care system, he has to pay for transportation to the hospital. He pays for two different funeral schemes, so his children do not go into debt to cover his burial, as he did for his sister. Sihle's social grant, envisioned by the government as one part of a wider program of social protection, is covering things the state claims to provide. Sihle says, even with all these expenses, he was managing with his garden:

I do the garden for my extra needs. If it wasn't for my sister's death, I would not have needed a loan. As someone who is ploughing, my hope is to have one hectare of land and water to go with it. Land and water redistribution is the answer – not SASSA. I have my own bank in the land. I have my own bank in the ground. The earth is my bank. The only bank you need is the land.

Sihle described the importance a future where he could be a landowner and the earth his bank, the place where he creates and stores value. Contrary to the technocrats above, Sihle did not accept the pittance that SASSA provides, as a sufficient and dignified wage. He sought a broader form of redistribution, specifically tied to land previously stolen under colonialism and apartheid. Sihle recounted a generational history of dispossession and an unjust inheritance of landlessness. He was born in a location in Cape Town, where his father was a teacher and Pan-African Congress (PAC) leader alongside Robert Sobukwe. As result of his father's anti-apartheid activism, his family was constantly on the run from the police. Sihle said, "my father got into lots of trouble and we were chased everywhere. We went from place to place on the run. We were *vlugtelinge* [scatterlings]." They fled from Cape Town, to Bloemfontein, to Lesotho: "The whites chased my father out of the country. It was very hard. Sometimes we were without food and we were hungry. It was very hard. We trekked hard. We trekked on hardness." The perils of hunger and flight were brutal for Sihle's family. Of fourteen children, only he and his sister survived because they were taken in by their aunt. He connected this history of landlessness (and statelessness) to his deep desire for and attachment to "the ground."

When I asked Sihle why he thinks the government gives grants and not land, he laughed. Clearly, my question was naïve. Sihle rejected the very premise of my question: my suggestion that the government "gives" social grants. He replied, "The grant comes from my hand. No one looks after the poor. We carry ourselves. We always have. We are the *voorlopers,* the oxen in the front pulling the wagon with the heavy load. No one helps us." In this way, he completely upended the idea that the grant was a "gift" from the state. Instead, he characterized it as something that he produced himself. He enriched the nation, as a human, as a political activist (like his father, though following Steve Biko, his generation's Sobukwe), as a construction worker, and as a farmworker. Re-tooling this classic workerist rhetoric, the grant itself comes from his labors, "comes from his hand." It is not, as Magwaza and Godi saw it, a disciplining force for the poor preventing revolution. He is not in debt to the state for this grant and he is not placated by it. He asked how he could be in debt for something that is owed to him, and the rest of the poor who "pull the wagon with the heavy load." In fact, it is the nation that is in debt to Sihle, and must make good on its debt to all those who share his history of dispossession and devaluation.

While Sihle is not representative of all grantees, I certainly found through my work with the Black Sash and their partner organizations, many people with strong political analyses like him. Sihle's potent bovine framing brings race and racisms into discussions of moral economies. For me, this conversation resonated with Ta-Nehisi Coates' (2014) "Case for Reparation" in which he uses the wealth gap in the United States to elaborate the ongoing effects of racial injustice. The brilliance of Coates' piece is that his argument does not focus on slavery, side-stepping the usual arguments about the impossibility of reparations for something that happened "so long ago." Instead, he offers a continuous narrative of the destruction of Black wealth and the maintenance of white wealth at the expense of Black people. He traces the ongoing exploitation and exclusion of Black Americans after slavery's ostensible end, in the form of Jim Crow,

separate but equal, and redlining. Sihle's critiques, like Sophia, Josiah and Lebogang's critiques (from chapter 3), elaborated South Africa-specific processes of racism and discrimination. Sihle traces his history of dispossession under apartheid, of being chased from one place to another, and even out of the country. He talks about always having to work for white farmers, white policemen, and a white construction company. He has only ever been able to farm on the side, and has never owned enough land to support himself. His consistent exclusion from property relations, from rights to the earth, continues in the present period. Like Coates, Sihle does not focus on some original sin of dispossession and devastation, but highlights the ongoing destruction and curtailment of Black wealth.

There is a striking difference between Sihle's understandings of debt and the grant program and that of the technocrats at the beginning of this chapter. The technocrats see the grant program as vital to popular discipline. Social grant recipients change the narrative from that of a non-racial, anti-poverty program for so-called "vulnerable" people, to a reparation for histories of racial dispossession, exploitation and unfreedom. They challenge the idea of a social grant as a non-racial political technology, where everyone who passes (or rather fails) a means-test, qualifies for the same amount of money, and expose the continued racialized hierarchies implicit in the South African state. Grantees do this by linking their current state of poverty, not to some arbitrary measurement of household income, but to the unjust, racially-differentiated possibilities for inheritance at the hands of successive racial states. They dispute that what is needed is a simple anti-poverty program to reduce a "condition of lack in absolute terms" and rather focus on the relational aspects of inequality (Mosoetsa and Francis 2019).

According to the World Bank (2018), South Africa is "the most unequal country in the world, by any measure." The richest 1% of South Africans own 67% of the country's wealth; the top 10% own 93%. And while many of the richest 1% of South Africans are Black, on average Black households hold 4% of the average wealth of white households, and Black households earn only 20% of the income of white households. Wealth is passed down through family structures, and poverty is too. Ninety percent of children from the poorest families, 99% of which are Black, occupy the same place in the earnings distribution as their parents (Francis and Webster 2019). South Africa allows little social mobility amongst the poorest ends of the economic spectrum, and the inheritance of disadvantage amongst Black families across generations remains intractable. Added to that, South Africa is still massively racially segregated, and with segregation comes the concentration of services in richer and whiter areas, and the concentration of crime and poverty in Black areas.

Centering race and inequality at the center of social welfare adds to one of the most influential academic analyses of South Africa's social grant program as well. James Ferguson (2015) comes close to Sihle's analysis, tracing an emerging politics of "a rightful share" in South Africa (184). Ferguson speculates that grants might soon be understood as a rightful share, or a portion of a *common* inheritance, on the basis of presence in a national community. But, Ferguson's conception of a "rightful share," delinks the distribution of welfare from the wider economic conditions of production, consumption and exchange. He considers grant payments as direct transfers somehow existing separate from other forms of economic relation. He hopes that if enough money was distributed, or redistributed, that it would change the very character of capitalism. But, many grantees do something slightly different. In my time in the field, I found

that Black South African grantees, however, understand their inheritance as distinctly *un*common and *un*universal – as, racialized and gendered injustices experienced in their own lives and those of their forbearers. Sihle consciously links his social welfare payments – and the debts incurred – to racialized histories and presents of unequal production, consumption, distribution and exchange. The profits made by Net1 and other lenders from grants continue long-standing processes of racial capitalism. In telling their histories of landlessness and labor expropriation, they focus on the racialized inequalities created and sustained within the South African economy. Universal grants might make bureaucratic processes easier and smoother, and ensure people do not slip through the cracks. However, the grantees I met had a deep desire for justice, which a universal grant could not quite address.

I would argue Sihle, like many other grantees I encountered, are engaged in what Harney and Moten would call "debt work." Harney and Moten (2013), in *The Undercommons*, sever credit from debt, splitting apart what is commonly seen as an inseparable, combined pair. In their analysis, the former (mostly) retains its associations with capital accumulation, while the latter is "broken free" and is no longer primarily an economic concept. They use debt, and particularly "bad debt," to describe what is inherited, credited, and freely given through histories and traditions of Black radicalism. Credit, under the tyranny of capitalism, creates debts in the present which mandate repayments in the future. But "bad debt," in Harney and Moten's sense, challenges this notion of futurity and economic impoverishment through repayment. The debt they are talking about "never obliges, never demands, never equals credit, payment, payback" (63). Instead, this unpayable debt is a historical and generational debt, a debt to what has been called the Black radical tradition by Robinson (1983) and Kelley (1990). Generations of Black activists and workers have offered critiques of racial capitalism, and the ongoing accumulation from Black life. The generational politics Harney and Moten proffer underscore the inheritance bequeathed to "anyone whose soul was sought for labor power, whose spirit was borne with a price marking it" (65). Harney and Moten refashion "debt work" as a counter-weight to credit, offering the possibility of building collective solidarities and social debts to one another through a politics of resistance.

Conclusion

In this chapter, I considered the moral economies of different parts of the South African state and the grant receiving public. In reference to the former, I demonstrated how the moral panic around social grants led to the reassertion of liberal democratic authority and the continuation of deep, entrenched racial capitalist inequalities. Throughout the chapter, I showed how, while the South African state is by no means a unified entity, it constituted itself as such, excising its corrupt members and performing various duties and practices to "save" social grants. In so doing, the constitutive exclusions of liberal democracy were exacerbated and long term inequality made acceptable. In reference to the latter, I demonstrated how grant recipients proffered very different moral economies about what the social grant program is and should be. Drawing upon multi-generational experiences of dispossession and exploitation, some grant recipients understand the limitations of the program, and articulate the possibilities of a more radical form of reparation.

CONCLUSION

Pension-Loan:
What Comes After Predatory Inclusion?

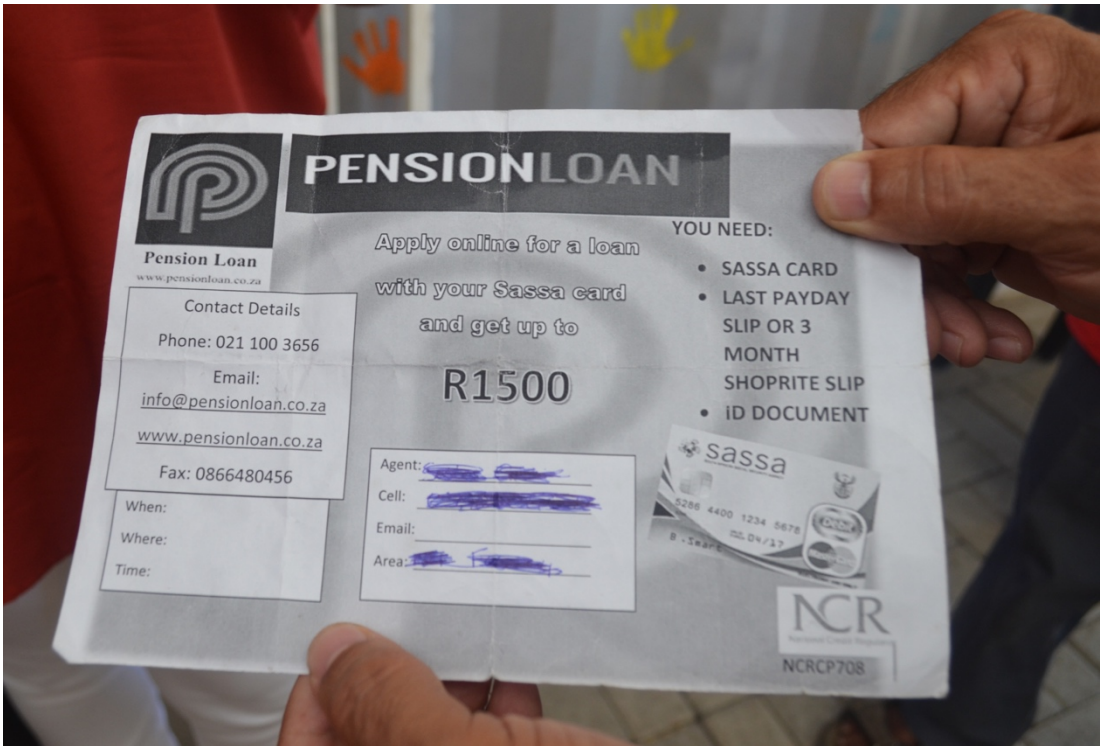


Figure 20: Pension Loan advertisement, using SASSA and National Credit Regulator branding, Ceres, 2017. "Pension Loan" captures the intimacy between government-sponsored social welfare payments and consumer credit.

In large part, the social welfare system – which has been the subject of this dissertation – has ended. After a massive public outcry, Net1's contract was extended twice, for a year and a half, during which time the Post Office and SASSA prepared to take over grant payment together. During this transition period, much took place, both to aid and inhibit the process of bringing grant payment within the state, in effect, *un*-privatizing, or *re*-insourcing it. As discussed in chapter 5, parts of SASSA resisted designing and implementing a new grant payment regime, while other parts pushed ahead. When SASSA seemed to stall, the Black Sash, Corruption Watch, and Freedom Under Law initiated multiple lawsuits to force a change to the grant payment system. The Constitutional Court agreed with these civil society groups and appointed a Panel of Experts to oversee SASSA and compel it to implement a new system. The Constitutional Court also ruled the former Minister of Social Development, Bathabile Dlamini, should be held financially responsible for her negligence. At the same time, the question of deductions was settled by the Supreme Court of Appeals, which ruled that social grants should not be used as collateral for credit. Altogether, these regulatory and advocacy actions led to the eventual roll-out of a new grant payment system from mid-2018. Instead of a monopoly service provider, grantees can now choose to be paid through the Post Office (70%), commercial banks

(20%) or EasyPay (10%). While automated deductions are still allowed on commercial bank accounts and EasyPay, the Post Office accounts are ring-fenced to prevent them.

This should offer some hope for grantees, but, sadly, debt remains implicit in this new system (James, Torkelson, Neves 2020). Immense confusion surrounded the transition to this new payment regime and recipients were not given adequate information to make informed decisions about their options (Black Sash, 2018a). Making the situation worse, SASSA decommissioned 80% of all physical paypoints around the country. Recipients in remote areas now have to travel long distances to access their grants at the Post Office or commercial banks. Often, they find the Post Office to be out of money, and are forced to make use of ATMs that charge fees or retailers that require purchases. This had the unintended effect of enabling Net1 to keep over 1 million people on their EasyPay card (at least initially). Net1 consultants told grantees that, with the EasyPay card, they could access their grants in the same places and on the same days as before.

But, it is not just people with EasyPay or commercial accounts, who are still subject to debt. Though Post Office accounts are ostensibly protected from automated deductions, recently, in Limehill, I observed women standing first in the Post Office queue and then in queues for a variety of payday lenders, withdrawing their grant money before going to repay old debts and take on new ones. Social grants are still used as collateral for debt, just differently. Grantees continue to be targeted by old banks, new online fintech banks, cash loans, payday loans, retailers, *mashonisas*, and neighbors. While it may be harder for some creditors to get their money back, as most deductions are no longer automated, lending businesses are still ubiquitous and lucrative. The inequality and poverty that make debt necessary have not gone away, and the power imbalance between creditor and debtor continues too. Additionally, there has been no debt jubilee to forgive past ill-gotten debts. Even the lawsuits which ruled that deductions on children's grants were illegal did not result in a blanket reimbursement. The only recourse available remains highly-individualized and difficult to access.

It remains to be seen how Covid-19 will affect South Africa's social welfare distribution system. President Cyril Ramaphosa acted decisively to "lockdown" the country toward the end of March 2020. At the same time, he promised to extend social protection programs to those who would be most affected by the lockdown. After three months of negotiating within Treasury, he finally defined what the new grants would look like. While appearing generous, the grants introduced were extremely limited: caregivers will receive R500 ($35) per month for six months, and unemployed people (who do not receive any other grants i.e. not caregivers) will receive R350 ($25) per month for six months. Since the R500 is designated as a *caregiver grant*, that means the child support grants are not actually being increased at all. While the caregiver grant will likely support their whole household, since it is an individual grant, it does not take into consideration the size of the family. The same R500 will be given to caregivers whether they support one child or many. This is additionally problematic because children are locked down in their homes without access to the wider social safety net of school feeding schemes, and parents must provide more meals than usual. In this way, the government is set to "save" R13 billion (almost $1 billion) through these machinations.

Additionally, as of June 1, only 10 grantees out of 2.6 million potential applicants have received their R350 unemployment grants. SASSA is working with a reduced staff to abide by physical

distancing requirements, but this same consideration is not extended to the grant recipients who have the potentially murderous burden of waiting in long, dense queues in order to receive payment. The Black Sash has documented people waiting over 16 hours waiting in the midst of an icy winter storm in Cape Town. So again, what appears as social protection for the poor proves to be highly disadvantageous and foists a hazardous "choice" upon them. For, now, in addition to their daily hardship under lockdown, they face the decision to either jeopardize their health and their family's health by risking Covid-19 infection in a crowd, or jeopardize their health and their family's health by failing to get the additional income both needed and deserved. The current Minister of Finance, Tito Mboweni, continues to push for reducing the national debt through austerity measures in the midst of a global pandemic. The way these grants have been rolled out confirms my argument that social protection should not be seen as the antithesis of neoliberalism or financial capitalism, a Polanyian type counter-movement. Rather, the way grants are distributed in South Africa encodes centuries-long histories of racialized and gendered exploitation, dispossession and devaluation.

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In this dissertation, I have explored the intimacy between social welfare, credit and debt in South Africa. I argued that "credit apartheid" did not end with the transition to democracy because the very processes by which Black South African women were conscripted into lending arrangements continued to produce a "credit apartheid." I demonstrated this through a detailed analysis of the discourses and practices of the South African social welfare system, as it was between 2012 and 2018. My analysis illuminated the way in which South African social grant recipients were conscripted into an unjust, racist and misogynist regime of debt. While in global development discourse, cash transfers or social grants are considered easy, value-neutral interventions, this is a misrecognition of their potent political content. Advocates of cash transfers previously characterized them as a solution to poverty. Increasingly, however, advocates of cash transfers characterize them as a way of including poor people in the global economy through relationships of credit and debt: to borrow money is a "freedom," to access credit is a "freedom." The redefinition of credit as freedom had particular traction in South Africa, where Black people had mostly been excluded from credit under apartheid. Through this ideological shift, cash transfers seemed to offer a way of democratizing lending – yet it failed to address the histories of marginalization that make democratization necessary in the first place. Grantees were, thus, included in a system which has continually oppressed them, and they were included in such a way that allowed for continued predation.

This I show, occurred as follows: a private corporation, Net1, backed by parts of the government, was given the monopoly authority to foist financial products and services onto an already abject and precarious population. Net1 used its monopoly over personal and fiscal information to segregate grantees into an alternative banking system, outside of the national banking system, that I term *Bantustan Banking*. This segregation of Black women grantees in a separate, material financial space, revised and reworked the Bantustan project, where racialized and gendered South Africans were violently removed from the white nation and confined within "ethnic" homelands subject to despotic traditional leaders. Net1's banking system effectively became a

system of indirect rule, where democratic citizens were made a very low-risk clientele and subjected to exploitative techno-financial arrangements, outside the purview of the state.

I situated this within international and South African-specific discourses and practices of finance capital. The Third World and its inhabitants have been used to absorb "unproductive" or "surplus" finance capital, since (at least) the Age of Imperialism. This imperialist incarnation is not confined to ongoing relations of sovereign debt, but has been pushed down upon individuals and households through global development trends. Recipients of social grants, or cash transfers, are "surplus" people, not included in the national economy as workers, but as grantees, meant to absorb global "surplus" liquidity in the form of debt. Such debts are not passed on to universal and ahistorical inhabitants of the Global South, but to specific racialized and gendered grantees, who are *Conscripts of Racial Financial Capital.*

Amid South Africa's crisis of unemployment, the feminized receipt of grants has become more important for sustaining households and families than the masculinist family wage. Conforming to liberal democratic norms, the grants are disbursed only to "legitimately" unemployed individuals, mostly Black mothers and grandmothers. However, the government expects these grant recipients to support large families on one or two social grants, recapitulating the colonial and apartheid vision of the care-taking role of *The African Family*. My interlocutors tell me that the only way to take care of their extended families on this paltry income is to search for external value outside the grant program. While credit fills this purpose, it does so ambiguously: grantees are simultaneously encouraged to use credit to ameliorate crisis of consumption, and blamed for financial irresponsibility when they struggle to pay of their debts. I demonstrated how the commodification of welfare foists debt on grantees at the very site of care. Using seemingly liberal means, the grant program turns grantees into racialized others – financially illiterate, wasteful and undisciplined – and blames them for their continued poverty.

My fieldwork showed how grants become a terrain of struggle over competing moral economies and the relationship between citizens and the state. Parts of the government and ruling party attempt to use grant payments to forge a social contract with poor citizens, who, in exchange, consent not to revolt. But this ultimately fails because not all grantees experience these payments as a generous gift from a generous state. Instead, some grantees tie their current dispossessions through the grant system to historical dispossessions of labor and land. Drawing attention to deeper histories of Black indebtedness, grantees illuminate the place of the past in the present, and the role of debt in *Hellish Home Economics* across time. They also tap into long-standing traditions of Black struggle against debt and against processes of accumulation predicated on the oppression of Black people. They demand reparation for *Apartheid's Impossible Debts*, from the beneficiaries of apartheid as well as the beneficiaries of democracy, and refuse to accept that a so-called "social welfare" program could produce new debts in the present. While there has been no material reparation or redistribution for the thefts of colonialism and apartheid, the grant program has offered a space for theorizing debt, enabling poor South Africans to assert profound new moral economies.

While this dissertation was based in South Africa, questions of social welfare and debt are going to become increasingly more important in the age of Covid-19. With 150 countries (to date) enacting various sorts of social protection programs, there is good reason to be wary about how

cash transfers will be distributed and with what consequences. Will they provide necessary relief for the social and economic consequences of the pandemic? Or will they conscript recipients into regimes of financial capitalism on predatory terms? My research on how credit has been linked with public welfare programs is, thus, vitally important in this present moment.

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