



PREDATORY WELFARE

DEBT, RACE, AND
CASH TRANSFERS

Erin Torkelson

Predatory Welfare



Predatory Welfare Debt, Race, and Cash Transfers

ERIN TORKELSON

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Cover art: A grant recipient displays her EasyPay card for the
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For Denise, Gary, and Leopold

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Our money should be ours, but they take it like it's theirs.

—SOPHIA DANIELS

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Abbreviations

ANC	African National Congress
BEE	Black Economic Empowerment
CDC	Control Data Corporation
CGAP	Consultative Group to Assist the Poor
CPS	Cash Paymaster Services
CSG	child support grant
DSD	Department of Social Development
EMV	Europay-Mastercard-Visa
GEAR	Growth, Employment, and Redistribution Program
IMF	International Monetary Fund
NCA	National Credit Act
Net1	Net1 UEPS Technologies
NPS	National Payment System
PFMA	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
SOE	state-owned enterprise
SRD	social relief of distress
UBI	universal basic income
UEPS	Universal Electronic Payment System

WB World Bank

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Prologue: She's Got the Receipts

Twenty-six cents. That was all that was left in Lerato's bank account when she went to collect her daughter's child support grant (CSG) at the Site B Community Hall in Khayelitsha on October 3, 2016.¹ Instead of cash, Lerato clutched a receipt as if her life depended on it. This slip of paper was the only thing that offered some explanation as to why she hadn't received a cash transfer payment for her daughter that month.

When I met Lerato, I was participating in a community survey led by the Black Sash, a social justice organization founded in 1955.² I accompanied Bongwiwe Rhadebe, a Black Sash paralegal, to find out how many people had not received their payments that morning. Bongwiwe and I scanned the quiet bustle of people making their way to the front of the queue. Everyone in the auditorium was Black (besides me) and most were women (like me). Some people were elderly or disabled. Some had babies bound to their backs or toddlers playing at their knees. Their collective goal was to reach one of three Cash Paymaster Services (CPS) technicians who were contracted by the South African Social Security Agency (SASSA) to distribute cash transfers. Each technician stood behind a folding table, on which sat an aluminum briefcase containing a computer, microphone, biometric scanner, card reader, and cash box. The three CPS technicians slotted grantees' cards into their card readers and guided grantees' thumbs onto their biometric scanners. Their machines sprang to life and printed out receipts stating the amount of money each person should receive. The technicians hurriedly counted out cash for the grantees, who tucked it away in their bras or purses before leaving the hall.

While many people got their cash transfers without difficulty, Lerato did not. When she complained to the CPS manager, he directed her to a shorter queue of people waiting to speak to a SASSA official. The official was on a two-hour lunch break, and the queue had ground to a halt.

When I sat down next to Lerato, she pushed her receipt into my hand, asking me to attend to its contents. The technician should have handed



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P.1 CPS's aluminum briefcase containing computer, card reader, biometric scanner, and printer. Source: Leopold Podlashuc for the Black Sash.

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Table P.1 Lerato's Receipt, October 2016

001.	2016/10/01 Child Support Amount:	8:54 R350.00
002.	2016/10/01 Smartlife Amount:	8:54 R63.00
003.	2016/10/01 Prepaid Airtime Amount:	8:54 R100.00
004.	2016/10/01 Prepaid Electric Amount:	8:54 R50.00
005.	2016/10/01 Moneyline Money Amount:	8:54 R130.00
006.	2016/10/01 Acc Fees Amount:	8:54 R13.94

Source: This is a reproduction of Lerato's receipt, which I copied by hand because the CPS officials refused to allow photographs.

Lerato R350 (\$25)—the amount of one child support grant.³ But, since his machine reported that her account was nearly empty, she was turned away with nothing.⁴ Her receipt stated that at 8:54 a.m. R350 was deposited in her account. At the same time, a nearly identical sum of money was removed from her account as “deductions” for airtime, electricity, a funeral policy, a loan repayment, and bank fees.

Lerato had been staring at similar receipts for months. This particular receipt showed that she had purchased electricity and airtime on credit through Umoya Manje (one of CPS's sister companies), but none of those products had been delivered to her electricity meter or mobile phone. It showed that she had an automatic debit order for a funeral policy through Smartlife (another one of CPS's sister companies), but she did not remember signing up for that. It also said that she was repaying a loan from Moneyline (another one of CPS's sister companies). Lerato acknowledged this

debt, explaining that with all the other deductions she needed to borrow money to cover her household shortages.

While I had met plenty of people with deductions before, Lerato's Ro.26 (\$0.02) was the smallest account balance I had seen at the time. I asked Bongiwe to help me piece together the timeline of these deductions. Lerato told us that the deductions started near the beginning of the year in the Eastern Cape. She and her daughter, Angel, had gone to visit her mother in Cala at Christmas time. After their holiday, Lerato returned to Cape Town to start a temporary job, while Angel stayed behind in her grandmother's care. Lerato left her cash transfer card with her mother to assist with household expenses.⁵ After a few months, Lerato's mother called to report that the grant money was "short," but it was only after Angel returned to Cape Town that Lerato experienced these deductions herself.

Lerato's receipt showed that she had received and spent her daughter's grant at the very same moment. Yet, the money was rerouted as digital payments for immaterial financial products long before she could make any of the material monthly purchases needed to care for her child. While this slip seemed to present a sort of calculative rationality, Lerato strongly disagreed with what it alleged.

Lerato's experience jarred with typical narratives about cash transfers. For several decades, cash transfers have been touted as "a quiet revolution" in development (Barrientos and Hulme 2009). Silicon Valley techies, World Bank bureaucrats, and anthropologists of Southern Africa have hoped that cash transfers could have a stronger impact on poverty than more traditional development interventions—such as public-works projects like dams or highways—which have often been characterized as top-down and inappropriate. Around the world, there has been widespread agreement that regular tranches of cash can enable recipients to decide what their needs are and how best to meet them, pulling themselves out of poverty by their own initiative. While few advocates would say that they constitute a sufficient response to poverty on their own, many believe they are one of the best poverty relief tools we have (Hanlon et al. 2010). Because cash transfers have achieved a sort of common sense, development professionals and policymakers have steadily pushed to expand such programs wherever possible.⁶

In line with this trend, South Africa's cash transfer program—locally referred to as the social grant program—has been hailed as an unquestionable success. South Africa spends a higher percentage of its GDP on cash transfers than nearly any other country in the developing world, at times

outstripping even Brazil and India. Currently, cash transfers comprise the third largest percentage of the national budget (R286 billion / \$15.8 billion), behind debt servicing (R340.5 billion / \$18.9 billion) and education (R309.5 billion / \$17.2 billion) and ahead of health care (R259.2 billion / \$14.4 billion) (AIDC 2024). The government provides unconditional, means-tested grants for children under eighteen, adults over sixty, people with disabilities, and since COVID-19, unemployed people between eighteen and fifty-nine. At present, these grants directly support around twenty-six million citizens (46 percent of the population), and they are a vitally important source of income for over half of all households (Statistics South Africa 2022a). Many studies have shown that cash transfers have positive effects on reducing poverty, decreasing childhood malnutrition, improving educational outcomes, and stimulating the economy.⁷

When I started this project, I thought I knew what cash transfers were and what they did. However, the longer I worked with recipients, the more my experiences stood awkwardly in relation to such optimistic analyses. I found that there were no guarantees that social grants would ease the financial burdens of poor households, and as Lerato's receipt showed, when combined with debts, it seemed just as likely that they would not. Although most of what I had read touted cash transfers as a substantial innovation in poverty relief, I wondered how they could so easily be converted into debts.

Back at the Black Sash office, Bongiwe and I often talked about Lerato's twenty-six cents. While we had met many people in financial distress, there was something about the paltry specificity of a quarter of a rand that could not be ignored. One morning, as Bongiwe and I had been mulling over this puzzle, she said: "Really, Erin, Black people live and die in that queue." As she said that, my mind jumped to an incident from that same day, when we worried someone might actually die in that queue. An older man ran from the bathroom, calling out for help. His friend, with whom he had been queuing since dawn, was having a seizure and needed medical attention. I responded to Bongiwe's provocation by remembering this event. However, Bongiwe waved me off, clarifying, "Hayi, no, but in other ways."

While I was recalling one incident, Bongiwe was saying something more profound. She drew my attention to the fact that the grant system is about the articulation of racism, capitalism, and social welfare. It is poor Black people—mostly women on behalf of their children, the elderly, and disabled people—who depend on social grants and, as such, "live and die" in the queue.⁸ Under apartheid, Black people were divided from the white

Table P.2 South African Social Grants by Type, Number of Beneficiaries, and Amount over Time

Grant	Description	Number of beneficiaries	Amount (monthly)
Child support grant	Means-tested grant for children up to 18. Introduced in 1998 for the 0–7 cohort. In 2003, it was expanded to age 14, and in 2012 it was expanded to age 18.	1998: 353,000 2022: 13.2 million	2016: R350 2023: R510
Foster child grant	Non-means-tested grant for parents fostering children. Introduced in 1996.	1996: 42,000 2022: 274,000	2016: R890 2023: R1130
Old age grant	Means-tested grant for unemployed people over 60. Before 2008, the eligibility age for men was 65 and women 60.	1996: 1.63 million 2022: 2.9 million	2016: R1500 2023: R2090
Grant in aid	Means-tested grant for older persons in need of full-time care. Introduced in 1996.	1996: 10,000 2022: 328,000	2016: R350 2023: R510
Disability grant	Means-tested grant for temporarily or permanently disabled people.	1994: 600,000 2022: 1.03 million	2016: R1500 2023: R2090
Childcare dependency	Means-tested grant for children in need of full-time care. Introduced in 1996.	1997: 10,000 2022: 157,000	2016: R1500 2023: R2090
COVID-19 social relief of distress	Means-tested grant for unemployed people. Introduced in 2020.	2022: 7.3 million Number of beneficiaries fluctuates monthly based on means test.	2020: R350 2024: R370

Source: Adapted from Daniel Steyn for GroundUp, <https://groundup.org.za/article/heres-how-south-africas-social-grant-system-has-changed-since-1994/>.

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population, denied citizenship within the nation, and subjected to regimes of racist state violence, land expropriation, and labor exploitation. Since democracy, the government has attempted to extend social and economic citizenship to poor Black people through the grant program and other forms of social welfare, including health care, education, housing, and basic services. And yet, since the money provided is too small to cover the needs of most households, grant payments become valuable not only for the cash they provide but for their ability to serve as collateral for credit.⁹ According to the Black Sash's surveys, in 2016, between 25 and 50 percent of all grant recipients used their allowances as security for financial products and services to provide for their families.¹⁰ As other parts of the social welfare framework grow increasingly strained, credit linked to cash transfer payments becomes one of the only ways for people to access the necessities the state promises to provide. Using social grants as collateral for credit is a risky business, ameliorating crises of consumption in the present by delaying them into the future.

This book argues that South Africa's cash transfer system cannot simply be understood as a protective response by the democratic government to centuries of racial inequality—but is implicated in the ongoing production of inequality and difference as well. While the government spends a significant portion of the national budget on social grants, money alone is not enough. I argue that we have to understand the material and discursive practices, processes, and power relations that are part of the social grant program. When we do so, we can see how the grant system has opened new opportunities for profit by finance capital. We can also see that this primarily affects poor Black people who are compelled to use their grants to borrow money for basic necessities. As such, the social grant program is key to the workings of South African political economy and the ongoing production of race, gender, and class differences.

The Work of Fieldwork

The daily labor of this project changed considerably over time.¹¹ In mid-2015, I began working with a small community-based organization in Khayelitsha, Siyakhathala (We Care), founded by my friend Nontsasa Nyovane. Nontsasa worked with local elementary schools to connect children and their families with social services. From this base, I was learning about how people used their small social grant incomes to cultivate relations of

care across the Eastern and Western Cape. But when I asked people how they shared their grant money within their spatially extended households, they responded, “Grant money? What grant money? I’m not getting my money.” My daily duties came to include visiting SASSA offices and CPS paypoints to try to understand why people were not receiving their money. But I was not getting any answers. Nontsasa had heard the Black Sash was working on this problem and suggested that I get in touch with them. This was outstanding advice, which changed the course of my research.

In 2016, I began working with the Black Sash to understand why so many people had “deductions” coming off their grants. I accompanied Black Sash paralegals and community monitors to conduct surveys at paypoints. When paralegals identified particularly egregious cases of debt, the Black Sash sent me on research trips across the country to investigate further. I joined the Black Sash regional office staff on elaborate road trips, driving grant recipients between government offices, grocery stores, payday lenders, and insurance agents to find out where their loans were issued and under what contractual arrangements. I wrote up these excursions as reports, which we then transformed into opinion pieces for *GroundUp*, television documentaries for *Cutting Edge*, and advocacy presentations to government officials. As our research circulated in the media, CPS whistle-blowers, corporate shareholders, investigative journalists, and National Treasury officials started coming to the Black Sash with information about the technologies underpinning the grant distribution system. The Black Sash also participated in a ministerial task team, with officials from the Department of Social Development (DSD) and SASSA, to share information about what was happening on the ground and work to tackle the problem of deductions. In 2017, the CPS contract was about to expire, and SASSA had not yet put in place a new mechanism to pay social grants. The Black Sash and their lawyers, the Centre for Applied Legal Studies (CALS) at the University of the Witwatersrand, filed a Constitutional Court case over the CPS contract. Eventually, the Black Sash’s extensive political engagements led to the end of CPS’s contract and its subsequent declaration of bankruptcy.¹²

In 2017, the Constitutional Court convened a panel of experts to oversee the development of a new grant payment system. The Black Sash and I advocated for the South African Post Office (SAPO) to take over this responsibility and proposed a series of financial protections for recipients. When the panel of experts adopted many of our recommendations, I assumed that my research had reached its conclusion. Almost immediately, however, it

became clear that SAPO was not going to be an effective distribution agent either. In 2018–2019, the Black Sash asked me to do more research to understand people’s experiences of this new payment system. Joined by Deborah James and David Neves, we found that SAPO was undercapacitated, under-resourced, and had a small and shrinking physical footprint. We also found that the difficulty of accessing grants through SAPO was continuing to drive recipients into debt, albeit in different ways than before.

In 2020, COVID-19 began circling the globe, and the South African grant system changed in response. The Black Sash lobbied the government to introduce a new grant for unemployed eighteen- to fifty-nine-year-olds. Initially, this appeared to be an advancement on the previous grant program, which had always denied social support to this cohort. But this new unemployment grant wasn’t all that it was cracked up to be. Millions of applicants did not qualify for it and, if they did qualify, could not access it. From 2020 to 2021, Engenas Senona, Wanga Zembe-Mkabile, and I worked with the Black Sash to learn more about the rollout of this grant. For my part, I interviewed community paralegals over the phone about their experiences assisting people in need of this grant. I also collaborated with another South African NGO, Open Secrets, to investigate the new financial technology companies that were making distribution possible during the pandemic.

Since this book is based on three years of full-time research (2015–2017) and four years of part-time research (2018–2021), my arguments have evolved alongside the grant distribution system. While many recent ethnographies carefully detail the devastations of financialization and neoliberalism in all aspects of daily life, they tend to see the “problem” and “solution” in binary terms: If the problem is the takeover of public services by private companies, the solution is more substantial state intervention. But South Africa did the very thing that most of these analyses suggest: It ended the private provision of cash transfers (via CPS) and brought social grant distribution under the purview of the state (via SAPO). And yet, this change did not bring us closer to a comprehensive and dignified social protection program. Instead, it raised a series of questions: What are the limitations of the state amid the specificities of South African racial capitalism? What sort of state do scholars and activists imagine when we demand competent and generous welfare distribution? Why, after doing everything “right,” does the South African state still seem so far from that? And what forms of repair might be necessary to deliver economic freedom for all?¹³ Such questions sit at the very heart of this book.

Research Sites



Map P.1 Research sites in South Africa. Source: Meghan Kelly with data collection by Seth Geysman.

Accounting for Twenty-Six Cents

While Bongwiwe and I tried to figure out what had happened to Lerato's money, we never succeeded in doing so. Lerato's older receipts were in varied states of decomposition, and her newer receipts did not include a starting balance from which to follow a chain of events. And yet, even if we had perfect documentation, as Mary Poovey (1998) reminds us, accounting can only ever offer a partial representation of the circumstances of any specific purchase or payment. Lerato's receipts could not tell us if she responded to an SMS that automatically enrolled her in monthly deductions, or if a CPS consultant encouraged her to put her thumbprint on the scanner once too often, or if her niece borrowed the grant card to purchase airtime for herself. While we encountered many possibilities during this research, in Lerato's case, we never knew what happened.



P.2 The Black Sash and the Witzenberg Regional Development Center advising grantees. Source: Leopold Podlashuc for the Black Sash.

Lerato's experience points to the significant methodological challenges of this project. It is notoriously difficult to talk to people about their financial practices. Money is a sensitive issue and debt even more so. While people in Lerato's situation often felt ashamed of their deductions, the Black Sash and I tried to cultivate solidarity among grant recipients through our work. We tried to raise awareness that the debts levied on social grants were not an isolated issue but a systemic one. In each township or village we visited, we presented what we knew so far and encouraged people to share their experiences to help us understand more. We also provided direct assistance to help people end their debts and get reimbursed. Overall, we consciously engaged with our interlocutors about their household finances in ways that were driven by collective struggles rather than individual shame.

Likewise, if it is difficult to get information from people about their economic practices, it is even more difficult to get information from financial firms or state agencies about theirs. While Net1 would not give us data about their grant distribution system, they made considerable information available through their shareholder reports. Initially, Net1 publications projected rosy futures to encourage investment and boasted of profits made from product sales. However, as the Black Sash campaign gained momen-

tum, they increasingly had to account for risks due to reputational damage and potential litigation. Additionally, SASSA and DSD had to report to Parliament about their contract with CPS and to a Constitutional Court-appointed panel of experts about the development of a new payment system. Most of these events were open to the public and offered insights into the shifting terrain of distribution. By toggling between individual experiences, corporate communiqués, court papers, and public hearings, we were able to reconstruct opaque financial systems.

Moreover, there were significant risks in doing this research. Over time, we learned that our desire to understand “everything” about a case could have serious consequences. When the Black Sash and grant beneficiaries submitted evidence in court, Neti’s legal teams attempted to poke holes in their statements and impugn their characters. Known affiliates of Neti harassed grant recipients at their homes and sent cease-and-desist letters to Black Sash leaders (Black Sash 2022). The only ethical response was to leave evidentiary lacunae and to embrace what Audra Simpson (2014) has called “ethnographic refusals” as an essential part of the research. And yet, while individual cases like Lerato’s may have been incomplete, taken en masse they told a compelling story about the predatory practices of South Africa’s grant program.

Racial and Gendered Categories

Before getting into my introduction, there’s one more thing I need to address. An ongoing predicament of South African scholarship is this: How should one use racial categories without further entrenching a classificatory schema designed to aid racial capitalism? There is no easy solution here. Under apartheid, the Population Registration Act (Act No. 30 of 1950) required each inhabitant of South Africa be classified in accordance with a racial hierarchy created by the apartheid state. The National Party opted for three basic classifications—*White*, *Native*, and *Coloured*,—which changed over time to *White*, *Black*, and *Coloured*.¹⁴ In the 1970s, as an act of resistance, the Black Consciousness Movement contested a narrow use of *Black* and redefined it as a political identification based on a shared condition of oppression, not a narrowly epidermal category. Neville Alexander (1986) built on Black Consciousness critiques and cautioned progressive movements not to rely on apartheid’s racial categories. However, despite considerable work to build collective solidarities, people’s

lived experiences—of land, housing, schooling, health care, labor, and language—are still deeply divided by apartheid’s racial project, and its categories continue to have affective force and material effects. This is further complicated by the democratic government’s continued use of such categories in all areas of officialdom—censuses, birth registration, property ownership, and employment equity—to measure progress in reducing structural racism.

Given these complexities, there are no easy answers here, but choices must be made, and these are mine. I also want to acknowledge that other scholars have made other choices, which I respect. First, wherever possible, I follow the Black Consciousness use of *Black* as a shared condition of oppression and a global political identification. I use *Black* to refer to both Black and Coloured people who have built broad, multiracial coalitions to refuse the ways in which they were transformed into debtors by the social grant system. I do so to support the work of antiracist organizing, even if some individual members of these coalitions would not use *Black* in this way. Additionally, there are times when it does not make sense to use *Black* in a collective way, particularly when discussing how South Africa’s racial abstractions have been produced historically and geographically. In these instances, I have used *Black* and *Coloured* to draw attention to the ways apartheid’s racisms have worked in specific ways to differentiate people and places. Moreover, I use *white* as the unmarked racial category of settler colonialism against which difference has been measured and defined.¹⁵

A related problem is how to talk about Black women without entrenching classifications based on cisnormativity and bourgeois domesticity. My reliance on this term is not intended to assert innate alterity but to draw attention to how the category of *Black women* has been produced through South African cultural, political, and economic practices across time. I historicize how Blackness and womanhood have been articulated in relation to regimes of dispossession, the pass laws, influx control, and the dependence of the state and capital on their social reproductive labor. Black women were naturalized as caregivers, which allowed their work to be undervalued and poorly remunerated across time. Additionally, the South African government collects statistical data using binary gender categories. While we know that 97 percent of people who receive grants on behalf of children identify as women, we do not know how many people would identify as trans or nonbinary if such choices were offered. Considering these difficulties, I use the category of *Black women* not to refer to innate biological difference but to draw attention to its historical production.

Life on an Installment Plan: Separate Development in Postapartheid South Africa

“Just give money to the poor.”

Everyone with a passing familiarity with global development discourse has heard these six words.¹ They identify a significant problem: Most development aid has been imperfectly spent and has never reached the people who needed it most. And they offer an easy solution: Don't invest in large-scale, top-heavy projects, “just give money to the poor.” When Joseph Hanlon, Armando Barrientos, and David Hulme (2010) wrote these words, they did so as a provocation. But several decades on, they have become so much a part of our common sense as to be unremarkable. This slogan describes a deeply held belief that poverty can be reduced by giving poor people money and letting them decide how to spend that money to meet their needs. National governments, international agencies, and private philanthropies have wholeheartedly embraced these six words, using them to promote cash transfer programs over other development interventions.

And yet, I haven't been able to stop thinking about what is meant by the word *just* in this oft-rehearsed cliché. While it seems like a throwaway word, it is absolutely essential to the ethos of the imperative expressed. In the universe of international development, *just* implies that it is easy, uncomplicated, and apolitical to give money to the poor. In this imaginary zone without gravity or friction, there are no messy political realities that have arrested the transfer of money to the poor, and no economic forces that are predicated on the maintenance of inequality. Since the central problem of poverty seems to be about mere access to money, the solution to poverty is contained in a set of new digital financial technologies that can

ameliorate the material aspects of distribution. Of course, these technologies, too, appear to have somehow emerged outside social and political structures and are available to facilitate transfers and payments without heightening inequalities and tensions within society. The word *just* sells this story, drumming up support for the ever-wider rollout of pilot projects for cash transfer programs.

And yet, as momentous as cash programs have been, there is a surprising lack of research about how the technologies of cash transfer distribution actually work and what sort of political effects they have in the world.² There are very few ethnographic studies that consider the material and discursive processes through which cash transfers are produced, consumed, distributed, and exchanged (i.e., how they are actually *given* to the poor).³ Previously, cash transfers comprised stacks of bills distributed from vans or paid out at corner stores, requiring considerable effort to move money where it was needed. Currently, cash transfers comprise electronic payments funneled into bank accounts or mobile money apps, which are assumed to require much less effort. And yet, such assumptions belie the ways that cash transfers are complex ensembles of ethical, political, and economic relations with place-specific material histories. Taking these complexities seriously requires starting from the experiences of grantees in the ordinary places of encounter with the payment system, where millions of people nervously wait in long queues, often suffering through inclement weather and praying before biometric fingerprint scanners and facial recognition apps in the hopes of receiving their entitlements. It also means understanding how each element of cash transfer payment systems is debated, designed, and implemented by government agencies, financial firms, and a whole range of digital service providers. And it means examining the politics embedded in these payment systems and the ways they focus on targeted poverty relief at the expense of broader social justice imperatives. When we do so, a different picture of cash transfers begins to emerge.

A Tale of Two Payment Systems

Throughout this book, I argue that South Africa's cash transfer program does not *just* give money to the poor. Instead, it conscripts grant recipients into regimes of debt. The title of this book, *Predatory Welfare*, builds on Keeanga-Yamahatta Taylor's (2019) analytic of "predatory inclusion," which

I use to draw attention to the ways that cash transfer systems can drive predatory credit. Taylor shows how US mortgage brokers “included” African Americans in housing markets by confining them to distressed neighborhoods and reaped significant profits by offering expensive loans for inferior housing. For Black homeowners, the politics of “inclusion” was both exclusionary and predatory. Similarly, while South Africa’s cash transfer program is promoted as a form of “inclusion,” it struggles to serve as a safety net because financial firms also reap significant profits by confining them within a segregated banking system and attaching loans to social welfare payments. Since grant values are low, recipients often borrow money to buy food or electricity to fill household shortfalls. In future months, a portion of their state entitlements are diverted toward repaying moneylenders, producing new shortfalls. This program of predatory welfare primarily affects poor Black South Africans, who have been marginalized by colonial and apartheid state racism and have not experienced the economic benefits of democracy. Here, too, the politics of “inclusion” is both exclusionary and predatory.

To make this argument, I focus on how the multivalent meanings of debt in South Africa’s cash transfer program link different registers of value across global markets, development agendas, national politics, and household economies.⁴ The debts bundled with cash transfers have become part of a world of moral claims about who owes what to whom decades after the end of apartheid. Materially and discursively, different groups of actors attempt to convert, exchange, and restructure cash transfers as debts bridging different realms of social, economic, and political life.⁵ Most clearly, some financial service providers sell credit to grant recipients, who must pay down their debts through their social entitlements. However, more than is commonly recognized, some political leaders feel grantees owe them a debt of loyalty for these small monthly incomes given to cover basic needs; some family members feel grantees owe them a debt of support because they have been excluded from social assistance themselves; and some recipients challenge the idea that debts can accrue on such tiny sums and claim they are owed reparation for the historical harms they have suffered. These different registers of debt work through the grant system to sustain South Africa’s precarious political formation and uneven economic relations.

The relationship between cash transfers and finance capital is dialectically related to the tensions that have characterized the South African economy since democracy. According to Ben Fine (2019), finance capital has been the only growing sector of the economy and makes up around 20 percent of GDP. The rise of finance capital, over and above other sectors

of the economy, has led to declining production, increasing unemployment, and the creation of financial assets from all forms of social life.⁶ Amid rising informality and unemployment, people struggle to access a stable, dignified lifestyle through their monthly wages. Although many hoped the democratic government would transform the national distributional regime, according to the World Bank (2024), South Africa still has the dishonor of being the most unequal country in the world. Without significant redistribution, one of the only ways most South Africans have been able to access consumer goods and household essentials has been by borrowing money. Encouraged by the government, financial firms have offered people credit as a means of realizing the benefits of “freedom,” ensuring that a high proportion of the population becomes heavily indebted (James 2014; Posel 2010).⁷ While financial service providers initially targeted the Black middle classes, transformations to the social grant system made it possible for them to reach people depending on state assistance as well.

The expansion of credit to the poor became possible in 2012, when the South African Social Security Agency (SASSA) contracted Cash Paymaster Services (CPS) to deliver social grants to eighteen million children, the elderly, and disabled people. This welfare contract was the second largest ever issued by the postapartheid state—second only to a notoriously corrupt weapons contract (Holden and van Vuuren 2011).⁸ CPS had been delivering cash transfers in several of the most rural provinces for three decades and was in a strong position to take over the more urban provinces as well (Breckenridge 2014).⁹ Given its experience, CPS promised to offer a comprehensive and appropriate service, providing biometrically secured bank accounts from which grant claimants could withdraw their money at grocery stores, commercial banks, or one of CPS’s ten thousand paypoints, which popped up across the country the first week of every month.

Through the state contract, CPS was empowered to collect private data from grant beneficiaries and recipients, including identity documents, voice and fingerprint biometrics, address and telephone details, and other personal and financial information. CPS’s parent company, Net1 UEPS Technologies (Net1), shared this data with their subsidiary companies to market financial products to grantees and enroll them with ease. Net1 controlled the entire payment process, from the National Treasury to recipient accounts, enabling them to deduct repayments for these financial products at will. The regularity and reliability of state-sponsored grants combined with CPS’s control of the entire distribution system meant that grantees could not default on their debts. In the words of Daniela Gabor (2021),

COMMUNITY MONITORING

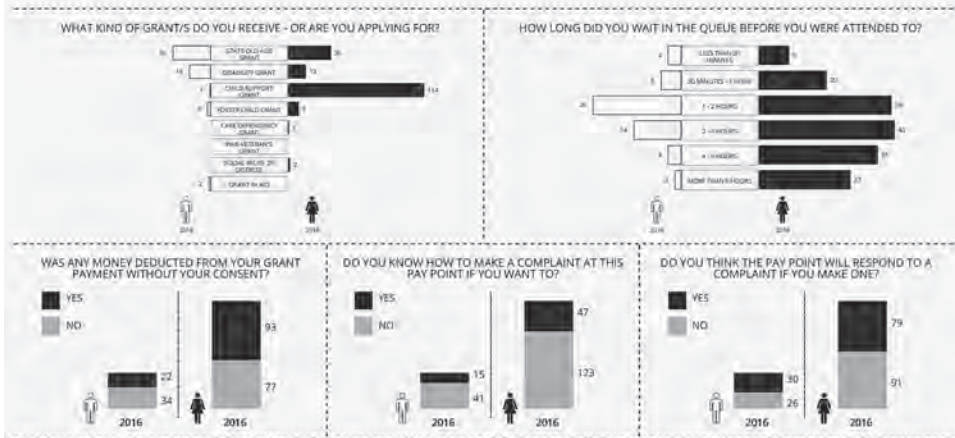
Social Justice Coalition

OCTOBER / NOVEMBER 2016

MAKING ALL VOICES COUNT

SASSA Pay Point: Khayelitsha Site C, New Hall

BLACK SASH
MAKING HUMAN RIGHTS REAL



1.1 The Black Sash and Social Justice Coalition survey at Site C, Khayelitsha paypoint, October and November 2016. More than 50 percent of participants surveyed said they had money deducted from their grants without their consent. Source: The Black Sash Trust.

lending to the poor was “derisked” by the state, which became the guarantor for private credit.

Since these new debts were explicitly attached to social assistance payments, they were mediated in relation to race, gender, sexuality, custom, and kinship. Given that South Africa’s unemployment is over 40 percent, the burden of “bread winning” often falls on Black mothers or grandmothers who care for families using child support grants and pensions (StatsSA 2024).¹⁰ But child support grants are valued below the lowest measure of poverty, and pensions are valued slightly above the highest measure of poverty. At these rates, social grants cannot support the intended individuals, much less entire households, although they are called on to do so. Sarah Mosoetsa (2011) has shown how grant-recipient households are larger than those without, as family members congregate around and make claims on state-assisted recipients. One of the primary ways to cover household expenses on individual grants is for recipients to use their grants as collateral for loans. But this is a tricky business. The government gives social grants

and keeps the value of those grants at such a low level that recipients are compelled to take on debts for necessities. And yet, when recipients borrow money, exactly as the grant program encourages them to do, government officials and financial agents label them as lazy, dependent, and spendthrift. Through the social assistance program, Black women grantees are subjected to predatory lending arrangements to fulfill family responsibilities and social reproductive commitments.

The steady rise of debt in the grant program led to a moral panic among civil society, academics, journalists, jurists and parliamentarians, forcing the government to respond. Since the African National Congress (ANC) was elected in 1994, their hegemonic project has depended on promises of economic transformation for the excluded Black majority. Because of this, they cannot easily push aside the demands made by the very people who secure its political power. The ANC government has often used the social grant program to strike a precarious balance: on one hand, demonstrating their beneficence and cultivating a debt of loyalty among grantees while, on the other hand, tamping down expectations and refusing more substantive forms of support. When CPS's predatory behavior was exposed, this balance was upset. Two different political alliances with the ANC—which represented two different factions of capital—used the grant crisis to position themselves as more deserving of delivering social grants and governing the country. The ensuing drama helped to mask the reality that both factions have relied on the grant program to secure elite hegemony and prevent broader economic transformation for a poor Black majority.¹¹

These conflicts led to a change in grant payment in late 2018. The South African Post Office (SAPO) became the next payment provider because it was a state agency with an existing mandate to provide affordable financial services to the poor. Through the Black Sash's advocacy, SAPO created a special bank account for social grantees, which had no transaction fees and was ring-fenced to prevent deductions. Unfortunately, SAPO was also insolvent, underfunded, and undercapacitated and depended on cost recovery rather than government revenue to sustain itself.¹² The strained state agency continued to pass the costs of distribution on to grant recipients themselves, who often had to borrow money to access their entitlements.

This SAPO payment system fractured further under the added pressure of COVID-19. Due to civil society advocacy, the government introduced a R350 (\$19) grant for between seven and ten million unemployed adults.¹³ Initially, it appeared as if the government was finally recognizing

unemployment as a structural crisis rather than a personal failure. It quickly became clear, however, that the Presidency and Treasury sought to keep this grant small in terms of both monetary value and numbers of people eligible. SAPO continued to struggle with unreliable cash flow, frequent technical glitches, inadequate digital infrastructure, and poor account security (Senona et al. 2021; Howson, Baduza, et al. 2024). At the same time, other public services were deeply strained: The national power grid was near collapse; large parts of the country were in drought; and public health care facilities were overwhelmed, understaffed, and understocked. People were using their grants as collateral for credit to pay for public goods and services supposedly provided by the wider welfare state.

Although the appointment of SAPO initially looked like a positive change, this was not a straightforward shift from finance capital to state control. When it came to cash transfer delivery, the market and the state never existed as a binary pair of separate, bounded units in opposition to each other. While the CPS-Net1 system was seemingly more private and the SAPO system was seemingly more public, both were made up of private and public elements, including national departments, state contracts, public infrastructure, private banks, financial switches, biometric applications, and many more. While these social grant distribution systems differed in fundamental ways, each new system encoded the histories and serial failures of the one before, ensuring that recipients continued to be made vulnerable to debt. Ultimately, despite common left hopes for a postal banking system, SAPO was weakened by neoliberal policies and practices and not in a position to deliver dignified social assistance.

As debt continued to spread through the social protection system, grant recipients began to ask: Who really owes what and to whom? As they stood in long queues month after month, they recalled the multiple forms of debt and dispossession they and their ancestors suffered across generations. They frequently characterized the grant program as a new form of dispossession—one more in a series of dispossessions related to land, labor, and lifeways stolen across centuries by successive racial states. Recipients challenged the reproduction of racial capitalism and state violence through the social welfare system and refused their ongoing dispossession through debt. They contested the very foundations of the postapartheid political settlement that has boosted financial capital at their expense. Instead of reforms to the social grant program, people increasingly demanded repair.

Predatory Welfare

My theoretical commitments have been shaped by the years that I spent with people struggling to access grant payments and their efforts to understand the often bewildering processes and practices of the grant system. From these experiences, three broad lines of argument emerged, which I develop throughout this book. First, while many theories about cash transfer payments celebrate them as a panacea to poverty, I show how cash transfer programs can transform recipients into a risk-free credit market vulnerable to predatory lenders. Without a robust national payment system, the delivery of cash transfers can promote elite accumulation over and against progressive redistribution. Second, beyond analyses of racial capitalism that center land dispossession and labor exploitation, I demonstrate that even the seemingly more benevolent functions of the state can divide populations through race, gender, kinship, and culture. I trace the ways that social assistance has been part and parcel of the development of racial capitalism in South Africa under colonial, apartheid, and democratic states. Third, I show how a public payment system could not necessarily ameliorate the predatory debts produced by a private payment system given the neoliberal transformations of the state. Against such disappointments, I consider how people demanded more liberatory forms of repair.

CASH TRANSFERS AS DEBT TRANSFERS

Since democracy, scholars of South Africa have tended to frame the social grant program within a set of debates about neoliberalism. After the transition to democracy, many academics sought to understand how and why South Africa quickly transitioned between two seemingly dissimilar economic policies: the 1994 Reconstruction and Development Program (RDP) and the 1996 Growth, Employment, and Redistribution (GEAR) plan.¹⁴ The trade union movement drafted the RDP prior to democracy, and it is generally assumed to promote a redistributive economic agenda. By the time it was adopted, however, many of its most progressive tendencies had been curtailed or eliminated. Only two years later, under Finance Minister Trevor Manuel, technical experts were hired to develop GEAR, which displaced the RDP and focused on extending capital-friendly policies like liberalizing the economy, securing property rights, and lifting capital controls to attract foreign investment.

This political conjuncture sparked significant debates around whether (or not) South Africa is neoliberal and how neoliberalism should be defined. Critically for my purposes, the cash transfer program has been deployed as evidence for commentators on all sides of these debates, forming a major part of how South Africa's postapartheid political economy has been imagined and interpreted. Initially, many scholars argued that South Africa was neoliberal despite its significant expenditure on cash transfers and other forms of social protection (e.g., Bond 2000; Marais 2001). For them, the cash transfer program was an attempt to contain the contradictions of an otherwise neoliberal state that could do little to address the structural causes of poverty. Over time, other scholars argued that significant expenditure on cash transfers proved that South Africa was not as neoliberal as originally assumed (e.g., Seekings and Nattrass 2015; Hart 2008). For them, the cash transfer program demonstrated that the state had combined neoliberal policies with non-neoliberal forms of state intervention. Of course, the question of whether South Africa is neoliberal or not has a lot to do with how neoliberalism is defined.

Two analyses illustrate this point. In 2015, Jeremy Seekings and Nicoli Nattrass argued that South Africa's political formation cannot simply be understood as neoliberal because the government has enacted a series of decidedly non-neoliberal economic policies. Drawing on their earlier work (2008), they described how the democratic state continued interventionist distributional arrangements inherited from the late apartheid period. Under apartheid, job reservation policies enabled the economic upliftment of white workers at the expense of Black workers. Since apartheid, Black Economic Empowerment (BEE) policies and the trade union alliance have filled a similar role, enabling social mobility and wealth accumulation among a privileged class of Black workers and elites at the expense of the poor. Because a large majority of Black people have not benefited from such policies, the government also initiated large-scale social welfare programs related to health, education, and cash transfers.¹⁵ In particular, Seekings and Nattrass go to great lengths to demonstrate that the massive expansion of the cash transfer program in terms of expenditure and coverage demonstrates that there has not been a "rolling back" of the state and that South Africa cannot be understood "as 'neoliberal' as is often suggested" (2015, 135).¹⁶ Overall, Seekings and Nattrass aim to prove that some forms of state intervention in the economy can be as harmful as market freedom for the poor. But throughout their analysis, there is a subtle tendency to counterpose the state (as non-neoliberal) and market (as

neoliberal) instead of acknowledging how neoliberal ideas and practices can shape state policies from within. When we look closely at *how* grants are delivered and *how* people experience their delivery, we can clearly recognize how the productive intimacies of neoliberal politics and state power shape the cash transfer program (through the adoption of public-private service provision, the promotion of financial inclusion initiatives, and the parsimony of individual payments).

In contrast, James Ferguson (2010, 2015) makes a rather different set of arguments about how cash transfer programs use neoliberal arts of government to build a progressive politics of distribution. He recognizes neoliberalism as a polyvalent series of governance techniques that productively reconfigure the state from within to serve different ends. Ferguson is concerned about how South Africa's democratic economy excludes poor people who do not have "proper jobs" and will never be part of the "working class." He is hopeful that the reality of large-scale unemployment is producing novel ideas and practices of distribution beyond waged labor. He demonstrates how cash transfer programs make it possible for people to receive a rightful share of the collective wealth of the nation. Ferguson argues that such approaches to distribution are not emerging *despite* neoliberal politics but *because* of them and shows how cash transfers have frequently been justified using neoliberal discourse (i.e., they promote independence, financial savvy, and bureaucratic efficiency). For him, this suggests that neoliberal techniques of governance could lead to more egalitarian distributional regimes. However, this is a big caveat. If neoliberalism is best defined as a polyvalent series of governance techniques, there are no guarantees of how any given distributional regime will work in practice. Cash transfer programs are highly diverse and dependent on contingent, place-specific political and economic realities. As such, it becomes vitally important to see what is happening with cash transfer programs on the ground.

Like these accounts, I am interested in what the cash transfer program reveals about South Africa's distributional politics. I differ, however, because I do not assume that such a politics can be determined without looking closely at the materiality and meaning of cash transfers themselves. For me, the salient question is not whether (or not) South Africa's cash transfer program is neoliberal or whether (or not) neoliberal tools can lead to more egalitarian distribution. Instead, I am interested in the geographically and historically specific relations of power that have produced and continue to produce an alliance between the state and a shifting

array of financial technology firms, commercial banks, and retailers. I am also interested in how these public-private arrangements have created the conditions for cash transfers to become collateral for debt (see Lavinias 2018). We need to understand how finance capital in conjunction with the state has transformed social grant payments into profitable sites for elite accumulation rather than redistribution (see chapter 1) and how the grant distribution system, despite significant expenditure, is experienced by recipients as miserly and austere (see chapters 6 and 7).

Fundamentally, this requires a consideration of the long-standing relationship between finance capital and the South African state. Ben Fine and Zav Rustomjee (1996) have described how the discovery of diamonds in the 1870s led to the development of an economy focused on extractive capitalism, dubbed the minerals and energy complex (MEC). In the post-war period, British-owned mining companies led economic development while state-owned corporations (transport, electricity) grew up alongside to support and benefit from them. This economic formation balanced the interests of the British mining elite and the Afrikaner political elite with support from the white working class. It also focused the economy on the extractive industries and precluded the development of a broad industrial base, eventually leading to high unemployment. By the 1970s, as the apartheid economy was slowing down, white capitalists briefly considered investing in stunted industrialization, but the rise in commodity prices led to a doubling down on the same extractive sectors once again (Fine 2019). By the 1980s, international sanctions against apartheid constrained the movement of capital abroad, so money from the mining industries was re-invested domestically in several huge conglomerates and an increasingly sophisticated financial sector (Fine 2019). The profitability of finance capital curtailed investment in production, precluded broad industrialization, and led to jobless growth. The financial sector exacerbated South Africa's unemployment crisis and helped produce the very poverty that makes social grants necessary.

After the end of apartheid, South Africa had to reposition itself in relation to a global economy that had experienced two decades of neoliberalism and financial deregulation from the collapse of the Bretton Woods system in the 1970s. During the democratic transition, negotiations between the apartheid government and the ANC were heavily influenced by Western countries, international financial institutions, and white domestic capital. Parties to these negotiations agreed to codify private property and with it highly unequal land and mineral regimes achieved through racialized theft.

This enabled white elites to “unbundle” highly concentrated mineral and energy conglomerates into diverse holdings and subsidiaries, which were integrated with multinational firms listed on the London Stock Exchange (Ashman et al. 2011). Such sweetheart deals led to a massive hollowing out of domestic industry, the opening of the economy to cheap imports, and a significant relocation of the proceeds of colonialism and apartheid abroad.

After the transition, the most pressing question was how to reduce the mass poverty of the majority, when radical redistribution had effectively been eliminated as a possibility during the transitional period (Ashman et al. 2011). One of the only ways that Black people of all classes could be cut back into the distributional deal was via credit. All major transformation efforts were, essentially, financialization initiatives. For the elite, BEE and its sequel, Broad-Based Black Economic Empowerment (B-BBEE), were largely financial deals.¹⁷ Black trade union leaders and political activists were “included” in the mineral and energy sectors as shareholders in partnership arrangements (Fine 2019). This allowed for ownership of the economy to be divided between long-standing white capitalists and their new Black empowerment partners. Another strategy of transformation centered on the preferential selection of Black-owned businesses for state contracts in the construction and mineral sectors. These too have often been Black-fronted white companies with links to international capital (Fine 2019). In short, a small group of Black people were cut into South Africa’s distributional regime through financial capital and were successfully able to use debt to build wealth.

For the middle class, the government enlarged the civil service to create jobs for new Black teachers, nurses, social workers, and police officers. While many people benefited from these positions, their salaries were small and they often had to support many unemployed family members. Given this financial strain, consumer credit was sold as a quick fix to enable workers to buy goods associated with democratic lifestyles (houses, cars, furniture). As Deborah James (2014) has shown, many former white government officials used their redundancy packages to start microfinance businesses servicing Black consumers across the country. Initially, Treasury gave these microlenders a regulatory exemption to encourage lending to this new middle-class market, often at high rates of interest with exploitative conditions.¹⁸ Scholars of consumer credit have often argued that for the middle class, items purchased on credit can often be poor quality and difficult to convert into greater financial stability (Seamster 2019).

As the middle-class market became oversaturated with debt, lenders were on the lookout for low-risk ways to expand beyond formally employed people and lend to the poor. Microfinance firms had, of course, been doing this for some time but relied on peer pressure to compel repayments.¹⁹ With cash transfers, poor people now had regular, reliable monthly incomes from the state that could be used as collateral for loans. They could be enrolled in financial products and services, and their repayments could be deducted from their state entitlements every month. Around the world, development experts, private philanthropies, and financial houses promoted “financial inclusion” after the financial crisis of 2008 (see World Bank 2008; G20 2009; G20 2010; AFI 2011). And in South Africa, national bankers, government officials, and think tanks had been pushing to “financially include” poor people since the democratic transition. As these global and local trends collided, poor Black South Africans were meant to use their welfare payments to overcome the effects of colonial and apartheid poverty.

I do not mean to narrate the rise of finance capital as a steamroller, steadily converting everything into an asset for investment. While financialization is a compelling economic force in the world, the specifics of any given process are important. Financialization is highly uneven, contingent, and dependent on multiple cultural and material transformations. It is not easy to enable the messy conversion of something like a social welfare payment into a financial asset. And so, I detail how South African finance capitalism made social grants available as collateral for credit in a specific conjunctural moment.

SOCIAL WELFARE AS RACIST STATE VIOLENCE

In addition, my goal in this book is to demonstrate how South African racial capitalism has been and continues to be coconstituted in relation to the social welfare state. Such a goal requires positioning the changing social welfare program within debates about racial capitalism.²⁰ While South Africanist scholars have long explored clearly dispossessive and exploitative forms of racial capitalism, the histories in this section chart how even social welfare projects have assumed racialized forms and how these have been transformed over time.²¹

Over the past decade, there has been a surge in literature on racial capitalism in the US academy. While much of this work begins with Cedric J. Robinson’s pathbreaking *Black Marxism* ([1983] 2000), scholars like Peter

James Hudson (2018) and Robin D. G. Kelley (2017) have traced how Robinson's thinking was influenced by South African expats in England in the late 1970s. As Kelley argues, these global anti-apartheid and anticolonial circuits resulted in different though related theories of racial capitalism: Robinson developed a universal theory wherein racism and capitalism are always entangled, while scholars like Harold Wolpe (1972), Bernard Magubane (1979), Martin Legassick, David Hemson (Legassick and Hemson 1976), and Neville Alexander (1979, 1986) developed place-specific theories of how racism and capitalism came to be entwined in South Africa. Importantly, Andy Clarno and Salim Vally (2022) swerve this binary between universal and particular racial capitalisms. They argue that South African theorists were not trying to understand a particular location but a broad geographic and historical conjuncture to develop transnational strategies for ending apartheid. Likewise, South Africa was never cut off from the rest of the world but situated within dense global imperial relations from which the critique of racial capitalism was developed. South African theorists, then, have offered a flexible theoretical tool "developed in a context of struggle to facilitate an analysis of shifting racialized class alliances and to inform political strategy within a revolutionary conjuncture" (Clarno and Vally 2022, 11).

Indeed, it is the South African approach to conjunctural analysis that Stuart Hall takes forward in his "Race, Articulation, and Societies Structured in Dominance" (1980). He argues that it must be shown "how and why racism has been specifically overdetermined by and articulated with certain capitalisms at different stages of their development" (338–39). Hall maintains that racisms are grounded in the material conditions of existence but cannot be deduced a priori from structure because they have their own histories and complex entanglements that are constantly unfolding across time. Thus, it is necessary to reveal the historical work involved in making diverse social projects, which enable capitalism to appear totalizing and deterministic.

At their most fundamental level, South African theories of racial capitalism describe how, from the late nineteenth century, white settlers progressively dispossessed Black people of their land, prevented them from owning property, and relocated them to so-called rural reserves or homelands.²² Once incarcerated in rural areas, a system of "pass laws" required that Black men apply for permits to temporarily "migrate" to South Africa to work in mining, agriculture, and industry while leaving their wives and children behind. On one hand, employers reserved skilled trades and high

wages for white men to racially uplift the white nuclear family and divide the working class. On the other hand, employers reasoned that they could pay Black men below the cost of social reproduction because Black women in the homelands would produce enough food to support their extended families. As Harold Wolpe (1972) has argued, given the concentration of people in rural areas, Black women struggled to sustain their households through subsistence agriculture, and Black men increasingly sent money home to bolster the economies of their incarcerated kin. This gendered and geographic split of production from social reproduction enabled the development of an exploitative form of accumulation dependent on the unpaid labor of Black women.²³

While many scholars of racial capitalism have focused on land dispossession, labor exploitation, and gendered social reproduction, I want to show how the welfare state also produced and continues to reproduce South Africa's racial hierarchies. Successive South African states used social welfare as a biopolitical intervention to divide the population in accordance with racial categories and justify different levels and kinds of support, due to presumed cultural characteristics. As Foucault ([1975–1976] 2003) argues, state racism introduces “breaks” into populations, whereby some people are made to live through targeted intervention and others are let to die through targeted abandonment (241). Keith Breckenridge (2014) shows how, in South Africa, white liberal middle-class officials and experts were tasked with responding to social crises. They wielded tools such as censuses, statistics, biometrics, government commissions, and welfare interventions to produce racial difference. Breckenridge argues that South Africa's biopolitical interventions were always fraught, incomplete, and prone to breakdown, but they also produced racialized and gendered inequalities that are difficult to transform.

The origins of the South African welfare state began with what was termed the “poor white problem” (see Beinart et al. 1986; Iliffe 1987; Morrell 1992). When the British took power through the Anglo-Boer War (1902), they established the National Land Bank to benefit large Afrikaner farmers and encourage the industrialization of agriculture. As Stanley Trapido (1978) convincingly argues, the Land Bank built racial solidarity between British politicians and elite Afrikaner landowners, while driving poor white farmers to cities. Since these “poor whites” were not the “natural” allies of white elites, government officials and international experts sought to engineer racial solidarity through the provision of pension payments. From the 1920s, proposals for a noncontributory state welfare

program initially included all South Africans at differentiated rates of pay on the basis that everyone paid taxes. However, as Jeremy Seekings (2008) has argued, the 1932 Carnegie Commission worked to erode the fledgling welfare state in the name of white supremacy.²⁴ Welfare payments were henceforth intended to rehabilitate poor white people to ensure there could be no solidarity with poor Black people. Liberal experts excluded Black people by reasoning that Black women in the reserves were culturally bound to provide social welfare to their families. They argued that the gendered responsibility of care inhered in African alterity and the provision of welfare would break down important cultural imperatives. It wasn't until 1944 that the liberal regime slightly expanded the welfare state so that some Black people could qualify for pensions but only if they could prove they had no family in rural areas to care for them (see chapter 4).

In 1948, the National Party rose to power and constituted an apartheid state in Christian nationalist terms. As Dan O'Meara (1983) has argued, elite Afrikaners feared that the white working class might join forces with the Black working class. They inaugurated a system of "separate development" to encourage the cross-class solidarity of white people and ensure that race became the definitive criteria for access to privilege and opportunity. Welfare for white people continued to expand in the form of social assistance payments and a wider social protection framework including access to decent education, jobs, and housing. At the same time, the apartheid government further restricted the social and economic mobility of Black people and denied them full rights and citizenship through a series of administrative and legislative measures. A key part of this was the incremental conversion of the "reserves" into supposedly independent nations, now called "Bantustans." The Bantustan independence project worked to further entrench the notion that Black women must provide social welfare for their families, now in entirely separate states. Apartheid welfare programs thus funded the racial uplift of white people and continued to foist the responsibility of welfare for Black people onto the rural family.

In the late apartheid period, the welfare system changed dramatically as part of the changing state project. In the 1970s, South African capitalism was running out of steam amid a global recession and the sudden end of foreign capital inflows. At the same time, mass struggle was intensifying with the Black Consciousness Movement, militant labor action, and township uprisings. Given the economic and political crisis, the white ruling class sought to cultivate allegiances with an increasingly powerful Black

petty bourgeoisie by discarding some of the most overt forms of state racism (Marais 2011; Beinart 2012; Seekings and Natrass 2015; Clarno and Vally 2022). They embarked on reforms that would appear to “deracialize” capitalism by co-opting the Bantustan leadership, ending job reservations policies, allowing for Black unionization, and encouraging the growth of a Black middle class. The social welfare program was a key part of these reforms: By the 1970s, the apartheid government expanded the pension program to include Black people in the Bantustans, and by the 1980s, the apartheid government equalized racially differentiated payments.²⁵ Even so, the provision of pensions to Black people was still underpinned by the assumption that women in rural areas were responsible for familial care, only this time with some state support. In an era of declining employment, pensions paid to rural women became the sort of subsidy to capital envisaged decades earlier.

As an analytic, racial capitalism helped South African political movements understand these important late apartheid political shifts. In *The Path to Freedom*, the ANC and the South African Communist Party (SACP) argued liberation would come in two stages: first a national bourgeois struggle against the racist state and then a socialist struggle against capitalism (Bundy 1989).²⁶ As Michael Burawoy (2004) has written, they did not see what Frantz Fanon saw in *Wretched of the Earth* ([1961] 2007): that these were “two very different, opposed projects that existed side by side, that vied with each other within the decolonization struggle” (666).²⁷ Neville Alexander and the National Forum recognized this staged revolution was ultimately a matter of reform and argued that the Black working class should be the driving force of liberation. The concessions of the late apartheid period ultimately prepared the ground for a political transition where a new Black elite would assume power without threatening capitalist hegemony (Clarno and Vally 2022).

The National Party started to dismantle South Africa’s racist legal framework and distributional regime from the 1970s prior to the end of apartheid. However, state racism does not just suddenly end with the repeal of clearly racist laws but remains embedded within the sinews of institutions even after elite Black people have assumed positions of power. At the top end of the economy, Black people took power within a capitalist framework established by white settler colonial regimes, and advantages continue to be directed toward narrow interest groups. At the bottom end of the economy, Black people are in as precarious a position as ever and have been subject to a social assistance program constrained by exclusionary and parsimonious payments. As such, the end of apartheid did not end

the articulation between social welfare and racial capitalism but rather brought about changes to its form.

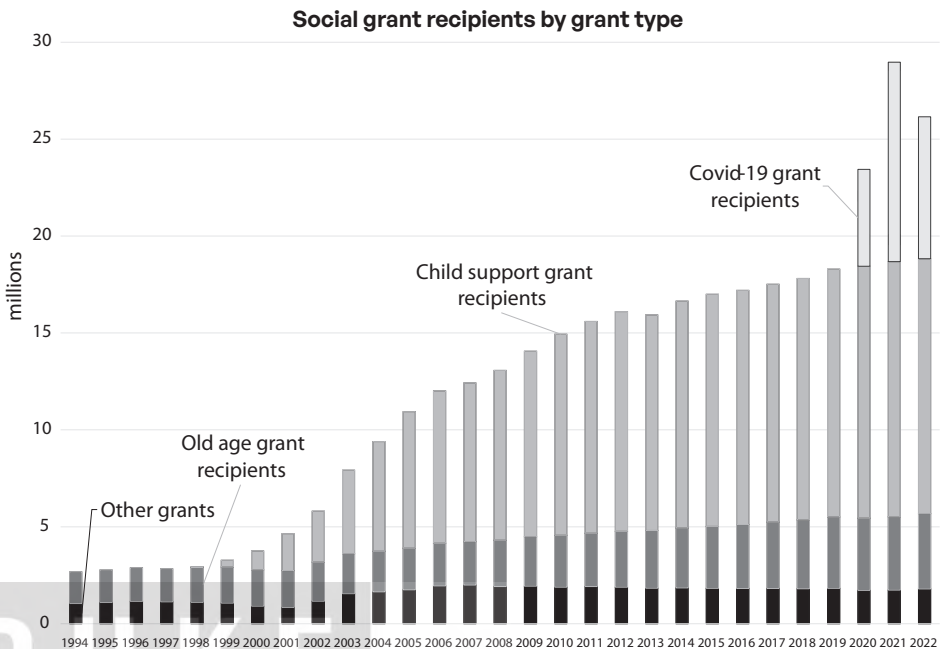
Racial capitalism continues to be alive and well in the democratic social grant system. By 1994, the social grant program comprised pensions, disability grants, and state maintenance grants. In the postapartheid period, pensions were continued largely in the same way, but state maintenance grants were replaced with child support grants (Lund 2007).²⁸ Historically, the state maintenance grant offered substantial support to single and widowed white and Coloured mothers to stay at home and raise their children in accordance with middle-class notions of respectability when their husbands were deceased or absent. After democracy, Black women could have been included in existing state maintenance grants, which would have made them the largest group of recipients. However, the government ended these grants and replaced them with low-value children's grants instead. With that change, Black mothers lost out on a more substantial form of family support which had been geared toward class mobility. The new government justified this in terms of affordability—that is, they simply couldn't afford to provide grants at the same rate as the program expanded. But, as the color of welfare recipients changed, so too did the affordances of the program.

Additionally, despite large campaigns in the late 1990s for a basic income grant, no able-bodied South African citizen between the ages of eighteen and fifty-nine qualified for social assistance (see V. Taylor 2002; Meth 2004; Barchiesi 2011; Ferguson 2015).²⁹ Up until the arrival of COVID-19, grants were only provided for those perceived to be “legitimately” outside of the workforce. Since working-age people did not qualify, their only source of social protection still came via their grant-receiving family members, most of whom were women. As such, even under this new dispensation, Black women continued to be made responsible for familial care.

Scholars of US welfare policy have offered a similar critique (Mink 1995; Kelley 1998; Soss et al. 2011; Nadasen 2007; Cooper 2017).³⁰ In the same year apartheid ended, President Bill Clinton dismantled a comprehensive program of benefits for mothers and children. From the 1930s, mothers' pension programs were said to provide support for white women to stay at home and raise their children. In the wake of the civil rights movement, when welfare rolls expanded to include more women of color, the discourse about welfare recipients changed. No longer was welfare necessary to educate white recipients into middle-class morality. Instead, welfare exacerbated what Daniel Moynihan (1965) called the

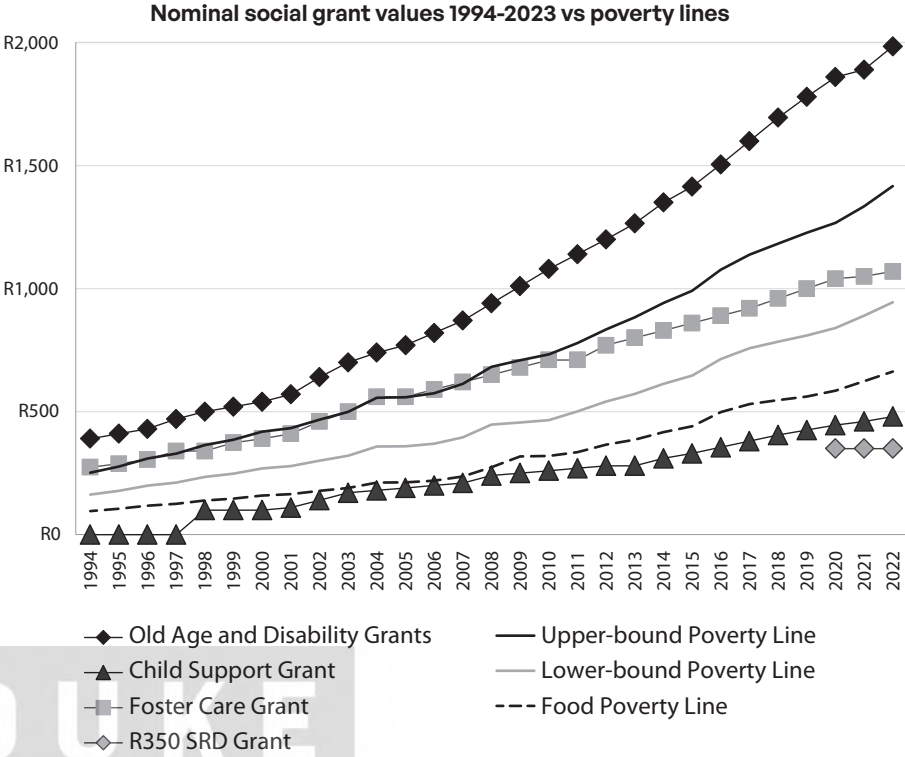
“tangle of pathologies” present in Black communities. After the Clinton overhaul, mothers could only receive welfare for a limited time and only if they were looking for work. Such policies blamed Black women for their poverty and deflected attention away from structural issues.

While the program of social welfare under colonialism and apartheid explicitly worked toward class mobility (albeit for white and, to a lesser extent, Coloured people), the current grant program focuses only on poverty alleviation. The ANC government tries to suggest—particularly at election time—that social grants are a way of developing the nation and encouraging cross-class solidarity. And yet, this has not been borne out. Child support grants fall below the lowest objective measure of poverty (the food poverty line) and old age pensions and disability grants fall slightly above the highest objective measure of poverty (the upper bound poverty line) for an individual.³¹ None of these grants cover the necessary caloric intake for a household, and they certainly cannot extend to other necessary expenses or serve as a springboard into a middle-class lifestyle.³²



1.2 Number of social grant recipients by grant type over time. Source: Anine Kriegler with data collection by Daniel Steyn (2023) for GroundUp.

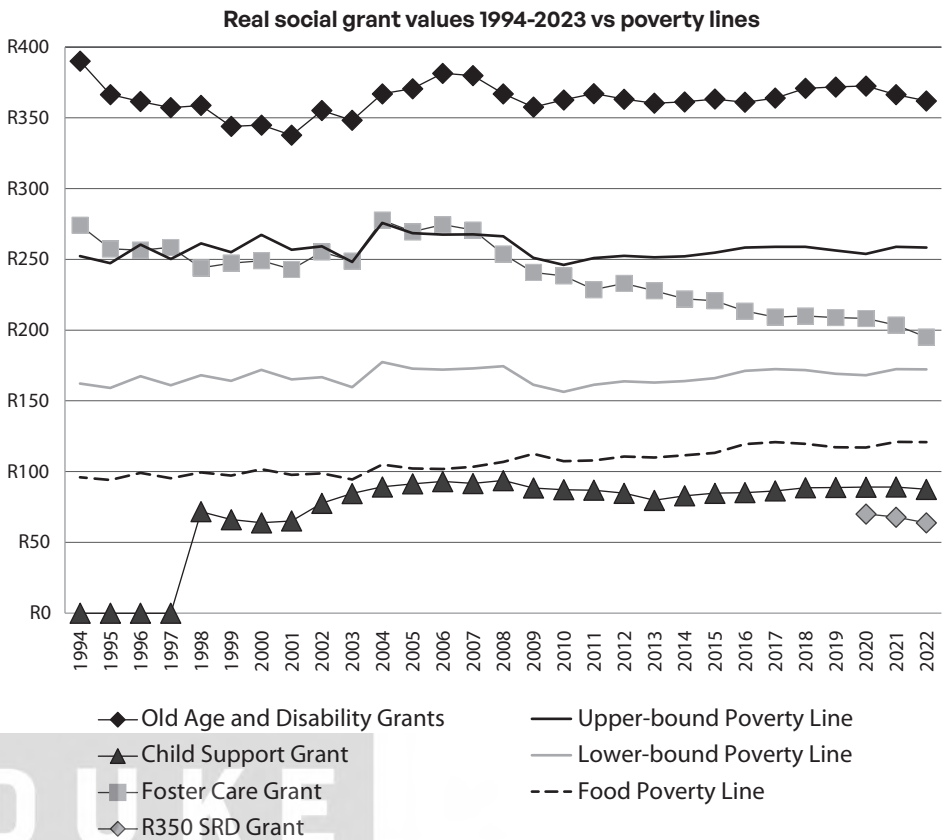
While South Africa has a large welfare state, it has grown increasingly strained and difficult to access. After an initial building boom, which delivered millions of houses, government housing programs for the poor have slowed and the need vastly outstrips the supply (Levenson 2022). Likewise, beyond a minimal free monthly allocation, which some municipalities cannot afford to deliver, water and electricity are provided on a cost recovery basis (von Schnitzler 2008). Despite considerable investment in public education, schools struggle to transform the life prospects of poor children (Seekings and Natrass 2008). Similarly, despite considerable investment in health care, hospitals and clinics struggle to provide lifesaving treatments due to shortages of medicine, equipment, and staff. While there are some public employment programs, these are short term and do not help people develop sufficient skills to stand on their own afterward (Meth 2011; B. Scully 2022). Strained state capacities and a small tax base have



1.3 Social grant values 1994–2023 vs. poverty lines. Source: Anine Kriegler with data collection by Daniel Steyn (2023) for GroundUp.

often led to the privatization of services for profit. Since the social welfare state does not offer a dignified standard of living, grants are often used to access or top up the very things the state has promised to provide. The end result is that grant recipients scrape by in places established for Black people under apartheid—in townships or rural areas, far from urban centers, with poor infrastructure and services. These grants may keep Black people alive, but with the expectation that they live in much the same social conditions as before.

While state racism is no longer codified in law, the massive population of grant recipients signals the failure of the postapartheid state to generate broad economic benefits. Instead, the South African state highlights a considerable tension between elite capital accumulation and the need to



I.4 Social grant values 1994–2003 vs. poverty lines in 1994 prices. Source: Anine Kriegler with data collection by Daniel Steyn (2023) for GroundUp.

include the majority in the spoils of democracy. As Arun Kundnani (2020) has argued, these tensions are resolved, in large part, by reworking the historical categories of the deserving and undeserving poor. Charles Meth (2004) has shown how the Presidency and Treasury have a long history of denigrating social grantees as dependent, lazy, and waiting for the state to provide. This has continued, particularly as formal credit has been extended to grant recipients. I argue that when people have struggled to use their social grants and financial products to pull themselves out of poverty, they are deemed at fault or culturally lacking rather than recognized as targets of predatory lending. Black familial disfunction, rather than racism or structural inequality, is made to account for social disparities. Race, culture, and kinship serve to justify the ongoing segregation and differentiation of grantees, who are unable to find dignity through this program.

WORKING TOWARD REPAIR

My final aim is to consider how social grant recipients critique the strained welfare state as a weak substitute for the promises of liberation. Over the course of this research, I often asked people whether they thought a more extensive cash transfer program could transcend this long-standing politics of racialized dispossession, exploitation, and debt. While many scholars have cautiously hoped that universal basic income could deliver broader redistribution (e.g., Marais 2022; Fouksman and Klein 2019; Ferguson 2015; Van Parijs 2004), most of the grant claimants that I spoke to were skeptical. Beyond miserly, segregated, debt-ridden transfers, they often demanded that the debts owed to them for centuries of racialized harm must be repaid.

Within scholar-activist circles, there has been a considerable incitement to discourse around universal basic income (UBI) as a potential remedy to the types of challenge I have described here. Taking their lead from Amartya Sen's (1992) pithy phrase "policy for the poor is poor policy," many people have argued that when social policies are targeted toward the poor, those policies will exacerbate an already stratified social formation (see also Fischer 2018; Adésinà 2020). Scholars contend that *universal* cash transfers could help build cross-class solidarities to ensure that everyone receives a sufficient monthly stipend through an efficient distribution mechanism (see, e.g., Mkandawire 2005; Ferguson 2015; Fouksman and Klein 2019; Marais 2022). They demonstrate that ending means testing would prevent exclusion errors and forms of surveillance that are punitive

and invasive (Mkandawire 2005). They also show that more progressive taxes could be used to expand wealth redistribution and lessen inequality (Ferguson 2015). At its most ambitious, supporters of UBI hope it will end labor exploitation by de-linking survival from the necessity of working for a wage (Fouksman and Klein 2019).

There is no doubt that universalizing cash transfers would have a positive effect on South Africa. But as Hein Marais (2022) has argued, since there is no standard definition of UBI, the success or failure of any UBI program will depend on the details—and these details will continue to be a site of struggle. This was most evident when cash transfers were extended to unemployed eighteen- to fifty-nine-year-olds during COVID-19. As civil society pushed for this grant to be made universal, the National Treasury pushed back, claiming that it could not spend more on social programs because of the international debt burden. During COVID-19, South Africa was forced to borrow money at subprime rates because its investment status had been downgraded four years earlier (see National Treasury 2024). With over 21 percent of the national budget going to repayment, the National Treasury announced its intention to stabilize the debt bill by curtailment of social expenditure. Additionally, conservative economists argued that increased public expenditure would lead to unsustainable tax hikes, business closures, and job losses (see Hollander et al. 2024; Mboweni 2021; Godongwana 2021, 2022a, 2022b, 2023a, 2023b, 2024a, 2024b). And yet, individual and corporate tax rates have declined against inflation since the end of apartheid, and a significant portion of revenue collection comes from regressive taxes (Zulu et al. 2024). The South African government is in a tough position, but its approach to financing social grants has been circuitous, stingy, and regressive. Any universal basic income would likely face the same limitations that cash transfers have, unless accompanied by broad social organizing and a significant ideological shift in the politics of welfare delivery.

Because my interlocutors know these limitations intimately, they rarely got excited about the possibility of universal basic income. Instead, when asked how they thought South Africa should transform, people replied with a range of responses about a working government with reliable institutions and equitable infrastructures that could deliver land, jobs, education, houses, and basic services. Amid this long wish list, by far the most common response was *land*.³³ As Lungisile Ntsebeza and Ruth Hall (2007) argue, South African claims to land are not only about returning land that was stolen by white settlers but also about questioning the ways

the democratic settlement has continued dispossession over time. Thus, when people demand land, they are not speaking just about land itself but broader forms of repair. They are refusing the usual set of antipoverty interventions that might alleviate the most extreme sorts of abjection but continue to preserve the deeply unequal social formation structured by colonialism and racial capitalism. Insidiously, small amounts of development aid can convert Black South Africans into supplicants who are indebted to the presumed generosity of the nation. In contrast, demands for land draw attention to the fact that Black South Africans are, in fact, creditors to the nation, who have never been paid back for the thefts of land, labor, and lifeways.³⁴ Through the discourse of land, my interlocutors claimed reparation for what had been stolen from them in the past so they could build a dignified life in the future.

In writing this, I aim to bring together South African literatures on land with global literatures on reparation. I draw inspiration from recent literature on reparations across anthropology, geography, and Black studies. As Robin D. G. Kelley (2002) has argued, debates on reparations have often avoided critical questions of capitalism. Earlier work on reparations was often narrowly legalistic and depoliticizing, confining demands for repair to a set of questions: Who was at fault and who should make it right? Who was injured and who can receive compensation? And how should a value be assigned to that which cannot be calculated? Contemporary scholars, however, increasingly conceive of reparations not only as a symbolic form of relationship repair (an apology) or material form of economic compensation (a payment) but as a demand for structural transformation and social justice.³⁵ They deftly sidestep a legalistic approach that assigns individual blame or awards individual compensation and focus on the ways in which racial inheritances have been coproduced with modern institutional and economic forms. In the United States, Ta-Nehisi Coates (2014) brought reparations to the forefront of political life by arguing that the racialized inequalities and the unequal distribution of wealth continue to be sustained into the present. In South Africa, Thomas Cousins (2023) has explored how people labor for repair through everyday practices, even while knowing that the past can never fully be repaired and wounds will always show.

Recently, Olúfẹ́mi O. Táíwò (2022) has positioned reparations debates within a long history of anticolonial, antiracist, and anticapitalist “world-making” projects. Táíwò describes how, from the 1500s, Europeans *constructed* a global racial empire, which has led to our extremely unequal

system of distribution. Given this, he argues, reparations must also be a *construction* project that ends the ongoing accrual of advantages for some people and disadvantages for others. Simply using the same social, political, and economic mechanisms and institutions cannot unmake the world; rather, these mechanisms and institutions themselves must be remade. He draws on the radical projects of anticolonial leaders—like Kwame Nkrumah, Julius K. Nyerere, Amílcar Cabral, Thomas Sankara, Léopold Sédar Senghor, Aimé Césaire—who proposed a new global economic order supported by more egalitarian institutions. They did not want to shake off the shackles of colonialism only to be reincorporated into a global hierarchy always already at the bottom.³⁶ Of course, as David Scott (2004) reminds us, we can no longer indulge in the romantic structure of postcolonial narratives, where anticolonial leaders imagined their future—our present—as a space full of hope, where radical self-determination would lead to equality. We live in the aftermath of this postcolonial project, amid the rise of global neoliberalism, the enrichment of national elites, and the persistence of extreme poverty and inequality. As such, we occupy the future they imagined and experience it as tragic, ambiguous, and constrained. Yet Scott (2013) also argues that younger generations inherit memories of past struggles and hold these memories in productive relationship with their experiences of present contradictions—and this tension can open up different possibilities for action.

A focus on reparations as a world-making project also resonates deeply with the field of abolition geographies. As Ruth Wilson Gilmore (2022) frequently says, “Freedom is a place.” This shifts the focus of abolition politics beyond the fight to tear down oppressive, death-making institutions (prisons, police, even punitive welfare programs) and toward practices of building liberating, life-affirming ones. When my interlocutors met proposals for UBI with suspicion, it was because they knew that if grants were made universal tomorrow, the people who needed them most might not actually receive them. They have experienced how the infrastructures and institutions of South Africa were constructed to enforce segregation and difference, and without significant changes will continue to do so. Thus, they suggested that to actually deliver grants universally, South Africa would need to build liberating and life-affirming institutions to provide low-cost data and mobile devices; a reliable electricity supply; accessible transportation on decent roads; far-reaching banking services with fair terms; widespread state departments and municipal offices for efficient birth registration, identification services, and social assistance; and

top-notch digital and physical security for financial payments. And such institutions must also accommodate people's differences—of race, gender, age, language, ability, geography—to ensure everyone can access what James Ferguson (2015) has called their “rightful share.” Quite simply, for South Africa to become a place of freedom, people need a broad set of “reparative public goods” that include, but stretch beyond, universal basic income (see Debt Collective 2020). A genuinely reparative welfare state would redress the harms of racial capitalism and ensure that people were not driven into debt for the things necessary to live a good life.

Such demands for reparation have not yet formed the basis of an organized mass popular movement.³⁷ While South Africans frequently protest about many things, social grant payments have not often been one of them. When it comes to social grants, there have only ever been small spontaneous protests at local paypoints or larger planned demonstrations often funded by civil society organizations. But the lack of expected forms of protest does not mean that people are not debating issues of debt, developing alternatives, and cultivating spaces of care. Scholars like Shireen Hassim (2006) and Sharad Chari (2024) have shown how Black women's activism has often been discounted because it has combined overtly political forms of struggle with seemingly less political practices of community work. Throughout my research, I was struck by how Black feminist critiques of debt are arising through the embodied labor of accessing grant payments and loans to support household provisioning. In talking with one another and sharing scarce resources, grantees pushed back against the social and economic machinery that continued to make them available for another cycle of debt and dispossession. Scholars from Aristotle to David Graeber (2011) have pointed to a paradox around debt: It is often perceived as a moral imperative that debtors must pay their debts but, in certain circumstances, the common sense can shift such that creditors become immoral and the rejection of debts legitimate. People's experiences of debt have often become the basis for organizing social solidarity and building collective power—and, while nascent, might yet become so in South Africa.

Plan for the Book

This book is organized into two parts in alignment with South Africa's two cash transfer distribution systems between 2012 and 2023. Throughout part I, “The Cash Paymaster Services Distribution System (2012–2018),”

I move across scales to describe how CPS converted cash transfers into debt transfers. Chapter 1, “Surplus People Rebooted,” begins at the global scale to detail how the dominance of financial inclusion discourses—both internationally and domestically—changed South African social policy. While cash transfer programs were initially designed to alleviate poverty, this chapter shows how they increasingly came to be instituted and evaluated based on their potential for “financial inclusion” rather than other developmental objectives. These international influences strongly resonated in South Africa because it already had a history of home-grown financial inclusion policies initiated in the wake of apartheid. SASSA brought together these global and national trends to develop a grant distribution system—in partnership with CPS—without fully realizing how it could lead to widespread exploitation and indebtedness.

In chapter 2, “Bantustan Banking,” I move to the national scale to detail how CPS’s payment architecture recapitulated the spatiality of apartheid’s separate development in digital financial space. Under apartheid, the CEO of CPS, Serge Belamant, designed a parallel payment to connect Black people in rural areas with credit for household furnishings. When apartheid ended, Belamant’s system became obsolete in the face of global competition. Since he had a payment system but no one to use it, Belamant refocused it toward a clientele of social grant recipients, who were previously excluded from financial services. When Belamant took over the social grant contract, he segregated recipients into a parallel payment system and transformed much of the value of the welfare program into profit.

Chapter 3, “Sophia’s Choice,” focuses on the local scale to elaborate how debt in South Africa has been racialized across time. Through the mines and the farms, Black and Coloured workers had to buy everything they needed on credit from their employers, who then deducted repayments from their wages. Since mine and farm owners controlled the entire payment stream, workers were never in control of their wages and could not choose to default on their debts. Net1 worked in similar ways to ensure grantees were rarely in control of their grants and could not choose to default on their debts. Net1 relied on seemingly sophisticated digital platforms, as well as old-fashioned door-to-door salesmanship, to foist debts onto grantees.

Chapter 4, “Hellish Home Economics,” considers the scale of the household to show how debts associated with the social grant program reworked gendered familial obligations and household provisioning strategies. The postapartheid social welfare bureaucracy redeployed colonial

expectations of the so-called Native family to compel Black women recipients to care for unemployed family members. But since many grants are valued below the food poverty line, the only way to provide for the needs of their households is by seeking credit. When recipients' grants are diverted toward repayments in subsequent months, their indebtedness is used as evidence that they are undeserving of support. Social welfare bureaucrats blame grantees, who are unable to succeed in a financial system designed to disadvantage them.

Part II, "The Post Office Distribution System (2018–2022)," focuses on the end of the CPS contract and the development of a new payment system facilitated by the Post Office. In chapter 5, "Deserving and Undeserving Welfare States," I trace how CPS's malfeasance was exposed and the minister of social development was found to be complicit in enabling financial predation on the poor. After this scandal came to light, social grant distribution became part of a wider political struggle taking place between two different factions of the ANC. Each faction proposed different "solutions" to the grant crisis in an attempt to assert their deservedness to rule and secure their hegemony. None of these solutions, however, led to a more progressive approach to the South African distributional regime that addressed racialized poverty. In the end, difficulties with social grant payment played a small part in the upswell against President Jacob Zuma and the change in government.

Chapter 6, "Postal Banking," considers what happened when the SAPO took over grant payment and when the government extended cash transfers to unemployed people during COVID-19. While both changes seemed to grow out of activist demands, they were deeply limited by the austerity of the South African state. After the kleptocratic Zuma years and a global pandemic, South Africa's essential services were on the brink of collapse and the number of people experiencing hunger increased. Grant recipients increasingly needed to use their payments as collateral for credit for food and other necessities that the state promised to provide. This lack of care during a crisis showed that the social protection system was attuned not toward "making live" nor "letting die" but to maintaining a population somewhere in between, staving off the possibility of mass death without ensuring the conditions for a good life.

In chapter 7, "Transferred Justice," I attend to the ways grant recipients disputed these debts and offered decolonized imaginaries that transcended slim, segregated social assistance payments. Through the experience of becoming debtors, recipients began to ask: Who owes what and to whom?

They wove complex stories that transcended linear time, recalling the multiple forms of dispossession they and their ancestors suffered across generations. Narrating this transgenerational repetition of dispossession, grantees challenged the reproduction of racial capitalism and racialized indebtedness via social grants. They contested the very foundations of the postapartheid order that continued to secure a highly unequal distributional regime. Their demands stretched far beyond cash transfers, even universal ones, and were far more akin to reparations.

Finally, I offer a speculative conclusion, which asks: Can debt form the basis of a mass movement in South Africa? I briefly trace the rise of organizing around debt from the Jubilee movement across the Third World to the Debt Collective in the United States. Given the ubiquity of debt across all classes in South Africa, there is a real chance that debt could offer an opportunity to build new forms of solidarity. I briefly consider the prospects for building power to challenge such debts as the foundation of a highly unequal economy.

A Caveat

Given the arguments of this book, I anticipate being read as being against cash transfers. But I hope my readers will see that I am far more ambivalent than that. Amid pervasive and enduring poverty, South Africa's cash transfers are absolutely essential to keeping people alive, and I am certainly not advocating for their end. That said, there is a stark difference between the way cash transfers are talked about in some academic and policy circles and the way people experience them on the ground. I wrote this book to understand how South Africa's cash transfers have become increasingly tied to finance capital, and given that, how the possibilities for a more egalitarian politics of distribution have been curtailed. South Africa's grant payment system highlights the impossibility of diminishing inequality without challenging the regimes of sovereign debt, redistributing the wealth of elite actors, and repairing the racialized harms of the past. I am interested in the ways people are using their experiences of the grant program to organize and build more concrete forms of social and economic justice.

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Notes

Prologue

- 1 I have used pseudonyms for all grant recipients but have used real names (with permission) for Black Sash employees. During this time, the Black Sash led a public campaign to end predatory deductions on social payments. Black Sash employees worked to enhance the profile of this campaign and became prominent public figures. I use pseudonyms for all low-level employees at SASSA, CPS, and Net1. I use the real names of ministers, members of Parliament, and high-level government officials who worked for the Department of Social Development and the South African Social Security Agency. So, too, I use the real names of the senior management at Cash Paymaster Services, Net1 UEPS Technologies, and Grindrod Bank.

In 1983, Khayelitsha (new home), a Black township, was built on Monwabisi beach, thirty-nine kilometers from the center of Cape Town. Data on Khayelitsha's population is notoriously inaccurate and fluctuates as people move back and forth between the Eastern and Western Cape throughout the year. While the latest South African census was completed in 2022, population data has only been released at the level of the municipality. The previous census put the population of Khayelitsha at 400,000 (Statistics South Africa 2011) but it is likely well over a million (Brunn and Wilson 2013).

- 2 There are several excellent books on the history of the Black Sash and its leaders, including Burton (2015), Hendrikz (2015), and Black Sash (2022).
- 3 The dollar-rand exchange rate fluctuated throughout the research period. From 2015 to 2019, it ranged from \$1 to R13–15. From 2020 to 2025, it ranged from \$1 to R18–20. For ease, I have used \$1 to R14 for the first five chapters and \$1 to R18 for the last two. Likewise, grant values also changed over the research period. For example, the CSG was R350 (\$25) in 2016 and R560 (\$31) in 2025.

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- 4 CPS did not carry coins and so her Ro.26 (\$0.02) was rolled over to the next month.
- 5 By default, all CPS/SASSA grant cards were issued by MasterCard through Grindrod Bank and secured with a biometric fingerprint. Lerato could activate a PIN number on her card so that her mother could use it to withdraw money outside of the CPS/Grindrod Bank network at retailers and other ATMs.
- 6 Since the onset of the COVID-19 pandemic, cash transfers gained additional momentum, when 203 countries implemented nearly one thousand new or expanded programs around the world (Gentilini et al. 2022). See Jimi O. Adésínà (2020) for an incisive critique of the ways cash transfers are foisted on African countries at international development conferences by governments, private philanthropies, and international financial institutions.
- 7 Poverty reduction in South Africa has stagnated since 2011 (World Bank 2023). Key studies on the positive effects of social grants include Satumba et al. (2017), Coetzee (2013), Neves et al. (2009), Duflo (2000).
- 8 This was four years before the COVID-19 social relief of distress (SRD) grant was introduced, which would bring more people between the ages of eighteen and fifty-nine into the program.
- 9 Old age and disability grants, which make up around five million or 20 percent of all grants, are the only grants which are valued above the upper bound poverty line (the highest measure of poverty). Child support and COVID SRD grants, which make up around 78 percent of all grants, are paid below the food poverty line (the lowest measure of poverty).
- 10 The variation was largely dependent on geography. The closer people were to a Net1 office, the higher numbers of people had at least one financial product linked to their account.
- 11 Donald Moore, in *Suffering for Territory* (2005), advises us to attend to the corporeal and affective labor of fieldwork and fieldworkers.
- 12 The Black Sash's advocacy agenda is described in much more detail in their book *Hands Off Our Grants* (2022), which serves as a manual for other organizations campaigning for social justice.
- 13 Many thanks to Hannah Appel for posing these questions.
- 14 In 1959, the category of *Coloured* was further divided into subcategories including *Cape Coloured*, *Cape Malay*, *Griqua*, *Indian*, *Chinese*, *Other Asiatic*, and *Other Coloured Populations*.
- 15 I am indebted to Sharad Chari for helping think through these racial classifications.

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Introduction

- 1 In 2015, James Ferguson made a very similar remark about the phrase “give a man a fish.” He was making the point that much development practice and theory was predicated on the notion that teaching a man to provide for himself was better than giving him a handout. In contrast to this cliché, he was writing an influential defense of direct assistance, in the form of cash transfer programs. It is remarkable that in such a short time, “giving a man a fish” or “just giving money to the poor” has become similarly ubiquitous.
- 2 There has been an extensive literature on social grants in South Africa. A large portion of this literature is devoted to the relationship between social grants and potential reductions in poverty and inequality (Neves et al. 2009; Schiel et al. 2016; Satumba et al. 2017). Other literature has focused on specific grants, such as children’s grants (Lund et al. 2009; Zembe-Mkabile et al. 2015), old age pensions (Burns et al. 2013; Duflo 2000), or disability grants (Kelly 2019). Likewise, scholars have considered the effects of cash transfers on specific issues, such as HIV (Booyesen 2004), nutrition (Aguero et al. 2006), food security (Devereux 2016), mental health (Ohrnberger et al. 2020), citizenship (Plagerson et al. 2012), and dependency (Surender et al. 2010). For work that considers the political significance of grants, see Barchiesi (2011), Seekings and Nattrass (2008, 2015).
- 3 With notable exceptions, including Du Toit and Neves (2007), Bähre (2011), Vally (2016), Dubbeld (2013, 2017), Granlund and Hochfeld (2020), Torkelson (2020, 2021).
- 4 For recent, global ethnographies of debt that push the concept in important ways, see Elyachar (2005), Guérin (2014), Bear (2015), Cavallero and Gago (2021), Han (2012), Harker (2020), Kar (2018), Roitman (2003), Saiag (2020), Stout (2019), Zaloom (2019).
- 5 I take inspiration for this approach from Jane I. Guyer’s (2004) *Marginal Gains*, in which she examined how multiple forms of money, debt, value, and social and cultural connections are converted and exchanged across scales.
- 6 My approach to financialization has been informed by a number of key texts, including Peter Gowan’s *The Global Gamble* (1999), Randy Martin’s *Financialization of Daily Life* (2002), Paul Langley’s *The Everyday Life of Global Finance* (2008), Greta R. Krippner’s *Capitalizing on Crisis* (2012), Brett Christophers’s *Banking Across Boundaries* (2013), and Keeanga-Yamahtta Taylor’s *Race for Profit* (2019).

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- 7 Much of the excellent work on debt in South Africa has focused on the middle classes and how it is tied to identities and aspirations of upward mobility.
- 8 The Strategic Defence Package, popularly known as the “arms deal,” was meant to equip the South African armed forces for the postapartheid era, but it provided the vehicle for American and European defense contractors and South African politicians to benefit from procurement contracts (Holden and van Vuuren 2011). While weapons purchases began under Nelson Mandela and Thabo Mbeki, Jacob Zuma also played a key role in arming a South African state that was no longer at war with anyone.
- 9 Keith Breckenridge (2014, 2019) offers a very thorough history of CPS.
- 10 According to South Africa’s Quarterly Labour Force Survey (2024), the official unemployment rate is 33.5 percent and the expanded rate is 42.6, which includes discouraged work seekers.
- 11 When Jacob Zuma formed the uMkhonto we Sizwe (MK) party in the lead-up to the 2024 elections, a large part of the mass populist faction moved outside of the ANC and constituted an opposition party. This split the vote for the ANC, and thus, after the election, the ANC had to form a coalition government with other parties, called the Government of National Unity (GNU).
- 12 For a comprehensive review of post office failures, see James et al. (2020).
- 13 Because this grant requires a monthly means test to qualify, the number of people receiving it fluctuates over time.
- 14 The debates on neoliberalism have been significant, contentious, and have played out over many years. A small selection of interventions include Bond (2000), Marais (2001, 2011), Habib and Padayachee (2000), Hart (2008), Ferguson (2006, 2015), Ashman et al. (2011), Barchiesi (2011), Seekings and Nattrass (2015), Levenson (2017).
- 15 Seekings and Nattrass (2015) demonstrate that the cash transfer program reduced extreme poverty from democracy until 2011. As the World Bank has revealed, at that point, the poverty alleviation effects of the grant program stalled and the program has not continued to make significant reductions in extreme poverty. This is even more true if looking at poverty in general, rather than only extreme poverty.
- 16 Seekings and Nattrass (2015) argue that Barchiesi (2011) is wrong to consider the social grant program as neoliberal because he mistakes the government’s antidependency discourse for practice. I am arguing that it is not just the discourse but the everyday practices of delivering grants that reveal neoliberal tendencies.
- 17 Seekings and Nattrass (2008) also argue for the significance of BEE, with a slightly different inflection. They focus on the ways that state intervention, rather than unfettered market freedom, led to narrow Black class formation at the expense of the poor.

- 18 The African *middle class* is a highly contested term in South Africa and across the continent. Key analyses include Southall (2016), Makhulu (2017), Page and Sunjo (2018), D. James (2019), Khunou et al. (2019).
- 19 There is a huge literature on microfinance in South Africa and elsewhere. For comprehensive analyses, see Morduch (1999), Roy (2010), Bateman (2010), Karim (2011), Bateman and Chang (2012), Cookson (2018), Green (2020), Kar (2018).
- 20 This is a project that has admirably been taken up in the United States by Dorothy Roberts (2009, 2022) and Elizabeth Hinton (2016).
- 21 Key texts in South African debates on racial capitalism from the 1970s include Wolpe (1972), Legassick and Hemson (1976), Legassick and Wolpe (1976), Alexander (1979), B. Magubane (1979). For newer work on racial capitalism in South Africa, see Hudson (2018), Kundnani (2020), White (2020), Phiri (2021), Mabasa (2022), Al-Bulushi (2022), Levenson and Paret (2023), Ashman (2023), Z. Magubane (2024), Clarno and Vally (2022).
- 22 On segregation and apartheid in South Africa, see William Beinart and Saul Dubow's (1995) volume, which reprints key work from Maynard Swanson, Martin Legassick, Harold Wolpe, Shula Marks, Belinda Bozzoli, Hermann Giliomee, Deborah Posel, Colin Murray, and J. B. Peires.
- 23 There have been important contributions from South African feminists, who critiqued early scholars of racial capitalism for not sufficiently considering gender. See analyses by Bozzoli (1983), Walker (1990), Manicom (1992), Hassim (2006).
- 24 From the 1930s, white and Coloured people were provided with pensions, at differentiated rates. Black people were excluded altogether until 1944.
- 25 William Beinart (2012) attempted to quantify the amount of developmental spending (between R120 and R520 million) being directed toward the Bantustans to illuminate this shift in the apartheid distributional regime.
- 26 Colin Bundy (1989) details the competing ideas about revolution at this time.
- 27 I first encountered this quote in Clarno and Vally (2022).
- 28 For a thorough description of how this happened, see Francie Lund's *Changing Social Policy* (2007).
- 29 Although the Basic Income Grant Coalition did not succeed in advocating the government for UBI, it continues to be an important intellectual touchstone for ongoing advocacy around redistribution.
- 30 Under the Clinton administration, welfare roles were cut by nearly 60 percent, excluding almost six million people (2.1 percent of the US population at the time).

- 31 South Africa has three poverty lines: the upper bound, lower bound, and food poverty lines. The upper bound poverty line provides enough money for basic nutrition and other essentials such as clothing; the lower bound poverty line provides enough money for other essentials but only if some nutritional costs are cut; the food poverty line only provides enough money for basic nutrition and no other essentials.
- 32 In order to combat negative assumptions about dependency, policymakers consistently suggest that grants can help people attain greater financial security in order to generate more support for the program. This was true of the Lund Commission and Taylor Commission reports.
- 33 Even though I am arguing that people use the discourse of land to talk about repair, actual land reform programs have been beset by challenges. For accounts of the frustrations of land reform in South Africa, see Ntsebeza and Hall (2007), D. James (2007), Claassens and Cousins (2008), Walker (2007), R. Hall (2004), Kepe and Hall (2020).
- 34 Jovan Scott Lewis's *Scammer's Yard* (2020) offers a very good analysis of colonial debts and reparations.
- 35 There is a lot of exciting new literature on global reparations. For recent work on reparations, which begins from a critique of capitalism, see Kelley (2002), Coates (2014), K. Taylor (2019), Lewis (2020).
- 36 There are many, but here are a few key texts that have centered global racial empire: C. L. R. James ([1938] 1989), Césaire ([1950] 2000), Nkrumah (1965), Nyerere (1977), Galeano ([1971] 1997), Amin (1972), Cabral (1973), Williams ([1944] 2021), Coulthard (2014).
- 37 On this point, Devereux and Lund (2010, 168–69) have written of the “perplexing dormancy of civil society in much of Africa with regard to mass mobilization and participation around welfare rights.”

Chapter One. Surplus People Rebooted

- 1 While this quote has been attributed to Benjamin Franklin, in the contemporary moment it is part of a discourse that suggests capitalism can balance imperatives for profit with initiatives that will benefit people and the planet. It has been used as a slogan for business schools, corporate social responsibility initiatives, digital financial technology firms, and even MasterCard.
- 2 The Economic Freedom Fighters make a very similar argument about the link between economic empowerment and political emancipation. In so doing, the EFF is pointing to political economic realities rather