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Redistribution and Indebtedness

A Tale of Two Settings

Deborah James

This chapter builds a comparative picture of the interrelation of redistribution and financialized debt in two different national contexts. It does so not by adding to the already voluminous literature written from a neo-Marxist or anarchic anticapitalist perspective, nor by endorsing the position of free-market fundamentalists, but by exploring a kind of middle ground between them. This is the arena where a "mixed economy," long prevalent in the funding and administering of welfare (Cunningham 1998), has become even more dominant in recent times; where we find a "pluralist hybrid of market, non-market (e.g., redistribution by the welfare state) and non-monetary (based on reciprocity) forms of economy" (Alexander 2010). Animated by the work of authors who have explored the "ethics of care" (Fraser 2014; Lawson 2007), and the complex ways in which these inform the "new public good" (Bear and Mathur 2015), I seek to challenge deterministic accounts of the ways in which financialized capitalism is experienced by those on its margins. These suggest, *inter alia*, that capitalism in its newest form ceaselessly seeks out new zones for profit (Lapavitsas 2013), now including those at the bottom of the pyramid; that capitalist accumulation is further facilitated in this process (Harvey 2003); and that democratic/civil options have dissolved as subjects and are reconfigured in the form of a new and more insidious type of *homo economicus* (Brown 2015).

My account takes two very different settings, one from the global North (austerity Britain) and the other from the global South (post-democracy South Africa), and illustrates both commonalities and contrasts between them. Both have seen a complex mix of expanding financialization and

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increased borrowing with (actual, in the UK case, or imminent, in the South African one) government austerity, and the retreat of the kind of state regulation that formerly curbed the fees and interest rates creditors were able to charge. Those at the bottom of the pile—be they the poor or unemployed, low-paid workers, or formerly middle-class people migrating to work abroad and now on "zero hours" contracts—have been brought into the ambit of, or "enfolded within," formal financialized arrangements (Kar 2018, this volume; Meagher 2018; Soederberg 2014). In the terms used by Gustav Peebles (2010), they are not so much beneficiaries of its good side ("credit"), as victims of its most rapacious aspects ("debt"). Such accounts point to the fact that the shrinking of the welfare state in northern settings and its new instantiation via the provision of cash transfers in southern ones seem to lead inexorably—albeit in different ways as documented below—to an increase in borrowing: what Soederberg calls "debtfare" (2014). Against this backdrop, I demonstrate the often-counterintuitive ways in which financialized capitalism, even as some of its logics and agents plunge people further into debt, also provides funds to ensure that welfare arrangements are not erased altogether. I attend to the ways in which borrowers/welfare recipients—and those who provide them with advice—battle to secure the welfare that is due to them, and to the emerging folk models of fiscal behavior or "householding" that emerge in the course of such interactions.

One might query the validity of such an exercise. Surely the global spread of financialized techniques and the making of money "from nothing" (James 2015) or "from money" (Harvey 2003) involve transnational corporations, use standardized technologies of extraction, and must have a uniformly deleterious (and broadly homogenizing) effect worldwide? It is not my intention to present an idealized image of forms of support that transcend the stark realities of capitalist exploitation, nor to flatly deny the claims of scholars in a neo-Marxist/Foucauldian tradition who are inclined to see activist/adviser/volunteers as doing the state's work for it by providing momentary redress and protection against the worst effects of capitalism or austerity (see Koch and James, forthcoming). Rather, my account is motivated by a recognition that activities at the boundaries of formal processes, even if these are initiated or funded by commercial companies, can mitigate and counter what would otherwise be the exclusion of poorer people (Kirwan, McDermont, and Clarke 2016); and by ideas about "care ethics" that move us "beyond critique and toward the construction of new forms of relationships, institutions, and action that enhance mutuality and well-being" (Lawson 2007).

Central to this chapter is a focus on agencies and activists who embrace a normative view of bureaucratic techniques. Often outside of but entangled

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with state purview, they deploy these techniques to protect welfare benefits that are under threat. They thus try to ensure fairness of redistribution. The "new orienting values" they embrace are equated by Bear and Mathur with the "new public good": a slippery and often contradictory-sounding phenomenon that combines the unlikely bedfellows of "fiscal discipline, marketization, consensus, transparency and decentralization … [which] are associated with the market ethics of the economist's public good and are linked to new technical mechanisms of accountability. But their resonances as an ethos, a lived persona, a contested referent or frustrating impossible goal cannot be captured in their social reality by economists' models or the analysis of audit techniques alone" (2015). The "new orienting values" of bureaucracy that these activists hold dear are thus entangled with "market ethics" rather than opposed to them.

Redistribution and financialization can and do intersect; although on the face of it, they may seem incompatible: one embodies social values; the other is planted in and arises from the world of impersonal contracts. Many anthropologists, and famously Polanyi, have seen redistribution as a quintessentially nonmarket, premarket, or antimarket process (see Hann and Hart 2009). Economists, although preoccupied (especially in the early years of the modern neoclassical discipline) with the formal logic of how income and wages are determined, and how and whether redistribution might factor in these processes, are ultimately left to conclude that redistribution is a matter of exogenous ethics (or philosophies of justice) rather than being an intrinsic part of the calculus of economic growth (Sandmo 2015). Similarly, theorists like Jon Elster point to the way that "redistributive policies … are intended to compensate people for various sorts of bad luck, arising mainly in the market" (Elster 1991: 273). Putting it more strongly, Göran Therborn (2012b: 587) writes of how "redistribution and recompensation are powerful tools," arising largely out of the struggles of the labor movement, through which "remedial action" can be undertaken to counter the egregious inequalities that arise out of the unequal distribution of income and wealth. The usual assumption is that such "tools" have to be applied by society and/or the state in order to curb the worst excesses of capitalist exploitation and free trade. Feminist philosopher Nancy Fraser, offering a reinterpretation of Polanyi's ideas on "fictitious commodities," similarly shows how the forces of the market, which may promote growth but which lead to exploitation and inequality, are deemed to be incompatible with those of the state and society (2014: 547). As Hann and Hart put it "the leading capitalist societies at one stage all signed up for Hegel's (1821) idea that states should try to contain the inequality and ameliorate the social misery generated by markets" (2009: 2). From these underpinnings, in postwar Europe, was the welfare state born.

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However, Polanyi's morally loaded binary between market (or contract) and benevolent nonmarket (variously construed as "society," "state," or "mutuality") is too simple (Gudeman 2010). For one thing, as Nancy Fraser points out, it obscures relations of power and domination. To entrust the upholding of communal, family, or welfarist values to unpaid and noncommodified care regimes may mean devaluing female activities, whereas paying for that work by bringing it into the realm of contract (the labor market) may serve emancipatory goals (2014: 550).

All this is to say that provisioning and welfare can no longer be assumed to exist beyond the world of the financial, nor do they depend solely on state- or society-driven initiatives. Anthropologist Erik Bähre, writing about post-democracy South Africa, argues for an "important complication" of the redistribution concept: "When diverse institutions are infused by redistribution, it becomes difficult to distinguish redistribution from other forms of economic integration." Rather, it is "entangled with and a part of" both "the state (social grants and development aid)" and "markets (commercial insurances)" (2011: 375). It is well documented that, since the 1980s, voluntary sector activities and market-oriented arrangements have modified and mediated state-driven initiatives (Alexander 2010). But Bähre is making a more provocative claim: he argues that the sudden and swift inclusion of black South Africans as potential clients for insurance companies enables them to engage with impersonal and "large-scale" institutions for economic reallocation and thus escape from onerous forms of neighbor- or kin-based reciprocity. It is these "large-scale" arrangements that Bähre sees as the central characteristic of redistribution. Those who readily embrace it are people—such as upwardly mobile members of the new middle class in South Africa—who seek to escape the more personalized sharing, lending, and helping that typified life under apartheid.

Bähre's interest in "complicating" the redistribution concept points us toward a zone where market and nonmarket dynamics interpenetrate. But his insistence on large-scale processes is somewhat misleading. Faced with the dissolution, privatization, and insidious undermining of state-based welfare provision, I show in what follows that it is precisely through personalized and piecemeal relationships between debtors and their activist/advisers—positioned between market, state, and society yet not fully aligned with any of these—that redistribution must now be largely pursued. It is in the course of interactions between debtfare recipients and what Elster calls "second-order decision makers" (Elster 1991) that some of the worst effects of financialized capitalism are challenged and countered.

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"Mixed Economies" of Welfare

In the 1990s and 2000s, as financialized capitalism was consolidated worldwide, more and more relatively poor people became dependent on readily available loans to supplement state welfare. Yet it is too simple to argue that "welfare" became "debtfare" (Soederberg 2014) or that former welfare beneficiaries have been transformed into repayers of debt (Adkins 2017). The involvement of market (and specifically financial) actors in redistribution is more complex.

In the UK, much debt advice is funded by creditors. Following the onset of austerity measures adopted by the Coalition and Conservative Governments in the 2010s, the gap between incomes and expenditures has grown incrementally, forcing many people to borrow in order to pay rent and other crucial expenses (Davey 2017, this volume; Patrick 2017: 70–73). The average UK household debt (including mortgages) was £58,540 in June 2018, and people owed nearly £1.6 trillion, up from £1.55tn the previous year.[1] Parallel to the sharp upturn in private debt, the withdrawal of state funding to the advice sector has led to a situation in which debt advice, introduced in the 1980s alongside the expansion of consumer credit and formerly deriving from general taxation, is now privately funded on the basis of "fair share" contributions from creditors and a bank levy on the basis of a "polluter pays" principle (Davey 2017: 8–9). This is an industry-specific levy, channeled toward offsetting the harms produced by that industry. Davey describes the system as "self-defeating," since it encourages people "to re-engage with credit markets" and thus "serves the interests of the financial industry"; "it taxes the agencies that lend to poorer people at high rates of interest in order to give those same people advice that is increasingly redundant" (Davey 2017). The cases discussed here, however, show that debt advisors' interventions do not simply function to ensure that debtors repay what they owe to the financial institutions that fund their operations. When advising their poorer clients whose loans are predominantly unsecured ones, they typically encourage clients to weigh up repaying the banks with repaying other creditors that may have more importance. A rising number of clients struggle with so-called "priority debts," especially rent arrears owed to landlords and council tax owed to the local state, "whose non-repayment would produce the greatest consequences, from the presence of bailiffs through to the loss of one's home and imprisonment" (Kirwan 2018). Advisers thus often act in view of logics that are guided by imperatives other than those of the mainstream lenders that pay them.

In South Africa, the funding of initiatives that combat debt problems, relatively miniscule to start with, has expanded thanks to the initiatives of

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companies, private individuals, and churches. The sharp rise in indebtedness here resulted from expectations of prosperity following democratization in a climate of economic liberalization. What followed was a situation of "explosive lending, intensive credit surveillance and ongoing reluctance from the large banks to offer services to the rural poor" (Breckenridge 2019; see James 2015). Following a sharp rise in the provision and uptake of unsecured, high interest loans in the early 1990s (Ardington et al. 2004), by 2014, the World Bank noted that 86 percent of South Africans had taken out a loan, more than double the global average of 40 percent. Around half of these borrowers were at least three months behind on debt payments, and the debt-to-income ratio stood at 86.4 percent (James 2019: 218). What these stark figures do not reveal is the extremely low level of consumer protection, which has enabled the collection of debt from the wages of employees via poorly regulated or—increasingly—forged "garnishee" orders,[2] and more recently, by biometric means, in the shape of deductions from social welfare payments made to poor people.

Advice services to deal with these problems have never been more than patchy. Although free, independently funded advice from trained lawyers was (and remains) available in some university law clinics, and was provided in certain areas by human- and consumer-rights organization The Black Sash and its regional associates, "debt counseling" was typically construed as an income-generating activity and outsourced to often poorly prepared entrepreneurs (James 2015: 62, 71, 94; Schraten 2014: 11). As donations to consumer rights charities by overseas church-based organizations have dwindled, companies, foundations, and private individuals have had to shoulder more of the burden, usually in partnerships with community-based organizations in specific neighborhoods. In the absence of more comprehensive and concrete "on-the-ground" advice, "cause-lawyering" efforts (Sarat and Sheingold 1998) have concentrated on high-profile court cases with the aim of establishing legal precedents or modifying legislation. Besides helping to provide funding for both advice and legal costs, certain companies have branches or subsidiaries that aim to curb the worst activities of lenders—in the courts and elsewhere. Given that a "cowboy capitalist" extractivist ethic has prevailed in the country for over a century (see Van Onselen 2017), this includes countering the activities of those who often *masquerade* as helpful advisers/helpers but are often, in fact, intent on making profit from the poor.[3] Taking the form of a kind of Corporate Social Responsibility, those who act to curb such profiteering—in particular a firm called Summit Financial Partners—do so partly at the behest of, and paid for by, employers. Running scared in the wake of events like the Marikana trade union protest, where miners demanding higher pay turned out to be forfeiting most of their wages to high-interest lenders via

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automatic deductions (Alexander et al. 2012; James and Rajak 2014), many employers wish to ensure that their workers have a sustainable form of life.

In sum, then, the involvement of financial actors in both settings is not confined to the provision of loans, but extends to funding and even initiating the work—principally by challenging wrongdoing by moneylenders—which makes it possible to resist such demands. The activists and advisors draw on funds from the "mixed economy" on which the charitable/welfare sector has long relied. They see their job as exercising surveillance over the activities of state actors, while also constraining the worst ravages of commercial creditors. They try to persuade welfare/debtfare beneficiaries to follow appropriate courses of action in the interests of living a sustainable life. Making sure that trickles of funds continue to reach poor people, they have become the ultimate redistributors in settings where, because of austerity measures in the UK and the depredations of predatory lending in South Africa, other instruments of redistribution have been severely weakened.

Mastering Bureaucracy between State and Market

To illustrate how this works in practice, let us explore the two settings in more detail. In both the UK and the South African cases, literature on the psychosocial aspects of debt helps us conceptualize both the way that financialization is "domesticated" (Deville and Seigworth 2015) and the way its domestication is, in turn, dislodged. In the UK case, debtors have become accustomed to "living in default"; "market attachments" (Deville 2015) often make them unable to envisage ever living outside of it. The strength of these attachments and ties is intensified via banking algorithms that make it possible for "monies of all sorts to routinely live in and through our lives" and for the relationships between creditors and debtors to "become deeper, more profound, more granular, more personal" (Tiessen 2015). Here, debt advisors' work must focus on "disrupting" these attachments (Kirwan 2018), using a set of bureaucratic tools to counter the strong emotions involved in order to help clients distinguish those which ought—in their own best interests—to be given priority, or where they can be dodged or even cancelled through a variety of bankruptcy procedures.

In the complex amalgam of commercial borrowings and what is owed to the state that makes up a beneficiary's "debtfare" portfolio in the UK, debt advice involves interacting with a range of companies and institutions on a client's behalf. In one case, Elaine, a domestic cleaner, consulted Aaminah, an officer in a London debt advice office, after receiving a letter from a credit card company that had taken out a court order requiring her to pay

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£50 monthly to settle her debt. She also owed her internet provider £48, and had a debt with Provident and one with Shop Direct that had been sold on to a debt-collection company (see Mikus, this volume). Aaminah, after sifting through documents, noting income, budgets, and owings, reassured Elaine that, compared to other clients, her total debt of less than £2,000 was not as big as it seemed. Seeking a way to tackle each of its separate components (see Kirwan 2016: 467), Aaminah wrote a note requesting that the court order for the credit card debt be lessened (or "varied"), wrote a letter asking the court to excuse Elaine from paying fees, and sent a written request to her other creditors for a stay of six months to give Elaine some time. She also outlined the possibility, in the long-term, of applying for a Debt Relief Order[4] to write off the debt.

Working part-time, Elaine took pride in earning her own living; but she relied, besides her wage and the money she had borrowed to supplement it, on various systems of state support. In a mosaic of benefits that had waxed and waned over the years, she was receiving child tax credits and working tax credits, and was waiting to hear the outcome of her application for housing benefit to help pay her rent. Aaminah worked out that Elaine had two so-called "priority debts" that were more important than the ones she owes to the commercial sector: seven weeks' rent arrears amounting to £850 and council tax—charged for various municipal services—of £70, for which the council had sent her a letter instructing her to settle the backlog within two working days. To avoid a visit from the bailiffs and to remain in her flat, Elaine understood that she had no option but to pay these "priority debts." Aaminah sent an email to the council to ask them to delay taking action and, given the expectation of a positive decision concerning housing benefit, to set up a regular payment in order to clear the arrears.

Compared with the "economies of default" investigated by Deville and his collaborators in the UK, in the South African case, debtors tend to be more aware of the need to juggle and prioritize debts, even without formal debt advice. Possibly due in part to the lack of such advice, they may be shrewdly pragmatic rather than "attached" to their debts or seized by a psychic desire for "things." Akhona, a domestic cleaner like Elaine, was similarly reliant on a mixture of commercial loans and state welfare. "Sometimes I only get paid R1,800 [about 98GBP] a month,"[5] she was reported as saying. "And it's not enough because transport is expensive and I have to buy household things, and support other family members." Supplementing her wage as a part-time worker were a monthly child-support grant from SASSA (the state welfare agency) of R640 and a regular monthly loan of R200 from a company called Moneyline. This was a subsidiary of Net1/Cash Paymaster Services, the company to which the state had outsourced the delivery of these welfare or "social" grants in the early 2000s. Akhona needed this loan in order to pay

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her weekly transport bill to get to work.[6] Much like the shack-dwellers documented by Ariel Wilkis in Buenos Aires, one of whom told him "we don't have savings but we do have debt" (2018), Akhona had factored in borrowing as an essential element in the household budget rather than an accidental aberration. Such canny matter-of-factness has also been documented by anthropologist Fiona Ross (2010). Being poor involves managing a series of conflicting debts and often necessitates taking short-term decisions, themselves subject to scrutiny and criticism from relatives and neighbors, which might need to be immediately reassessed and altered. This leads to a patchy and fragmented experience of time and monetary value. A quandary over allocating funds involved both trust in providence and careful deliberation for a woman called Sandra, who owed money both for her son's school fees and to complete her installments on a cupboard that she paid a "lay-bye" to secure (if she failed to honor the agreement by a certain date, she would forfeit both the cupboard and the payments already made). She decided to use the money set aside for school fees to pay off the cupboard, presuming later to be able to rely on a relative's help for the fees or "pay them off over the year." The choice was between education (for which others might be pressured into paying) or respectability and social propriety (the costs of which would have to be borne by the household). In this case, the choice paid off. A well-wisher gave money for the school fees, while owning the cupboard enhanced her status (Ross 2010: 131).

In other cases, however, social grant recipients are unable to parse and weigh up their debts, because their interweaving makes them difficult to disentangle and conceptualize as separate "pieces of money" or as distinct amounts (Wilkis 2017). Technologies of biometric registration have brought the millions of South Africans who are grant recipients within the ambit of the banking system (cf. Kar, this volume). Banking algorithms achieve their goals through sheer automation. Until it was relieved of its state contract in October 2018, the provider company, Net1, had turned social welfare into debt collateral through financial transactions that were virtually immune to human intervention (see Lavinas 2018 for a similar case in Brazil). While South Africa, like the UK, uses automated credit transfers to deliver welfare (see Datta 2012: 32–36, 66; see also Kar, this volume), their respective approaches to banking and to client privacy are very different. South Africa's Net1 had not only been furnishing regular payments to pensioners, parents (mostly mothers) of children, and disabled people, it also had been offering them loans and selling them products—via its complex web of subsidiaries and using agents paid on commission—for which it was deducting payments from the grant at the end of the month.[7] People were coming in "with tears in their eyes… . With regard to the unauthorized deductions on their SASSA grant, you realize these people

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feel disempowered. . . . We had one woman here that was in tears about the fact that she felt so abused by the system and she had no recourse," I was told by Mareesa Kreuser, a team member at Summit Financial Partners. Debt advisers, activists, paralegals, and financial sector companies, such as the one for which she works, have been engaged in a common (though not always united) endeavor to counter the "machinic" extractivism (Lazzarato 2012) facilitated by the algorithms used in the lending sector.

Householding and Clawing Back Funds

Advisers in both the UK and South Africa help clients list and conceptualize their incomings and outgoings. They aim to prevent clients from getting caught up in arrangements that will make their money trickle away, and to help them reclaim that money once taken. They take action to combat aggressive—sometimes illegal—actions of creditors, both in market and state arenas. What is already a pitifully small amount of money must not be allowed to dwindle further because of extortionate interest (now increasingly reconfigured as "charges") or councils reclaiming erroneous payouts. In both cases, there is a sense of the need to "put a finger in the dyke" to ensure that money does not escape. The way the advisers accomplish this, in both settings, follows the original principles of Aristotle's *oekonomia*, as echoed more recently in the school subject that used to be known as "home economics" or "domestic science." *Oekonomia* implies perpetuating self-sufficiency through careful household budgeting rather than engaging in risky trade through market transactions (Hann and Hart 2009: 11).

In the London debt advice office, Aaminah's telephone calls and letters were aimed not only at forestalling and deflecting the demands of Elaine's creditors but also at making sure she received all the benefits to which she was entitled, so that at some point these might enable a more viable household economy. In the course of "sorting out" Elaine's finances, Aaminah drew up a Common Financial Statement, a spreadsheet that balanced her income on one side against her debt on the other (see James and Kirwan 2019).[8] A key (and little-known outside the sector) aspect of such an adviser's work, and one that further blurs lines between state and market, is the way she helps clients withstand demands for repayment made by the state (Davey 2017: 9; Kirwan 2018). In a case similar to that of Elaine, Yusuf, an advisor at the North London Muslim Community Centre, helped an elderly client faced with an "overpayments" demand. Where welfare recipients like him owe a substantial sum to the council for benefits allegedly overpaid, these are reclaimed or deducted from future benefits. This situation results from the piecemeal administering of a "mosaic" of funds by diverse

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agencies (Forbess and James 2014). They include "tax benefits" introduced by the Labor Government—though punitive changes from 2010 onward have restricted such payments—as a means of encouraging people to enter the labor market, and serving a moderate but important redistributive function in favor of the poorest households (Hills 2015: 2, 226). Yusuf's client produced a letter from the council reclaiming £16,000 allegedly overpaid for housing benefit and council tax. Yusuf phoned the council to ask for an explanation and was told, "we have checked with HMRC—he has two jobs, one for a security firm. . . . We are using good systems. . . . We have to do what it says on the screen." Yusuf discovered that although it appeared as though the client was working for two companies, he was employed by only one—that had changed its name. Earning less than the tax office claimed, the client was thus entitled to both sets of benefits after all. Lodging such challenges is time consuming and requires the specialist knowledge and connections of the advisor. "I normally give a client one hour," Yusuf said. Although success is far from certain, there is a sense that the ends of justice have been served when they do work out.

Like many "globally redistributive policies" that are "designed centrally, at the level of the national government" (Elster 1991: 273), clawing back money in this way requires the intervention of what Elster calls "second-order decision makers" in order to ensure that "local justice" is delivered. What the state gives in the name of redistribution it may take away in the name of equity or combating so-called benefits fraud. These demands may need to be resisted in turn: errors can result when misspent funds are collected, and yet further intervention is needed to set matters right. Where enquiries reveal that the overpayment demands are justified, however, such clients are obliged to honor their obligations to noncommercial creditors such as the council, or face a visit from the bailiff.

Like other intermediaries charged with delivering "local justice" (Elster 1991), with administering "care" to combat egregious market forces (Lawson 2007), or with safeguarding the "public good" (Bear and Mathur 2015), Yusuf and Aaminah were committed to mastering bureaucratic techniques of allocation and to implementing these in line with the redistributive spirit that is presumed to have animated their original design, no matter how much these may have been diverted or interrupted by subsequent austerity measures (Elster 1991: 274). Where Elster's account of "second-order decision makers" is chiefly concerned with state employees at local level, advisers like Yusuf and Aaminah work outside the ambit of the state to correct the errors made by its functionaries. While Elster contrasts the benefits and costs of using "discretion" and "impersonal mechanisms" respectively, these advisers do not consider themselves to be using personalized criteria to overturn the use of "mechanical formulae" (1991: 288).

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Rather, they take pride in carrying out and adhering to—and holding their equivalents in the state bureaucracy to account to implement—the strictly fair arrangements that bureaucracy *ought to* embody.

In South Africa, Mareesa and other activist/advisers are equally keen to lay out all debts in logical array, establish which need to be repaid with greatest urgency, and resist those that are mistaken or unjust. But it is more difficult to "claw back" resources in the South African case for several reasons. First, although the impetus for commercial companies to tempt customers into taking out further loans and making further purchases differs little in the two cases, debtors in South Africa face particular problems because of the way repayments are secured. A beneficiary/client can be vulnerable to complex processes of deduction, especially one with a less deliberate budgeting strategy than Akhona, the domestic cleaner mentioned earlier who was borrowing from Moneyline to fund her monthly transport. Until 2018, when Net1 lost the tender to deliver grants, grant holders were able to swap their welfare benefits ("SASSA") card for an alternative card known as "Easypay Everywhere," also administered by Net1, and to apply for further loans to different moneylenders, for which further deductions were made. The proliferation of debts is potentially confusing, especially where—because of biometrically facilitated automation and the lack of a paper trail—little or no volition was left to the debtor. Although Easypay functioned as a bank account, few of its "clients" had postal or email addresses. In cases where team members from Summit or activist organizations like The Black Sash have sought to offer advice or help a beneficiary work out what she owed to whom, getting hold of "bank statements" was challenging, if not impossible.

Even once procured, these statements are often incomprehensible, because debts are difficult to disentangle. Until October 2018, some beneficiaries had two payment streams or "accounts"—the original "SASSA" card and the new "EasyPay" card. In one case I noted at a meeting, many of the deductions for airtime (telephone credit) had been moved from SASSA to Easypay, but other loans and the funeral cover payments still remained with SASSA; in another, each of these two accounts was linked to a separate mobile number. When attempts were made to seek recourse, company representatives were reluctant to speak to anyone but the "actual beneficiary." "Actual beneficiaries," however, rarely had enough airtime to be able to stay on the telephone for the amount of time that it might take to get through the "security questions" and challenge the details of the account—and in any case, they often felt intimidated, embarrassed, and unconfident when speaking English. Advisers also expressed dismay on their clients' behalf that, despite all these transactions and loans taking place in a highly formalized payment space, errors were frequent, often

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amounting to fraud (practiced both by "street level" agents and at the level of high-tech deductions). Most worrisome among the latter was the tendency to treat beneficiaries' payment streams as if they were current accounts with overdraft facilities. To comply with regulations in the National Payment System, a debit order ought only to be activated once there is money in an account. If there is none, the debit order ought to be refused. It should not be possible, while repaying a specific creditor, to go into a negative balance: to do so would contravene the law that prevents favoring certain lenders over others. Despite corporate denials that this was happening, the IT system seemed to allow a kind of parallel payments arrangement to exist.[9] These technical complexities compounded the stark facts of the situation: Net1 was, in effect, using grant beneficiaries' ignorance to turn a profit.

Advisers in South Africa's charity and business sectors attempting to "claw back" funds from lenders often use the metaphor of piracy and plunder to describe the ransacking of grant holders' monies. Unlike their UK equivalents, they are not able to challenge overpayments demands or to help clients put the brake on repayments. Since financial automation means that such repayment has *already occurred*, the advisor must set out, instead, to reclaim what has been "stolen." "The bank account is almost a place for looting … for pushing through as many different [loans] as possible," said an officer from the human rights charity sector. She celebrated the fact that, after much effort, she and her colleagues had helped a client "to get some of the money back, a cash refund."

"Pillage" was the term used by the CEO of Summit Financial Partners, Clark Gardner, to describe the situation. Lenders of all sorts, he said, follow

> an unwritten rule to chase market share… . [I]f I don't take your wallet, your full wallet, someone else is going to take it. If you can afford R100 a month on debt installments, I want to take that full 100. Because if I take 80, someone else is going to take the other 20. That is putting my loan at risk. And no one is policing that. So I can do whatever I want… . [T]he lack of enforcement has … created a reckless lending environment. If you don't play that game you're going to lose.

This CEO has taken it upon himself, in the absence of activity by the state regulator (the NCR),[10] to hire private investigators and pursue moneylenders through civil court cases. Working in one particular case on behalf of borrowers who were waged employees rather than simply grant beneficiaries (the two categories often overlap), his company was taking a firm of attorneys to court for continuing—long after lenders themselves had been repaid for their loans—to chase debtors in order to get "collection fees." Describing the *modus operandi* of this firm, Gardner told me how it

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> gives you R500 [and] collects R11,000. And we said, "How do you go from R500 to R11,000?" The High Court said to the NCR, "You've got to investigate these guys—you've got to find out what's going on." We promised the NCR 40,000 cases to investigate. But they've not done a thing. So we've spent our own money and gone to the courts.... How is this possible when [the relevant legislation] says that you can never charge more fees than the capital outstanding on default?

As one of Summit's team members explained it to me:

> It's open to interpretation of what "collection costs" mean. We're saying, "include legal costs and collection costs." Because otherwise you're going to have this unending amount of litigation fee, or collection fee, that people are going to end up paying back forever. The way the payments work is you first pay your collection costs, then you pay your legal fees, then you pay interest, then only you pay capital. So these people end up never paying off capital.

The court case brought by Summit was aimed at clarifying how much a lender may legitimately recoup from a borrower (the National Credit Act stipulates that a lender may never "charge more fees than the capital outstanding on default"), as well as seeking recompense for the borrowers. At the time of writing, after the judge had dismissed the application without hearing its merits, Summit was lodging an appeal.[11]

These South African officers, paralegals, and corporate employers/employees, like those who advise on debt in the UK, are motivated by a sense of the need to get the bureaucracy right, which they accomplish by unpicking the interwoven strands of debt in order to clarify which are serious or legitimate owings and which are not, and to highlight cases of fraud. For human rights charity The Black Sash, their opposition to what they call "grants grab" is underpinned by a strong tradition of rights activism accompanied by a "cause-lawyering" ethic. For Summit, a similar motivation exists but is combined with an impetus that comes, in part, from two major mining employers that have employed the company to act on their behalf in order to protect their employees. Summit's Clark Gardner believes it ought to be possible to secure a "fair capitalist" system. In both cases, their efforts are focused not on preventing over-hasty or ill-considered repayment (as in the UK), but on retrieving illicitly looted funds so as to restore a client's bank balance to what it should be. Insisting that the money be reimbursed, both aim to redress what they evocatively describe as "plunder."

Informed by their notions of what *ought* to be, activists and paralegals in South Africa thus attempt to challenge the behavior of lenders. They also try to shape and reconfigure their advisees' responses to the depredations of these lenders with the aim of creating a more humane way to live with

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debt. In the UK case, countering the contradictory emotions of attachment and shame, advisers use bureaucratic tools in order to help the client parcel up and classify the various types of owing, showing why some of these ought to be given more priority than others. In South Africa, these activist/advisers are infused with a stronger conviction that the poor are being robbed. For them, it is less a matter of persuading people of their own best interests and nudging them to behave in certain ways, than of standing alongside them, shoulder-to-shoulder, against rapacious creditors. Given that the promise of post-apartheid democracy was one in which welfare—and a sense of dignity—would be newly delivered to those dispossessed by apartheid, there is a strong moral sense that what is being stolen are these newly delivered aspects of citizenship—hence the prevalence of metaphors that invoke looting and grabbing. For the activists, the central guiding concept is one in which there is a pot of money that ought to be available to the poor in its entirety. Although that pot of money may need to be divided into appropriately targeted portions or piles (in a budgeting exercise), no part of it should find its way into the coffers of large financial firms. There is a feeling of outrage that this should even be possible. It is this sense of indignation that underpins their notion of budgeting or householding.

Tax and Services—the Other Side of Redistribution

Differences between the two modes of indebtedness and debt advice outlined above are, of course, shaped by a range of other factors, including those more usually associated with redistribution. Beyond welfare and grant payments, these include the way that taxes are levied to pay for those aspects of welfare—like healthcare and education—known as "benefits in kind" (Hills 2015: 63). The differences between the two countries discussed in this chapter are too many and too complex to cover in any detail, but contrasts between their broader welfare regimes and relative levels of formalization are worthy of a brief consideration.

Although social scientists, challenging the drawing of any simplistic dichotomy between "formal" and "informal" economies (Guyer 2004), point out that the informal economy has now "taken over the world" (Hart 2015), there is still some value in contrasting a highly regulated and bureaucratized economy with one that is far less so. Factors that eventually led to the post 2010 austerity regime in the UK, following in the wake during the *trente glorieuses* of the establishment of a robust welfare state based on relatively effective taxation, contrast markedly to those at play in societies like South Africa, where there has been greater reliance on informal, often "unpaid" or unregistered, forms of work, welfare, and taxation (Bolt 2012;

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Cichello, Fields, and Leibbrandt 2005; Gibbs 2018; Hull and James 2012; Neves and Du Toit 2012).

As we saw earlier in the case of Elaine's "priority debts" in the UK case, the provision of secure accommodation, the services that accompany it, and the way revenue payments and taxes are recouped for these are all crucial when considering how wealth is reallocated in that country. Under the austerity regime, local councils there have started to pursue debtors with greater vigor than do commercial creditors (Kirwan 2018). As central government has cut their budgets, they are left with little option but to pursue repayment by those in arrears—even though, in a spirit of "enlightened self-interest," some of them simultaneously fund advice services to help these same people (Forbess and James 2017). In contrast, for low-paid workers and/or grant recipients in South Africa, although many do owe money for rent, utilities, or municipal/council services, these kinds of obligations constitute a lower percentage of the overall debt burden. Recent democratization twinned with corruption scandals have, in the South African case, made the state both more circumspect about extending the revenue base beyond the "middle classes" and somewhat more reluctant to press for the effective repayment of bills owed to the state or its adjuncts for rent, utilities, and the like. Toward the end of apartheid (and subsequently), there was a long struggle over such payments, with rent and service boycotts eventually countered, in more planned and formal areas, by state implementation of prepaid electricity and water meters (Von Schnitzler 2016). In more recent times, with the electricity supply commission billions of rands in debt, local municipalities have started offering rebates to indigent residents or giving them the opportunity to repay in small amounts, extending institutional reach while recognizing widespread inability. This again signals the hesitation about going after debts to the state.[12] Increasing numbers, however, have taken up residence in informal settlements further from their places of employment, where rental and utility costs are relatively low in relation to transport costs. For someone like Akhona, it was to cover the cost of traveling to work in privately owned taxies rather than to pay rent, taxes, or bills to the state that she took out the monthly loan of R200 from commercial creditor Moneyline.

In South Africa, the provision of housing and accompanying services is skewed by the coexistence of a thriving real-estate market in the cities, on the one hand, with informal rights (often under so-called "communal" tenure) in some peri-urban and rural areas, on the other. The battle over payments to the state—in a zone where "tax," "rent," and "service payments" become difficult to distinguish from "debt"—is still being fought. In the case of the UK, that battle (at least in relation to housing) was lost long ago. In the more formalized economy of the latter, the option to drive down

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housing costs or get out of paying council tax by living in the kind of low-cost "squatter" accommodation in which many South African grant holders reside is, of course, virtually nonexistent. The stock of state-provided housing, which once provided an alternative, is also rapidly shrinking. There was a moment in the heyday of the UK's welfare state when social housing, generally affordable if one received housing benefit, was available to those who relied on welfare for part or all of their livelihood. In a context where housing itself—even in the low-cost sector—is being rapidly financialized (Aalbers 2017), the diminished supply of this accommodation makes welfare beneficiaries increasingly reliant on private landlords, many of whom are reluctant to accept tenants who depend on benefits, or are ready to seek eviction when their tenants default.[13]

Asymmetries in the way local taxes and payments are levied—or avoided—thus fill out the picture of contrasting forms of debt advice/activism I have painted above. If Elaine was more vulnerable to having the local state demand payment (sourced from her welfare benefits alongside her meager income) for services, and/or to eviction by her private landlord, Akhona's primary threat was from private companies who were deducting funds, similarly derived from a mix of state grants and her wage, directly from her bank account. In the first case, we are witnessing the undoing of a welfare state through a regime of enforced austerity; in the second, we are seeing its flimsy low-cost construction using the medium of cash transfers.[14] In both cases, the work of activist/advisers is key to preventing the collapse of redistributive processes.

Conclusion

This chapter has contrasted two models of budgetary logic developed by debt activist/advisers. Working within a hybrid "mixed economy" of welfare, partly funded by financial companies as well as other sources, they operate at a relatively micro level rather than via "large-scale" arrangements (Bähre 2011). In settings where the hegemonic powers of capitalism seem to be operating unchecked, and where more ambitious reinstantiations of the welfare state or more radical reconfigurations of lending regimes seem destined to run into the sand, these agents facilitate redistribution by helping their clients or by pooling their knowledge to provide evidence for court cases in order to push back against unjust demands.

In both settings, advisers are motivated by a wish to promote sustainable householding. In the UK, austerity policies mean that government agencies are withdrawing what was previously, in the heyday of the welfare state, publicly funded and seen as a right. People are encouraged to turn to

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increasingly fragile casual (or "zero hours" contract) employment rather than relying on benefits, while also being pushed to practice frugality and to "economize." Advisers, as "second order decision makers" in Jon Elster's sense, both enforce but also contrive to undermine these agendas. Here, "householding" means maximizing income from dwindling sources, and challenging repayment obligations. In South Africa, a recent democratic transition—combined with financial liberalization and accompanied by growing unemployment—has encouraged a borrowing boom. Despite the difficulty of reversing a long-standing tendency to extractivism, now in heavily financialized form, partly private/corporate initiatives have stepped in where the state refuses to go, functioning to curb the otherwise untrammeled activities of lenders. Here, "householding" means seeking to reclaim appropriated funds while tirelessly working to challenge, in court, those who ransack pay packets and bank accounts.

To say that an "ethics of care" (Lawson 2007) is central to the work that advisers do is not, of course, to celebrate unmitigated success. Care can direct the distribution of resources, but it can also misallocate them, as I have shown in a 2020 article co-written with Insa Koch: "In debt advice, where the state, the market and charity are locked in an uneasy embrace, payments take on different moral meanings: they may be viewed as owed to the state so as to balance the fiscus and contribute to the common good, or owed to financial creditors where they accrue as immoral profit" (Koch and James 2020). While it is true, as shown in this chapter, that "financial corporations, in recognition of the negative way they are perceived, have started to subsidize advice and are newly endowed with moral agency," it is equally true that the (re-)emergence of paternalistic forms of charity (through faith-based, unpaid advice work) indicate a neo-Victorian remoralization of poverty (ibid.).

The ambivalence surrounding advisers' work relates to their positioning in a space where boundaries blur between redistributive welfare, wages, debt, and financialized capitalism. But, although their work is situated where the state neither provides adequate benefits nor adequately regulates the depredations of those lenders whose loaned money is an essential part of "debtfare," such blurring should not necessarily be seen as yet one further stage in the onward march of financialized capitalism in its most egregious form. Nor is it an outcome of what Graeber calls "the iron law of liberalism" in which "the government itself" has become "the main mechanism for the extraction of corporate profits" (2015: 24). Instead, the advice officers and decision-makers presented in this chapter have a normative view of bureaucratic procedure, which guides their use of formalized techniques to enact change beyond the orbit of state, market, and society, although linked to all three. As with second-order decision makers elsewhere, "the appeal of

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rule-bound bureaucracy lies in the desire to constrain arbitrary … power" (Weinberg 2017: 1101). Advisers help clients "bureaucratize their lives," not (or not only) in the spirit of complying with repayment demands but of challenging them, reversing the flow of money those demands enable, and buttressing and even recreating a sphere—however contradictory—of what Bear and Mathur (2015) call the "new public good."

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Notes

1. Lora Jones, "Household Debt: How Much Do We Owe?" BBC News, 6 September 2018, https://www.bbc.co.uk/news/business-45343236. Accessed 14 January 2020.
2. If a creditor is owed money and presents an employer with a garnishee order, the employer is obliged to enable that creditor to take a portion of the debtor's monthly pay before the employee receives it. The monthly earnings of miners, other migrant wageworkers, and workers and salary earners more generally have

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been the principle targets of lenders using these repayment technologies with ever-increasing frequency, causing great concern to these industries at higher levels. The accumulation of multiple debts, paid back to a series of creditors in rapid succession as soon as payday arrives, means that many earners have little left to live on (James 2019: 225; James and Rajak 2014: 455–56).

3. Ciaran Ryan, "Confessions of a Debt Counsellor," Moneyweb, 19 July 2018, https://www.moneyweb.co.za/mymoney/moneyweb-financial-planning/confessions-of-a-debt-counsellor-turned-whistleblower/. Accessed 14 January 2020.
4. The maximum debt level for a Debt Relief Order is £20,000 (Kirwan 2018).
5. The exchange rate was about 18ZAR = 1GBP.
6. Pharie Sefali, "Money Lender Targets Social Grant Beneficiaries," GroundUp, 21 July 2015. https://www.groundup.org.za/article/money-lender-targets-social-grant-beneficiaries_3140/. Accessed 14 January 2020.
7. Erin Torkelson, "Deductions from Social Grants: How It All Works," GroundUp, 3 March 2017, https://www.groundup.org.za/article/deductions-social-grants-how-it-works/. Accessed 14 January 2020. Erin Torkelson, "Sophia's Choice: Farm Worker Has to Decide Which of Her Children to Feed," GroundUp, 15 March 2017, https://www.groundup.org.za/article/sophias-choice-farm-worker-has-decide-which-her-children-feed. Accessed 14 January 2020.
8. The Common Financial Statement, http://www.cfs.moneyadvicetrust.org (accessed 14 January 2020), is an Excel-based budget sheet that represented "a uniform approach to … financial statements … to encourage consistent responses from creditors" and enable "a fair resolution." It has been replaced by the Standard Financial Statement (Money Advice Service 2018).
9. Discussion with officers of The Black Sash, team members of Summit Financial Partners, Geoff Budlender, Erin Torkelson, 15th February 2018. Following a public outcry, the outcome of a Constitutional Court case saw the contract for awarding social grants withdrawn from Net1 and awarded to the Post Office (Breckenridge 2019). Some of these anomalies might have been remedied since, but my interlocutors in 2018 were skeptical.
10. The National Credit Regulator was established by the National Credit Act of 2005. Described by The Wall Street Journal as a "consumer advocate that is charged with registering lenders," it has not had the political or economic clout to do much more than register lenders and produce reports on debt levels (James 2015: 30).
11. Carin Smith, "How Some Attorneys Turn R500 Debt into R10,000," fin24, 20 July 2016, https://www.fin24.com/Money/Debt/how-some-attorneys-can-turn-r500-debt-into-r10-000-20160720. Accessed 14 January 2020. Although the firm of attorneys indicated its willingness to settle if that meant abiding by the Act in future, it was unwilling to "pay back all of that money" already extracted from unsuspecting borrowers.
12. Maxim Bolt, personal communication; Joburg, "Expanded Social Package Rebates," https://www.joburg.org.za/services_/Pages/City%20Services/Rebates/Expanded-Social-Package-Rebates.aspx. Accessed 14 January 2020.
13. Given that councils to a certain extent retain responsibility to ensure that residents do not suffer eviction or become homeless, many have begun to buy housing

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stock in more affordable places far away from London, where they rehouse evicted tenants. Matt Wilde, "Our Immoral Housing Policy Is Set Up to Punish the Poor," *The Guardian*, 26 September 2016, https://www.theguardian.com/commentisfree/2016/sep/26/immoral-housing-policy-punish-poor-councils-poverty-people-losing-homes. Accessed 14 January 2020.

14. Dar Es Salaam and Dakar, "How Africa Is Creating Welfare States: Africa Is Stitching Together Social Safety-Nets Even Though It Is Still Poor," *The Economist*, 21 February 2019, https://www.economist.com/middle-east-and-africa/2019/02/23/how-africa-is-creating-welfare-states. Accessed 14 January 2020.

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