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The Politics of Formalization and Financialisation: Informal Savings and Credit Clubs in urban South Africa[1]

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A remarkable yet oft neglected dimension of the political and economic transition that has taken place in South Africa over the last twenty years is the effort by the state, public regulators and private market actors to formalize a range of 'informal' financial institutions that have developed during colonialism and apartheid among the majority African population (Hamman et al 2008; Krige 2011a; Moyo et al 2006). These institutions include popular rotating savings and credit institutions (ROSCAs) known as *stokvel*s, similar to *xitique* found in Mozambique (De Vletter 2006; Kula et al 2004; Finscope 2009), as well as informal insurance and mutual aid associations known as 'burial societies'. In addition, there has been a remarkable growth in new formal micro credit providers – from state to NGO-funded micro finance institutions as well as a well-established and large indigenous commercial micro credit sector. In many of the urban centres of South Africa over the past century, savings clubs such have emerged in the city slums, hostels, factories and municipal townships designated for African occupation (Lukhele 1990; Kuper and Kaplan 1944; Kramer 1975; Krige 2010; Bähre 2002; Ross 1995; Burman and Lembete 1995). Together with unregulated mutual aid associations that covered families' costs in the case of a burial ('burial societies'), and established practices in neighbourhoods such as collecting contributions to help the deceased family cover costs associated with funerals (Hellman 1935) and possibly the transportation of the deceased body to his/her place of burial, savings clubs have played an important role among working class neighbourhoods in mobilizing collective credit and savings, retaining flows of monies within township communities, and practicing solidarity and mutuality in a hostile urban political ecology. The generic term *stokvel* has come to cover a huge variety of clubs that range from social clubs that emphases sociality to investment clubs that invest collective savings in the money markets, in stocks and shares. Historically, the *stokvel* was a central economic institution for urban workers and their families. Some regard these clubs as the quintessential working class institution in Johannesburg, given the scorn with which both the white-controlled state and sections of the Christian educated African elite treated it under apartheid's twisted moral economy (Brandel-Syrier 1971; Coplan 1985). Elsewhere in Africa, of course, such rotating and credit associations were closely tied up with processes of urbanization, the development of ethnic identities and support networks in urban contexts, and the lack of formal political space that existed in colonial states.

In contemporary South Africa, the mutual aid institutions are evaluated very differently. Treated with contempt under apartheid, they are now held up by a diverse range of societal actors and public authorities as the solution to a range of economic ills[2]. Whereas the *stokvel* as an institution was literally pushed underground and out of the public culture as a result of

[1] Paper prepared for 3rd IESE conference 2012 on "Mozambique: Accumulation and Transformation in a Context of International Crisis", Maputo, September 2012. The author can be contacted on Detlev.Krige@up.ac.za.

[2] See Sizwekazi, J. 2004. Stokvel savings method goes legit. *Financial Mail*, 7 May 2004; Louw, I. 2004. Co-operatives, the answer to poverty. *Sowetan* 11 June 2004; Shezi, A. 2005. Under the mattress or into the stokvel, SA's poor put money away for rainy day. *Business Day*, 24 May 2005; Seeger, D.1999. Joe 'stokvel' Mafela says no to banks. *Business Times*, 13 June 1999; Vodacom. 2004. Vodacom launches 'stokvel' recharge voucher. Press release, 3 February 2004

derision by both white rulers and sections of the Christian urban African elite, it is now feted by government as a means of forging a 'culture of savings'. Public authorities such as the Reserve Bank, the Minister of Finance and the Department of Trade and Industry have developed a discourse around the need for citizens to develop a 'culture of savings' in order to tackle some of the national economy's monetary unbalances.[3] The popular institution of the *stokvel* has been re-evaluated in this discourse, as has other popular economic institutions such as the informal neighbourhood money lender (*mashonisa*) and games of chance (Krige 2011b).

Since the advent of constitutional democracy in south Africa the transformation of the formal financial services sector has been limited to extending 'access' to existing services to the majority of the population – or the 'unbanked' – who were previously 'excluded' from participating in formal finance.[4] This transformation process has been referred to as 'democratising finance' (Porteous & Hazelhurst 2004), but its focus on enhancing 'access' as a reversal of the racist exclusionism of the apartheid system has prohibited the asking of questions about the increasing financialisation of the economy, the relationship between financial institutions and the state, and deepening economic democracy in South Africa. The rather shallow understanding of democracy entailed in dominant understandings of 'democratising finance' has in turn redefined notions of citizenship and 'economic freedom' in terms that are not only limited but also further entrenches the process of financialisation and the interests of commercial financial institutions.

[3] A recent newspaper report put it bluntly: 'The weak savings culture is a big headache for the government because it hampers speedy economic growth. With less cash sloshing around its banking system, South Africa cannot finance the infrastructure such as roads, ports and broadband Internet needed to move its economy up a gear…. Finance Minister Pravin Gordhan and his predecessor, Trevor Manuel, both begged South Africa's 50 million people to save more, but their entreaties were trumped by the power of bling - those with disposable income would rather spend it on the latest flat-screen TV or smartphone than put it away for the future' (Reuters 2012).

[4] The Financial Sector Charter - a transformation charter in terms of the Broad-based Black Economic Empowerment [BBBEE] Act [Act 53 of 2003] - thus commits itself to "actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy". This Charter came into effect in January 2004 subsequent to the Financial Sector Summit which was hosted by the National Economic Development and Labour Council (government, business, labour and community constituencies) and the multilateral social dialogue forum on social, economic and labour policy. In the context of this Charter, 'effective access' means *inter alia* distance to service points, range of financial products, non-discriminatory practices, appropriate and affordably priced products and services, and structuring and describing financial products and services in a simple and easy to understand manner. The preamble to the National Credit Act (Act 34 of 2005) starts with the following sentence: "To promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information." These discussions have taken place in the context of deliberations around the Financial Services Charter and have resulted in, among others, the creation of low-cost Mzansi accounts (cf. Moyo & Shannon 2006; Hamann, Khagram & Shannon 2008). These accounts, which promised low opening and transaction costs to low-income users (a bitter pill for the commercial banks who operate with some of the highest banking costs in the world), have largely been a failure. There is not space here to discuss these failures, but to ask what these discourses do, as supposed to what they promise. What they achieve is, no doubt, larger profit margins for the banks, despite claims by banks that they are running these Mzansi accounts at a loss. Moreover, there has been such unanimous agreement between government and the big banks over the desirability to increase access to formal financial services that this argument and tenet is never questioned. Mbeki's two economies thesis have in effect racialised the debate between the formal and informal finance to such an extent that to suggest that informal finance – such as community banks or local currencies and local exchange systems - may actually at times serve some citizens better than formal finance opens one up to a charge of racism.

Thus well-known commentator Alistair Sparks wrote in the Daily News in 2003 that "What is needed is leverage to bring more and more members of the huge and ever growing black underclass into the economic system. There is a whole new revolution to be wrought here – in our legal system, in our banking practice, and, above all, of the mind."[5] Such talk about a new revolution that speaks only of increased *access* to formal finance hides other difficulties or factors, such as that much of the regulatory efforts locally has been driven by the need to ensure external confidence in the economy and financial sector – that is, global investors and transnational corporations want to know that the scale of the unbanked population do not pose a systemic risk and that their investments in the South African economy will not only be safe but also profitable. As the South African government has liberalised large sectors of its economy and have sought a greater integration into global financial markets, these have come at a cost as global actors are increasingly able to influence local policy and the shape of financial markets.[6] While commercial banks were initially reluctant to extend financial products to lower-income groups because of the 'risk' involved, despite being pressured by the ANC-led government to do so, their position has changed for a number of reasons.

Firstly, South African commercial banks have come to share in the corporate re-conceptualization of the poor that has taken place over the past decade. Whereas the poor used to be framed as a risky market because the poor were viewed as bad financial managers and terrible savers, the poor are now lauded or romanticized (Karnani 2009) as great savers and responsible, calculating market participants.[7] Moreover banks have discovered that billions of Rands flow through informal savings clubs in urban townships and they are eager to profit through the capturing of these informal monies by the formal banking system. While commercial banks have been reluctant to 'enter' the 'unbanked' market - those without basic transaction banning accounts - because of the 'risk' it entails and the expense of administering accounts, and while they have publicly protested the state's efforts to cajole them into providing affordable savings products, it is also increasingly in their interest to try and capture some of the large pools of money which continue to circulate outside the formal banking system. Known for incredible high banking costs, and the monopolistic behaviour of the four large commercial banks, the banking and political elites have thus latched onto the mutual aid societies such as burial societies and *stokvel*s as 'indigenous' (African) mechanisms through

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[5] Sparks, Alistair. 2003. Rich man, poor man. *Daily News*, 9 July 2003.

[6] The duel movement of getting the unbanked banked while making the national financial system more tied into the global financial system and meeting global regulatory demands have not always been straightforward. Compliance with the new Financial Intelligence Centre Act (FICA) of 2001, for example, which has the aim of curbing money laundering and terrorist funding, may have the result of pushing up bank costs as banks are trying to recuperate their losses for complying with the Act. This would keep millions outside the formal banking system. Analysts estimated that the cost for a big bank to become compliant may be around R100 million over 2-3 years. A third of South Africans cannot provide ID documents or proof of residence. See Wiener, E. 2004. Fica demands keep poor from banks. *Citizen*, 13 September 2004.

[7] The mainly journalistic (and at times schizophrenic) writings about the black poor and middle class have tended to describe them as 'stupid spenders' while more recent research has tended to describe the poor as 'smart money managers'. The Financial Diaries project, for example, has found that poor households are not too heavily indebted as research has shown. They have found that the majority of lower income earners are not over indebted. While 95% of their sample of low income earners paid some form of debt every month, only 26% of the sampled households' debt payments totaled more than 20% of the household income. These researchers have portrayed the poor as 'smart money managers' who is 'constantly thinking about her financial future' and 'constantly juggles an astonishing number of money-saving (and money-growing) techniques" (Scott 2005). Such representations and interpretations are taking place in the context of very strong if not acknowledged commercial and political interests. See C. Clayton. 2005. Poor are busy with their money. See *Personal Finance*, 11 June 2005; C. Scott. 2005. Making a little go a long way. *Mail & Guardian*, 26 April 2005.

which to capture the savings of the largely African working class majority that constitutes the 'unbanked'. It has the not so insignificant benefit to commercial banks that they can, in this manner administer, at a relative low cost, the collective savings of up to hundreds of customers through only one bank account. It is evidently now in the interests of commercial banks for these monies to 'enter' the formal system. This is one reason why commercial banks and other commercial research outfits have spent millions of Rands on studies focusing on the financial behaviour of township populations (e.g. Finscope), and they are now broadening their focus on eastern and southern Africa including Mozambique (Finscope 2009).[8]

Secondly, the credit landscape in South Africa has changed such that commercial credit providers, including banks, are able to charge higher interest rates on short-term unsecured loans to poor citizens. As a result they can make money from extending lots of loans to lower-income groups through unsecured 'high-risk' loans, as opposed to just extending less risky and thus less profitable loans to the propertied classes. Furthermore the banks have realised, as David Graeber (2011) has argued for the USA, that it is working people and students who typically comply with the ideology of repaying one's debts; one lesson from the continuing crisis has been that the rich in New York or London do not have to repay their debts.

Thirdly, the relationship between commercial banks and the government is now such that – especially in the wake of the bailouts of private banks by public monies in Europe and the USA – South African banks are assured that they will be rescued come any crisis. The dynamics of the emerging banking system is in part dependent on the political compromises and alliances that were made between the ANC as political rulers and white capital as the money-makers and owners of much of the wealth in SA. As such it is not surprising that it is much safer for political leaders to threaten the mining sector rather than the financial and banking sector. The state is also increasingly relying on the excellent technological infrastructure of the banks to roll out some of its services, increasingly also social security. Only last week MasterCard in South Africa announced that since March 2012 more than 2.5 million social grant recipients have been issue with debit cards. With these debit cards issued by the South African Social Security Agency (SASSA) social grant recipients can pay for goods and check their account balances free of charge at till points, while also being able to withdraw cash at ATMs and at

[8] We know from the earlier literature that participation in informal financial clubs and societies in urban areas have always been considerable – participation has been particularly high for burial societies, more so than for *stokvel*s. Hellmann (1935:57) reported that 10 per cent of Rooiyard slum yard in Johannesburg belonged to a burial society whereas Kuper and Kaplan (1944) reported that nearly 66 per cent of all households in Western Native Township in Johannesburg subscribed to burial societies. More recent surveys such as the 1989 Markinor survey mentioned by Lukhele confirm such high levels of participation in local and informal (and unregulated) financial institutions. What is perhaps surprising is that such high levels of participation in informal financial institutions have not diminished since the advent of democracy and since increased access to formal financial services. Thus the recent Financial Diaries project, which analyses the financial instruments used by poor households across contemporary South Africa, found that 67 per cent of poor households in their sample belonged to a least one *stokvel* and burial society. Such statistics are important for the government as it is estimated that South Africa's total savings (including government, households and corporations) is around 13.5 per cent of GDP and not close to the 20 per cent that is the desirable percentage. Moreover, the FinScope 2005 survey also affirmed continued high levels of participation, despite a 5 per cent decline in *stokvel* membership. This means, in effect, that more South Africans are members of such informal savings clubs than are members of all of the formal political parties combined. Recent figures suggest that the ANC has about 700 000 signed-up members while COSATU in 2009 reported having nearly 200 000 000 members - having grown at 2.3 per cent per year for the last couple of years. See Shezi, A. 2005. Under the mattress or into the stokvel, SA's poor put money away for rainy day. *Business Day*, 24 May 2005; Naidoo, P. 2010. Cosatu in numbers: Membership dwarfs ANC. *Financial Mail*. 23 September 2010. Retrieved from http://www.fm.co.za/Article.aspx?id=121899.

pay points at participating supermarkets.[9] The can hardly afford to reign in the reach of the financial services sector; it has become central to the delivery of social security to the poor.

What can be done about this situation? How can we expand and deepen the notion of economic democracy when it comes to the financial services sector? A variety of other political and economic actors apart from the money-makers and the ruling elite have woken up to the significance of rotating and credit clubs. The South African Communist Party, for example, has hailed indigenous mutual societies as a buffer potentially protecting the working classes from the vagaries of neoliberal capitalism, especially as the Mbeki-led government dropped the national developmental-oriented Reconstruction and Development Programme in favour of a more conservative macro fiscal and monetary set of policies. The Financial Sector Campaign Coalition (FSCC), an umbrella organisation of several civil society organisations with links to the SACP, has also for years been prominent in promulgating the growth of workers' and other cooperatives within the South African context.[10] Some of their aims were achieved with the passing of the Co-operatives Act of 2005. In its preamble, the act states that "the co-operative values of self-help, self-reliance, self-responsibility, democracy, equality and social responsibility" are central to the co-operative movement and that "a viable, autonomous, self-reliant and self-sustaining co-operative movement can play a major role in the economic and social development of the Republic of South Africa, in particular by creating employment, generating income, facilitating broad-based black economic empowerment and eradicating poverty". To this end it has launched its own 'Communist *stokvel*' for party members. The growing co-operative movement supported by the more radical 'Independent Left' has also sought to mobilize independent and fragmented *stokvel*s in rural and township areas into a new multi-layered co-operative sector in the society, in part through the introduction of an anti-capitalist discourse on 'solidarity economy' (COPAC 2011). The government itself has thrown huge resources at developing 'entrepreneurial cooperatives', often utilizing a particular version of mutual aid societies in the process.[11] Financial fraudsters too have found inspiration in the *stokvel*, with several 'ponzi-entrepreneurs' having cloaked their money multiplication schemes as collective saving clubs, effectively exploiting both the low levels of financial literacy and the positive normative public discourse regarding saving, investments and *stokvel*-like saving clubs into personal gain (cf. Krige 2012). Efforts to turn small and large clubs all over the country into a national federation of clubs, and potentially into a political movement, have however not been particularly successful. There are encouraging signs when it comes to new forms of consumer and financial activisms that have developed in response to the growing financialisation of everyday life, the influence of commercial banks and the growing presence of new forms of communication technologies. These include a growth in public education about financial management, local currencies and exchange systems, court challenges against the banking system, a growth in shareholder activism and participatory economies, and experiments in face-to-face and online gift-giving institutions among radical anarchist youths groups.

But there is another argument to be made here about the relationship between the formal financial system and the everyday money practices on which it is based. Here I draw on anthropologist David Graeber's recent work in his book *Debt* (Graeber 2011). I am interested in moving beyond just labeling our economic policies and our financial system as neoliberal

[9] Sapa. 31 July 2012. Social grants: Millions of recipients get debit cards. Retrieved from http://www.witness.co.za/index.php?showcontent&global[_id]=85323
[10] See http://www.sacp.org.za/main.php?include=docs/pr/2003/pr1007.html
[11] Wadula, P. 2005. Co-operatives statutes set to formalise stokvel culture. *Business Day*, 15 March 2005.

and inevitable. Much of the literature on financialisation seems to suggest that the little people have nothing to contribute to the macro issues. Often the impact of 'high finance' on 'everyday life' is assumed rather than examined empirically, and as a result more research is required that deals with the ways in which consumers of finance contest, negotiate, domesticate and resist top-down financialisation[12] in the context of their everyday lives. There is no doubt however about the increased importance of finance in our lives – as opposed to money or trade – but we cannot assume that this does necessarily translate into fewer spaces for practicing solidarity, self-organization and the reproduction of human life; rather than the reproduction of machines and profit.

Back to Graeber. He believes that economic life everywhere is based on a plural combination of principles – sharing or 'communism', reciprocity and hierarchy. These principles take on a different complexion depending on the dominant forms organising a particular society. Capitalism is one particular way of organising these principles and for Graeber (2011), a particularly terrible way of organizing this human propensity, one which tends to represses the social significance of everyday practices of open-handed sharing, generosity and human sociability. What Graeber does show is that these principles are present in capitalist societies, but that they are suppressed and not recognized.

Building on this line of thinking I suggest that we should think about the process of formalization and financialisation differently. We should recognize that formal financial institutions are expanding their reach into sections of society where mutuality and reciprocity have been institutionalized. Increasingly, banks are becoming dependent upon a range of everyday practices based on reciprocity and sociality and even mutuality upon which *stokvels* and burial societies are constructed. We should rightfully express concern about how the banks and financial services sector are exploiting informal savings among the poor, and profiting from this process. But we should *also* ask to what extent this process of formalization opens up spaces for the little (or forgotten) people to change the banks from within. Is finance in that respect different from other markets? Could it be that the drive to formalize finance in South Africa and to extract profits from the poor is more dependent on a range of everyday practices of mutuality, sociality and reciprocity than is the case with other markets? In this dependence, I

[12] The opposition to large, commercial banks (if not formal finance) is also given impetus by a body of literature that is emerging around the notion of *financialisation* (Martin 2002, Epstein 2005). Employed mainly by Merenskian macro economists and in the fields of International Political Economy and Cultural Political Economy (Epstein 2005; Foster 2007), the concept financialisation has been used as a replacement for the rather general concepts 'globalisation' and 'financial globalisation' and has tended to emphasise the global structural architecture of financial capitalism. Epstein (2005:3) for example writes that "some writers use the term 'financialization' to mean the ascendancy of 'shareholder value' as a mode of corporate governance; some use it to refer to the growing dominance of capital market financial systems over bank-based financial systems; some follow Hilferding's lead and use the term 'financialization' to refer to the increasing political and economic power of a particular class grouping: the rentier class; for some financialization represents the explosion of financial trading with a myriad of new financial instruments; finally, for Krippner herself, the term refers to a 'pattern of accumulation in which profit making occurs increasingly through financial channels rather than through trade and commodity production' (Krippner 2004: 14). In the South African context, the concept financialisation points to the structural changes that have taken place in the South African economy over the past two decades and its incorporation into the global networks and institutions of financial capitalism. I mean also the increasing role that the commercial banks and financial services industries play in terms of their contribution to GDP, employment and hence political power and influence.[12] I also mean the way in which the state is increasingly extending forms of social control and governance through governing through bank accounts, whether this is through trying to bank the unbanked, through paying social security through bank accounts and tightening financial intelligence. And lastly, the increasing importance (even though this is not entirely new) that processes of consumption play in identity politics and in giving expression to income inequality and social differentiation (Epstein 2005).

propose, lies the potentiality for a prefigurative politics and activism that is yet to be explored. But that would require us to come to terms with both a fear of and opposition to money and technology, an argument raised by Keith Hart a decade ago (Hart 2001).

An important debate is currently taking place among economic anthropologists that has direct bearing on these matters. It tackles questions raised by marketing guru Prahalad in his writings on ‘Bottom of the Pyramid’ initiatives and how it came to be that the poor is no longer treated as a risky market. Anthropologist Schwittay (2011), in a recent article on the ‘marketization of poverty’, argues that the global business world has embraced a new conceptualization of the poor and poverty and business’ role in eradicating both. This re-conceptualization has been best articulated by Prahalad and his arguments for an ‘inclusive capitalism’ (Prahalad 2005:1). Prahalad has argued that the global poor, those at the bottom of the world economic pyramid (BoP), represent billions of potential market participants despite their low income or poverty. When put together, those earning less than $1,500–$2,000 per year “represent a huge market potential for transnational corporations (TNCs), which by going after this ‘fortune at the bottom of the pyramid’ will also eradicate ‘world poverty’ (Schwittay 2011:71; Prahalad 2005). Prahalad (2005:2) suggest that this will be accomplished through “entrepreneurship on a massive scale,” rather than through aid, but that this will require transnational corporations to become more innovative and resourceful in taking more risks (Prahalad 2005). Because development efforts by government and development agencies since World War II have failed, Prahalad and his followers argue that greater market participation by the poor is the most effective and efficient way to alleviate poverty. This necessarily entails access to formal markets, as informal markets penalize those in poverty for its absence of choice, quality, and low price (Prahalad 2005:6). Not only would viewing the poor as “potential consumers” and as a “market” be more respectful to them, it would also unleash transformative powers for society as a whole. BOP should become a “core competence” of the profit-making corporation and should not be relegated to a small division of “corporate responsibility.”

Prahalad and his supporters have been criticized for not considering how transnational corporations fail to contribute to strong local economies and equitable wealth distribution, as they drain resources, brains and capital from the south to the north. His ideas have been attacked for creating and supporting an unsustainable consumer culture, the enslavement of the poor to credit, and the subsidization of transnational corporations to the detriment of local businesses. Karnani (2007:91) has pointed out that Prahalad massively overstated the size of the BOP, and that because the poor are often geographically dispersed culturally heterogeneous it would be difficult for companies to exploit economies of scale. Karnani (2007) also critiqued the switch he advocated from seeing the poor as producers to seeing them as consumers.

Nonetheless, Prahalad and his followers have affected an important change: Poverty is now seen as an opportunity. For one, it is now possible for transnational corporations to ‘do well by doing good’ (Prahalad 2006; Cross and Street 2009). Their ideas have been taken up by business and management schools, development agencies and public policy institutes who are inspired by how the search for corporate value and profit can be combined with the needs of the poor. As Cross and Street (2009) argued: “Against the backdrop of social justice movements seeking to reform trade relations and regulatory initiatives concerned with holding business socially accountable … Prahalad has emerged as a belligerent champion for the market as a vehicle for moral engagement in the world. His work represents a shift in the language of corporate social responsibility that dispenses with any reference to philanthropy or acts of giving, and makes no distinction between ethical practice and the self-interested pursuit of profit. It is a vision that anchors what anthropologists see as a quintessentially modern desire for a more social economy (Parry 1986) in entrepreneurship and the market."

Cross and Street (2009) show that public health has been a particularly fruitful site for bottom-of-the-pyramid innovations. In their research on the framing of an everyday commodity like soap in India as a 'social good' that is capable of simultaneously combating disease, tackling poverty and realizing value for shareholders, they provide insights into the hidden work and power relations involved in this process. One dimension of this operation is the work done by science because popular conceptions of science as an autonomous realm of knowledge separate from the social and political domains make science a particularly crucial ally in the production of soap as a social good. Prahalad (2006) noted this and argued that 'bottom-of-the-pyramid' projects require science-based foundations in order to pre-empt criticism or legitimize commercial goals, and he advocated alliances like those between Hindustan Unilever and scientific research institutions as mutually beneficial partnerships. But as Cross and Street (2009) show, the "benign language of partnership obscures the power dynamics involved as global multinationals like Unilever work to recruit other actors and establish themselves as nodal points in emergent market-driven health systems".

Cross and Street (2009) note that the surge of interest in markets at the 'bottom of the pyramid' suggest that relationships between business and development are now more dynamic than ever before: "While public-private partnerships and corporate social responsibility ventures repeatedly fail to surmount a moral opposition between 'market' and 'society', bottom-of-the-pyramid strategies which make their self-interest explicit and which incorporate scientific knowledge and poor consumers into the marketing, production and distribution process appear to gain acceptance as successful composites of both social and commercial interest." In order for transnational corporations to produce commoditized social goods, new alliances with scientific communities, public sector bodies and civil society organizations are required, and the building of "new relationships with poor people not as passive consumers but as co-producers" have become paramount.

Schwittay (2011) has argued that this 'marketization of poverty' is dependent on another universal market abstraction: "the constitution of the bottom billion(s) as large emerging markets encompassing billions of people with trillions of dollars of purchasing power between them….For this transformation to take place, the poor and their plight have to be made amenable to market interventions". The process of re-conceptualization then is not only waking up to a new reality, and adjusting one's view on that reality, but framing the poor in new ways in order to constitute them as amenable to market interventions. Similarly, Schwittay (2011:72) argues, "poverty is being reconceptualized as a problem that can be solved by market mechanisms". This "marketization of poverty", she argues, is one step up from its "depoliticization" as described by James Ferguson 1995 in *The Anti-Politics Machine* (1995). Ferguson analyzed the erasure of poverty's historical, political, and social foundations by World Bank technocrats in Lesotho, because these structural causes stood in the way of the technical development interventions experts were trained to carry out. This process of unintentional erasure is an "instrument-effect" of development created by the need for "the sort of intervention that the [development] agency is set up to do" (Ferguson 1995:69). Similarly, Schwittay (2011:72) argues, for market interventions to be regarded as solutions to poverty, the poor must be presented in a marketized way. The resulting emphasis on (potential) economic and financial returns as dictated by the legal profit-maximizing requirements under which transnational corporations operate in leads to their inability to take historical, political, and socio-cultural structures of poverty into account.

Schwittay's argument is a familiar one, and finds a ready audience among anthropologists who have been trained to see the structural causes of poverty and the devastating effects of neoliberal capitalism. But such a reading leaves us with little to struggle for. In a recent article on 'Next Practices: Knowledge, Infrastructure, and Public Goods at the Bottom of the Pyramid', anthropologist Julia Elyachar takes a slightly different view on Prahalad from that offered by Schwittay (2011). She basically argues that Prahalad's arguments about the 'bottom of the pyramid' differ from earlier attempts to give capitalism a 'good' face by calling for "compassionate capitalism", "virtuous capitalism", "social capitalism", and "enlightened capitalism." Prahalad went beyond saying that capitalism can benefit the poor: he argued that the next best practices can be found at the bottom of the pyramid (BOP) among the poorest of the poor, and that management and strategic thinkers could learn from those. This was not merely because of their aggregate numbers, and thus an argument in terms of economies of scale. According to Elyachar (2012) Prahalad emphasized that among the BOP are "extraordinary powers of *connectivity* among poor people. That connectivity, in turn, could be plugged into the most advanced telecommunications capabilities from the top". Unlike Schwittay (2011:73) who sees in Prahalad's BOP entrepreneurs the typical neoliberal "entrepreneurs of the self", Elyachar (2012) sees in Prahalad's work "an implicit critique of individualist notions of the self-regulating market". The invisible hand is nowhere to be found in Prahalad, she argues. Instead, Prahalad stresses "the collective nature of knowledge and value among poor people" without denying that "his main goal in acknowledging the knowledge and value created by poor people is to create new profit-making opportunities for corporations". In effect "Prahalad is telling MNCs to search out new sources of value from the social and cultural practices of the poorest of the poor through the mediation of NGOs". Calling the BOP or NGOs "neoliberal", she argues, "can obscure some of the most interesting aspects of the BOP and its relation to the history of neoliberalism and of development as well" (cf. Hart and Padayachee 2010). Elyachar (2012) then seeks to reframe the quality of connectivity that Prahalad finds at the BOP in terms of a "social infrastructure of communicative channels" that does not advocate their dispossession but emphasize their character as a collective resource or public good.

What does Prahalad mean with connectivity among the BOP? Elyachar (2012:108) writes that he means that the poor are deeply interconnected among themselves and also eager to connect to the global market via the Internet and advanced technologies. In Prahalad's words connecting the BOP to MNCs via the Internet can be a giant "enabler of new business models" and an "infrastructure for engaging people in collective innovation" (quoted in Elyachar 2012:108). This means wedding "the local knowledge of the NGO with the global reach of the multinational firm [to] can create unique and sustainable solutions" for global problems (Elyachar 2012:108). So rather that seeing the poor as existing in another (primitive) time, the temporality of the BOP suggest that the poor is the future: "The world's poor and their interconnected practices become a font of potential wealth, a storehouse of possibilities, and thus a key to the future of the corporate world and of the planet as a whole." (Elyachar 2012:109). Unlike development efforts that treat the poor as stuck in another time-space dimension, businesspeople "need to help render visible next practices that are spontaneously and collectively produced. There is no need to try to change poor people. Nor is there a need to change the institutions in which poor people are educated and work. There is no need, as such, for development. If anything needs to be developed, it is our understanding and practice of the market. The market is not spontaneous. It is not an outcome of the invisible hand. Rather, it a resource to be cultivated by enlightened managers and their partners.” (Elyachar 2012:109).

What does Prahalad mean by the term infrastructure? Elyachar (2012:109) notes that he refers in part to traditional kinds of physical infrastructures – for transportation, electricity, and sewage – but that he also recognizes that infrastructure should be hybrid. Rather than traditional approaches that rely on the provision of better infrastructure, BOP initiatives should not wait for the right physical infrastructure to appear but should redesign their products to suit conditions of life among the poor: “Products must change to meet the design challenge of poverty” Elyachar (2012:109). Infrastructure should thus be incorporated into product design, and this includes designs that for example integrate backup power sources with PCs, offer new kinds of customer interfaces that address multiple languages, translation capacities and the realities of illiteracy. “Poor people are solving problems of infrastructure on a daily basis at the BOP, Prahalad proposed. How can MNCs gain access to those incipient solutions? NGOs are crucial to that process” (Elyachar (2012:110).

Elyachar (2012:114-115) goes on to discuss the knowledge problem which was central to the ‘calculation debate’ of the 1920s and 1930s among socialists, emerging neoliberals, and national socialists. The theory of knowledge on which development rested – which was shared by both capitalist and socialist states – was the “assumption that the state and multilateral institutions have the capacity to see, to know, and to plan a market economy”. Protagonists of the calculation debate, Elyachar (2012:114-115) argues, set up a structured opposition between two ideal types: “the entrepreneurial individual subject of the free market, on the one hand, and the public sector of the totalitarian state, on the other”. Needless to say, in this debate there was no consideration of other kinds of subjects and other forms of property. Prahalad, Elyachar (2012:116) argues, rejects both positions of the calculation debate: “The state cannot know the market. But the entrepreneurial subject of the free market cannot know the market either. Knowledge is rather contained in the “connectivity” of the poorest of the poor at the BOP. That knowledge is obscure to outsiders. It is only accessible via the mediation of the NGO in an ecosystem that brings together the poorest of the poor with managers of MNCs. From all this, he maintains, we can find a win-win situation for the poor, the wealthy, and the planet alike”.

If we move beyond the concepts of ‘connectivity’ and ‘relationality’ and consider the concept of ‘communicative channels’ it directs us to consider channels themselves, as opposed to the human beings who created them. Such ‘communicative channels’ are of course useful for “corporations when they institute business models for telecommunications projects in the global South for they find a ready- made infrastructure for their investments” (Elyachar (2012:117). Elyachar prefers however to view such “connectivity” or communicative channels as a “commons” for which compensation should be paid or as a public good to be regulated by the state or some other public authority. In Elyachar’s (2012:117) words: “social infrastructures of communicative channels can be analyzed and defended as a collective resource for which recompense should be paid or rent paid for use. Once communicative channels are seen in terms of infrastructure, rather than as an inherent naturalized capacity of the poor for “connectivity,” then it becomes clear that the channels created by poor people at the BOP are a crucial economic resource. By saying that these channels are an economic value, I am not making a neoliberal claim. Nor am I necessarily facilitating their dispossession. Rather, I am suggesting that recognizing the economic value of communicative channels as a social infrastructure can aid a process through which claims can be made for outcomes of poor peoples’ practices as property, as a commons, or as a public good (cf. Simone 2004a, 2004b).

Those who created these social infra-structures can begin to claim them as their own. In the process, more options for creative thought - analytic and political - can appear."

So as to make it clear that she is not making a neoliberal argument that would lead to the dispossession of the poor people's commons, Elyachar refers to a 1932 radio address by President Franklin D. Roosevelt called "The Forgotten Man" in which Roosevelt proclaimed that plans for economic recovery must come from the bottom up and not from the top down and should "rest upon the forgotten, the unorganized but the indispensable units of economic power": the forgotten man at the bottom of the economic pyramid (Elyachar's 2012:119;). Moreover, she claims, the phrase about the 'forgotten man' "helped create the political vocabulary through which vast programs for getting out of the Depression through the building of infrastructure and the provision of public goods through the Civilian Conservation Corps and other projects could be imagined and moved through Congress" (Elyachar 2012:119).

Does the pyramid stay intact when we focus on scaling up 'communicative channels' which already exist among the poor? How do we ensure that these channels are not commoditized in such a way that it leads to their dispossession? How do we as researchers articulate and make clear the principles of solidarity and sharing and mutuality on which the money practices of the poor are based? How do we with them create alternative financial institutions that produce a different combination of the principles of communism, hierarchy and exchange? What would happen for example when *stokvels* that have bought shares in large financial and telecommunications companies as part of Black Economic Empowerment deals start organising themselves? What would happen when a younger generation of *stokvel* members, with the aid of mobile technology and social networks, create shifts in the power relations between financial consumers and the owners-managers of banks by demanding greater economic democracy? As Keith Hart (forthcoming) recently put it: "The world economic crisis that began in 2008 and provoked the first stirrings of political revolution in 2011 offers a specific opportunity to launch new intellectual initiatives aimed at bringing this about. This means addressing present sources of inequality and asking how greater economic democracy might be achieved through development strategies based on what people really do, always keeping in mind local, regional and global levels of the problem."

For those who are interested in thinking about alternative combinations of these principles, or about building the new society in the shell of the old, it means getting to terms with the fact that a younger generation of citizens are claiming new forms of money and technology as the creation of a worldwide human society and *not* as the creation of states and capitalist markets (Hart 2001; Hart et al 2010). It also means moving beyond the existing consensus about the rather restricted meaning of 'democratising finance' and 'getting the unbanked bank' so as to include forms of economic democracy being practiced elsewhere in the world.

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