

FIELDS OF DREAMS, FIELDS OF SCHEMES: PONZI FINANCE AND MULTI-LEVEL MARKETING IN SOUTH AFRICA

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A remarkable aspect of post-apartheid South African society is the hopes of a better life, continued optimism and, at times, unrealistic aspirations that citizens express in the context of marketing and value surveys. Whether during the high end of the economic boom period in 2005 or in the midst of the more recent global financial crisis, citizens, and in particular the youth, have articulated high expectations (South Africa – The Good News 2005, 2009; Harris 1997). As far back as 1997, however, a study by Harris reveals that whereas South Africans are generally ‘happy’, there is also dissatisfaction with the current financial situation of most households. ‘Nearly six out of every ten blacks chose points 1, 2 or 3 out of 10 to describe their financial situation, i.e. indicating complete dissatisfaction’ (*ibid.*: 293). Harris argues that we should explain such discontent as resulting not only from inflation and continued low wages, but also from ‘high expectations’ following South Africa’s first democratic election.

While optimism among elite sections of South African society in the aftermath of the first democratic elections was closely associated with national pride and the symbol of the ‘rainbow nation’ society (see Dickow and Møller 2002), less is known about financial experiences and practices among non-elite sections of the population that may be informed by similar levels of aspiration coupled with financial discontent. In this article, I aim to help fill this gap in the literature by arguing that contemporary practices of risk taking in the field of formal and informal finance provide marginal sections of South African society with an avenue through which to give expression to both expectations (especially of upward social mobility) and dissatisfactions. Surging levels of participation in high-risk pyramid and money multiplication schemes are evidence of this ambivalence. Such activities, while not entirely novel, are paralleled and even legitimated by changes taking place in the field of finance more broadly, which have effected drastic changes to South African economy and society. What is new and warrants analysis is that the popularity of such risk taking is not restricted to the domain of illegal finance and to marginalized sections of the population. While the case studies I present here involve actors who regard themselves as living on the margins of society, such risk taking has become a more widespread feature of financial practices, including the mainstreaming of gambling in particular (Comaroff and Comaroff 1999) and of financialization in general (Foster 2007; Epstein 2005). I argue that the growth in both legal and fraudulent investment, money multiplication (‘ponzi’), pyramid and multi-level marketing

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schemes forms part of these social processes. Thus, while the public discourse explains participation in such schemes as evidence of ‘irrationality’, ‘lack of education’ and ‘greed’, I contend that such risk taking in the field of illegal pyramid and ponzi schemes is entirely in step with its equivalent in the trading of commodities and futures in global financial markets (Ho 2009). Moreover, such risky economic behaviour is reinforced by public and policy discourses on ‘economic empowerment’ and ‘entrepreneurship’ that celebrate risk taking, individual self-help and empowerment.

At the outset we have to distinguish between pyramid or ponzi-type money multiplication (‘Peter-pays-Paul’) schemes – which are regarded as illegal in South Africa – and their legal cousin, network marketing companies. Network marketing (NWM) is a business model that is growing rapidly in popularity and significance in many parts of the world as one strategy to tap into and ‘create’ new consumer markets, especially in South America, China and Africa. Often utilized by direct selling organizations (DSOs), the model allows companies to rely on a network of distributors (or agents) to grow a business by selling products or recruiting new members to a scheme.¹ In South Africa, multi-level marketing (MLM) business models are legal as long as *tangible* products or services are ‘sold’ through their tiered (pyramid-like) network of independent distributors (or ‘agents’) whose job it is to promote and sell these products or services. Some insurance companies now make use of similar recruitment strategies, offering discounted premiums to existing clients who recruit new members to the insurance scheme, thus rewarding ‘entrepreneurial’ clients and in the process turning clients into agents. Recruitment-based strategies that underpin pyramid schemes, then, are increasingly used by formal financial companies as a way to ‘enter’ and indeed ‘produce’ new market segments.

Pyramid or money multiplication schemes, on the other hand, are illegal.² In contrast to MLM schemes, ‘investors’ in pyramid schemes pay a ‘joining fee’ to become an agent with the opportunity to recruit others to do the same, but these agents have no products to sell other than the opportunity to join the scheme for a fee. Investors typically contribute stipulated sums of monies (‘registration’ or ‘joining fees’ or ‘investments’) to agents who in turn pass these monies upwards to the agents in a higher tier of a pyramid-like structure, who had recruited them. Agents are rewarded with ‘incentives’ or ‘bonuses’ (cash or products) depending on the number of other investors they recruit to the scheme (or add to their ‘down-line’). Alternatively, investors invest stipulated sums of money in a scheme and collect this capital amount plus their returns after a few weeks, the only requirement being that in that time they recruit a certain number of other investors to the

¹There are various types of network marketing models such as single-tier programmes and multi-level programmes (including two-tier and even four-tier models). The more tiers or levels there are to a network marketing model, the greater the opportunity for deception. Unethical behaviour includes the dangers of instrumentalizing kin and friendship relationships, the psychological difficulties agents have in exiting the business and networks, the internal pressures associated with working with uplines and downlines, and the effects of marketing harmful products to consumers (see Koehn 2001). Many of the more solid and established network marketing companies, such as the global company Avon, operate with a single-tier model.

²See the Consumer Affairs (Unfair Business Practices) Act, Act 71 of 1988.

scheme, thus ensuring continued multiplication and deposit making, as well as ‘trickling up’ of monies to higher tiers within the scheme (along their ‘upline’).

Such schemes are likely to collapse once recruitment dips or dries up, and are therefore regarded by the authorities as unsustainable, and even as harmful. This is exacerbated by how little potential investors understand about geometric progression and its implications for such schemes. The fact that there can never be enough investors to sustain them over long periods of time is ignored or misunderstood, making it almost inevitable that people will be susceptible to the promise of high returns that such schemes offer, but disappointed by their failure to deliver.

Having differentiated between the legal and illegal application and use of multi-level marketing, it is important to note that many actors in the popular economies of Gauteng are not particularly concerned about the legality of any particular money-making scheme. As I have argued elsewhere (Krige 2011a), ‘economic’ practices (including historically dominant income-generating activities such as beer brewing or gambling or hustling) have been as much informed by historically shaped cultural notions of social reproduction and social legitimacy as they have been condemned and regulated against by public authorities. Both their local validation and their legal censure were informed by a history of racial capitalism and economic exploitation. For those operating at the margins of society, economic action typically is not evaluated with reference to public authorities, although these can be drawn upon. This does not mean that the state and forms of policing are unimportant, but it does suggest that consideration of the law and formal punishment by public authorities may be more important as a source of retribution – ‘getting our money back’ – than as a normative compass to measure or direct legitimate economic action. In the instances under discussion this was often exemplified by the way that questions of legality and legitimacy ‘kicked in’ only once schemes collapsed, at which point ‘victims’ and ‘villains’ were produced through an encounter with public authorities and discourses.

While the longer history of illegal schemes is generally poorly documented, a study by Paul La Hausse (1992) gives insight into the way they involved a range of class positions and statuses. He analyses the practices of fraud and the picaresque among members of the African middle class in colonial Natal as a way in which these men and women tried to resolve their structurally dependent position within a repressive political economy. The moral ambiguity that characterized the relationship between different social class sections of the African population at the time allowed members of the African middle classes to legitimize their practices as petty criminals, populists, confidence tricksters, unionists, traditional healers and ministers – roles often found simultaneously, and in one individual. Many of the older people I spoke to, whether ‘victims’ of such tricksters or not, eagerly talked about the continued salience of older social categories of ‘clevers’ and ‘stupids’ (*baris*, *moegoes*) which developed in urban centres in South Africa in the process of African urbanization and which have been captured by anthropologists and novelists alike (Wilson and Mafeje 1961). Many of them recounted instances of having been conned once or twice, and as a result having learned how to ‘live in the city’. Their accounts echoed an argument made by Roeber (1999): that fraud is a fact of city life and that it is predominantly a middle-class crime as it relies on cultural skills that allow individuals and groups to interpret the ‘disembedded social relations’, the ‘faceless commitments’ and the ‘abstract systems’ of the

‘ether’ – that is, the city. Echoing what I noted earlier, Roeber points to the divergence between the formal rules of the state and the middle-class cultures that have developed in post-colonial Africa (*ibid.*: 104). One characteristic of such cultures is the romanticization of those people who thwart power, given the corrupt ways of many post-colonial governments and organizations, and the ways in which they sustain power through deceit: ‘Frauds become bandit heroes whom we lionize for breaking unjust rules’ (*ibid.*: 99). In South Africa, the case of Sibusiso Radebe, whose Miracle 2000 scheme had collapsed in July 2000 at a time when it was raking in close to R3 million a day from mainly African investors, is an instance of such romanticization. It transformed his investors into members of a sort of social movement when they marched to the steps of the Union Buildings against Thabo Mbeki, and ultimately into a registered political party that contested local elections on the East Rand, from where most of his initial investors hailed (Warby and Bokaba 2000; Mokwena 2000).

The same themes form part of an extraordinary novel by Sibusiso Nyembezi published in 1961, entitled *Inkinsela yase Mgungundlovu*. Translated as *The Rich Man of Pietermaritzburg*, it tells the story of a well-dressed and well-spoken swindler from the city who goes by the name of Ndebenkulu (meaning ‘big lips’ – there is no such clan name in Zulu) and arrives in the rural village of Nyanyadu by train, offering the men exceptionally high prices for cattle. Cleverly pitting the cattle-owning men against their usual cattle buyers and against the women and children of their village, whilst exploiting tensions between the headman and other factions within the village, he convinces several men to hand over their cattle to him to sell in the city. Nyembezi’s narrative neatly situates the men, women and children of one rural community – amidst social conflict and love within a household and community across generational and gender divides – in a context of drastic social and economic change as the actors are being drawn into a larger world and larger processes of which they know very little. In this context of rapid social change the trickster emerges as an agent of change, as a broker who mediates between two systems, cleverly combining elements from both in order to participate in the creation of the new and now (see James 2011).

One thing that characterizes the more recent schemes, whether legal or illegal, has been their sheer size, which in turn has invited more concerted attempts at regulation. The South African government first started regulating pyramid and money multiplication schemes in 1980 (Woker 2003: 238) and the most celebrated case at the time was the Kubus ‘*Vrotmelk*’ (Rotten Milk) Scheme that was launched by white Afrikaner Adriaan Nieuwoudt in January 1984.³ More recently, in the context of the growth of the financial services industry, and direct selling and MLM in particular, the number of agents in the popular economies of Gauteng has grown exponentially. Sargeant and Msweli (1999: 52) note that in

³Nieuwoudt, who claimed to have manufactured a beauty product, outsourced one aspect of his production process by asking subscribers to his scheme to purchase from him and cultivate, in their private homes and garages, a biological substance (called an ‘activator’), grown in milk and harvested after a week or two, after which it was dried and sold back to the scheme. Subsequently subscribers learnt that the ‘cultures’ were never used to manufacture a beauty product, but were simply ground up and resold to further investors as activators.

1997 more than 100,000 direct salespersons were registered with the Direct Selling Association.⁴ Ten years later, there were 100,000 direct sales representatives working for Avon alone (the so-called 'Avon Ladies'). In their study of women and Avon trading circles in urban centres in South Africa, Dolan and Scott (2009) show how corporations have typically recruited women as agents, given that most goods marketed by the global consumer culture are purchased by women and that it is now widely accepted that marketing and investing in women is the most efficient way to improve household welfare and the social and fiscal health of nations.⁵

It is not irrelevant that the growth in multi-level marketing, direct selling and pyramid/ponzi schemes in South Africa has coincided with the drive to incorporate the majority of the 'unbanked' African population into the formal financial system. This is part of a larger process not only to link those 'previously excluded' to affordable products and services, but also to link the large pools of monies that circulate outside of the banking system – those 'saved under the mattress' – to a global financial system. The incorporation of all South Africa's citizens into one formal financial system constitutes a massive and far-reaching programme of social and economic change, and a radical restructuring of the economy. Alongside that, the growing influence of the logic of financialization in everyday life, with its embrace of everyday speculation and risk taking (see Martin 2002), turns the field of finance into a field of dreams as well as a field of schemes, while opening up spaces for financial tricksters and brokers to flourish within this context of structural inequalities and rapid change.

The public discourse about pyramid/ponzi schemes tends to ignore this structural context. Reports about such schemes evoke moral panics and shrill accusation, triggering concerns within the South African intelligence services (see Mamaila 2001; Nkosi and Krost 2000; Sapa 2000a, 2000b; Smith 2000; Kast 2000). In recent years schemes such as Sun Multi Serve 'Stokvel', Miracle 2000, The 'Stokvel' Millionaires Club, Africa Club Investment, Favor Unleashed and Six23 Networks have made for sensationalist headlines, accompanied by media reports portraying those who 'invest' and 'become victims' as uneducated, poor, and desperate if not outright greedy in their search to 'get rich quick'. Such

⁴They argue that the growth of network marketing in South Africa may be explained through a historic 'fit' between the underlying principles of NWM and certain traditional elements of African culture: especially the social clubs or *stokvels* where money and other resources are pooled together to help benefit all the members of a particular community, ensuring the survival of the most vulnerable while also allowing the more enterprising to create wealth (Sargeant and Msweli 1999: 63).

⁵The growth of direct sales and multi-level marketing worldwide is driven by a number of factors. Firstly, it has become one of the strategies employed by multinational corporations to tap into large untapped markets in the developing world. This in part is the result of a drastic change in how transnational corporations have perceived the poor, as exemplified by the emergence of the discourse of 'base of the pyramid strategies' for corporate exploitation of the undetected and unrecorded wealth of those at the bottom of the income ladder. By using multi-level marketing and a system of independent distributors, companies bypass conventional distribution channels, thus lowering costs. Moreover, establishing a network of grassroots micro-entrepreneurs to sell products door-to-door is a good strategy for tapping into new markets because grassroots agents know the communities in which they sell, typically build on traditional trading arrangements with which they are familiar, and use existing ties of kinship and exchange as the basis for generating sales and recruiting new distributors (Dolan and Scott 2009).

investors and victims are represented as irrational economic actors who do not know how to 'correctly' invest their monies or how to properly 'work for money'. But this public representation and interpretation has been changing over the last few years, as increasing numbers of lawyers, doctors, senior company managers and even directors of financial services companies have 'fallen victim' to fraudulent investment schemes. Such schemes now operate from sought-after business addresses. They claim to have global reach, sound business models and membership of financial services companies that are registered with regulatory authorities. This makes them appear to be of impeccable pedigree.⁶

Such cases unsettle the established public interpretation of why South Africans invest monies in schemes that promise high returns but which are both risky and legally dubious. The public interpretation has shifted in the context of rapid upward mobility and aspiration. Starting with a moral condemnation of the uneducated, gullible, poor masses of investors who have become victims of a scheme via their collective if not millennial rush for easy money, the discourse now reflects bewilderment about the investment behaviour of members of the middle class and elite. At the same time, accusations of crass materialism and conspicuous consumption by the new political elites have grown.⁷ The interpretation attached to participation in dubious and high-risk schemes has shifted to such an extent that investing in such schemes has become much less exotic and irrational, if not completely ordinary.⁸ As I will demonstrate through the case studies below, such everyday risk taking and continued 'optimistic' expectations of upward social mobility and wealth generation through finance have become popular registers across a number of social, economic, religious and political domains, and are being articulated quite explicitly by agents and investors.

⁶One such case was Edwafin Investment Holdings, which claimed, among other things, to be able to generate returns to Edwabond of 60 per cent per annum plus. See Magwaza and Broughton (2009), de Klerk (2009) and Caremon (2009). Other cases include Masterbond, Fidentia, Money Skills, Noite Dia Trust, Chinza, Krion (or Marburt) Financial Services, and Barry Tannenbaum's R2–10 billion Frankel Investment Scheme, which has been described as South Africa's biggest corporate fraud. Tannenbaum, the grandson of one of pharmaceutical company Adcock Ingram's four founders, allegedly duped many wealthy South Africans living in the country and abroad (including Sean Summers, former CEO of the Pick 'n Pay foodstore chain) to invest monies in the manufacturing of antiretroviral drugs, claiming that his company had secured a lucrative contract to supply a major international pharmaceutical company with antiretroviral ingredients. It is said that Tannenbaum offered investors returns of between 20 per cent over a three-month period and up to 219 per cent a year. See Cokayne (2009).

⁷In an interview financial analyst David Shapiro said of the Tannenbaum scheme: 'I can't believe that there are so many people out there, successful businessmen, who can actually fall for the returns that were promised. It's quite astounding that people can part with their money so easily. You know, if you've been in business, how hard it is to turn a rand – in other words, to buy something at one price and sell it at another. And yet they fell for these incredible returns. They must have known that there was something along the way . . . [only] hedge fund managers get those kind of returns.' Warren Goldblatt of the Specialized Services Group was similarly disbelieving. See Moneyweb (2009).

⁸Many such schemes have come undone in the wake of the 'global financial crisis' and the uncovering of massive fraudulent investment schemes by the likes of former Wall Street financier Bernie Madoff as well as Texas-born 'Sir' Allen Stanford. Increasingly, even local commentators are questioning the extent to which investment practices in speculative futures and options markets is substantively different from gambling.

The material I present here is based on interviews I conducted with a range of actors and groups who have been or continue to be active participants (as either investors or agents) in both legal multi-level marketing schemes and illegal pyramid and ponzi-type schemes in Gauteng. Active agents and investors were less willing to be interviewed because they had concerns about the legality of their actions. Most of the agents and investors I interviewed were past victims who had either lost their investments or were willing to discuss previous investments despite the way these had been negatively framed and stigmatized in public discourse. Over the course of one year I also attended several presentations organized by such network marketing schemes – in downtown Johannesburg, Soweto, Midrand and the East Rand – which were open to the public and to prospective investors. I also conducted archival, court and newspaper research. The case studies I present here are of a number of women who are investor/members *and* agents of a number of illegal money multiplication schemes and as such they are both participants ('players') in current high-risk schemes as well as victims of previous schemes that have collapsed. Their dual positioning allows me to show how both victims and players are produced over time in encounters with public authorities and regulation and how, as financial brokers, their cases demonstrate the complex interplay between individual schemes, actors and larger social processes.

BROKERS AS VICTIMS AND PLAYERS

Case 1: Finance and risk taking through the lives of female pensioners in Alexandra
During the course of my field research I was introduced to three female pensioners who live in Johannesburg's Alexandra, the former African freehold township that is located adjacent to Sandton, the financial and corporate heart of southern Africa. These three friends – all over 60 years old and no longer in full-time employment but engaged in part-time work while receiving the state's monthly pension grant – belong to an informal yet structured network of agents and distributors who participate in several legal and illegal network marketing schemes (which they refer to as 'push-push' schemes). This network stretches across Johannesburg and Gauteng and serves as a channel of communication between those 'scheme entrepreneurs' who design and launch new schemes and those who have been agents in past or present schemes. In several instances I followed, those who launched new schemes were white Afrikaner scheme entrepreneurs who, in order to gain access to monies that flow outside of the formal banking system in former township communities, enlist predominantly female black Africans as agents so as to be able to tap into kinship, social and work networks that would otherwise have been unreachable. This group of agents – many of whom are pensioners and belong to middle-class households – effectively play the role of financial brokers and intermediaries, socializing their networks into the functioning of MLM schemes and, perhaps inadvertently, paving the way for the introduction of more formal financial services and products to the largely 'unbanked' sections of society.

Ma Ari, Ma Charity and Ma Medi met each other while they were residing in a female-only hostel in Alexandra, nearly 30 years ago. Over the course of several weeks I interviewed Ma Ari and Ma Charity, as Ma Medi declined to participate

in my research because she had just become an agent for a scheme newly launched by Sibusiso Radebe. Starting with Miracle 2000, Ma Ari and Ma Charity have been agents for, and investors in, several MLM schemes over the past decades: Moneyline, Cosmetics, Goal Marketing Plan, Somerset Trading, Messenger of Hope, Cash Community Card and Mijujiza Sababu. During our first few meetings, Ma Ari and Ma Charity spoke to me about their participation in these schemes in terms which emphasized their victim-like status. But as we got to know each other better their talk shifted to a register that emphasized risk taking and wealth generation, albeit framed within a setting of societal malaise and uncertainty – one in which beliefs about fate, luck, work and the instability of personhood in contemporary South Africa came to the fore.

Ma Ari and Ma Charity were both born in Xhosa-speaking families in the Eastern Cape. While Ma Ari came from a relatively well-off Fingo family who owned their own land and cattle, Ma Charity grew up in less fortunate conditions. Both of them had migrated to Johannesburg as single, unmarried women wanting to practise as nurses. But whereas Ma Ari succeeded in becoming a nurse, Ma Charity failed her practical exams and for the next few decades had to work variously as a domestic servant, switchboard operator and waitress in different establishments in Johannesburg. They met each other and became friends after Ma Ari got divorced and moved to the municipal female-only hostel in Alexandra, where Ma Charity was living. They recounted several stories about their time in the hostel, before they qualified for 'RDP' houses under the Mbeki administration's Reconstruction and Development Programme. Most of these accounts were positive: 'The hostel was sort of a home; we were free . . . it was the life.' First, they were free from the 'oppression' they had experienced in their marital relationships, especially in relation to how they could manage their own finance: 'We enjoyed not to stay with a boyfriend as you could spend your money the way you like.' Second, they had the freedom to form friendships with women they liked and to ignore (or not count) those women who were troublesome or 'naturally stubborn'. Despite their talk about freedom, both of them expressed a curious nostalgia for the order and security that for them had characterized apartheid Johannesburg. Ma Ari remembers it as a place of order: 'No loafers were allowed then' and 'the law was very strict'. White people, she recounted, did not want work-shy or idle people to be in the city. Back then you got arrested for not working. So, while 'we were under the whites' back then, both agreed that there was order and there was work. It is worth noting, by way of context, that our discussions took place a year after the orchestrated attacks on migrant workers from Zimbabwe and Mozambique who were living in Alexandra, some in government-built houses, and in the wake of massive job losses due to the global financial crisis.⁹

⁹These two women experienced Johannesburg differently given their relationship to formal work and thus the local city authorities. Whereas Ma Ari obtained her residence permit relatively easily and found employment in various hospitals and nursing homes (including Edenvale Hospital, a nursing home in Sophiatown and the Maternity Hospital in Bertrams), Ma Charity struggled to find stable employment and came to hate the 'Johannesburg Reference Book' which she obtained only in 1980 and which listed her as 'type C pass' – which meant that she was a contractual worker. Unlike Ma Ari, Ma Charity 'never felt at home in Johannesburg' because she

The life stories of Ma Ari and Ma Charity as they recounted them to me were informed by a strong sense of both historical progress and contemporary imminent disaster. The sense of historical progress was evident both in the way they constructed their own life histories and in the way they interwove phases in their particular life cycles with passages in the development of black people in South Africa. Thus Ma Ari described herself as 'still a little girl' when she arrived big-eyed in the City of Gold from a large family in the rural areas in the time before black people 'had that light' (knowledge, understanding). As they came to know the city and learnt city ways they became 'clever' and were no longer *dom* [stupid] like 'people from the outside [rural areas]' who 'are not that bright'. Ma Charity, on the other hand, spoke of black people under apartheid as people who 'were a little bit blind [ignorant] then' but who today are clever, exactly as the Bible said: 'Our knowledge will increase.' Discussions about the 'time of the whites' and the historical progress which saw their own life histories and those of black people in general move towards 'freedom' and 'knowledge' were contrasted with the present, degraded, realities of their lives. It is in this context that we should interpret their views on participating in MLM schemes, risk taking, and the contemporary allure of fast money in the South African society and economy.

Complaints about the contemporary state of affairs were largely directed at the state and its agents rather than at individual entrepreneurs. Both Ma Ari and Ma Charity expressed dissatisfaction with the government over promises it had made with regard to RDP houses in Alexandra that were meant for pensioners, as well as the fact that government-built houses are treated as commodities by corrupt state officials who aim to make money out of public housing projects. The only way to get a government house or even a job, they complained, was through 'connections' or friends or relatives who work in government departments. This was, in the main, connected to the fact that nowadays everyone wanted to become rich. But it was not only the government which operated in informal and not so transparent ways, and increasingly as a vehicle for individual rent seeking: today, they claimed, one does not even know who owns a particular shop and one certainly cannot believe people's claims to ownership. They expressed a strong sense of having been deceived, as indeed they had been during apartheid, about questions of African ownership of businesses. They recounted several stories of shops, taxis and shebeens in Johannesburg and Soweto that everybody believed belonged to black people, only to find that their putative owners were in fact fronting for white and Indian owners. All this time, and even today, 'blacks are

could not qualify for government houses and jobs. She found relative stability only once she relocated to Alexandra in 1983 and found employment in a nearby factory in 1985, where she worked until 2002. Only in 2000, when she took possession of the government-built house she now stays in, did she begin to 'feel at home'. But despite her relatively difficult life in Johannesburg, Ma Charity also spoke of 'the time of the whites' as having been better than today. She mentioned that they trusted the police as the police protected residents from urban street criminals (*tsotsis*). See Kynoch (2003) for similar views about growing 'apartheid nostalgia' in relation to personal security concerns in former African townships, as well as Dlamini (2009). Also, white people then had 'this thing in their hearts' (approximating 'compassion'), which the women exemplified by recalling several incidents of individual goodwill and paternalism demonstrated by whites (cf. James 1999; van Onselen 1996), but with little reference to the structural violence that characterized apartheid as a system.

acting as if they are on their own'. (Such fronting practices and questions over ownership were more problematic to them than the 'foreign' shop owners in Alexandra who come to the country to make a living and who are able to sell things more cheaply because they buy in bulk.) Their anger was directed, instead, at the state and corrupt officials who allowed such shop owners to enter the country. Their sense of being deceived about questions of ownership and wealth by abstract entities echoes not only the sentiments many Nigerians express about their government (see Jordan-Smith 2007), but stands in stark contrast to the official discourse on 'Black Economic Empowerment' (BEE).

Accusations that people wanted to become rich were an important part of their critique of government officials and the youth, and they spoke at length about the contemporary allure of and ambiguity attached to 'fast money' and 'hot money'. For one, they contrasted such unearned money ('easy come easy go' money), that includes money obtained through gambling and theft, with money one worked for (earned money). Money that is worked for derives from manual labour – Ma Ari made this connection explicit by sweeping her right index finger over both her eyebrows and temple in a swift move as if to trace the flows of sweat when she mentioned 'work'. They also distinguished between earned and unearned income with reference to the notion of 'habit' or 'getting used to'. They had not grown up with a concept of unearned money; it was thus said to be both urban and contemporary. The idiom 'once bitten twice shy', whereby one might be warned off gambling or investing unwisely for a second time, was counterposed against habit, something akin to addiction, as making one unable to stop once one has had a continuous run of winning several games in a row which makes one 'try again'. The word 'addiction' was also used to explain the inability of some people to deal effectively with 'fast money' or unearned income. Very few black people, they claimed, can keep 'fast money' out of circulation by saving it. Such 'fast money' has the tendency of just 'leaving one's pocket'.

It is important to note that both Ma Ari and Ma Charity were avid gamblers who not only played the popular yet illegal Chinese numbers lottery called *fahfee* (see Krige 2011a) but also frequented the upmarket Monte Casino complex north of Sandton. This gambling establishment offers residents of Alexandra the convenient service of operating a dedicated 24-hour taxi service between the casino complex and Alexandra, which pensioners use to get to the slot machines. Ma Charity first encountered *fahfee* at the hostels in Alexandra during the 1980s, at the same time as she first bought funeral insurance policies, joined a *stokvel* and encountered various financial services and products (she opened a basic transmission bank account at the Post Office in the 1950s). From then on, Ma Charity told me, she experimented with many forms of gambling, including betting on the horses and playing the National Lottery. She also believed, as has been reported elsewhere (see van Wyk, this volume), that obtaining such 'fast money' through gambling can cause bad luck. This in turn she linked to cultural beliefs about the equivalence of group membership in social reproduction, whereby those humans added to the human world through birth must have places ceded to them by other humans through death. While births and marriage are thus celebrated, they are also moments of vulnerability to death. Likewise, sudden inflows of money are likely to result in sudden outflows of monies, assets or 'luck'. At the same time, questions around wealth and riches were conceptualized by Ma Charity and Ma Ari as a matter of fate: 'There are people who are destined to get

rich. And there are people who are destined to be poor,' Ma Charity said during an interview. In the context of such fatalism, somewhat paradoxically, one is forced nonetheless to 'keep on trying'; actively to strive in actualizing one's expectations. This is why, Ma Charity explained, she plays every type of gambling game, including push-push schemes: 'We are all struggling, like swimming: you don't know if you are going to go down or not.' Today's struggle, she claimed, is no longer about politics; now everyone is trying to be rich and all must struggle to ensure that they achieve such an outcome.¹⁰

The sense that the scramble for financial riches and economic power has become the *leitmotif* of their world was reinforced by the rise in new (Pentecostal/Charismatic) churches, which both Ma Ari and Ma Charity attend.¹¹ Even in the churches today, they lamented, we are encouraged to become rich. Ma Ari articulated the same sense of individual and collective march towards greater freedom and knowledge, yet coupled with ambiguity and uncertainty in relation to the contemporary workings of finance, when she spoke about new churches and the 'financial subjects' which such new churches are promoting (Martin 2002). During her youth, when her family attended the Methodist Church, Ma Ari said they used to give offerings and tithes to ministers when they were able to and without knowing how these were used. Today these exchanges are explained to them but the giving of such tithes is no longer optional: 'Nowadays, tithing is a matter of must', while offerings are not compulsory but are strongly encouraged. Whereas the ministers of their childhood 'on the farms' earned very little, and were voluntarily presented by a family with every tenth cow in their herd, today pastors want money, demand tithes, and drive fancy cars. The new churches are not only encouraging people to 'become rich' rather than regarding wealth as sinful; they are also encouraging members to engage in risk taking during services through the system of competitive offerings. Pastors call on church congregants to 'test Jesus' by 'giving up something or some amount or all of your wages to God'. Such calls for public offerings take on a very competitive form, with pastors in the role of auctioneers: 'Who is giving R1,000 today? Who is giving R500? Who is giving R100?'. But this is not really seen as competitive, because, as Ma Ari explained: 'Some do get it [what they asked for] but it is not possible to explain why some get and others don't get – it is luck.' Echoing what sounded like the words of a pastor, she said: 'And it works for some because they hope harder and they trust [have faith] . . . others doubt and they don't get anything.' Significantly, Ma Charity and Ma Ari attached great importance to the ritualized giving of testimonials during the services of these new churches. Someone will stand up during a service and promise or 'offer' their car to someone else who had been praying for a long time for a car. The person who received

¹⁰Thus she said: 'Rich people are not happy; all the time they are thinking of what to do with this money. Poor people are also not happy because all the time they are thinking of how to get rich. But at least it is better with poor people. . . . These days everybody is trying to be rich, so why should we stay in the dust? . . . We are doing it for our own families so that when we leave [die] they can start from somewhere.'

¹¹The rise in new churches over the past twenty years in South Africa has been dramatic. Anthony Egan (2007: 451) shows in his analysis of census data that the African Initiated Churches (Ethiopian, Zionist and ZCC), together with Pentecostal/Charismatic churches, are now in effect the mainline churches of South Africa in terms of membership.

the car would then 'testify' in church about how this miracle 'had come true', encouraging others to trust in God and make offerings. The narrative structures that shape testimonials bear a remarkable resemblance to those that form part of push-push scheme presentations by agents and distributors during which investors who had 'benefited' recount their rag-to-riches stories.

The pervasiveness of risk in everyday life, and confrontations with risk taking in relation not only to economic decision making but also the social world, marked our discussions. One day during an interview session, the 20-year-old unemployed eldest son of a neighbour was arrested by the police because he had beaten up his mother the day before when she refused to give him money to buy marijuana. Such instances of distrust between kin members and neighbours were common. They both felt that trusting other people is difficult because 'nobody knows another person' completely: 'your best friend is [or could be] your best enemy'. Ma Ari told us during one discussion that even though she had been a friend of Ma Charity for many years, they could never fully know each other: 'A person changes like anything,' she said, with Ma Charity nodding in agreement. Trusting others is even more difficult today than it was in the past. And while it is not money that has caused this instability in personhood, and the pervasive drive to become rich, money surely has become a symbolic shorthand for these mysterious processes that are shaping people and society.

In the context of the pervasiveness of risk taking across many domains of their lives, itself legitimized by religious, political and economic discourses they often don't buy into, their participation over several years in illegal push-push schemes seems not only explicable, but in line with broader social processes in society. In their case, however, the expectations that are generated by these processes are rarely fulfilled, thus fuelling greater levels of discontent about their financial situation, a marked disbelief in response to official discourses, and the embrace of fatalistic conceptions of freedom and their own (lack of) agency in relation to the future.

Case 2: Hard work and entrepreneurship

Ma Beth, a resident of Soweto and active member of the Methodist church, lives with her husband in a very comfortable, middle-class house in a quiet part of a neighbourhood in deep Soweto; her university-educated children live in the former white suburbs of Johannesburg and Durban. She retired from her job as a social worker and is now a pensioner, while her husband is a taxi owner who still runs his business, even though he is 'taking it slow'. The back yard behind the house is large, large enough for Ma Beth to run from there a crèche for about 20 children with the help of two full-time employees. Ma Beth is a tiny woman, but is extremely talkative and exhibits a lot of energy, enthusiasm and self-motivation. She is forever availing herself of new opportunities, seemingly in inverse proportion to those she was denied, but felt she deserved, in her earlier life. She was spurred on, in particular, by the wealth amassed by the son of a neighbour who is a leading figure in the financial services world. Such competitive anxieties about social status were all the greater during the post-apartheid period, given the earlier lack of legitimate avenues through which energetic people like her could channel their social energy and aspirations. Ma Beth is an agent

for several legal and illegal MLM schemes, which means that her diary is filled with the dates of presentations and workshops across Gauteng as she works to build her 'downlines' and report to her 'uplines'. Unlike Ma Ari and Ma Charity, she shied away from talking about participating in MLMs as risky behaviour or as a form of gambling, instead emphasizing the entrepreneurship, hard work and self-empowerment it entails. Evidently, her participation in MLM networks also afforded her the ability to move around, to keep busy, and to combine earning a 'passive income' with being active. She remained optimistic that she would be able to recruit me to one of her schemes, trying to convince me by using the 'recruitment rhetoric' she had picked up from presentations. Such pitches invariably ended with the question: 'Am I wrong or I am right?' I knew enough about protocol not to point out the erroneous financial logic of such schemes to an older woman who, in terms of social convention, is my 'mother'.

Among other things, Ma Beth is an agent for CAG Airtime Solutions, a 'fresh' multi-level recruitment network that promises to reward agents with airtime credits as well as cash for recruiting new members to the scheme. She invited my research assistant and me to a presentation of CAG Airtime Solutions in an office block in the inner city of Johannesburg. There we joined ten women who were sitting on plastic chairs waiting for the presentation to begin. Seven of them were of pensioner age while three were in their thirties. These women were not upwardly mobile graduates or 'black diamonds' (see Krige 2011b: 296–300; James, this volume), but rather 'semi-literate', as my research assistant described them afterwards. A white Afrikaans woman conducted the presentation in English,¹² after which one of the agents, a black woman in her fifties, presented a testimonial. The agent, speaking in seSotho, regaled the audience with stories of success and wealth and hard work. Her performance was part testimony, part business plan and part sermon. As part of the drama, she passed around her cellular phone for us to see evidence – what she claimed was a text message from her bank – of a payment that had been made to her by CAG. During the agent's enthusiastic testimonial Ma Beth was anxiously whispering comments to me, trying to ensure that I would not be seduced into joining the 'downline' of the presenting agent, but would be loyal to her instead. At the end of it all, the agent ended her presentation on an ill-advised note. She told the audience about a visit to the former African municipal township of Kagiso the previous week where she had 'made a presentation' at a school. 'The whole school, all the children, are joining because they say we are going to get money from this work,' she proclaimed. After the presentation, my research assistant and Ma Beth agreed

¹²In summary, she described the scheme as a business club one can join for R20 (on top of that CAG Solutions will deduct R2,500 per year automatically from your commission fees once you reach level four). In order to reap the benefits of being a member, you must recruit other members. The more members you recruit, the higher you move up in the club. For every six members you recruit, you move up to the next level and you are rewarded by a commission fee as well as airtime – 'then you will start earning interest and you can even earn enough money to buy a new cellphone'. It is important to recruit people who work hard so they can 'unlock your business', she said.

that it was not right to try and sell such a scheme to children. Being still young, they are vulnerable, and should be protected from such explicit risk taking and possible exploitation. During a later interview Ma Beth told us a story of a woman from Bronkhorstspuit called Helen who tried to recruit her into a multi-level marketing business which was selling medicine. Ma Beth told her:

Look Helen, you know what, yes, I need money, but I don't want to take medicine to people because of money. . . . Not for money but yes, they can buy the medication. But it must have an impact on their diseases, their sicknesses . . . as much as we need money, but with sick people I don't want to take an advantage, Detlev. I am not looking for that. I don't want to become rich, I am old and the Lord will chase me away. Next week I will die and the Lord will say: 'Look here, you took people's money for medicine which does not work.' I don't want that. I must limit my sins, isn't it?

This claim that the young and the sick fall into a category that should not be recruited into her downline was the closest Ma Beth ever got to admitting that push-push might be morally compromised. A few weeks later, CAG Airtime Scheme collapsed. Nothing daunted, Ma Beth advised me to focus instead on Direct Advantage, a new MLM loyalty scheme started by 'good Afrikaners' and one that claims to have the backing of several reputable financial institutions (which, as it turned out, was a false claim). During an earlier interview Ma Beth had explained her continued participation in such schemes with reference to a Zulu saying: 'Don't throw away the cradle because of the death of a child We say you don't throw away the cradle because of death. Say you've been getting miscarriages, you're getting stillborns but you don't throw away the cradle. Meaning, you don't lose hope.' The use of this proverb added legitimacy to her refusal to give up her expectations of possible income generation and upward mobility through participating in push-push schemes.

Whereas, for Ma Ari and Ma Charity, push-push and gambling were similar expressions of their fatalistic views on both progress and its opposite, imminent ruin, Ma Beth's moral propriety coupled with her boundless enthusiasm and will to become an independent entrepreneur kept her going, scheme after scheme.

SOCIAL MOBILITY, NOSTALGIA AND EVERYDAY RISK TAKING

Participating in MLM schemes is attractive to African female pensioners for a number of reasons. Becoming an agent or distributor requires little or no previous experience, no formal education, and little start-up capital. A context of scarce employment and brittle pension security, together with a range of discourses which daily reinforce and legitimize risk taking, seems to make participation in such schemes an obvious choice. It is difficult to say whether the additional income received through push-push payouts is in any way substantial, and informants were not forthcoming about the actual amounts they received, emphasizing rather the amounts they lost. Over and above income concerns, participation allowed pensioners/agents the space to enter into new networks of finance and leisure, to travel, keep busy and 'stay in the know'. While they are unlikely always to generate an income given their situation at the lower tiers of the pyramid structure of schemes, they do stand to earn some commission and rewards as they

recruit new people to the scheme.¹³ Participants in MLM schemes seem to articulate different, even divergent discourses, depending on the context. At times they positioned themselves as victims, vulnerable to being conned, while at other times they readily articulated their participation as an active form of risk taking and gambling.¹⁴ In other contexts, emphasis will be placed on an ethic of hard work and entrepreneurship. Furthermore, it is clear that the allure of risk taking in everyday life is not limited to small-scale gambling or the playing of push-push schemes alone, but is also nurtured by the broader growth of the gambling industry and monetary offering practices within new churches.

All of this may be reinforced by a sense that South African society is undergoing massive changes, many of which they struggle to understand, but that their position as scheme agents situates them as brokers who have some role in mediating relations within the rapidly changing world of finance. This loss of knowledge and certainty about how the world works was expressed in the main by older informants. As exemplified by Ma Ari, many informants expressed concern about the pervasiveness and prominence of uncertainty in post-apartheid society and economy. They often expressed this uncertainty with reference to a nostalgic longing for the order of apartheid. While there were built-in contradictions and tensions within the system of apartheid, not to mention its brutality, it had produced in urban areas some level of stability and order. Controlled urbanization through the workings of influx control, the pass system which linked residence in an urban area to formal employment, visible if not violent policing, limited rights to social mobility and movement, well-controlled borders, and the ever-present sedative impact of international isolation, had resulted in a relatively stable social and economic system. There was employment in urban

¹³At the same time agents have to negotiate a range of complex cultural and social dynamics and risks as they seek to recruit new members to their networks. There is a constant risk that any particular scheme may fail and that they will be left with unhappy if not angry investors they had earlier recruited. As a result, agents tend not to recruit neighbours into their 'downlines' but focus their attention on family members, friends and colleagues at work – or on those they find in everyday spaces such as on bus trips between work and home. Relationships with kinsmen – or for other reasons with passing acquaintances – are more likely to survive the collapse of a scheme than those with neighbours. Moreover, it is more likely that family members would agree to being recruited, because cultural conventions make it difficult for people to refuse to participate in a recruitment-based scheme if approached by a family member. By refusing to participate in the scheme 'under' a family member, you are in effect expressing your doubt not only about that scheme but also about the relative in question. Kinship conventions produce the effect of a 'captured market' of sorts. Such conventions lead to interesting scenarios. In one case, there was intense competition between three sisters who recurrently recruited each other into a series of new marketing networks. Each was constantly on the lookout to find a new scheme before her sisters could do so. Each knew that if she got in first, she automatically had two recruits who would both be guaranteed to enter the scheme, and would do so 'downline' from her – that is, at one level below.

¹⁴One informant, another female pensioner who worked at a large retail company for many years and was also a union shop steward, echoed a discourse that was evidently informed by her exposure to trade unionism. Unlike her sister, who was also an agent in several schemes, she did not conceptualize her participation as a form of gambling: 'The only reason we join these things [is because] we want money. We want to improve the house. We want money because you can see everything is expensive. If I want to buy furniture and I'm not working, that's the problem. So that's why we join all these schemes so that we can get money. Because when they tell us, they say [that] we are going to get money, like Sibusiso.'

areas and there was even a functioning welfare system within urban townships, not to mention service delivery such as spraying of poisons for rats, free medicine, et cetera. This is not to deny the brutality of the system or the fact that it was exploitative, unjust and regarded as illegitimate. But pensioners such as Ma Ari and Ma Charity today recall life under apartheid and racial capitalism as more predictable than that produced by contemporary financial capitalism. Their nostalgic perception of the past was exacerbated by their experiencing of the present from a new vantage point, that of disrespected elders and seniors. Such a nostalgic longing clearly shaped their contemporary financial action (see Kynoch 2003; Dlamini 2009).

Several other factors reinforced the sense, on the other hand, that MLM schemes are legitimate risk-taking endeavours. Such schemes generally flourish in contexts where upward social mobility has become a value in itself (Cahn 2008) and where consumption is used to express such upward mobility. Moreover, local cultural conventions and social logics also play a role in the spreading of MLM schemes through specific networks. In the context under discussion, I found that the concepts of levels or tiers that are implied in the language and models of MLM schemes – specifically ‘downlines’ and ‘uplines’ – resonate with favourable attitudes toward meritocratic social hierarchy: something similar to the ‘scales of value’ that peg repertoires of elements to each other in performance, as mentioned by Guyer (2004). They also resonated with the unquestioning acceptance of kinsmen’s actions – again, as mediated through hierarchy (for example, when they are recruiting relatives into a network).

Many of the actors I interviewed struggled to make sense of the incredible speed at which some people, who grew up in relatively poor households, had managed to become very rich (whether through legal or illegal means). This speed of upward social mobility, coupled with the opaque nature of debt-financed BEE deals and tender processes that are said to be behind such mobility (see Hull and McNeill, this volume), has meant that more and more people experience widening inequality and upward social mobility as the outcome of chance and individual risk taking. Such a growing sense rooted in experience is certainly related to the changing fortunes of gambling. Under apartheid and its Protestant-saturated ethic, gambling was not only illegal but also immoral. In the words of the Comaroffs, ‘living off gambling was the epitome of immoral accumulation’ and the practice of gambling was clearly located ‘outside the domain of work and earning’, between virtue and transgression (Comaroff and Comaroff 2001: 5–6). The contemporary embrace of gambling and risk taking by citizens, in practice and in discourse, is related to structural changes in the constitution of the larger contemporary economy, as well as to its permeation by a discourse of entrepreneurship.

VILLAINS OR ‘PYRAMID ENTREPRENEURS’?

One of the remarkable aspects of the adoption of neo-liberal economic policy has been the emergence of the term ‘entrepreneur’ in the South African political and cultural lexicon. This term was hardly ever used during the apartheid regime, except to indicate a businessperson of exceptional qualities. . . . In the new South Africa . . . [there] is talk of the ‘township entrepreneur’, plucky individuals who have lifted themselves up by their

own bootstraps, achieved a modicum of wealth, and therefore should be seen as role models for the rest of society. (Koelble 2008: 166)

Parallel to its embrace of conservative macro-economic policies coupled with progressive social security measures, the South African government has over the past decade embraced a discourse of 'entrepreneurialism' according to which the challenges of unemployment, jobless economic growth and greater inequality should be addressed by individual effort (see, for example, Gordhan 2010; Mkhize 2006). Through 'Small, Micro and Medium Enterprises' (SMMEs), entrepreneurs are enjoined to contribute to employment creation and economic growth (see Hull, James, and Neves and du Toit in this volume for South Africa; Wilson 1999; Cahn 2008). They are seen as involved in exploiting new markets and business opportunities that require personal creativity and innovation. Entrepreneurs are differentiated from 'normal businesspeople' and 'normal businesses' that focus on maintaining a fixed quality of life, since they take risks and engage in enterprise that requires them to work with new and untested markets and with ambiguity (Herrington and Maas 2007: 7).

The rhetoric of entrepreneurship and self-empowerment has been adopted readily by the network marketing industry in South Africa and is a central feature of NWM and DSO globally (Cahn 2008: 7). I also encountered this rhetoric in presentations about illegal pyramid and ponzi schemes pretending to be legal MLM schemes. Moreover, they emphasize an 'anticorporate style by empowering workers to be their own bosses and set their own hours' while using a 'rhetoric of entrepreneurship and decentralization' which resonates with the discourses of empowerment in South Africa's network marketing and pyramid scheme contexts, where this rhetoric is used to articulate typically pro-market and anti-state, anti-authoritarian positions. It is rare, in fact, that one encounters the rhetoric of state-driven redistributive policies such as Black Economic Empowerment in the context of MLM and pyramid scheme presentations. Instead, 'ideal entrepreneurs' within the MLM and pyramid scheme rhetoric are invariably entrepreneurial individuals who used risk taking within the context of the market—and not the state—to 'help themselves' to considerable success. A favourite such success model, who created his business 'working from home', is white South African Mark Shuttleworth, who in 1999 sold the upstart software company he had started at university to US-based Verisign Inc. for R3.5 billion (or \$575 million), as well as global entrepreneurs such as Richard Branson. Likewise, those local businessmen who became millionaires because of massive empowerment deals or through winning large-scale government tenders do not feature in the MLM and pyramid scheme rhetoric.

What happens when we view the actors who initiate MLM and illegal money multiplication schemes not as the villains they are made out to be in public discourse, but as cleverly positioning themselves as the very embodiment of the values of this discourse on entrepreneurship and self-empowerment? Under conditions of structural unemployment, where growth is largely limited to the financial and telecommunication industries, these personages exploit new markets, making use of networks of people who belong to the unbanked sections of the population who desire formalization. Successful MLM schemes are carefully planned business operations designed by 'entrepreneurs' who are willing to take risks and have a keen sense of the local consumer market for financial

products and the cultural sensibilities and structural dynamics that shape local networked markets. Despite the public view that investors in pyramid schemes are typically uneducated and even irrational, ‘MLM entrepreneurs’ have to produce believable scenarios in order to attract the investments of potential investors. The detailing of a lucrative investment opportunity that promises to yield high returns on investments made, is referred to in the consumer activist literature as ‘the hook’: the complicated business model detailing how investors can obtain above-market returns.¹⁵ The success of some of these ‘hooks’ is down to their operation in market segments where there have been price bubbles.¹⁶ Marbur and Krion Financial Services, which was founded by Marietjie Prinsloo in the late 1990s, is a case in point (Sapa 2009a, 2009b; Extance 2009). The existence of Krion, as the scheme was known, depended upon a price bubble in the microcredit industry which resulted from the state’s attempt to construct a single, unified credit market (see James, this volume).¹⁷ Marbur and Krion Financial Services exploited this as their ‘hook’, as they promised investors that their investment monies were being used as capital for microloans to a growing African consumer market for formal credit. However dubious this development might sound, it is clear that it was not out of step with legal and financial processes in the broader society. Thus, when we move beyond the normative portrayal of characters such as Sibusiso

¹⁵The ‘bait’ refers to the story with which an agent or ‘kingpin’ lures investors, promising returns well above the market rate. The ‘line’ has to do with the ‘form’ of the hook in which the agent or kingpin is shown to be persuasive, well-respected or well-connected. The ‘sinker’ is that period after the initial investment during which little or no additional recruitment is taking place and the scheme is near collapse.

¹⁶Price bubbles are here defined as the trade in products or assets with inflated price values. Frankel Investments may turn out to be a case in point. According to media reports, Barry Tannenbaum’s ‘hook’ was twofold: he was an industry insider as his grandfather was a founder of a large pharmaceutical company, and his business plan was to make ingredients for antiretroviral drugs, for which there is a massive and ‘captured’ market in South Africa due to the largest state-funded rollout of antiretroviral drugs in the world; and because he allegedly claimed to have an existing contract to supply these ingredients to a major international pharmaceutical company. This was the hook that enabled him to promise wealthy investors returns of up to 219 percent a year. See Cokayne (2009).

¹⁷This price bubble has its roots in the 1980s era of ‘reform’ which the apartheid regime introduced subsequent to the Soweto uprising, and specifically in the emergence of new opportunities for Africans wanting to access credit. The commercial lenders at the time ‘sensed market opportunity arising from the aspirations and needs of a growing, increasingly upwardly mobile urban population that was largely excluded from the traditional bank-based credit system’ (Porteous and Hazelhurst 2004: 80) but were restricted by the stipulations of the Usury Act of 1968. In 1992, prior to the 1994 democratic elections, the then Minister of Finance signed into law an exemption to the 1968 Usury Act which effectively legalized the lending practices of these commercial microlenders. Under the exemption, lenders could charge usurious interest rates on short-term loans of less than R6,000. This was an important step in the commercialization of microlending and the subsequent price bubble that developed. The successes of some of the earlier microlenders ‘led to a frenzy of new lenders on the JSE Securities Exchange in 1997/8’, dominated by Afrikaans-speakers (*ibid.*: 81). The explosion of the market in consumer credit is evident in some of the industry analyses of the time. One report estimated that there were 3,500 formal microlenders operating by 1997, an increase of 192 per cent over 1995; that the turnover of the industry over the same period had almost trebled from R3.6 billion to R10.2 billion; and that there were around 25,000 informal microlenders (*ibid.*: 82). An important reason for the growth in this market was a ‘little-noticed administrative action’ in 1993 which allowed lenders to access the salary system for civil servants (the Persal system) and easily to deduct payments for loans from the salaries of civil servants (*ibid.*: 81). See Sapa (2009c).

Radebe and Marietjie Prinsloo as villains, we can see them as figures cleverly exploiting the discourse of entrepreneurship and empowerment.¹⁸

CONCLUSION

Media reports on pyramid schemes and fraudulent investment schemes make much of the normative dimension of wealth and poverty, evaluating production, consumption and exchange in moral terms (see Parry and Bloch 1989), while underemphasizing the larger structural contexts. They condemn individual ‘kingpins’ as fraudsters and villains without reference to the context that allows such entrepreneurs to emerge and that legitimizes their actions and those of investors. Any evaluation of the rise of MLM and money multiplication schemes should be situated against the backdrop of new discourses on entrepreneurship and self-empowerment, and of the relentless search for new markets by financial entrepreneurs. Not only do such financial entrepreneurs, like other newly emerging brokers (James 2011), skilfully exploit public discourses and new regulations that speak to new evaluations of wealth and exchange, but they also present themselves as the very embodiment of these discourses and the values they portray. They are astute observers of the economy as well as of possible untapped markets, but they are also able to take advantage of structural conditions and processes to enrich themselves – specifically utilizing, in the present context, the massive programme to get the ‘unbanked’ sections of our society to have access to and participate in the world of finance. Moreover, several factors have assisted this process: the growing prevalence of the logic of finance in everyday life, including risk taking; the development of price bubbles as the state pushes its redistributive policies while also liberalizing sectors of the economy; positive valuation of wealth and risk taking in new churches; low levels of financial literacy; and the value citizens attach to fast upward social mobility, a value that traverses class and race boundaries. It is within this structural context that we should evaluate not only the rise of pyramid and money multiplication schemes, but also the behaviour of many men and women who operate on the margins of formal finance. While their behaviour is not determined by the political economy of contemporary financial capitalism and accompanying values and discourses, these clearly inform and legitimize certain forms of financial and economic behaviour.

As several commentators have pointed out, this may be a global phenomenon. The technologies and methods for making profit under contemporary globalization, in particular under the conditions of increased financialization of the economy, have become increasingly complex, so much so that very few people

¹⁸A further reason for their success is the lamentable fact that many ordinary South Africans are not financially literate. This high illiteracy rate coupled with the drive to extend financial services to ‘the unbanked’ despite a very weak history of consumer activism in the country has resulted in a situation where many newcomers to the world of finance can easily be ‘turned into victims’. This stark power dimension often takes on a racial dimension, as alluded to earlier, as in several instances such MLM entrepreneurs were white and financially literate whereas agents and investors were black and functioned to open new markets to entrepreneurs. See the FinMark Trust report (2004).

today actually understand the complex financial instruments that operate in the international money markets, or the way trading in futures, commodities and international currencies occurs. This global financial system – which some commentators have described as a massive pyramid or ponzi scheme – relies on this ‘mysticism’ and lack of knowledge to employ millions of experts who have to act as brokers/intermediaries and translators between the complexities of finance capitalism and the monies of ordinary people (pension funds, savings). Thus, while the seemingly intangible ways of generating value under neo-liberalism have produced feelings of insecurity and alienation (Comaroff and Comaroff 1999; 2000), they have also opened up spaces and practices for a range of actors to experiment with risk taking in the world of finance. This has not been a random process but has been made possible by several features of the South African economy. Appeals to technical or religious forms of knowledge by citizens with high expectations of social mobility and personal wealth – knowledge that could bolster one’s chance of finding rewards through risk taking – may be one source of the popular turn towards these economic practices.

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ABSTRACT

The structural conditions associated with increased inequality amidst rapid change brought about by growing financialization and efforts to get the 'unbanked' sections of society into the formal financial system have created the conditions under which illegal pyramid and ponzi schemes, fake investment schemes, and legal multi-level marketing companies have been able to flourish. In contemporary Johannesburg and Soweto the originators of money multiplication schemes and the agents who 'work' to recruit new members position themselves in this context as financial entrepreneurs and brokers who embody a range of seemingly contradictory discourses, drawing on discourses of 'empowerment', 'self-help', 'entrepreneurship' and 'religiously sanctioned wealth and prosperity' in the course of their risk taking in the field of finance. Based on a series of case studies of female agents of 'push-push' schemes, the article shows how many of these discourses reflect some of the conditions of contemporary capitalism: citizens are expected to be active investors, active entrepreneurs and hard workers who are able to work from home and without a boss. Moreover, the schemes use sophisticated technologies, marketing strategies and other practices which simulate formality, legality and sincerity—echoing religious practices and discourses. At the same time a set of cultural values and social logics that are not necessarily produced by neo-liberal capitalism and financialization, but are certainly activated by them, makes it hard for citizens to recognize or admit the forms of deception involved, unless deception is seen to be central to the operation of the modern state or the present 'get-rich-quick' culture. Risk taking, and pursuit of social mobility, originate in dual economy legacies, with their unfulfilled expectations, wealth disparities and frustrated class aspiration. Participants in pyramid schemes have ideologies combining 'progress' with 'imminent doom', entrepreneurship with greed: contradictory attitudes reflective of financialization in the broader world.

RÉSUMÉ

Les conditions structurelles associées à l'accroissement des inégalités en période de mutation rapide résultant d'une financiarisation et d'efforts croissants déployés pour intégrer les « sans compte » (bancaire) de la société dans le système financier formel ont créé les conditions favorables à l'essor de systèmes illégaux de placement pyramidal, programmes d'investissement frauduleux et entreprises de commercialisation à paliers multiples. De nos jours à Johannesburg et Soweto, les initiateurs de phénomènes de multiplication d'argent et les agents qui « œuvrent » au recrutement de nouveaux membres se positionnent dans ce contexte en tant qu'entrepreneurs financiers et courtiers qui incarnent un éventail de discours en apparence contradictoires, s'inspirant des discours d'« autonomisation », d'« entraide », d'« entrepreneuriat » et de « prospérité sanctionnée par la religion » au cours de leur prise de risque dans le domaine de la finance. S'appuyant sur une série d'études de cas de femmes agentes de systèmes « push-push », l'article montre en quoi ces discours reflètent certaines conditions du capitalisme contemporain : les citoyens sont censés être des investisseurs actifs et des entrepreneurs actifs, prêts à travailler dur à domicile et sans patron. De plus, ces systèmes utilisent des technologies sophistiquées, des stratégies marketing et d'autres pratiques qui simulent la formalité, la légalité et la sincérité, en écho aux pratiques et discours religieux. Dans le même temps, un ensemble de valeurs culturelles et de logiques sociales non nécessairement produites par le capitalisme néolibéral et la financiarisation, mais indéniablement activées par ces derniers, rend difficile la tâche des citoyens de reconnaître ou d'admettre les formes de tromperie en jeu, à moins que la tromperie ne soit perçue comme l'élément central du fonctionnement de l'état moderne ou de la culture actuelle du « s'enrichir rapidement ». La prise de risque et la quête de mobilité sociale émanent de l'héritage d'une double économie, avec ses attentes assouvies, ses écarts de richesse et des classes frustrées dans leurs aspirations. Ceux qui participent aux systèmes de placement pyramidal ont des idéologies qui conjuguent « progrès » et « menace imminente », entrepreneuriat et avidité : des attitudes contradictoires qui reflètent la financiarisation plus largement.