Money and violence: Financial Mutuals among the Xhosa in Cape Town, South Africa
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2 Introduction:
Types and Functions of Financial Mutuals

2.1 Introduction

'Financial mutual' is an umbrella term for a myriad of collective financial arrangements that mostly were informal. In South Africa, financial mutuals were, and still are, locally known as umgalelo, stokvel, savings, gooi-gooi, throw-throw, back-to-school, umasingcwabane, umasiphekisane, and umasingcedane. Although financial mutuals are very popular, their informal and 'apolitical' nature made it difficult to know much about the history and the number of participants. Some estimate that there were about 150,000 stokvels with an annual turnover of R1.6 billion a year, while other sources mention almost ten million people participating in 800,000 stokvels with an annual turnover of R2.4 billion a year. Yet another research, carried out in 1991, came up with other results: about 1,344,000 people participated in stokvels in the metropolitan area alone. This was just over a quarter of the African urban population and the annual turnover of their stokvels was estimated just over R1 billion a year. The different findings could be due to a difference in research periods, research techniques, research area, or an unclear definition of the type of financial mutuals that were studied. Moreover, people do not always want to expose their financial situations.

What did become clear, however, was that financial mutuals were very common and that many Africans entrusted a substantial part of their meagre income to financial mutuals. In this chapter I will give an overview of the financial mutuals that I found and classify them according to organisational characteristics. I will also provide insight into the historical development, as far as the limited sources allow. Finally, the major functions of the different types of financial mutuals will be presented, functions clearly expressed by most participants as the reason for establishing financial mutuals and thus regarded as the major attractions of these arrangements.

2.2 Burial societies

During the course of my fieldwork it became evident that a funeral could easily cost R5,000 or more. For a cleaner employed full-time in the formal sector, this is approximately a half-year's wage. People spent so much on funerals because they regarded it as very important to be buried back home in Emaxhoseni, the land of the Xhosa, an area roughly comprised of the former homelands Ciskei and Transkei. In order to have such a large sum of money available, the migrants organised burial societies. The burial society provided money, food, goods, and mutual assistance to a deceased member, or to his or her dependants.

As long as Africans lived close to home, close living relatives and well-known neighbours could assist the bereaved and make sure that the person was buried properly. When in the second half of the 19th-century large
amounts of gold and diamonds were found, many Africans migrated as labourers, most leaving their families behind due to racial segregation laws. The migration process therefore meant that many Africans were separated from their land and families (Carter 1986, 345-347; Masuko 1995; Omer-Cooper 1994, 103; Vail 1989, 8-9). The migrants formed burial societies as a collective strategy to bring back the body of the deceased. The emergence of burial societies, therefore, was a result of labour migration.

The oldest record of a burial society was of the Ancient Order of Foresters, which was a Sick and Funeral Fund established in Pietermaritzburg on 24 June 1874. The Ancient Order of Foresters was divided into branches called Courts, which were further divided into Districts. The Court was opened with fifty-four members by William Geere, the Chief Ranger known as the ‘Father of Forestry’. This Friendly Society existed for over a hundred years. Only in 1992, after declining membership, did the Court cease to exist (Narrine 1996). The records of this friendly society revealed that this organisation was exclusively for White labourers in forestry.

Among the first recorded burial societies founded by Africans was the East African Benefit Society. On 28 January 1924 the secretary of this society wrote a memorandum to the Registrar of Deeds in Salisbury in order to inform him that a new branch had been established in Bulawayo, Southern Rhodesia. The founders were all Africans and the aim of the society:3

... shall be the bringing together of its members for their mutual benefit and support. The raising of funds by entrance fees, subscription of members and donations for (a) rendering assistance to members when sick; (b) supplying medical attendance and medicine to members; (c) assisting in defraying the funeral expenses of deceased members (Articles 3 to 4 in Masuko 1995, 286).

It is doubtful that this was one of the first burial societies among African migrants. More likely, it was one of the first recorded burial societies among Africans. The legislation on burial societies suggests that they might have been older, if not among Africans then at least among Whites. On 13 August 1862 the lieutenant governor of the Natal colony provided for the existence of friendly societies in the Law for the Encouragement and Relief of Friendly Societies. Twenty years later, on 14 June 1882, a similar law was established in the Cape Colony.4

According to Van Onselen (1980, 199), it was the rapid spread of the Spanish flu that lead to the establishment of burial societies among African workers in the mines of Southern Rhodesia:

[Workers vividly remember the bodies of six and nine black miners at a time being dumped into mass graves. With cash in short supply and death never a distant prospect, there must have been considerable appeal in the promise that 'If one of our Society dies, the society will buy a coffin for the dead body, and bury him nicely'. The burial societies were again particularly active in the economic depressions of the 1920s and 1930s'.

I would suggest that contrary to Van Onselen's assertions the spread of influenza did not necessarily lead to the organisation of burial societies, but rather that it might have changed already existing burial societies. Due
to the lack of information about this period, the only way to have some ideas about the history of these organisations would be by comparing them with similar situations and organisations in other parts of the world. In Europe, the high occurrence of disease or misfortune among a homogenous group of participants posed severe threats to the existence of friendly societies (de Swaan 1996a, 155; van der Linden 1996, 30-32). It may have been that the Spanish flu led to a similar process in Southern Africa, namely the rapid spread of this life threatening disease put pressure on existing arrangements. If funds decreased, financial mutuals came under pressure to tighten the criteria under which claims could be made. Therefore, if burial societies existed before that period, they may have started registering members, contributions, and benefits, and keeping minutes of meetings. It could be that the flu did not lead to burial societies, but rather to burial societies with records, and thus to burial societies that could be traced through archival research.

Kuper and Kaplan (1944) were the first to mention burial societies in the anthropological literature. Among the residents of Western Native Township it was the most popular financial mutual: 65 per cent belonged to a burial society (Kuper and Kaplan 1944, 185):

The African in the town, more especially the Christianized African, is acutely conscious of the need for “decent burial” ... A pauper's grave is to be avoided at all costs.

Whenever someone died, a collection was made among friends, relatives and neighbours to cover the funeral expenses. Some burial societies had monthly instalments of about two shillings and six pence, which were paid in weekly instalments, which covered the whole family (Kuper and Kaplan 1944, 185).

In contemporary South Africa, funeral services may have started to 'demutualise'. By 'demutualising', I mean that the members of some burial societies in South Africa become less involved in, and less responsible for, the organisation and financial management of the society. Insurance companies have become increasingly aware of the informal burial societies. The potential market of these societies is estimated to 'generate more than 10 times the R6-million formal sector' (Siqoko 1998). Safrican Insurance Company, for example, took over the management of Sakhile iAfrika, a burial society in the Vaal Triangle, which had 6,000 members and an annual turnover of R2.1 million. The volunteers of Sakhile iAfrika had found it increasingly difficult to manage the complex finances and administration in their spare time. Safrican Insurance Company provided professional financial and administrative services and in return gained access to the African market. The members of Sakhile iAfrika could negotiate discounts and an African undertaker as responsible for the daily management of the organisation (Siqoko 1998). 5

The advantages burial societies have had over commercial insurance make it unlikely that burial societies will disappear. They cater for remote extended family members, provide particular services, can be paid in cash, take household flexibility into account, and are much easier to approach. Moreover, members do not need a bank account or a regular income in the formal economy to participate. A more immediate and present threat to burial societies is the spread of HIV and AIDS. AIDS might make it difficult for burial societies to raise enough funds for the burial of many, rela-
Introduction: Types and functions of financial mutuals

Visibly young, members. In Cape Town, I found only few indications that this was becoming an issue, and it remains to be seen whether burial societies will seize to exist, or if they can survive by categorically excluding people who die of AIDS.

Table 2.1: Organisational characteristics of burial societies

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Burial society with a fund $n=13$</th>
<th>Burial society without a fund $n=6$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Xhosa term</strong></td>
<td>Umasingcwabane or proper name</td>
<td>Umasispehisane or Umasingcedane or name of the street/area</td>
</tr>
<tr>
<td><strong>joinig free</strong></td>
<td>between R20 and R70 (average R44)</td>
<td>nothing, or a few Rand (R10) to buy plates</td>
</tr>
<tr>
<td><strong>type of contribution</strong></td>
<td>monthly: between R5 and R50 (average R19) replacement: between R5 and R50 (average R21)</td>
<td>Collection after death, between R10 and R20</td>
</tr>
<tr>
<td><strong>organisers</strong></td>
<td>elected committee, sometimes undertaker</td>
<td>residents, street-committee</td>
</tr>
<tr>
<td><strong>age of the org.</strong></td>
<td>from 1946 onwards (average 1970)</td>
<td>depends on age of the area</td>
</tr>
<tr>
<td><strong>size of the org.</strong></td>
<td>from 70 to 500 (average 220)</td>
<td>few dozen households</td>
</tr>
<tr>
<td><strong>type of members</strong></td>
<td>home boys (7), everybody (3), clan(1), church (1), domestic workers (1)</td>
<td>neighbours</td>
</tr>
<tr>
<td><strong>death of member</strong></td>
<td>coffin, transport, groceries, etc. (6) and/or between R1,400 and R6,000 (average R3,250)</td>
<td>few hundred Rand, cooking, organising wakes, making tea, etc.</td>
</tr>
<tr>
<td><strong>death of dependent</strong></td>
<td>coffin, transport, groceries, etc. (6) - adult between R1,000 and R5,000 (average R2,500) - child between R400 and R4,000 (average R2,000)</td>
<td>similar to death of member</td>
</tr>
</tbody>
</table>

There were two types of burial societies: burial societies with a fund and burial societies without a fund. This distinction -having a fund or not- lead to all types of other distinctions in size, membership criteria, method of payment, and forms of assistance.
2.2.1 Burial society without a fund

The burial societies that did not have a fund were mostly referred to as umasiphekisane ('Let's cook') or umasingcedane ('Let's help'). They rarely needed a proper name, because the neighbours knew which burial society they referred to when they talked about their umasiphekisane or umasingcedane.

The members of the umasiphekisane and the umasingcedane were all women and the activities of these burial societies were felt to be women's responsibilities. These responsibilities were sometimes laid out in terms of cooking. When I asked one of the founders of a umasiphekisane why there were no men, she replied: 'What do men know about cooking?' which made the other women laugh. The name of the organisation stated that it as about cooking, a skill most men did not have, or were not acknowledged to have, and which women were supposed to have, even if they could not cook.

Chapter five will show how neighbours established a burial society without a fund.

2.2.2 Burial society with a fund

Burial societies with a fund were mostly referred to as umasingcwabane (plural oomasingcwabane), which meant 'let's bury each other'. It was common for these burial societies to have a proper name that referred to ideological aspects of the organisations or the people that participated. An example of the former was Mbuthowamangwane, a burial society exclusively for members of the Mangwane clan. Winterberg Funeral Club derived its name from the fact that the founders were all migrants who originated from the vicinity of Winterberg in the Eastern Cape. Other proper names highlighted ideological dimension of the organisation, such as Masibambane ('let's hold each other'), Masekoduke ('let's go home') and Lukhanyiso ('a bright place' or 'something bright').

Most burial societies with a fund consisted of migrants from particular regions in the former homelands Ciskei and Transkei. Migrants identified with fellow migrants from the same region in the Eastern Cape and called them abakhaya (sing. Umkhaya). Umkhaya literally meant 'the one from the same house' or home-people. As will become clear in the next chapter, especially under apartheid, migrants in Cape Town had to live in hostels where they formed their own social networks and organisations around their home area. These abakhaya burial societies admitted men and unmarried women from that region. Married women were refused because a wife was considered to belong to the home of her husband. If she wanted to join a burial society among abakhaya, it had to be the society from his region.
The burial societies that consisted of abakhaya had, for example, only members from Tsolo, a district in the former Transkei, or only from Ladyfrere, Cala, East London, Encobo, or Qobo Qobo. The boundaries of who was abakhaya and who not were fairly flexible. For example, Masibonisane ('let's show each other') only accepted people from the Ciskei and excluded people from the Transkei. Some regions, such as Encobo, even had burial societies in different cities and industrial areas in South Africa. For example, Encobo had an abakhaya burial society in Cape Town, and another one in Johannesburg. These were separate burial societies with separate financial arrangements and memberships, but were in contact with each other through their home area.

Under apartheid it was relatively convenient for abakhaya to organise a burial society together because abakhaya often were living together in the same hostel. Because they were from one region it was fairly easy to find an undertaker in Cape Town who knew their home. Burial societies among abakhaya also co-operated with undertakers in their home region in Emaxhoseni. Instead of maintaining a national network of relations with
undertakers, they specialised in the region that they knew well.

In order to join the umasingcwabane, one had to pay a joining fee of R20-70, depending on the particular society. Once a member, one had to contribute to the fund either through monthly instalments or the 'system of apportionment'. The 'system of apportionment' meant that the members contributed to the fund whenever a member or dependent had died. These burial societies could therefore manage with a relatively small fund that consisted of joining fees and fines. From this small fund they paid the beneficiary and the organisers collected new contributions. This was called the 'replacement', because it replaced the money that was taken out of the fund. The fund, therefore, functioned as a buffer to cover the expenses of the funeral until the participants paid their fees.

The burial societies with regular monthly contributions had a relatively large fund. This meant that the contributions were regular in size and frequency, and that they could easily be collected at meetings. The fund, however, could get low whenever many died within a short time. The accumulated joining fees and fines helped to overcome financial fluctuations to some extent, but this was not always sufficient. Sometimes burial societies had to increase the monthly contributions temporarily or even permanently. Other burial societies would combine monthly contributions with replacements. Winterberg Funeral Club, for example, had a joining fee of R75 and monthly contributions of R15. Whenever a death occurred, the members had to pay additional replacement money of R30.

The mostly male organisers of the burial societies with a fund paid a lump sum to the beneficiary or provided a coffin, transport for the corpse and family to Emaxhoseni, costs of refrigeration, and so on. The contributions in kind were frequently done in close co-operation with an undertaker. Undertakers preferred to co-operate with burial societies above individuals because the burial societies provided them with many clients. Moreover, the financial risks were smaller. In return, the undertaker gave the burial society a discount. The co-operation between burial societies and undertakers was such an advantage that in some instances undertakers established their own burial society (Bähre 1996b).

There were some oomasingcwabane that gave non-financial forms of support. They helped to organise the funeral, contacted the undertaker, arranged for a lay priest, and established contacts with the family in Emaxhoseni. Sometimes women would cook food, or sing hymns at the ceremony where the body departed Cape Town. Such practical forms of assistance were particularly valuable in light of the custom that forbids female relatives to work during the mourning period and prescribes them to sit on a mat.

How much the burial would cost depended on who had died. Members received most assistance: on average R3,250, or the organisation would cover most of the costs of the funeral. Dependents often received less, according to the category to which they belonged: spouse, child, member's parent, spouse's parent, and 'those under one roof'. Concerning dependants, the burial societies had diverging rules that were strictly applied. To avoid fraud, dependants were sometimes registered in advance and in all instances one had to show a death certificate. These rules were 'to prevent your mother from dying three times', as one member put it politely.

All oomasingcwabane covered the member's spouse. A live-in
boyfriend or live-in girlfriend was also recognised as the member's partner and covered by the society. The member's parents were sometimes covered and, in some instances, the member's partner's parents were also covered. A further distinction was made between parents who lived in Cape Town and those living in Emaxhoseni, because of the differences in costs. If the parent lived in Cape Town the burial society had to pay for transport of the corpse to Emaxhoseni and the bus fare of accompanying kin. If the parent lived in Emaxhoseni, the member could only claim his or her own bus fare.

Another category of dependants was 'those under one roof'. This covered a fairly flexible category of people belonging to one household. Instead of clearly defining who was part of the household, it took into account for which people the member was responsible. The category 'those under one roof', therefore, allowed for the dynamic responsibilities of the urban African household. It could include children that were living with the member, a sister's child, a brother's child, the sister or brother of a partner, and even a grandchild. Most important was that the burial society was informed about 'those under one roof' before a death occurred.

Many parents had to give their children over to the care of family in Emaxhoseni. Cape Town was not a good place for children to grow up and the care of a small child was difficult to combine with a job. Some oomasingcwabane had adapted their rules accordingly and also paid for the funeral costs of a child that did not live under the same roof. The burial society would cover some expenses of the funeral and pay for the parents' bus fare to Emaxhoseni so they could attend their own child's funeral.

The burial society would not pay out the same amount for each death. The payments for dependants were smaller than those for members and payments for children were smaller than those for adults. The average benefit for adult dependants was R2,500 and for children R2,000. Some burial societies covered only children that attended school. The dependent was excluded once it had had left school and earned money. A distinction based on age, however, was most common. For example, Nonceba Burial Society considered dependants less than six years old to be children and contributed R600 to the funeral expenses. Lukhanyiso had a much broader definition. They considered dependants up to fifteen years old to be children and paid R1,500. A low age was a disadvantage if the child grew up in Emaxhoseni. For example, when a seven-year-old child who lived with her mother's sister in Emaxhoseni would die, the parent who had joined Nonceba Burial Society would receive nothing, while Lukhanyiso would pay out R1,500. All burial societies claimed to register the member's dependants to avoid corruption. The burial society had to be notified whenever a new person arrived in the household, even if it was only for a short period. In practice it seemed that the burial societies were more accommodating and sometimes also paid if a dependent was not registered.

The differences between the burial societies did not mean that the Xhosa migrants could always choose the burial society that best suited their needs. Many burial societies with funds, after all, were only open to abakhaya, and the burial societies without funds were connected to a particular neighbourhood. Also other considerations, such as time and money spent on transport limited the choice of burial societies.
2.3 *Imigalelo* and other ROSCAs

The term *umgalelo* (pl. *imigalelo*) is derived from the verb *ukugalela*, which means 'to pour' because the participants, as it were, poured money at the meetings.\(^{14}\) *Imigalelo* can be classified as Rotating Savings and Credit Associations or ROSCAs:

In the ROSCA, each time that savings are pooled, they are immediately redistributed among members in rotation, until each has had his turn and the ROSCA comes to an end (Bouman 1994b, 376).

On a monthly, weekly, or daily basis, the members contributed money or presents to the kitty and gave the kitty to the first member. In some ROSCAs, the recipient also had to contribute on his or her own turn. Money was collected again during the next meeting and it was the second participant's turn to receive the kitty, and so on until everybody had a turn. If the participants were satisfied with the arrangement, they could decide to start another cycle, possibly with a few new participants or different contributions.

I could not find any historical sources on *imigalelo*, probably because they were never registered and were invisible to the state.\(^{15}\) In the 1930s, Hellman (1934) made the first reference to the South African ROSCA. Poor African women migrated to the urban slum Rooiyard in Doornfontein and desperately needed cash. Because jobs were scarce and the Apartheid State often forbade women to work in the formal sector, women often started to brew beer to generate income.\(^{16}\) The brewing and selling of beer could lead to a financial mutual:

Commercial beer-brewing has given rise to an institution known as the "stockfair", which can be roughly defined as a mutual benefit society. Stockfair is primarily a women's society, although men have infrequently tried to adopt it. The stockfair has two functions; to assist in disposing of any surplus beer which has remained unsold during the week-end, and to act as a kind of savings society (Hellman 1934, 50).

This stockfair was also called *stokvel* and, from Hellmann's description, it becomes clear that this was a ROSCA. The participants - all women - met each Monday from 12 a.m. to 1:30 p.m. at one of the member's homes. Each contributed five shillings or two shillings and six pence. Visitors, both men and women, were also allowed to attend the meeting, and mostly four to six, sometimes even nine people visited the stokvel. For an entrance fee of only six pence, they could have as much beer, lemonade, and cake as they wanted (Hellmann 1934, 50-51).

Hellmann would be surprised to find that ROSCAs still exist today. She felt that '[t]he stockfair is a very unstable organisation. The permanency of an institution like this, which can so readily be abused, cannot be expected' (Hellmann 1934, 51).\(^{17}\) ROSCAs, however, are still very popular, especially among female neighbours and, to a lesser degree, among female colleagues at work, friends, or sometimes *abakhaya*. The participants got together as soon as they received their salaries, pension, or other source of income, to make sure the money was not spent on anything else. Sometimes men participated as well, but mostly they were in a minority, although some
men organised a ROSCA with colleagues at work.

Some ROSCAs had a proper name, such as Khanyisa ('light up'), Masiqumane ('let's help each other'), or Masakhane ('let's build each other'). Just like the proper names of some burial societies, this highlighted the positive and ideological aspects of the organisation. The number of participants varied from two to a few hundred. If the ROSCA had many members, such as a Masakhane in Langa (the oldest township in Cape Town) with 300 members, there was a great risk for default. Only if a large organisation was comprised of a network of smaller ROSCAs, such as Zolani Club in Khayelitsha, could default be prevented. It was more common, however, to have a different group of ten members that met each month. Such a rotation started at the beginning of the year and, after ten months towards the end of the year, everybody would have had a turn. People often started the rotation again and most ROSCAs existed for a few years with alterations in rules and participants. But there were also some exceptions. In Langa, for example, residents had founded Masakhane in the 1950s and it still continued into the 1990s (Bähr 1996a, 22-24).

On average, the participants contributed R200 to a monthly ROSCA and R60 to a weekly ROSCA. There were also ROSCAs with much higher contributions, like a ‘BMW 518 Stokvel’ where 50 members each contributed R1,000 per fortnight. The members each received R50,000 in turn and purchased a BMW 518 (Webb 1989, 27). This ROSCA was an exception that indicates that ROSCAs were not only for the poorest. Most Africans, however, could hardly afford to dream of a car.

Some ROSCAs also exchanged goods instead of money. For example, Nofurniture belonged to a brandy umgalelo that consisted of seven members who met each month. They gave two bottles each to the member whose turn it was. The twelve bottles (six times two) were used for special occasions, such as the initiation of girls and boys.

The participants discussed who would get which turn. Some members expected to need cash at a particular time of the year and preferred a certain month. If more participants wanted the same turn, which was often the first turn, they were allocated more or less according to seniority. The oldest member, who was often also the organiser, could choose. Once the ROSCA had already started, it was also possible to exchange turns with the consent of the other members.

In some ROSCAs, there were many ways of giving money. The fixed contribution was called ‘stage money’, because it enabled the giver to go on stage and start giving. After the stage money was given, some ROSCAs started ‘to score’ (ukuskora) money or presents. The scoring was limited to a maximum, for example R50, to make sure that the members did not create too many debts by ‘scoring’ more than they could afford. Often household utensils or soap were scored, but cash was just as appropriate. The recipient had to return the gifts at a later stage in the cycle. This was done by ‘scoring’ money or presents of an equal value, or preferably slightly more.

The ROSCA members mostly met at the recipient’s place, and sometimes at the workplace. Large ROSCAs had to arrange a classroom or church building because not everyone fit into the small shack of one their fellow members. Some ROSCAs had very short meetings where the members rushed in and out, often handing over envelopes with the contributions of absentees. Some members felt that the meetings were a waste of time and
were notorious for their absence records. Other ROSCAs turned their meetings into long and elaborate social events. They started with a prayer to ‘open the organisation’ and the women would stay afterwards to drink tea or lemonade and talk about organisational matters, gossip about neighbours, and express their worries about family issues. Contrary to what Hellmann encountered in the past, the participants would not drink alcohol. Financial matters were too serious and should not be mixed with alcohol. In the rare instances that I saw a member drinking alcohol, it was done more or less secretly while the other members objected.

Most ROSCA money was spent on consumer items, such as a refrigerator, radio, iron, television, or other ‘clothing for the house’, as furniture was sometimes referred to. Some also used it to pay their debts or pay for parties and initiation ceremonies.

It is noteworthy to mention some of the varieties of umgalelo separately. One variety, to which I briefly referred above, used the money for a party. Every weekend, the fourteen participants of Masakhane got together and contributed R100 each. They used the R1,400 to organise a party in a large shack they had built. The party was called Mtshovalale, after a particular dance, and started on Friday and lasted until Sunday afternoon, much to the dissatisfaction of some neighbours who had to live with the drunkards and loud music. The admission fee was R2 and drinks were sold at a profit, although cheaper than at shebeens. Men also give R2 to the disc jockey and take the opportunity to ask a woman to dance. The ROSCA member whose turn it was received the R1,400, invested part of it in the party, and was entitled to the profit.

Shoprite Checkers facilitated another ROSCA variety. Shoprite Checkers was a relatively inexpensive supermarket chain and sold stamps to its customers. Each stamp cost R5 and had to be glued in a special booklet. On the cover of the booklet it said ‘for Christmas, Easter and special occasions’. Whenever one wanted, one could use the stamps to buy groceries at Shoprite Checkers. Instead of saving stamps individually some women organised an umgalelo and gave each other stamps instead of money. The booklet could be kept until one wished to use the stamps, which was often for Christmas.

Some of the youth in the neighbourhood of Indawo Yoxolo had organised a choir. They practised at one of the members’ places and ‘played’ for money: a member requested a song from a fellow member by giving fifty cents or a few rand. The fellow member could refuse to sing by giving more money. Thus, a competition developed about who gave the most. The one who made the highest contribution, which could be up to twelve rand, got his or her way. A secretary recorded all contributions and the member received the kitty. It was another member’s turn to host the choir and receive money at the next meeting.

That financial mutuals can be sites for jealousy, conflict, and problems concerning money and relations, is highlighted by the example of a witches’ umgalelo. Someone told me about a ROSCA that consisted of eleven witches. Each month, one of the witches had to kill a family member and turn the person into a zombie. The zombie had to play in the witches’ soccer team and, once all the witches had a turn, they had a complete team. I was told about a woman’s first husband who was known to be a very good soccer player. The woman’s mother, however, disliked her son-in-law very
2 Introduction: Types and functions of financial mutuals

much. Unfortunately, the soccer player died in his sleep without any indication that he had been ill. Later, the woman’s mother told her grieving daughter that ‘they’, the witches, had killed her husband because they needed an extra soccer player. The widow was shocked when her mother told her this. Her mother could only know that the witches needed a zombie for their soccer team if she was one of the witches. Her suspicions became greater after she married for the second time. Her second husband, who was a very bad soccer player, was stabbed in a quarrel. She phoned her mother to tell her that her husband’s life was in danger. Her mother comforted her and assured her that he would not die. The daughter felt that her mother could only know about this if she was one of the witches of the umgalelo: ‘every year, always in September, one of her mother’s relatives died. People say that in September it is her turn (igemi yakhe, ‘your turn to play the game’) to make a contribution.’ In the next chapters it will become clear why witchcraft is part of financial mutuals.

2.4 Grocery Clubs and other ASCRAs

Christmas was the most expensive time of the year. During the summer, around December, most Xhosa migrants tried to visit their family and friends in Emaxhoseni. Migrants were worried about these visits because they could return to Cape Town to find that someone else had taken their job, and because migrants needed money to afford the visit home. A single trip by minibus to the Eastern Cape was about R360. Furthermore, one could not leave empty handed. After all, parents, brothers, sisters, extended family members, and even friends were waiting for the migrant to return with money or presents. The economic situation in most parts of the Eastern Cape, after all, was depressing. Old people and their dependants could hardly survive on a government pension of about R450 a month, which was sometimes not even paid out due to corruption and mismanagement.

For the migrant and his or her family, it was embarrassing to arrive home empty handed. Only with presents and money could one show that the many lonely months in Cape Town had not been in vain. Most migrants, however, had only a low income as a domestic worker or unskilled labourer and were often unemployed. This sharply contrasted with the image that relatives and migrants maintained of a prosperous life in Cape Town. Many people in the Eastern Cape, of course, knew better because they themselves had migrated in the past. But the image of a rich life in Cape Town supported the claims made on returning migrants. In order to live up to these expectations and to comply with some obligations, the migrants had to save money the whole year through.

The Accumulating Savings and Credit Associations (ASCRAs, see Bouman 1994b, 376-377) helped migrants to save. Mostly neighbours and sometimes colleagues or friends formed a group and made monthly contributions. The money was deposited into a bank account and members were able to borrow money. An important difference with the ROSCA was that the ASCRA had a fund that needed to be managed. By the end of November or beginning of December, the members divided all the ASCRA so they could afford a respectable visit to Emaxhoseni.
Little is known about the history of the ASCRA in South Africa. I did not come across any records, as ASCRAs were virtually invisible to the state. Accounts by social scientists are rare and it seems that exciting rituals and politics made the anthropological heart pound faster than the small groups of low-status women.

Kuper and Kaplan were the first to describe a financial mutual that can be classified as an ASCRA. This was Mahodisana, which meant 'make pay back to each other' in Sotho (1944, 179). These ASCRAs consisted of from three to eighty women. The women had to wear a uniform at the meetings, possibly an influence of the churches. The members contributed money to a fund that was banked by a treasurer. Some groups allowed members to take out loans. At the end of the year, they withdrew the money and each member received the amount she had contributed (Kuper and Kaplan 1944, 182-183).

Table 2.2: Organisational characteristics based on 18 ASCRAs

<table>
<thead>
<tr>
<th>Characteristics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>joining fee</td>
<td>R50 and R500 (average R275); others no joining fee</td>
</tr>
<tr>
<td>monthly contributions</td>
<td>between R10 and R100 (average R54)</td>
</tr>
<tr>
<td>monthly interest rate</td>
<td>between 1% and 50% (average 23%)</td>
</tr>
<tr>
<td>amount borrowed</td>
<td>varied from voluntary to forced; from R100 p.m. to R3,000 p.y. and more</td>
</tr>
<tr>
<td>amount received</td>
<td>from zero (default) to R1,900 (indication of average R1,400)</td>
</tr>
<tr>
<td>members</td>
<td>neighbours, sometimes colleagues or friends</td>
</tr>
<tr>
<td>size</td>
<td>from 10 to 42 (average 21)</td>
</tr>
<tr>
<td>expenditure</td>
<td>- half individual: cash, up to the member what do do with it</td>
</tr>
<tr>
<td></td>
<td>- half collective: the ASCRA buys groceries together</td>
</tr>
</tbody>
</table>

During the research, I came across eighteen ASCRAs (see table 2.2) and one organisation that worked exactly like the ASCRA, but where no loans were given. It was much more popular to join financial mutuals that provided loans than financial mutuals that could only be used for saving.²⁰

Most of the time, female neighbours formed an ASCRA and, to a lesser extent, female colleagues, friends, church members, or men in general. The size of the group varied from ten to forty-two members, of which the larger groups tended to be divided into smaller subgroups. The subgroups
took turns in borrowing money from the organisation so that not everybody could borrow simultaneously.

ASCRAss usually started at the beginning of the year, in February. Only two ASCRAs had a joining fee. The meetings were mostly held on a Saturday or Sunday at the end or the beginning of each month, just after the members had received their wages. The contribution was often R50, which was called 'stage money', just like in the ROSCA. After the stage money was collected and recorded by a secretary, people paid the interest on outstanding debts.

Once all the money was collected, it was time for the members to borrow again. In a vast majority of ASCRAs, it was obligatory to borrow money, in order to 'make the money grow faster'. Some ASCRAs forced the members to borrow at least R100 a month, while others limited the loan to ensure that members were not burdened with a debt they could not repay. In some ASCRAs, the members had to return the loan by the end of the month, while others forced the member to borrow the money for three months, or even allowed them to repay the money any time before the end of the year. In the meantime the members had to pay interest, which was usually 20 per cent per month.

The interest rate might seem high, but it was relatively low compared with other available sources of credit, such as moneylenders or 'cash loan companies'. Moreover, the interest was to the benefit of the members who divided the money among themselves by the end of the year. Some members did not even bring in the interest themselves. They used the ASCRA loan to give a loan to a neighbour or colleague, who then became responsible for the interest. The neighbour or colleague had to repay the loan and the interest to the member who in turn brought it to the ASCRA. The member stayed responsible for paying the ASCRA.

A third of the ASCRAs were divided into two to four subgroups that received loans in turns. For example, Zibiya belonged to a grocery club of forty-two members, of which only three were men, and she contributed R50 per month. The members, which totalled sixty-seven, were divided into two subgroups of twenty-five and another of seventeen members, which I will call subgroups A, B and C, each with its own treasurer. In the first month, the members of subgroup A each had to borrow between R100 and R500. In the second month, subgroup A paid the interest but kept the loan, while subgroup B had to take a loan. In the third month, subgroup A paid another twenty percent interest and returned the loan. Subgroup B only paid interest and kept the loan, while subgroup C had to take out a loan, and so forth.

All but one of the ASCRAs opened a group account, such as a savings account or a thirty-two-day notice, at one of the banks in Cape Town or Bellville. The treasurer deposited the money and had to show the deposit slip at the next meeting. Once the money was deposited, the ASCRA would not withdraw it to use for loans to members.

In November or the first week of December, it was time to divide the money. Outstading debts were settled or deducted from the share. Half of the ASCRAs divided the cash, while the other half used it to buy groceries in bulk. Makro and Metro were particularly popular wholesalers. Buying groceries together in bulk was cheaper (less transport costs and better prices), less time consuming, and more fun. The women were often very excited about what they should buy together and how many groceries they would
receive. In addition to the groceries, most ASCRAs gave some cash, which was called 'change'.

The ASCRA money was often used for presents, or migrants brought the cash with them to the Eastern Cape. Some also carried massive loads of groceries, or even furniture, along. When Christmas approached, one could see many overloaded minibuses and coaches packed with people, furniture, and suitcases on their way to Emaxhoseni.

2.5 Comparing the functions

In this paragraph I will limit myself to a brief comparison of the most important functions of financial mutuals. This comparison is summarised in table 2.3 and will reveal why financial mutuals were so important to its members.

Table 2.3: Functions of financial mutuals

<table>
<thead>
<tr>
<th>Function</th>
<th>Burial Society</th>
<th>ASCRA and ROSCA</th>
</tr>
</thead>
<tbody>
<tr>
<td>social constraint to self-constraint</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>social security</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>insurance</td>
<td>++</td>
<td>-</td>
</tr>
<tr>
<td>fun and pleasure</td>
<td>-</td>
<td>+ -</td>
</tr>
</tbody>
</table>

irrelevant: -  relevant: +  very relevant: ++  varied: + -
2.5.1 Social constraint to self-constraint

Saving is a postponement of the satisfaction of needs (de Swaan 1996b, 12). Postponing needs was very difficult for Xhosa migrants who were exposed to many adversities, risks, and claims by others. The many needs and the low, unstable incomes made it very difficult to save regularly. Many men and women told me that they felt it was very difficult to control their desires. These desires were often very humble, at least in my eyes, like the wish to smoke a cigarette once in a while, have a beer with friends, have a chicken dinner, buy some barbecued meat at one of the stalls at the taxi station before commuting back home, or buy a new dress in order to look respectable. If one joined a financial mutual one could be sure that part of the money was safeguarded from such desires: ‘Many informants said that they would not have the willpower to save on their own, and by putting regular contributions into savings clubs they knew they would be able to meet their commitments at the end of the year’ (Buijs and Atherfold 1995, 75).

Elster calls for a theory of ‘imperfect rationality’ that includes the weakness of will of people while knowing it. The person knows the limits of his rational behaviour and therefore he knows to solve his lack of willpower through pre-commitment. Elster (1979, 37) argues that ‘binding oneself is a privileged way of resolving the problem of weakness of will’. A conversation that I had with participants of a financial mutual clearly illustrates Elster’s point. I had joined a ROSCA with my research assistant and some of her neighbours. After the five of us had each contributed R200, I told them the story of Ulysses and the Sirens that Elster (1979) has used to explain this mechanism. I described how Ulysses and his crew had to manoeuvre their ship past the sirens whose tempting songs would lure them to the cliffs and cause their death. Only by sealing the ears could the crew ignore the sirens and survive. But Ulysses desperately wanted to listen to the seductive voices of the sirens without risking his life and the lives of his crew. Upon his request, the crew tied him to the mast of the ship so he could listen to the sirens without danger. The crew had deafened themselves by sealing their ears and could safely pass the dangerous cliffs. Thus, upon his own request, Ulysses could be constrained by the deafened crew and enjoy the sirens’ songs. He was aware of the pitfalls of temptation and therefore asked his crewmates to constrain him.

I asked the organiser of our umgalelo, Grandma Doris, if our umgalelo worked like that. ‘Oh, yes’, she replied enthusiastically; ‘I know that story from the Bible. It is exactly like that! We push each other to save money.’ This was one of the great advantages of financial mutuals above other financial arrangements. One could join a group voluntarily and the social constraint of fellow members would make sure that one would not spend all the money but use it for the contribution to the financial mutual (cf. Ardener 1995, 7; Bijaar 1998, 343-344; 2002, 104-110; De Swaan 1996b, 12; Rowlands 1995, 113-114).

De Swaan (1996b, 12) applied Elias’ concept of social constraint to self-constraint in describing this aspect of financial mutuals.23 This concept encompasses the voluntary nature of the organisation and the ability of the participants to save in the absence of fellow participants, as well as the social constraint offered by the fellow members who ‘force’ each other to put money aside in the financial mutual. Although all financial mutuals offered
social constraint to self-constraint, this was particularly important for
ROSCAs, ASCRAs and burial societies without a fund. The money that was
involved in ROSCAs and ASCRAs was often very large. Moreover, many
ROSCAs, ASCRAs, and burial societies without a fund were organised among
people who had ample opportunities for soliciting social constraint, such as
from neighbours. The concept of social constraint to self-constraint brings to
the fore the social processes which people seek and submit to voluntarily.
Furthermore, as De Swaan (1996a; 1996b) pointed out, the analysis of social
constraint and self-constraint made it possible to understand collectivisation
processes, and particularly those of insurance and care arrangements, in
19th-century Europe.

Without the psychological and social processes that Elster and De
Swaan point out it is not possible to understand one of the major attractions
of financial mutuals. Elster highlights the weakness of will that calls for the
binding of people, and the concept social constraint to self-constraint that
De Swaan applies from Elias’ civilisation theory does the same. This, howev-
er, poses a problem. ‘Lack of willpower’ and ‘self-constraint’ assumes that a
person has control over money, but nevertheless spends it due to their weak-
nesses. But the data on Xhosa migrants revealed that they often did not have
control over their money. It was quite common, as will become clear in chap-
ter five and eight, that somebody would steal the money. Clearly, this has
nothing to do with any weakness of will in the victim of a theft. Neighbours,
colleagues, partners, and family members constantly called on each other for
help.24 For the migrants, it was difficult or plainly impossible to refuse assis-
tance, especially if one had money to help someone. The only more or less
legitimate refusal to help was to have no money. Saying ‘andinanto’, which
means ‘I do not have anything’ was the only way to refuse help.25

By creating new and more immediate social constraints in a financial
mutual, migrants tried to dodge the social constraints of kin, neighbours, or
colleagues. It was especially difficult for women to manage the claims made
by kin, particularly the claims that were made by a husband and her in-laws.
Therefore, financial mutuals not only offered social constraint to self-con-
straint, but also social constraint against social constraint. Thus, financial
mutuals should be understood as part of a person’s social network and the
kind of constraints one had to deal with. Xhosa migrants used financial mutu-
als to reposition themselves within changing configurations of social con-
straint. The advantage of new forms of social constraint and new interde-
pendencies was that flows of money could be manipulated. Consequently,
the popularity of financial mutuals among women should be attributed to
gendered social constraints, and not because women had a weaker will than
men, or had less self-constraint. In chapter five, the gendered dynamics of
money within volatile relations will be explored in more detail.

2.5.2 Social security

Xhosa migrants had to cope with many deficiencies and adversities: a relative
could die, one might not find a job or lose it, a shack could burn to the
ground, money might be stolen or it might be needed to consult a diviner
(igqirha). Needy parents and children put even more pressure on limited
Introduction: Types and functions of financial mutuals

Budgets. Financial mutuals provided a form of defence against the threatening triad of violence, economic insecurity, and volatile relations. Burial societies provided some social security because of the insurance function. The burial societies assisted whenever a member or dependent, mostly a relative, died. Contrary to the Friendly Societies that existed in Europe, there were no financial mutuals that insured people against illness or unemployment. In contemporary South Africa, there was not the same risk of disease as in 19th-century Europe: the South African State - even during apartheid - provided free or subsidised, although limited, health care to the poor. In Cape Town, unemployment was also not insured by financial mutuals. There are a number of conditions that make it difficult to organise a financial mutual that ensures against unemployment: a) the frequent occurrence of unemployment would make it very expensive to ensure against this risk; b) work in the informal sector or small-scale industry is likely to hamper the development of workers mutuals as its small scale, flexibility, and illegality hamper such a collective effort; c) under apartheid, unemployed migrants were forced to leave the city and return to the Bantustan, which complicates an insurance against unemployment through financial mutuals as it led to an accumulation of risks; d) although support by kin was limited, it did offer an alternative to a financial mutual that ensures against unemployment. The only exception seems to be insurance arrangements that once existed among labourers in the mines or those who resided in the 'hostels' in urban areas. Fellow workers would pay for the transport costs home if the worker was ill or disabled, or provide an unemployed fellow migrant with food and shelter.

Burial societies, especially those with a fund, provided only for a limited, yet highly appreciated, risk: the costs of death. Specific for an insurance is that recipients were not under the obligation to repay the money or the goods they received (De Swaan 1996a). In an insurance, a member's entitlement is relatively independent of his contributions in the past and only when the member had missed instalments could the burial society withhold assistance. The social security function of burial societies with funds was restricted to a clearly defined goal, which restricted the social security that burial societies provided.

ASCRAs and ROSCAs, and to some extent also burial societies without a fund, generally provided a more diverse range of social security. First, the relations between participants were often of a more personal nature, which made it easier for participants to call on each other for help. Although it was not prescribed, members tried to assist a fellow member who was struck by misfortune. Second, ROSCAs and ASCRAs had more flexible financial arrangements than burial societies. ASCRAs provided loans that members could use for unexpected expenses. If it was compulsory to borrow, one could give the loan to another member or to a non-member. Thus, if one did not need the loan, someone else could be assisted. ROSCA participants could switch turns and, to some extent, one could make sure that one received the money at a convenient time of the year. Moreover, it was easier for ASCRA and ROSCA participants to borrow money: the ASCRA and the ROSCA could be collateral for such a loan. Notwithstanding such advantages, one should not idealise the provision of social security by financial mutuals. Even if one spent the money wisely, it often fell short and was insufficient to deal with the many disasters of the threatening triad. Ingenious financial strategies do not make a poor man rich.
2.5.3 Pleasure

Fun and pleasure encouraged solidarity, trust, and strengthened social networks, but were also goals in themselves (cf. Taussig 1995, 370). Although participation in a large burial society was rarely much fun due to the long and boring meetings, the funerals themselves could be entertaining, although they were not supposed to be. At funerals, there was plenty of food, soft drinks, and some burial societies also organised a choir. People sometimes complained about neighbours who were poor and who never interacted in social events but who were always present when food could be expected. Some burial societies organised a party for the members at the end of the year: there would be music, plenty of cooked or grilled meat, beer, brandy, and soft drinks.

Fun and pleasure at ASCRAs and ROSCAs varied greatly. Some meetings were extremely boring and members could have endless arguments in their attempt to reach consensus. Some meetings were brief, which did not enable the participants to enjoy themselves, but frequently meetings were fun and even resembled a feast; people drank tea or chicory coffee and ate biscuits. Members liked to sit and chat for a long time and did not mind if the meeting started one or two hours too late. In "N droër wit seisoen' André Brink (1979, 110) describes the entertainment at a ROSCA meeting:

“What you need is a proper stokvel.”
“What is that?” Ben asked warily.
“You see? You don’t even know what it is. Why don’t you come with me this Friday, then we have a solid stokvel right through to Sunday night ... It's a party, Janie. Not every which way's party, but the sort where you dance non-stop till you pass out.”

The ROSCA meetings where members ‘scored’ were elaborate social events. The recipient was put at the centre of attention and showered with compliments and praise. Members talked about events in the neighbourhood, screamed, joked, and occasionally sang and danced. Since men rarely participated in financial mutuals, they were a space for women to entertain each other. Furthermore, the money that was accumulated in the ASCRA and ROSCA could be used for festivities, such as the initiation of a son or daughter, a ritual slaughter of a beast for an ancestor, or it was spent shopping for (relatively) luxury items. At least temporarily the harsh realities of the threatening triad could be forgotten.