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Making Change in Peru:
Big Bills, Financialized Development, and the Potentializing Limits of Fungibility

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Research Overview

Money is fungible, in theory: any five dollars is mutually interchangeable with any other five dollars, and the same goes for one-hundred soles, two-thousand rufiyaa, and any other amount of money. Indeed, its fungibility is what has made money one of the most powerful economic tools and, really, social media (Maurer 2012), that the world has ever seen. My ongoing research in Peru, however, takes as its point of departure the curious fact that money is never completely fungible. Like a number of social scientists in recent years (Zelizer 2011; Maurer 2005; Chu 2010; Cattelino 2008, 2009), I have sought to explore money's *non-fungibility*, or its *partial liquidity*, as something that is highly productive, something that has important consequences for the way people forge social ties and work through the small-scale economic, social, and political decisions that occupy their daily lives. The key analytical argument emerging from my field research—which has consisted of a year of ethnography in rural and urban Peru, and which I will continue through January 2015—is that the non-fungibility of money in its various forms, from cash to credit to mobile money technology, is an index of the relationships that develop around its usage, in that socially significant work is needed in order to make money both useful and meaningful.

My research has been specifically investigating the way large cash denominations work in practice. As anyone who has tried to buy a small item with a big bill can attest, big bills are not always immediately fungible. My investigation asks what the use of big bills like the one-

hundred sol note (1 Peruvian sol is roughly \$0.35), and the intricate process of making change out of such unwieldy cash units, might tell us about local priorities and daily life in the rural communities and market towns of Andean Peru's Colca Valley. The distribution of the value of big bills, I argue, plays an important role in the way people relate to one another. The need to make change is a process that helps actors forge alignments and solidifies social networks through seemingly insignificant but pregnant micro-level decisions, while also providing a medium for actors to draw boundaries around those networks. I suggest that the work these cash forms require in order to become usable, what I am imagining as their "activation," means that non-fungibility opens up a moment of possibility, of hesitation and improvisation, of forging ties and making investments and adjusting one's local alliances. In other words, my research has led me to conceptualize *denomination*, the structural obstacle to money's theoretically seamless liquidity that certain cash forms present, as fungibility's "potentializing limit" (Richland 2011).

The research has sought to interrogate the co-production of money's mobility and local forms of investment—from the financial to the everyday social, emotional, ethical, and imaginative investments people make in one another, and in ideas about who they are—in a milieu in which enduring cashlessness, poverty, and inequality bring the presence of large cash denominations into stark relief. How do big bills become tools for configuring social relations within a market, an entrepreneurial association, a household, and communities more broadly? How does non-fungibility enable actors to "transform the value of money" (Cattelino 2008: 123)? What does this specific medium of value conveyance ultimately suggest about what it means to be "indigenous" in Colca?

Background

This investigation into how people deal with cash that is not immediately fungible forms part of my broader dissertation research, which looks at the regional effort to harmonize economic development efforts—from market integration and entrepreneurship to finance training and sustainability programs—with an emerging sense of Colcan indigenous identity. The Colca Valley has come under the aegis of a paradigm emphasizing what anthropologist María Elena García calls “development with identity” (2005), or the use of displayable ethnic and cultural goods as things that can be put to work for economic improvement. This entails the cultivation of uniquely indigenous knowledge, practices, and human capital, especially over the past fifteen years, after Colca’s villages became fully integrated into the national electric grid and highway network. In combination with a move toward cash cropping, construction, tourism, and mining, the local economy has moved away from subsistence farming as the principal source of livelihood. In that context, new forms of prosperity and increasing wealth have entailed new systems for value storage: a booming credit and loan industry in the regional capital of Chivay, for example, or the influx of big bills into local markets in unprecedented quantities. As Brígida, one of the Chivay market vendors I followed, told me, the big bill was a relatively novel genre of cash that vendors had to “learn to manage” (interview, December 2013).

Peru’s Colca Valley, located in the backyard of the country’s bustling second city of Arequipa (see map), has mirrored paradigm shifts that development policy is seeing transnationally. In broad terms, development in Colca began with ambitious modernization programs meant to bring this once extremely remote cluster of communities into the firm clutches of the national economy. Over the past two decades, Colca has seen the rise of microfinance, in what Ananya Roy calls the “financialization of development” (2010), which has

more broadly entailed the transition to narrowly focused, collaborative interventions: investments in small enterprises in the sectors of agricultural export, tourism, and other businesses that emphasize the promotion of indigenous cultural capital. These investments are being made against a backdrop of astronomical growth and prosperity. Peru now has South America's second-highest Fitch and Standard and Poor's credit ratings (BBB+), with many Peruvians worried because national growth has slowed from 6.5% down to 5%. Many development initiatives that once dominated the Andean countryside, and programs like the US Peace Corps and the Spanish Agency for International Development Cooperation, are drawing down their projects.

Though high mountains stand between the region and Arequipa, and a forbidding desert complicates access to the Pacific coast, Colca has never been completely cut off from the rest of Peru. Residents of the Colca Valley, a region diverse in agricultural and livestock resources that, before independence, was one of the Inca Empire's most productive (Benavides 1983), have historically been an important part of the Peruvian national resource economy. Since Peruvian independence, cash had always flowed through Colca's villages, but until recently, tended to almost exclusively be exchanged among wealthier "misti" (Spanish-descended creole or mestizo) property owners, with most Colca residents engaged in subsistence agriculture (Benavides 1983). This meant that cash use tended to trace class lines. Over the past several decades however, with the intense intervention of development agencies, microcredit NGOs, and multinational mining corporations, Colcans have transitioned to cash-cropping and other kinds of entrepreneurship. In the midst of that transition, and as tourism became an increasingly large industry here, money usage became ubiquitous, in some cases even replacing *ayni*, a system of traditional reciprocity arrangements that were once the primary currency of labor and service provision between local

families (Huaracha interview 2014). Despite this expansion of the cash economy, Colca's villages today are relatively cash-homogenous and "cash-lite," in that the smallest denominations (1-sol, 5-soles, 10-soles) tend to dominate and be preferred in most ordinary transactions.

Big bills, on the other hand, are conspicuous minority denominations there, and that is what makes them interesting objects to follow. This project submits those seemingly mundane objects to thick ethnographic description (Geertz 1973). What can cash denominations, specifically big bills, reveal about relationships within a community and how people are figuring out how to self-identify as economic and political priorities dramatically change? How does indigenous culture and heritage get mapped onto the value of money? The activation of the high value stored by large bills engages a whole host of encounters, and can draw together a wide range of contexts, experiences, and ethics. Denomination size mediates what Zelizer calls "earmarking" practices (Zelizer 2011), in which the origin, mobility, and destination of particular cash units are imbricated with the amount of value these units contain but also concretize the meaning—and even the pedagogical and moral messages—they carry.

The hypothesis that this research has largely supported so far is that big bills often cannot be spent without the mediation of certain social relations. We ought not overlook these social relations, because my research has shown that they are ultimately what it takes to transform *money* into an *investment*, infusing it with meaning, culture, and both indexes of and impulses for intersubjective relationships. As the research moves outward from this intricate look at cash use to the implications of new development investment priorities for life in these communities, this project ultimately seeks to discern what it means, at multiple scales of social life, to make an investment.

Methodology

The study is methodologically rooted in a microanalysis of the non-fungible dimensions of cash. I have been following three nodes in the regional circuits of mobile cash: the Chivay market for agricultural goods and other wares, an association of cultural tourism entrepreneurs, and a household. What happens when a customer approaches a merchant in the Chivay market with a 100-sol bill when this merchant is only holding onto a few coins? How is a development initiative's or NGO's investment in a profit-sharing small business association distributed as cash among the members of the group when it is awarded in the form of big bills? In a household engaged in cash cropping and cultural tourism, how does the occasional influx of big bills affect family savings practices?

The Chivay market. Anchoring my research on cash use was a series of experiments I conducted with market vendors. I have been longitudinally tracking fifteen of these market vendors over the course of a year. With each, I would routinely purchase inexpensive items with a 50 or 100-sol bill; as vendors decided on various strategies for completing or calling off each purchase, I interviewed them, asking them to describe what they were doing as they took the various required intermediate steps necessary to make change. In addition to the tie-forging effect I found to be an immediate result of a vendor's making change by drawing on one's market vendor colleagues, I also learned that many vendors would earmark big bills for larger expenses, as one vendor, Reyna, told me (interview, November 2013), and as others corroborated throughout the research period. "There is a difference," she said, between cash denominations, in practice: big bills go to the "*bolsa familiar*"; they are used "for savings," and for expenses such as the little house her family keeps in Arequipa, or for her daughter's university education. As Maruja, who runs a small stationary and electronics store next to the market said, big bills are

used to “invest.” In addition to the investments she is making in antennas for cable TV and internet sales, she made clear that “I want to invest in my children too,” supposedly unlike many people here in Colca who, according to Maruja, only possess homes and fields and fail to save up for their children’s futures (interview, March 2014).

The vendor Reyna, a thirty-year-old woman, runs a breakfast cart in the market every morning. When I sat down to watch her make change one crisp Chivay morning, I noticed several pitchers at her post containing different kinds of warm grain milk she sells for 1 sol each. I initiated our conversation by buying a glass of kiwicha milk with a 100-sol bill. As she began a *sencillar* process that would last several minutes, she scanned around the marketplace for somebody to ask to change the bill. During this delay, she filled the time by telling me that it was these kinds of milk that the Collaguas and the Incas would drink to stay strong. Then, after seeing that everybody close to her cart was busy, she walked over to the other side of the market, asked several people if they could change a 100-sol bill; the first two said they did not have the change with sympathetic looks. The third vendor she asked had a great deal of change on her, after doing well in her sales that morning, so Reyna stood and waited as she prepared a substantial bundle of 20-sol and 10-sol notes and 5-sol and 1-sol coins amounting to 100 soles.

Making change for one’s market vendor peers is an obligation as long as one is able to complete it. As Reyna said, “in Peru we are selfish,” indicating that mutual help marks this rural market as a different kind of place, friendlier than the rest of Peru, an idea echoed in many other conversations where interviewees like mapmaker and tour guide Zacarías Ocsa have suggested that Colca has its own proud, autonomous culture, while “Peru is over there, in Lima” (Ocsa interview, April 2008). This was also echoed in the fact that during another interview in a store, an elderly woman vendor came to the store to leave several containers of supplies in an unused

corner of the store space, a place she knew would be secure based on her alliance with the proprietor. The few vendors in the market who consistently refuse to make change and support one another lose many other opportunities for collaboration and tend to find themselves isolated from the market's larger social networks. They are looked down upon and excluded in a way that expresses a dominant ethic of collaboration instead of competition in the market site, just as a failure to participate in existing *ayni* systems in other corners of Colca's villages result in social isolation and the risk of resource shortage. In this way, the use, storage, and circulation of large cash denominations traces lines of affiliation, outlining an ongoing system of "generalized reciprocity" (Mauss 2000; Sahlins 1972). The routines of obligation configured by making change do not always mean immediate, direct reciprocation, but they do suggest the market public's broader sense that ongoing cooperation makes every vendor better off.

Big bills tended to enter the market and circulate at much higher rates when the Colca Valley became a popular site for mainstream tourism, as other vendors told me. The place has found an increasingly prominent place on the tourist map over the past fifteen years, as attractive for the beauty of its canyon as for the living Collagua and Cabana culture (two local ethnicities that date back to the years before Inca rule) its people are putting on display. Thus, the presence of big bills might even be seen as an unexpected indicator of the effort by municipalities and non-governmental organizations (NGOs) in the region to revalorize indigenous culture, seeing this as the new silver bullet for economic growth. More generally, it can be seen as an indicator of the region's increasing inclusion in national and transnational economic networks.

The Yanque Ayllus Consortium. I compared the Chivay market with two other case study sites for observing the sociocultural ramifications of money's non-fungible dimensions. I looked at a small association of live-in tourism entrepreneurs in the Colca Valley community of Yanque,

called the Yanque Ayllus (or families) Consortium. This is a group of four families related by blood or close friendship, in which profits, costs, and customers are sometimes shared as a collective. In each of these family businesses, special guest rooms are created right in the home for tourist lodging. A tourist pays to experience one or two days in the life of an indigenous Colcan, from work on the farm to exploring the most important nearby ecological and ritual sites for the family. As Consortium President Guillermina Huaracha described it to me, the business cooperative works in a way that the profits and development support it receives often come in the form of unwieldy cash denominations, which means that members rarely, if ever, possess an equal amount of money in a given moment (Guillermina interview, July 2013).

In order to share its profits, the cooperative's president or a designated colleague must make an "activation purchase," in which they use a big bill to buy a small item to transform the profit into a more fungible, division-friendly pile of smaller cash units. This purchase, meant to push the large cash unit out of association members' hands as quickly as possible, directly links the association to the broader local economy, stimulating the economy through its consistent supply of purchases. Thus we see market dynamism, even at a small scale, directly resulting from the presence of big bills in a cash-diverse ecology. Different kinds of linkages to the market are also forged through other efforts to simplify large cash denominations, especially in the journey that has become an essential feature of any Colcan business enterprise: the trip to Chivay, the regional capital and market, supply, and financial center. The Colca branch of the *Banco de la Nación*, or Peru's National Bank, also changes big bills for smaller ones. However, because it is located in Chivay, a fifteen-minute bus ride away from Yanque, the need to make an activation purchase, seek out friends that may happen to be in possession of small change, or exchange customers tends to be the dominant form of settling up within this group. And when

Guillermina or a colleague of hers would go to Chivay, the journey would never be simply to make change, but was time-consuming enough that the trip would tend to be used to run errands and make business-related purchases.

The association presents a site of ongoing, collateralized profit holding in which reciprocal relationships and alignments within the group are constantly reinforced by the fact that somebody is owed and somebody owes all of the time. When money cannot be divided, customers sometimes themselves take on a fungible quality: as a way of settling up, incoming customers can be reciprocally exchanged. This opened further problems, however, as not all of the four homes are equal in quality. Hilde Checca, a member of a large and historic Yanque family whose cultural tourism hostel has attracted the most customers by a large margin over the past several years, left the consortium during my case study after realizing that her membership in its profit-sharing arrangement was causing her to lose money (Checca interview, April 2014).

The household. Concurrently with these first two case studies of cash practice, I have been longitudinally analyzing the use of big bills as part of one rural household's long-term savings practices. The home of Gerardo Huaracha and Luisa Cutipa de Huaracha, an elderly couple influential in the Colca village of Yanque, is a member household of the Ayllus Consortium, whose president is their daughter. This third case allowed me to follow the flow of cash from a single enterprise into daily life. If the first two cases reveal that big bills clearly mediate social relations, the household I have been following shows us that large cash denominations also play an important role in savings practices. The couple's household resources often extend to the larger local family of adult children and grandchildren, many of whom are their neighbors. Big bills, here, have tended to become long-term savings and value storage devices, taking on a "heavy" quality, as opposed to the "lightness" of coins and smaller

denominations. They are often earmarked for larger community expenses and resources. Otherwise, a big bill tends to be used as a kind of portable savings box, deactivated latent value, spread throughout various hiding spots in the home. Big bills orient a family in space, by structuring its members' obligations and investments in the broader community, and also in time as a long-term savings device, by helping that couple configure its relationship to the future, imagine the most significant expenditures they will face in the coming years, and plan the wealth and resources they will pass on to their children.

Denomination and ritual life. Beyond these three case study sites, large cash denominations become important in a fourth site I have only begun to investigate: ritual life. If we can perhaps claim that the process of making change borders on the ritual—in which a certain procedure is expected that abstracts and reproduces social relations within a particular community—there are also a number of important sites where big bills take on a unique ritual function. One feature of Colcan fiestas, from saint's days to weddings and baptisms, as in much of the Andes, is the placing of cash in the festival sponsor's sombrero. An embroidered fabric band is tied around the hat, and through the course of the day, the band is stuffed with bills that attendees are expected to give as a form of thanks and to alleviate the massive expense any fiesta entails. Each fiesta sponsor's goal is to make his or her hat as literally "cash-heavy" (see below) as possible. Upon contributing, an attendee is often given a kind of party favor: a bottle of beer to share and a large glass of *chicha*, a fermented maize drink featured at most ritual occasions here. Often but not always, a friend or family member is tasked with keeping a list of the contributions. While most attendees give 10- and 20-sol bills, some offer denominations in the amount of 50 and 100 soles. At the fiesta in September 2014 for San Antonio in a small Colca settlement called Ran Ran that happened to fall in the midst of the campaign season for

municipal and regional positions, local mayoral candidates showed their generosity and care for the people they hope to represent by placing those larger denominations in the sponsors' sombreros. There is certainly more to explore in this fourth site, but for now, we can claim that here, as they are transferred from the hands of generous attendees and public figures trying to garner influence, large cash denominations carry the unique stamp of the hands that give them.

Preliminary Analysis of Findings

What does an ethnographic reading of cash use suggest about its ecologies? In the market, the vendor's need to figure out how to make change opens up what I am seeing as a productive moment of *hesitation*. The customer may also hesitate first, deciding not only whether to buy something and what to buy, but also, what configuration of coins and bills she or he will use to pay for it in relation to what might be needed between that moment and the next chance the customer will have to go to her or his savings box or bank account. There is one main bank in Chivay, the National Bank, where most Colca residents now have an account, and where accessing one's account is a time-consuming and inconvenient errand; there are also several ATMs there, but few Colcans use debit cards. Interestingly, these banks are a backup resource for making change, but waiting on a line and presenting one's national identity card present sufficient hassle that vendors tend to prefer changing money with one another.

These moments of hesitation in any purchase allow for many parallel interactions to happen: casual conversation that enables customer and vendor to strengthen their alliance, which could play a role in fostering customer loyalty; a moment in which one of the actors is waiting on the other, allowing the vendor to complete another sale; or a pause in which vendor or customer can observe what else is going on in the town square, and tune in to the broader public culture.

Of course, moments of hesitation can also cause harm: if they are too long, they can result in distraction that can leave a vendor or customer vulnerable to robbery or miscounting, or, more likely, to a missed sale. However, I found that the interactional moments afforded by the need to economically “activate” the value of large bills by making change tended to create and reinforce relationships between customer and vendor, between a vendor and colleagues in the market, and between market actors and the larger public of the market town.

Together, these three sites help us answer important questions about the everyday practices that surround the usage of money. How mobile is cash? Are big, unwieldy cash denominations like the 50 or 100-sol bill uniquely mobile, or uniquely stationary, in rural market centers like Andean Peru’s Chivay? In this past year’s IMTFI conference, Scott Mainwaring pointed out that the use of big bills in Colca suggests a concept of cash “heaviness.” There, in direct contrast to the Zambian example as Dzokoto and Imasiku described it at the 2013 conference, small coins (especially the 1-sol and 5-sol piece) are the most desirable units. They make market transactions and small purchases easy. They are light. They move quickly. In contrast, the much heavier big bills do very different things, and are themselves economically productive in distinct ways. They force vendors and entrepreneurs to draw on their limited store of social capital, and because of that scarcity, keep actors in feedback loops of obligation. They keep value in one place. They move either very slowly or very quickly.

Examining the rich social dimensions of ordinary, everyday cash use at the micro level suggests that fungibility is not an automatic function of money, but money’s *goal*. Fungibility is something that must be *achieved*. Cash denominations can perhaps be imagined as falling on a kind of fungibility spectrum, ranging from “immediately fungible” on one end, to “fungible through extensive intersubjective mediation” on the other. The many intermediate steps one

often needs to take to achieve money's fungibility in Colca are socially significant, culturally generative, and ethnographically revealing.

Directions for Future Research

The implications of this idea go far beyond ordinary cash transactions, illuminating some of the key puzzles of mobile money technology and the essential questions surrounding the idea of alternative currencies. This has not been a study of large macro-trends, but rather, of pregnant, revealing micro-practices. I will continue to unpack these practices as I embark on the process of transcribing my interviews, analyzing my notes, and learning what other scenes cash denominations are influencing in Colca.

However mobile it may be, money in any form cannot be purely liquid. Examining the way money works, closely looking at this partially liquid medium that always needs a vehicle or a rail—a medium that configures its own cultural ecology while calling for particular kinds of social and physical infrastructure—reveals a bigger picture of the contexts of financial inclusion and exclusion in which that money comes to be at work. It also offers an avenue for broadening the reach and deepening the impact of development interventions engaged in the effort to stimulate local economies to be more equal and more just. It attunes us to the importance of cash diversity, which offers a partial benefit to a community's economy in that particular denominations forge bridges between distinct economic sectors through the activation purchase.

Cash use offers an important complement to the research I am continuing in Colca between now and January 2015 into a regional paradigm of development investment that is highly reliant on finance and imbricated within Colca's booming credit economy, and my more direct focus on the cultivation, through finance, of a marketable indigeneity. Even as these more

abstract forms of value transfer take an increasingly prominent place in the regional economy—a process pushed heavily by Desco, the NGO I have been following most closely—Colca residents tend to use cash for the majority of their transactions, and according to my interviews, many of them understand market value in terms of cash while approaching credit-granting institutions with suspicion. What will Colca look like as other money forms find their way into everyday customary usage? How will short-term NGO-based development projects impact the local economy after their interventions end and they leave the region? Of course, cash-based exchanges historically and at present only form a part of the diverse local economy. But that simple, easy to overlook practice of transforming big bills into small ones is undoubtedly a way in to an anthropology of situated wealth, to asking how money takes on meaning and how people invest themselves in effecting economic change.

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Map: Arequipa and the Colca Canyon

<http://colcacanyon.info/maps/colca-trek-map/>