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Making Change in Peru: Big Bills, Financialized Development, and the Potentializing Limits of Fungibility (Part 2)

By IMTFI researcher *Eric Hirsch*

At the core of my IMTFI-based investigation were the cash experiments I conducted with market vendors in the Chivay market in Peru, as I began describing in my previous post. I have been longitudinally tracking fifteen of these market vendors over the course of a year. Fourteen of them are women, and one is a man. With each, I have routinely purchased inexpensive items with a 50 or 100-sol bill; as vendors decided on various strategies for completing (or calling off) each purchase and making change, I interviewed them, asking them to describe what they were doing as they took the intermediate steps to make change. In addition to the tie-forging and strengthening effects 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 savings" and larger expenses, as Reina told me. They are reserved for the "bolsa familiar," or diverted toward large purchases like painting the house or supporting her daughter's university education. Making change, furthermore, is an obligation when one is able: the few vendors in the market who refuse to do this lose later opportunities for help from their neighbors with making change and offering supplies when something runs out.

Big bills, as other vendors told me, tended to enter the market and circulate at much higher rates when the Colca Valley became a popular site for mainstream tourism, which began over the last two decades in the wake of major infrastructure projects in Colca and Peru's national reopening to the world following decades of internal violence. 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 indicator of the effort by municipalities and non-governmental organizations in the region to revalorize indigenous culture and, more generally, of the region's increasing inclusion in national and transnational economic networks.



Making change at Brígida's breakfast stand. Photo by author.

I also compared the market scene with two other case study sites for observing the sociocultural ramifications of money's non-fungible dimensions. I looked at a small association of homestay tourism entrepreneurs in the Colca Valley community of Yanque, a group of four families, in which profits, costs, and customers are sometimes shared as a collective. At the same time, I have been longitudinally analyzing the use of big bills as part of one rural household's long-term savings practices. I found similar results in these sites. The tourism business cooperative works in a way that the profits

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and development project investments it receives often come in the form of unwieldy cash denominations, which means that association members rarely, if ever, equally possess the same actual amount of money in a given moment, even though the organization technically shares its profits. In order to do so, the cooperative's president must make an "activation purchase," using a big bill to buy a small thing in order to transform the profit into a more fungible, division-friendly pile of cash units. This almost compulsory purchase, meant to keep that large cash unit moving, directly connects the association to the broader local economy, stimulating the economy through its consistent supply of purchases (however small). The association also presents a site of longer-term collateralized profit holding, in which relationships and alignments within the group are constantly reinforced by the fact that somebody is owed and somebody owes all of the time.

If the first two case studies reveal that big bills clearly mediate social relations, the household I have been following sheds more light on how large cash denominations help to organize savings practices. This household consists mainly of an elderly couple, the two family members who actually live in the house. Their resources also 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. This became clear one day when the couple sold some 400-soles of alpaca wool: they told me that the four 100-sol bills would be safely stored until the time came to make a major repair to the house or a large community expense, such as access to the irrigation system for their farmland. The bigger the bill, the better hidden it tends to be. These big bills tend to be used as a kind of portable savings box, storing deactivated latent value, kept in safe hiding spots in the home. As value storage tools, 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.



The Chivay market. Photo by author.

Together, these sites help us begin to 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, 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. They present unwelcome moments and challenges that force vendors and entrepreneurs to draw on a limited store of social capital. They keep value in one place. They move either very slowly or very quickly. Both kinds of cash units hook actors up to what Viviana Zelizer calls broader "circuits of commerce" (2011), but each lays out a different pathway into those circuits.

So, thinking about 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 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.

The implications of this idea also go beyond cash exchanges, illuminating some of the key puzzles of mobile money technology and the essential questions surrounding the idea of alternative currencies that preoccupies the IMTFI. However mobile it may be, money is not purely liquid. The social and political structures surrounding money, always a *partially* liquid medium, reveal a bigger picture of the contexts of financial inclusion and exclusion in which that money comes to be at work. They also offer 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. As my investigation has illustrated, those initially unwelcome transactions that lead to hesitation, conversation, and the use of social ties to lubricate what will always be an imperfect medium of exchange have much to tell us about how money comes to be at work in everyday decisions about what is important.

References

Zelizer, Viviana. 2011. *Economic Lives: How Culture Shapes the Economy*. Princeton: Princeton University Press.

Read Eric's full research report [here](#).
Read [Making Change in Peru \(Part 1\)](#)

Posted by Sean at 3:30 PM



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