Getting by or getting ahead State social spending and financialization in Peru

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Abstract: Peru's economy is booming because of natural resource extraction, without providing formal employment. Instead, increased state revenues fund social spending. This case study shows how cash transfers are integrated into intergenerational reciprocities that are essential to social reproduction in ways that promote financialization: their inadequacy may necessitate loans which the regular disbursements can repay. Recipients hoping to get by tend to have few kin obligations and use state aid to sustain themselves, while those hoping to get ahead use them to leverage investment in productive enterprises for themselves or their families. For people from Allpachico, for whom male migrant work in the regional mining sector was the economic mainstay three decades ago, this constitutes a new relationship to the state, mining, and the economy.

Keywords: cash transfers, class, financialization, neo-extractivism, Peru, social reproduction, state

This article takes its starting point in the new relationship among villagers, the state, the mining sector, and banks in Peru. The line begins with natural resource extraction companies, which remit royalties and taxes to the state; the state then distributes some of this to poor citizens through social spending intended to relieve poverty; these recipients then use these in reciprocal relations with kin and communities, as well as to leverage loans or financialized consumption. Two features of the state funds are central here: they are regularly distributed, and extremely modest. The meagerness limits the recipient to a very restricted quality of life, preferably through reciprocity with kin. This allows them to get by.

If, however, the recipients and their families aim to get ahead, they can use the regular payments to support loans or installment purchases for production or consumption. This represents a contrast to the situation of 20 or 30 years ago. This article is based on a case study of people from a community I call Allpachico,¹ situated in the central highlands, where I began doing research in 1984. Over this period, with its political and economic ups and downs, I have repeatedly heard two phrases at different times and by different people: one relates to minimal survival especially in times of crisis, and refers to whether their resources would allow them to *al-canzar* or *abastecer*—that is, to get by. The other,

either the personal *salir adelante* (get ahead) or *sacar adelante a mis hijos* (help my children get ahead), expressed ambition for the future. Both were related to the resources available to them and their strategies for livelihood, which wove together kinship, community ties, and engagement with the wider economy.

Three decades ago, although the economy was already well embarked on crisis, Allpachiqueño livelihoods were based on a combination of relatively stable male wage work, flexible female informal service and sales, and agriculture. They participated in demonstrations to demand state attention to their combined peasant-worker class concerns and complained the state was effectively absent from their everyday lives. They were also marginal to the banking sector, unable to access loans. Social reproduction depended on reciprocal relations with kin and in the community, and very much reflected the combination of peasant farming and male migrant work in the regional mining and railway sector. Wage income was pivotal, with the cash making its way to full-time farmers as they worked on migrants' fields. Workers covered their own needs and bought productive resources or consumer goods with their savings from wages. They invested in land, livestock, stores, and their children's educations. As jobs dried up with the onset of neoliberalism in the 1990s and the older generation of men was pressured into retirement, severance packages provided a last opportunity for such investments.

Now, despite strong national economic growth—an average of 6 percent annually from 2004 to 2014 (MEF 2016: 8)—there is precarious employment for men and women, and small-scale farming is in decline. Pensions, from both employment and the state, along with a range of state-funded programs, have gained in importance. Through social spending, Allpachiqueños have finally received state attention in the form of regular visits from officials verifying eligibility for the various funds directed to poor Peruvians. Further, bank representatives tour the village aggressively promoting small loans. In this way, poor villagers

experience state surveillance as they solicit benefits, and relate to the economy increasingly as consumers and debtors rather than as workers and producers. Social reproduction continues to revolve around ties to kin and community. For beneficiaries of state social spending, the evidence demonstrates a continuum of strategies between, at one extreme, the use of social payments to permit recipients simply to get by, while at the other, those with ambitions for themselves and their families are led to leverage their income to get loans. The former tend to be those without kin, or whose kin do not need their help. The latter are called upon to assist younger generations to improve their prospects. While getting by in the past depended on reciprocal relations with kin and neighbors, now it is only a crisis or purchase away from debt; while getting ahead in the past depended on invested wages, it now requires a loan.

Social reproduction, progressive neo-extractivism, and financialization

The framework for this article links literature on neo-extractivism with that on financialization via the concept of social reproduction. The concept of social reproduction covers the activities, customs, needs, and ambitions of people who collectively, in households, and individually work to achieve adequate and meaningful lives within and across generations (Edholm et al. 1978; Mingione 1991; Smith 2018). Reciprocity among kin is central to social reproduction. The case study demonstrates how the specific economic position of and opportunities available to people in a kin network, especially in different generations, structure whether a loan will be taken out. As possibilities and ambitions change, so, too, do the patterns of livelihood. Neo-extractivism and financialization constitute two aspects of the context of contemporary Peru that present checks to prior forms of livelihood and provide channels for new ones.

Examining processes of social reproduction allows us to see how contemporary mining is

linked to poor Peruvians, not through direct employment but through the rentier state. Eduardo Gudynas (2009) has argued that current extractivist regimes in Latin America are distinct from earlier forms. He notes that extraction (mineral, hydrocarbon, and agricultural) has become a linchpin for many countries. Peru is one of them. In the current era, states take on a prominent role facilitating corporate access to resources which the state reserves the right to manage. Gudynas observes that some of the governments adhere to ideals that are more leftist: to bolster legitimacy and distance themselves from past forms of extractivism, they appropriate taxes and royalties, and direct some of them to social programming (but see Roberts 2014). This constitutes a progressive form of neo-extractivism.

Gudynas posits that countries that do not implement social spending tend to have higher rates of conflict over extraction than those that do, citing Peru under the second presidency of Alan García as an example (2009: 211). Nevertheless, Peru has also seen a gradual increase of funds to local development, and poor citizens, including a conditional cash transfer program for poor children, Juntos, in 2005, and a non-contributory pension for elderly poor, *Pensión 65*, in 2011.² Such cash transfers were Peru's addition to the spread of cash transfers in Latin America and across the globe (Balén and Fotta 2019; Ferguson 2015; Lavinas 2018; Olivier de Sardan and Piccoli 2018). By 2014, social spending in Peru had increased to 10 percent of gross domestic product (44.8 percent of government spending), with social assistance spending accounting for 1 percent of GDP (Gaentzsch 2018: 8). This is below the average for Latin America (13.5 percent of GDP in social spending). Further, Anje Gaentzsch notes that Juntos and *Pensión 65* reach only about 35 percent of eligible poor (2018: 21).

One of Gudynas's other points is of relevance here. It relates to how states have capitulated to financial liberalization in the current global context, opening their economies to foreign investment and the export of profits. This links

neo-extractivism and financialization. Financialization, in the often-cited definition presented by Gerald Epstein (2005: 3), refers to "the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies." Where Marx focused on the exploitation of surplus value in the productive process, financialization emphasizes profits derived at some distance from production, for example, through investment, speculation, loans, and so on. States also invest in extraction, negotiating around access to resources, taxes and royalties and the provision of supportive infrastructure. These elements comprise part of how attractive these countries are for investment. Also, part of the bid for foreign investment is a quiescent population. This, as noted earlier, provides the impetus for greater social spending. Cash transfers, in particular, promote financialized loans and purchases (Lavinas 2018; Mawdsley 2018; Webb 2016). The evidence presented in this article provides nuance about what kinds of households tend to leverage their benefits to get loans, and under what conditions.

One element that Gudynas does not mention, but is very important in the case of Peru, is that current extraction directly employs much less labor than its predecessor. Those who are hired tend to have highly specific qualifications, in contrast to the unskilled laborers of the past. The lack of employment is part of the reason for protests around current mines that, as pointed out earlier, led to the new emphasis on social spending. These workers might, instead, find precarious jobs performing ancillary services for a small service company contracted by the mining company (Li 2015).

Allpachico in the Peruvian economy: Farming, extractivism, neo-extractivism, and financialization

Allpachico is a legally recognized *comunidad campesina* (peasant community) situated in the central highlands about three hundred kilome-

ters east of Lima. The *comunidad* is a formal polity with its own political leadership governing communal territory and resources. Land was the important element in peasant social reproduction in the early part of the twentieth century when Allpachico gained political and economic independence from its mother community through buying the territory (Vincent 1992). Allpachico does not have much territory, though, and soil productivity is low for both livestock and farming. Commercial farming has never had much potential but did provide some income until the 1950s. Lacking other resources, the community's location, within a couple hours' travel to regional mines and a refinery, supported proletarianization in the twentieth century.

For much of the twentieth century, mining was dominated by foreign concerns, and operated within a weak state structure. Then, as now, mineral extraction contributed a major share of export earnings and tax revenue (Kruijt and Vellinga 1977: 105–106). Mining companies created enclaves with extensive control over workers. For example, the Cerro de Pasco Copper Corporation, which owned mines, the refinery, and agricultural land in the region to be considered below, was described as a Goffmanian “total social institution” by Dirk Kruijt and Menno Vellinga (1977: 115). It provided housing, a company store, and cafeterias. It hired social workers to teach workers' wives new lifestyles (Dewind 1975). This provided a lot of jobs: at one time, the Cerro de Pasco Corporation had more than five thousand workers (Contreras 1987: 121). Men from Allpachico could easily get work there, across its many sectors, as well as in the foreign-owned railway company that served the region. Women worked as domestic servants and informal service work such as cooking, cleaning, and laundry.

This reoriented livelihood patterns toward a dependence on wage income. Some workers left Allpachico permanently, while others invested in land, livestock, or small businesses. It was the hope of many families with male migrant workers that their children would seek higher educa-

tion, but only a handful managed to get degrees and establish professional careers. Those unwilling or unable to have a family member work in the mining sector could sharecrop migrant land and earn some money working for families with cash income. Community fiestas provided opportunities for migrants and villagers to make farming arrangements, share information about work, reestablish a local presence and identity for migrants, and build new forms of reciprocity (Vincent 2012, 2014).

When I first went to Allpachico in 1984, Peru was in economic and political crisis, and people pieced together livelihoods from a myriad of activities. Migrants returned to Allpachico, where they could farm and access family support. There was increasing despair at the government's failure to help. Employment stalled, and then disappeared after the 1980s, having a ripple effect on women's sales and service income. This disrupted prior patterns of social reproduction, and for the better part of two decades, people scrambled to take advantage of any option. How to get by was a major concern. Fujimori's regime in the 1990s calmed both economic and political crises by ushering in harsh neoliberal reforms and suspending human rights to overcome two revolutionary movements.³ His clientelistic handouts gave a new profile to state assistance, but livelihood still depended on informal activities, and the only jobs now offered precarious stability. Small-scale farming became increasingly unprofitable, as state policy tried to undermine the *comunidades* and prioritize large-scale agriculture, especially for export. Foreign investment cautiously began to return to Peru and accelerated after the return to “democracy”⁴ in 2001, when Fujimori fled the country. By 2012, combined mining and hydrocarbon extraction constituted around 68 percent of exports (Lust 2016: 198). Mining alone contributed 15 percent of Peru's total tax revenue in 2010 (Oliva Neyra 2011: 31). This is highly volatile, however, and royalties plummeted along with mineral prices in 2011 (Mulé 2018).

The large-scale regional mining sector has shrunk, and the contemporary company is far

from the total social institution of its predecessor. Far from owning housing, cafeterias, livestock farms, and so on, as the Cerro de Pasco Copper Corporation did, companies now outsource much of the work. This is part of a restructuring of the economy that is framed as promoting small and medium-sized enterprises, especially in service provision to mining or infrastructure firms (Gestión 2016). People in Allpachico complained there were no longer jobs in cafeterias or housing. One young woman got three-month contracts from a mine to do social work and has had to move to a distant part of Peru. A young man reflects the outsourcing of ancillary services: he has started a business to install cable, getting contracts all over the country, and picking up and laying off his workforce (including some Allpachiqueños) between jobs. His mother tells me he finds it hard to put together the capital for the business, and she has taken out a loan on his behalf to buy materials, which he is repaying at high interest.

The restabilization of the economy and lack of local employment over the past 20 years have led to out-migration. Lack of profitability means fewer people farm, so poor Allpachiqueños no longer have the option to earn money or a share of the harvest by helping someone out: it simply is not worth it to hire someone, or even to sharecrop unused land. Concerted state efforts to formalize the economy mean it is harder to make a living by hawking goods on buses or elsewhere, as happened in the 1980s. This local paucity of income opportunities stands in contrast to the growth in Peru's economy since 2001. Currently, Allpachico's population is declining and aging. At about two hundred people, it is roughly 40 percent of what it was in the 1980s. Now, around 28 percent is over 65, compared to 11.9 percent over the age of 60 in Peru as a whole in 2017 (INEI 2018a: 19). Women constitute 55 percent of the adult population in the community. Remittances and pensions are important, providing the mainstay for a quarter of the population. A mix of agriculture, informal work (especially for women), and male work in the regional rock quarries provides income for

the rest. The regional rock quarries involve hard work and frequent layoffs, and the wages and benefits do not come close to those of the mining sector in the late twentieth century.

About 19 percent of households (14 of 75) in Allpachico receive state social support in the form of *Pensión 65*, *Beca 18*, or *Techo Propio*. *Pensión 65* is a noncontributory pension for the elderly poor; *Beca 18* is a competitive scholarship for higher education for poor, young Peruvians; and *Techo Propio* provides housing to poor Peruvians. The first two programs, *Pensión 65* and *Beca 18*, began in 2011, under the presidency of Ollanta Humala. To be eligible, applicants must undergo an evaluation of their personal circumstances, including a house visit, in a registry called the *Sistema de Focalización de Hogares* (Household Targeting System—SISFOH) to verify they are in poverty (extreme poverty for *Pensión 65*). They cannot be registered for other state benefits, including any work-based medical plans. *Pensión 65* gives 250 soles (\$75) every two months, received at a designated branch of the Banco de la Nación, the Peruvian state bank. Recipients must have an account at the bank, and can receive the money in cash, although they can also withdraw it from an ATM.⁵ They must be available to receive unscheduled visits from program personnel who check on them, and they must seek permission if they travel away from their residence.

There are different categories of *Beca 18*, but here I will consider only the standard one (República del Perú 2018). Applicants must prove eligibility through SISFOH, write an exam, and be accepted in one of a list of specific programs of study at an approved private or public higher education institution. The scholarship covers tuition, lodging, food, and certain other needs. There were nine hundred scholarships for all of Peru in 2018. Winners must agree to stay for three years in Peru, obtain formal sector employment, and report on their labor market participation. *Techo Propio* again has variants. The rural version of the program began in 2009. The form relevant to Allpachico involves construction of a house on land owned by the ap-

plicant (s) (Fondo Mivivienda 2020). It offers up to 22,000 soles (\$6,700) as a grant, while the recipient must contribute at least 1,867 soles (\$565). This must be deposited in an account in a specific private bank, Interbank, and the recipient may have to pay further commissions and taxes. The land must be formally registered, and the recipient must not have received any other government aid for housing.

Several things are striking about these programs that are central to the discussion below: payments are reliable and regular; they offer inadequate or bare threshold support; they require registering in government and financial institutions; and they have restrictive conditions. Importantly, one of the concerns of policy makers and analysts relates to the long-term impact of cash transfers: do people revert to poverty once their eligibility expires, or do they invest some of the funds to ensure future livelihood (e.g., Gertler et al. 2012)? State pensions to poor elders have been promoted on the basis that they support local development since receiving elders pass money on to kin, a point made by the Peruvian movement lobbying for them (Ardington and Lund 1995; Caritas 2009, esp. Vildoso 2009). However, the payments are too small to provide much spin-off benefit in themselves. As the case study shows, for at least some recipients, investing in a business requires a loan, since the amount of the cash transfer is so modest.

Such loans, when taken from the formal financial sector, are celebrated as reflecting financial inclusion, which the Peruvian state has been promoting (MEF 2016). Augusta Alfageme and Nelson Ramírez Rondán describe the increase of use of banking services between 2004 and 2014, highlighting the role of conditional cash transfer programs in pressuring recipients to get bank accounts. While Peruvian use of formal financial services is still low, they note the percentage of adult debtors rose from 27 percent in 2009 to 36 percent in 2014 (2018: 251). Significantly, one study shows that households in need were more likely to access banking services than those who could save money; the households in

need were specifically interested in getting loans (Cámara and Tuesta 2015: 19–20). The case study that follows illustrates how poor households calculate their use of financialized loans.

From personal to institutional loans: The rise of financialization

I have few notes on loans from my early years of fieldwork, and those I do have heavily emphasize loans from kin or neighbors. In the 1980s, it was rare that a bank, including the state-backed Banco Agrario (Agrarian Bank), would lend to such small-scale producers, and the agrarian reform of 1969 had prohibited land being used as collateral (Álvarado 1993). Instead, people turned to wealthier kin or neighbors, or to those in charge of collecting money in the community for some collective project. For example, in 1998, there was much discussion about what happened to the funds that had been in the charge of a young woman to pay for community electricity when she was tragically killed in a car accident. One rumor was that she had lent it to various people: one for a medical operation, another to buy a car. Health and investments in some productive enterprise (a store, a car to use for a taxi), or extremely small sums to travel back to a work center after someone spent all their money at a fiesta, were common reasons for asking someone for a loan. Even if banks would lend to them, the loans would be expensive. In 2003, for example, Yolanda balked at the 50 percent interest rate she would have to pay to finish her house.

Informal loans still exist for those lucky enough to be able to access them, although rates vary dramatically. Diego, for example, was able to buy a car to help his business with no-interest loans from his wife's kin. His sister Melia, who lives in Lima, had to get a loan from one of her suppliers to fix up a space for a restaurant, and paid 20 percent per month. In contrast to the past, there is now much evidence of institutional financialization in Allpachico. To my surprise as I was stretching my legs one day in

2018, I encountered two young women going door to door to hand out leaflets offering bank loans with few requirements and at an interest of 2.4 percent per month (33 percent per year, when compounded). Some Allpachiqueños had taken loans for farming or were thinking of getting one to start a business to compete for an outsourced service contract for a mine. Others still thought it too risky. Two village women told me they were too worried about repayment. Both were elderly. One was fairly well off, with a widow's pension and working children, while the other had neither a pension nor supportive relatives. They spoke of another woman in the village who had taken a loan of 500 soles and was paying it off at 20 soles a month with the help of working children. Access to kin resources was highly significant.

For the two young women touting loans, financialization provides jobs. A young woman from the community was working for an agency that collected loans on behalf of a bank. She traveled to different communities to negotiate with borrowers in default, offering ways for them to repay. My field notes of our conversation in 2018 reflected the continuum of getting by to getting ahead:

[Nilda said] sometimes they forgive the interest, but the person has already been paying at 20 percent annual (Caja Huancayo) up to 50 percent annual interest, and the payments so far have been mostly interest, so they still have to pay back the capital, which is mostly undiminished. Caja Huancayo has a more rigid loan requirement of a guarantee, while those with high interest rates may simply ask for a signature. Some people say, well, there is no prison for loan defaulters, but others want to get ahead, and if they have an outstanding loan, they cannot get further help (there seems to be a government agency that oversees this), so they do their best to pay the money back. They may have to take some time off (while the interest accumulates) but then do make the

payments. [Nilda and her coworkers] go around to both rural and urban areas—in rural areas [the loans] tend more to be for agriculture.

Government surveillance is shown here to support the financialization sector by pressuring borrowers to repay. Those who do not or cannot afford to have future ambitions may decide it is not worthwhile repaying a loan, while others who anticipate the need for more loans may have no other choice. Financialization has also hit the pension plans for people with jobs. While the standard pension plans used to have defined benefits with guaranteed amounts, workers must now place their contributions in private investment funds. No one was in favor of this, and older workers spoke of how they had been tricked into opting for the latter when they were not required to. Finally, many people buy on installment, making monthly payments for anything from a refrigerator to a car, either of which might be for personal use or to support income generation.

Getting by: State social spending for basic living

State social spending contributed to a 20 percent decline in the poverty rate in Peru from 2007 to 2017 (INEI 2018b). At best, however, state support provides a precarious living, as the case of Ricardo, a recipient of *Pensión 65*, shows. In the 1980s, he worked in Lima, in a factory where he claims the boss still asks after him. He suffered an accident that left him with a disability and changed his prospects and those of his family considerably. Ricardo had intended to move away from Allpachico permanently and had sold his share of the family house. Under the new circumstances, he and his wife decided moving back was the best option. They and their two young children moved in with his aging, widowed mother. Not fit for active farming, Ricardo could grow a few crops in nearby plots of land, and the family started with pigs,

building up to other livestock. Ricardo's wife herded their own cattle and those of others. She also performed some of the labor responsibility they owed for *comunidad* membership, while Ricardo could fulfill some of the less labor-intensive tasks. They were unable to invest much in their daughters' education. One, Susana, went to work as a domestic servant in Lima while in her teens. The other, Angela, tried that, but disliked the work and preferred life in Allpachico. She has accumulated a small herd of cattle, raising the money by herding cattle for others.

First Ricardo's mother died, followed by his wife. Susana married and moved to Huancayo, much closer than Lima at only 80 kilometers away. Her husband has worked for years in a large regional mine on successive contracts. He has no assurance this will continue, but in the meantime, his income provides a good living for him and his family. This makes them much better off than Ricardo. They help out when necessary. Ricardo receives Pensión 65, for which he is obviously eligible: his house, to which he does not have title, is old, small, and in poor repair; he clearly cannot work; and there is no evidence of nonessential purchases or luxuries. Ricardo has gotten to know the inspectors who come on unannounced visits to check that Pensión 65 recipients are fulfilling the conditions of their eligibility. They must have no visible or documented wealth (large bank accounts, money transfers from anyone, etc.), and they must be residents in the village. Angela is careful not to keep the cattle at the house so there is no evidence he may have access to any undeclared resource. I visited him one day in 2018, after he had returned from a stay at Susana's house in Huancayo where he had gone while ill. Susana was better able to care for him than Angela as the latter is out herding all day. Indeed, Susana would be happy to have Ricardo live with her permanently, but Ricardo values his independence and appreciates life in Allpachico. When I talked to him, he was still weak, but happy to be home.

He wasn't worried he might lose Pensión 65 because of his stay in Huancayo, although he was well aware that various people had been

struck from the list as a result of government surveillance. We discussed another villager, Pascal, who had lost the pension, and the various rumors that had circulated about why. In his own case, Ricardo said he had told the inspectors they could take it away if they wanted. He had always been poor and knew how to get by. Raising pigs, he said, was an easy way to provide his needs, along with the food he grew. He said he calculated the value of his own produce at 50 soles a month (\$15), which seemed to satisfy the inspector. He speculated that perhaps Pascal had said he generated 100 soles a month (\$30).⁶ I suggested that growing food and caring for pigs was hard to do when he was sick, though, so maybe he did need the pension. He grew quiet for a moment and agreed. Ricardo clearly appreciates the income from Pensión 65. Except, perhaps, for buying a piglet, however, he is in no position to invest it in a productive business. His daughters do not depend on him for help. The meager sums offered through the program make it impossible for Ricardo to save money, and even if he were able to do so, he worries that having a sum in a bank account could ruin his eligibility, so he has been careful not to deposit his occasional cash, or any funds he collects for the community. He strategizes to get by and resists the idea of getting a loan or buying on credit. As long as his daughters are independently able to fend for themselves and unobtrusively help him out, he can rely on them if he experiences another health crisis.

For others, however, the fact that state support is so modest spurs them to get loans. For example, Elena applied for and was granted Techo Propio help to build a new house, her old one being in poor repair. The standard housing provided through the program was inadequate, though—a small front room with a kitchen and sitting area, a tiny bedroom and a small bathroom—at about 45 square meters (about 480 square feet). It would be very cramped for her and her partner. She took a loan of 30,000 soles (\$9,000) to add a second story and has been paying it off on monthly payments. She says she will have paid 48,000 soles (\$14,400) when it is

all paid back.⁷ Her record of resources may, of course, make her ineligible for *Pensión 65* when she reaches retirement age. Her own income is from itinerant informal sales in regional work centers and thus off official records. Despite offering her wares on no-interest credit, returning on paydays to get the purchase price, she finds it hard to compete with stores that offer interest-bearing installment options. They have a wider range of goods, each payment is small, and the buyer must bear any transportation costs to make a payment. With staggered paydays, Elena's transportation costs add up. Although Elena built the larger house to share with her partner, he has since left her. Her only daughter has moved to another country and has a disability for which she receives state assistance there. She has no plans to return to Peru. Thus, while Elena took the loan to support her relationship, her reciprocity network has now contracted so that she is forced to be self-reliant. The new house has become an unwelcome reminder of her loneliness, and she has delayed moving into it. At the moment, her interest is in paying off the loan and getting by.

Getting ahead: State social spending and loans

Jacinta and her family provide a clear case of how state social payments infuse financialized reproduction. Separated for several years from her husband, Nolberto, the only program she directly benefits from is socialized health care for the poor, the *Sistema Integral de Salud* (Integrated Health System or SIS). Two family members, however, have benefited significantly from other state programs. Her mother, Patricia, receives *Pensión 65* and her daughter, Gavina, had her postsecondary studies paid for by *Beca 18*. The pension assisted Patricia, but the medications she is on are costly, and the money is insufficient for all her expenses. With an income of 250 soles (\$75) every two months, she can afford to take only half her prescribed dosage. Jacinta is in no position to make up the shortfall.

Gavina was eligible for *Beca 18* because her parents were separated. Nolberto works on a contract basis in the regional rock quarries. While he helped the family, this was informal, so Jacinta was classified as in poverty by SIS-FOH, which permitted Gavina to apply. Gavina's scholarship covered much of the cost of her studies, but there were frequent extras for which money had to be found. Her appetite for further study was whetted by her degree, but the job she got on graduation makes it hard for her to save enough to embark on another program. Thus, both Patricia and Gavina need additional support but are or were also receiving regular payments (Gavina only during her studies, and for strictly defined purposes). Jacinta herself was in precarious circumstances, although she hopes for a better future through her daughter. In the meantime, she, her mother, and her unmarried, unemployed sister who lives in Allpachico have started to operate a store offering basic household supplies in the community. Jacinta took out a bank loan to help with her share, while some of Patricia's pension money, directly or indirectly (like Ricardo, she invests in pigs) went into the store. Her sister also generates income by raising pigs and chickens. Any further studies that Gavina undertakes might necessitate another loan, as might the higher education of her younger sister. Jacinta and Nolberto have recently reconciled, making more of his income available to the family since he does not have to pay for separate living expenses. This also means the younger sister cannot apply for *Beca 18*, which Jacinta says is harder to get now anyway. Jacinta says she agreed to let Nolberto return for the sake of her daughters.

Jacinta's poverty and her daughters' needs leave them with few options if the younger generation—and indeed the whole family—is to get ahead. The investment of cash transfers in income earning activities for recipients and their families, such as the store, fulfills one of the state's hopes for these funds, but their inadequacy necessitates further investment. Like Jacinta and her family, the people who receive these cash transfers are extremely poor, lead-

ing them to have to take out loans, from their social networks, informal moneylenders, or banks. The regularity with which cash transfers are paid means that installments on loans can similarly be paid regularly.⁸ While interest rates are high, informal rates can be much higher, as we have observed. Kin-based reciprocity underwrites how the people in Jacinta's network strategize about how to use their own income, whether and how they might use the income of others, and whether they are induced to supplement their resources through a loan.

Conclusion

The transformation of the extractive industry in Peru and its relationship to the state are pivotal in the analysis of Allpachiqueño social reproduction I have presented here. Allpachiqueños have long defined social reproduction in terms of meeting family and community needs; to meet these broad needs, they must also call on reciprocal ties with family and community. In the past, wages and farming were the linchpins whose benefits made their way through social networks. In this way, both workers and farmers understood their position in class terms as peasant-workers. With the decline of both stable waged employment and farming, core livelihood strategies have diversified and become more precarious, including an increasing role for pensions. My focus here has been on how state social funds are inserted in this mix, understanding them to be a major, if indirect, path from current natural resource extraction to the Peruvian poor. Thus, rather than relating to mining via wages and reciprocity, people now do so via state social spending and reciprocity, with contracts and subcontracts thrown in the mix.

Allpachiqueños also increasingly relate to the economy through financialized loans and purchases, something that state social spending promotes through policies of financial inclusion. The very limited amount of the funds combined with their regular disbursement means recipients can only cover major expenses with

a loan or credit, whether informally or from formal banking institutions, and that they can hope to meet the schedule of payments. The reciprocities on which social reproduction hinges may not only lead to the funds winding through a network, but payments on a loan may also be accessed through several people. Fund recipients without children in need of support, or who are less well connected, tend to simply want to get by, limiting their individual exposure to debt. Those with few resources among their kin networks, and who have hopes for a better future for themselves or their children, are more likely to need loans to feed these ambitions to get ahead. In the current economic structure, getting ahead is likely to mean a job somewhere in the chain of subcontracted services, or a self-generated business, again probably requiring a loan.

From their peasant-worker class position 30 years ago, Allpachiqueños are entering new complex roles with respect to the economy and the state. Whether these can be the basis for collective action that can redress the unequal shares of patrimonial wealth or whether they are too fragmented for common expressions of interest remains to be seen. Meanwhile, the reciprocal ties that have been repurposed in the current economic structure may take advantage of new forms of livelihood based on state social spending and financialization, but they will also suffer from crosscutting pressures arising from the need to rely on and support kin, while the documentary trail left by this may jeopardize eligibility for social programs for the poor. That is, if poor recipients depend on reciprocity with kin, their kin may also make claims on them. This may be occasional money to help make a loan payment, or to countersign a loan or purchase. In this way, a financial history is made legible to the state in ways that may jeopardize eligibility.⁹ Aging and elderly Peruvians must make difficult decisions as they plan retirement, balancing new forms of income and obligation in the process of achieving the social reproduction of their households. That is a subject for another article.

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Notes

1. This place name and all names of people are pseudonyms.
2. Juntos is reserved for families in extreme poverty living in districts classified as in extreme poverty. Allpachico is not one of these, since one of the other communities in the district has several businesses. Allpachiqueños complain frequently about this.
3. There is extensive literature on Fujimori's presidency, but it is not the focus here.
4. The quotation marks here highlight the tortured quality of Peruvian politics, part of which relates to the corruption scandals mentioned in this article. All five men elected to the presidency between 1985 and the present (Alan García [twice], Alberto Fujimori, Alejandro Toledo, Ollanta Humala, and Pedro Pablo Kuczynski) have been investigated or jailed for corruption charges. Some also face other charges such as human rights abuses.

5. In contrast, recipients of the conditional cash transfer program, Juntos (for families of school-aged children to keep those children in school) must receive it through an automatic teller, as part of the purpose is to teach the parents financial skills (Sosa et al. 2017: 157–158).
6. Pascal told me a different reason. He said that when the government site visitor saw the relative luxury of his son's house, in the same compound, they determined he no longer needed the help as his son could support him.
7. Two other women had to put more money into their Techo Propio houses, because of the small size and poor-quality materials, but both were able to access funds through other means.
8. My colleague at the Universidad Nacional del Centro del Perú, Aparicio Chanca (personal communication) says recipients of Juntos used it to buy televisions on installments in one community. Again, the regularity of payment permitted the purchase. Televisions are widely seen in this area as valuable educational tools.
9. For example, Sosa et al. (2017: 148–151) describe a poor elderly couple who were guarantors for their son's business loan, using their house as collateral. This made them ineligible for Pensión 65, which they desperately needed. I am currently analyzing how elderly, poor Peruvians strategize around retirement (Vincent 2019).

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