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Sick currencies and public numbers

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Abstract

Focusing on the empirical cases of Brazilian and Argentinean sick currencies (attacked by inflation), this article explore the processes of public denaturalization of currency value, as a contribution to the anthropology of numbers and money. Situated on the border between the anthropology of science (economics) and the anthropology of monetary cultures, the article looks at one of the main devices created by specialists to 'measure and cure' inflation (index numbers) as a true cultural device. The aim is to outline the social and cultural meanings of money and index numbers through an analysis of the interconnections between academic and everyday monetary (and number) ideas and practices.

Key Words

anthropology of science and economics • Argentina • Brazil • index numbers • inflation • monetary cultures • money • sick currencies,

I

As Carruthers and Babb (1996) have shown, one of the effects of monetary crises is to highlight the conventional nature of money. But perhaps never before the last decades of the 20th century had public debate been so preoccupied with the bases of the currency's value. Focusing on the empirical cases of Brazilian and Argentinean inflation, my objective is to explore the singular processes involved in the public denaturalization of currency value, as a contribution to the anthropology of numbers and money. The association between sickness and loss of monetary value – which is as old as modernity itself, found in Nicolas de Oresme's essay on money in the 15th century (Kaye, 1988) and, today, in the declared objectives of the FED and other central banks – was then particularly intense in public debates.

Until very recently, these topics received little attention in the literature due to the predominance of two frameworks that I believe pose a serious obstacle to understanding the meanings of money. The first is the normative framework prevalent in much of the sociological literature, borrowed from economics and concerned with diagnosing the 'nature' of 'monetary problems', distinguishing between 'normal' and 'sick' currencies;

this framework is little concerned with the everyday meanings of money, and when any interest is shown, the aim is to design mechanisms to ensure the monetary practices coincide with the 'correct' meanings defined by specialists. The second framework pervades much of the anthropological literature and apprehends currency through the prism of the great division between 'modern' currencies and 'others', setting aside any consideration of modern money in the hands of economists – in truth, it presumes that modern money is that described by economists and forgets that theirs too is a universe of meanings and practices open to analysis like any other native universe.

My own viewpoint is located on the boundary between the anthropology of science (economics) and the anthropology of monetary cultures. My interest lies in analyzing the relations between erudite and everyday monetary meanings and practices; the interconnections between quantitative (numerical) and qualitative forms of perceiving and dealing with money in what specialists describe as situations of 'monetary instability'. A better comprehension of the social and cultural meanings of money, I propose, requires consideration of: (1) the presence of the monetary devices created by specialists in the everyday meanings and practices associated with money; (2) the presence of everyday monetary ideas and practices in the forms through which specialists perceive and interact with currencies; (3) the fact that the universes in which academic ideas and devices are produced (that is, those relating to monetary theories and practices) can be analyzed with the same tools we use to study any other native universe; and (4) that this universe of meanings and practices is situated in time and demands an historical analysis.

As we know, when first emerging as an academic discipline, economics was conceived as the only 'true' social science precisely because of its capacity to represent social facts numerically, approaching its object from a descriptive and normative perspective at one and the same time. Like medicine, economics looks to diagnose sicknesses while simultaneously prescribing a way of curing them. The question, therefore, is one of empirically examining within a historical perspective the complex dynamic that connects the theorists and theories of the economy with the economic cultures contemplated in their models and which they also help to generate.[1]

II

Any newspaper reader or television news viewer is closely acquainted with index numbers, and a vocabulary that describes situations and trends through recourse to a series of acronyms and expressions (such as CPI, GMPI, 'monthly forecast', and so on) that presume linear and continuous numerical scales. As the recent debates surrounding the current world financial crisis illustrate, small variations in these numbers form the grounds for impassioned debates in which public figures, invested with a singular authority, pronounce on the fate or well-being of large collective entities. These 'professionals of the economy' (academics, journalists, consultants, investors, representatives of international agencies or governments) are the ones responsible for setting in motion this aspect of modern cosmology that involves imagining 'societies' that are constituted by individuals, and presumes that both their motivations and the outcome of their actions can be measured quantitatively and represented in numbers.

Despite comprising part of the long history of modernity (see Foucault, 1994; Elias, 1984; Crosby, 1997; Poovey, 1998) – so much so that it seems always to have been with us, like a fact of nature – this curious form of seeing and interacting with the world, these ‘public numbers’ (the expression is from Porter, 1995) possess a singular history. Equally singular is the history of the transformation of the cost of living indexes (figures that correlate the value of money with the value of human life) into key categories of the modern economic cosmology, objects invested with belief and public trust. The idea that life has a cost and that it can be quantified on a continuous scale (i.e. translated into a quantity of currency, a price) was formulated perhaps for the first time in England at the start of the 18th century (Hoppit, 2006). Some decades later, price calculations, associated with the definition of a basket of staple goods, were developed to define a ‘fair’ retribution for the soldiers involved in the US War of Independence. A little later, during the Civil War, the notion of life insurance began to be formulated, involving a series of operations designed to measure the monetary value of human life (Zelizer, 1983).

However, index numbers are only mentioned a few decades later when, in the context of the neo-classical revolution, the numerical representation of social facts was transformed into a basic tool for establishing economics as an autonomous science of human behaviour. The paternity of index numbers can be traced to a number of the first academic economists (such as Laspeyres, Jevons, Edgeworth and Marshall), but one of its most celebrated proponents was the American mathematician and economist Irving Fisher. It was during Fisher’s era, around 1920, when a national cost of living index was produced for the first time, in the United States (Diewert, 2003; Porter, 1986). He also contributed to transforming index numbers themselves into commodities, providing the decisive steps towards their conversion into public numbers. Fisher created one of the first ‘consultancy firms’, which distributed data on the variation of some of the economy’s main prices. Shortly before the 1929 crisis, his agency launched ‘indexed bonds’ linked to price variations onto the market for the first time (Tobin, 2005; Fisher, 1956). This new mechanism would have a long future: the same instrument (the index number) that served as a thermometer to measure the value of money also served to protect people from losses occasioned by the ‘currency sickness’, simultaneously stimulating an increase in prices. This circularity between economic theories and practices – which is at the basis of the popularization of the index numbers – is precisely the type of phenomenon to which I wish to draw attention here.

In the second half of the 20th century, Brazilians and Argentineans were forced to live on an everyday basis with the instability in monetary value and other phenomena linked to momentary crises, such as the repeated substitution of national currencies, the proliferation of parallel currencies, or the intensive use of current account transactions in foreign currencies or local currencies issued by sub-national entities (such as provinces, clubs and associations). They also became familiarized with ‘indexation’ mechanisms.

The transformation of the cost of living indexes into true cultural devices involved changes to the temporal dispositions of social agents who began to see the social world through these numbers – in particular their relations with objects and goods whose value is measured in monetary terms, i.e. in prices. The few descriptions of inflationary processes stress precisely this temporal dimension of the experience of inflation.[2]

Brazilians and Argentineans became well accustomed to monetary instability, learning to live with ‘crises’ and interiorizing the idea that the value of their currencies depended on transitory situations, the product of conventions resulting from one-off political conditions. In this sense, for example, the repeated substitution of a national currency had pedagogical effects: between the 1960s and the present there have been five different national currencies in Argentina, and eight in Brazil.

The fact that specialists spent many years debating the nature of inflation and creating mechanisms for dealing with the phenomenon ended up developing a pedagogy of monetary instability; in effect, they taught the meanings of the monetary devices that enabled the populations ('economic agents') to learn to live with the decrease in the currency's value, protecting themselves from its negative effects while also taking advantage of the opportunities it provided (on this dynamic, see Neiburg, 2006).

A brief example illustrates this point. When I left Buenos Aires in 1988 to begin my doctorate in social anthropology in Rio de Janeiro, the Austral banknotes had just recently started to circulate in Argentina, a new currency replacing the Peso (which had been placed into circulation some ten years previously). When I landed in Brazil and exchanged some American dollars, I received a mixture of new Cruzados and old Cruzeiros. Some months later the new Cruzados were replaced by the even newer Cruzeiros. In Rio de Janeiro, as in Buenos Aires, people invested enormous time and energy thinking and manipulating numbers, hearing and talking about money, trading some currencies for others, and intensifying consumption (O'Dougherty, 2002).

But to my eyes, schooled in Argentinean inflation, the Brazilians seemed to deal in a more ordered way with the dizzying drops in monetary value. The key word of this order was 'monetary correction' – as the indexation device invented by Fisher was aptly baptized in Brazil. Monetary correction meant that the salaries of my lecturers, and even my doctoral grant, doubled in value every 90 days. Rents were readjusted in the same way: like many other contracts, they doubled in nominal value every three months. So, if I was lucky enough to receive my grant readjustment one month before the rent re-adjustment, I was left with a pile of 'hot' money in my hands, which had to be exchanged quickly for other goods. Or, alternatively, I had to rush to the bank to 'invest' the cash. In fact, the money in the bank was also 'corrected', converted into another currency, transformed into another number, into an index, 'indexed'. And this was an area to which, in this period of intense currency devaluation, Brazilians were able to bring to bear a know-how accumulated over three decades.

Indeed, this is a history that takes us back to the eve of the 1964 coup d'état, when the demand for 'more and better statistics' began to be insistently promulgated by voices calling for the end of the João Goulart government owing, precisely, to its supposed incapacity to control prices. It is fascinating to observe the debate from those years through the eyes of the present, trained in a numerical perception of inflation. In Brazil there were no national price indexes at the time. This accentuated the paradox: those who denounced the inability to control the 'tiger of inflation', or the intolerable effects of the 'scourge of price rises', founded this denunciation not on numbers but on a repertoire of qualitative formulas that revealed, in itself, their supposed incapacity to conceptualize the phenomenon. In order to treat an evil only 'vaguely' perceived through categories that dispensed with quantities ('finally,' it was said, 'every Brazilian citizen can feel the sickness in his pocket'), precise diagnostic instruments would be needed, whose fabrication was also seen as the beginning of the cure: price indicators, index numbers. 'Monetary correction' was invented during this period immediately after the coup. The new economic program created a series of virtual currencies that were used to quote (and readjust) all the economy's contracts, including wages. In fact, in the post-war period, and much more intensely from the 1970s onwards, Brazil underwent an 'indexation of social life', a mushrooming of indicators, marked by the intensification of people's everyday dealings with numbers. This process accompanied the expansion in the field of the professionals of the economy. Trained in the newly opened economics faculties (as well as some sociology faculties with a statistical leaning and, later, schools of journalism) and recruited by the increasing numbers of institutions, these specialists competed in a market of ideas and policies, developing and selling numbers immediately consumed in the public economic sphere. This sphere was, in turn, increasingly populated by the 'laboratories' that produced numbers, bulletins issued by companies and associations, high-circulation magazines, journals and specialized informative sections (which, in turn, expanded the work market for these professionals).

III

As we have seen, monetary instability was no novelty for Argentineans and Brazilians. The populations of both countries have lived for a long time with similar phenomena, learning to identify the loss in the value of their currencies with intense moments in the public debate concerning the crisis and nation's fate. Anyone living in Brazil or Argentina over the final decades of the last century and the first years of this century will easily remember the repeated announcements on national radio and television on price freezes, forced savings and changes in the name of currencies, followed by bank holidays in which wage earners, debtors and tenants – in other words, the majority of citizens – were exposed to the new numerical devices, designed to save the population from the blight of monetary instability: new currencies, accrued liabilities ('*desagios*'), conversion tables, indexes. The intensity of the ritual forms involved in these announcements and the implementation of these devices highlights the extraordinary nature of the time of sick currencies.

This is not the place to describe in detail the construction of this identification between currency crisis and national crisis; nor the ritual dynamic that involves the use of naturalistic metaphors of health and sickness, whose main officiants include the professionals of the economy, transformed into public intellectuals.[3] My interest here is in calling attention to the enormous pedagogical effects of these long periods of monetary instability (of 'wild money', to use the apt metaphor of Chris Gregory, 1997).

This reinforces one of the general ideas of this text, namely the usefulness of reconstructing the lengthy and slow process of economic cultivation for understanding individual and collective behaviours during the moments of crisis or hyperinflation. Certainly these moments are essential in terms of producing a pedagogy of the economy and numbers, but only insofar as they mobilize dispositions that have already been embodied, including during periods of relative stability and well-being.

We therefore return to the question of the relations between theories and monetary devices constructed by specialists and the ideas present in ordinary life. The double quality of the numbers used to measure the value of money, such as cost of living indicators and indexes, allows us to recognize a type of magic present in other similar devices: at the same time as they aim to describe the empirical behaviour of economic agents in the past, they claim the power to organize future behaviour. Despite the significant differences that, for example, involve the social history of the generalized use of indexes in Brazil and American dollars in Argentina (which we have no space to discuss in length in this text), both fulfil perfectly one of the most striking properties of money described by Simmel: its 'circularity', as a particular modality of 'normative representation that is subjected to its own norms' (1987[1909]: 113), a singular type of object that is at once 'an effect of determined cultural currents' and the 'efficient cause of these same currents' (p. 181). As a product of the dynamic of relations of interdependence and competition within the field of professionals, instruments such as indicators, virtual currencies, currency and indicator conversion tables, or monetary correction itself aim to interpret and monitor pre-existing cultural mechanisms at the same time as they themselves are transformed into cultural devices, with wider and different effects to those originally foreseen by their architects – affecting economic theory itself and the devices produced on its basis.

This helps explain the ultimate objective of this article: to highlight the productivity of more flexible explanatory models that allow us to comprehend in a more nuanced form, and through a historical and comparative perspective, important aspects of the relations between academic and everyday economics.

Notes

1 For an expanded version of these arguments (also linked with the problem of 'performativity') see Neiburg (2006, 2007).

2 Concerning the Mexican crisis during the 1970s and 1980s see Lomnitz (2003). Concerning the German hyperinflation during the1920s see Widdig (2001), Lionel (1983) Feldman (1993) and Orléan (2008). Among the references relative to the German case see Mann (1975[1942]), Zweig (1943) and Canetti (1984).

3 See Neiburg (2005). See also Dixon (1998: 47–60) and Lebaron (2001: 176–81), respectively, for Great Britain and France. On the use of natural metaphors in the public legitimtion of economic science see Mirowski (1994).

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