Forum

Brindisi to the Brindisians, graffiti in Brindisi, Italy. Photo by A. M. Pusceddu.

In/formalization

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Recursive in/formality: Time and ideology in a distributed monetary system
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Recursive in/formality

Time and ideology in a distributed monetary system

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ABSTRACT: I argue that in/formality is not a distinction between two qualities, but rather, a distinction of relative position achieved through linguistic and nonlinguistic practices of categorization. Through an analysis of illegal currency trading in Argentina, I show how temporal and ideological dynamics shape the semiotic framing of in/formality in any given context.

As Keith Hart (1973) originally proposed and as the premise of this collection insists, formality and informality are necessarily intertwined. In what follows, I approach that intertwining as a semiotic process between two co-constitutive cultural categories. In taking up that approach, I draw on the concept of "fractal recursivity" that Gal (2000) and Gal and Irvine (1995) have developed to describe categorial distinctions – such as public/private, inner/outer, friend/foe – that do not refer to any particular thing or set of things, but that can be projected «onto narrower contexts or broader ones» as well as onto different «activities, identities, institutions, spaces, and interactions», all of which can, in turn, be recategorized over and over again (Gal 2000: 81). I propose that in/formality is just this sort of distinction: a distinction not between two qualities that inhere within and define different acts or domains, but rather a performed distinction of relative position that must be continually achieved through semiotic practices of framing and categorization. I argue that analytic attention to these linguistic and nonlinguistic practices helps bring into view the often overlooked but crucial roles that temporal and ideological dynamics play in shaping the articulation of in/formality in any given case.

To make this argument, I will describe a context where the fractal recursivity of in/formality played out in an especially visible fashion. The context was Argentina between 2011 and 2015, when currency regulations criminalized the popular practice of saving in U.S. dollars. The regulations were an attempt to safeguard the nation's dollar reserves, which had come under increasing pressure due to the coincidence of multiple factors, including Argentina's limited access to foreign capital (due to its 2002 sovereign default), a global slump in commodity prices, high inflation[1], and the always pressing need to service that portion of the foreign debt that had not been defaulted upon. These circumstances had prompted businesses and individuals alike to hoard dollars, which had long served as a vehicle for hedging against monetary loss in a national economy famous for economic crises and currency devaluations[2]. As the nation's reserves diminished rapidly, President Cristina Fernández de Kirchner faced the prospect of yet another crisis. Despite the dire situation, the currency restrictions proved highly controversial. Supporters of the President defended them as necessary for monetary sovereignty and economic stability. Her opponents, meanwhile, saw them as a state intrusion into the market. With the restrictions, the government did prevent financial collapse. However, it did not do so by eradicating the purchase of dollars. Rather, criminalization produced a complex monetary system that forestalled outright crisis, but only at the cost of its own popular legitimacy. That unstable system was defined by a series of nested in/formal distinctions.

Take the distinction between the "white dollar" (*dólar blanco*) and "black dollar" (*dólar negro*). The former term referred to the peso/dollar exchange rate declared by the Ministry of Finance. Because of the currency restrictions, that rate was not actionable in practice[3]. Nonetheless, it declared purported macroeconomic truths and served as the official basis for wage negotiations and budgetary decisions. By contrast, "black dollar" referred to the illegal rate at which people purchased dollars with pesos accrued through widely condemned activities, especially the trafficking of drugs, arms, and humans. Whereas the white dollar was standardized and publicly known, the

1. A scandal at the national statistics agency (INDEC) during this period makes it impossible to state confidently the accurate inflation rate.

2. Hoarding techniques varied from stuffing dollars under mattresses to Swiss bank accounts. Physically storing dollar bills is popular because of the government's history of seizing dollar-denominated banking accounts (Muir 2015). As for Swiss bank accounts, Argentina has one of the world's highest numbers per capita (Swiss Leaks 2016). See also D'Avella's (2014) account of the related practice of storing monetary value in real estate purchases.

3. In principle, there could be exceptions that would allow the purchase of dollars in certain circumstances. However, the criteria for granting those exceptions were never publicized and they appear to have been made in extremely limited fashion.

black dollar was negotiated anew in each transaction, inevitably carried out in hidden, even dangerous, conditions. As popular terms, then, "white dollar" and "black dollar" reified, nominalized, and commensurated wildly different practices of calculation, exchange, and negotiation. The terms framed those practices as diametrically opposed dollars: one formal, legal, and morally legitimate; the other informal, illegal, and morally illegitimate.

This opposition was complicated by the "blue dollar" (*dólar blue*)[4]. The blue dollar was just as illegal as the black dollar, but people who opposed the currency restrictions and the President more generally considered it legitimate. The pesos used to buy blue dollars may have been earned legally or illegally, but always in a putatively moral (or, at least, amoral) fashion. This dollar was bought in "caves" *(cuevas*), spaces tucked away inside legal businesses, from corner stores to banks. The trade was widespread and tolerated by government officials except for periodic, highly publicized crackdowns. Although individual transactions were hidden from public view, the blue rate was highly visible, for it was determined by an algorithm that regularly calculated the difference between the stock valuations of several companies traded on the New York City and Buenos Aires exchanges. The result of that calculation was published continually on a widely consulted website[5]. Opposition news organizations proclaimed it on the front page of the daily papers and news organizations loyal to the President condemned it. And so, the blue dollar became the topic of constant commentary in face-to-face, mass media, and social media channels.

Almost without exception, that commentary was structured as a polarized debate. Those who defended its legitimacy as a necessity, given the currency restrictions' purportedly populist and statist assault on market logics, referred to it as as "parallel" (*paralelo*), "free" (*libre*), or "informal" (*informal*). All these terms, along with the practices of publicity and algorithmic calculation, did a significant amount of stipulative labor, for they projected informality onto the blue dollar while distinguishing it morally and practically from both black and white dollars. Supporters of the government's currency restrictions, on the other hand, refused those terms, preferring "illegal currency exchanges" (*cambio ilegal*), a nominalization that posited a black and white terrain in which legality, morality, and formality were coterminous and attempts to skirt monetary regulation amounted to attempts to destabilize a democratically elected government dedicated to the needs of "the people" (*el pueblo*).

4. My account of the blue dollar is drawn from several news media and academic sources, but especially from Herzbach 2014 and Sánchez 2013.

5. To my knowledge, it is not publicly known who sponsored the website (www.dolar-blue.blogspot.com).

There was also a host of other "dollars" (*dólares*). There was a "gold dollar" or "tourist dollar" (*dólar gold* or *dólar turista*), the rate when one purchased something abroad in dollars with a peso-denominated Argentine credit card. There was a "Colonia dollar" (*dólar Colonia*) the rate for extracting dollar bills with an Argentine banking card at an ATM in nearby Colonia, Uruguay. The terms "gold", "tourist", and "Colonia" referred to practices that enabled people to work around the currency restrictions by paying the white rate plus a percentage-based fee imposed by the Argentine government. There was also a "green dollar" (*dólar verde*), the rate for purchasing dollars illegally from perambulating vendors who charged a premium on the blue as compensation for the risks of the street. The green dollar (like the black) was not standardized; rather it was derived on an *ad hoc* basis from the blue and shaped by judgments regarding variables such as time of day, location, recent political developments, and the perceived trustworthiness of the parties involved.

Thus, the gold, Colonia, and green dollars all stood as informal, but in different ways. Despite the regulatory processes that produced the gold and Colonia exchange rates, the government never recognized them as such. That studied refusal of recognition, along with the popular naming of those practices as "dollars", framed them, like the blue, as the informal but technically legal derivations of the formal white dollar. Meanwhile, other practices of naming and calculating framed the green as the informal derivation of the relatively formal blue. That the blue dollar could stand as formal with respect to the green and informal with respect to the white demonstrates nicely the concept of fractal recursivity that I mentioned at the outset: Across these dollars, in/formality was not a matter of two distinct, if intertwined, social spaces or even types of activity. Rather, it was the effect of a continually re-imposed perspectival frame.

This bewildering array of dollars was not an officially acknowledged system of multiple exchange rates, but that's what it amounted to. We are all – as consumers and economists, citizens and politicians, academics and policymakers – accustomed to thinking of money as a unitary vehicle that serves as store of value, medium of exchange, and unit of account. Here, those and other functions were priced differentially across a distributed system in which each "dollar"'s price cited that of the others. The result was the possibility of arbitrage, and all sorts of people – from small business owners to teachers, from waitresses to lawyers – made small-scale profits (or avoided small-scale losses) by exploiting the differences amongst the various dollars. It was this illegal but tolerated arbitrage that allowed the Argentine monetary system to perform the delicate balancing act required by the conditions of the period in question. Nonetheless, because of the widespread ideology that envisions money as a frictionless, unified medium, the practice of arbitrage and the distributed monetary system that made it possible were not officially recognized. And so, another projection of in/formality took place on a far larger scale.

Despite the thoroughly polarized debate over the legitimacy of the President and her monetary policy, everyone agreed that the existence of multiple exchange rates was abnormal. For her supporters, monetary value should determined by the state, and for her detractors, by the market. However, for all concerned, monetary value should be unitary[6]. And so, both sides framed the distributed monetary system as informal. The President's administration did so in several ways, most obviously by tolerating and even enabling the distributed monetary system but disavowing it through periodic crackdowns and continual public condemnation. Those opposed to the President framed it as informal by insisting that it was an unfortunate but necessary way of working around her alleged mismanagement. Through these practices of publicity, policing, and policy-making, people on both sides of the debate (as well as participants and non-participants in the exchange of non-white dollars) all treated this distributed monetary system as the informal counterpart to an idealized, nonexistent monetary system in which state and market valuations of money were perfectly aligned. In other words, formality figured here as a spectral and utopian aspiration, from which Argentina fell short.

Here, then, in/formality played out across different scales and social spaces in distinguishing between actors, objects, exchanges, calculations, and even entire monetary systems. In closing, I would like to propose three implications of this proliferating series of recursive distinctions.

First, in/formality is not necessarily about in/visibility, as we might tend to assume[7]. Neither is it about distinguishing between any particular constellation of qualities. Rather, contextually situated actors must work to impose the distinction convincingly through linguistic and nonlinguistic practices. In other words, in/formality is best seen as the effect of an ideological struggle over what will be dis/avowed and on what grounds the legitimacy of dis/avowal will be judged.

6. This antinomy between the two grounds of monetary value is not unique to Argentina. In fact, it is utterly common because, as Hart (1986) argued, monetary value always requires the authorizing work of both political and economic institutions, which need not articulate smoothly with one another.

7. The website of the Global Informality Project (2017), for example, describes informal practices both as "invisible".

Second, the temporality of that struggle is key. In the case presented here, the impositions of in/formality were especially unstable. Because of the monetary ideology mentioned above, the distributed monetary system was framed not simply informal, but as intolerably so. People thus judged it to be so dysfunctional that collapse was inevitable. That judgment in turn prompted many people to seek out dollars with heightened zeal, thereby further destabilizing the monetary system[8]. The result was a dialectical relationship between judgments of legitimacy and mechanisms of price that produced an ever greater disparity between the white and blue prices. That disparity, in turn, contributed significantly to the 2015 electoral victory of Mauricio Macri, who succeeded President Fernández de Kirchner and immediately made good on his campaign promise to end her currency regulations.

Finally, although the particularities of this case stem from the especially fraught context of Argentine financial history, it is far from exceptional. Indeed, the general dynamic may prove quite commonplace, and not only in the Global South, for the contemporary moment is one in which the performative power of monetary policy (Holmes 2013) has come under considerable strain, even in the political-economic centers of global finance (Appadurai 2015; Streeck 2016). It remains to be seen how that strain might increasingly compel central bankers to turn to in/formality as a tool of monetary governance – with potentially momentous repercussions for ideologies not only of monetary value but also of the relationship between states and markets.

8. See Muir (2016) for an analysis of this self-destructive dynamic in practices and discourses of "corruption" in post-crisis Argentina.

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