

How Green is the Argentine Blue Dollar?

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Abstract

The accounting implications relative to foreign currency transactions and functional currency determinations influence the ability of a country to engage in international trade. Secondary exchange rates, also known as “black market rates,” are common in economically developing countries. Argentina is a unique case due to the sheer expanse of their secondary exchange rate—known as the dollar blue (also known as blue dollar, blue chip, and dollar informal). The blue dollar was born out of extreme economic disfunction of 1989 to 2011 and the poor political choices made during this time. Political policies and decisions bred distrust among locals and gave way to feelings of inadequacy towards the national government. As a result, in October of 2011, the blue dollar was born. The blue dollar sought to provide a more accurate exchange rate as compared to the U.S. dollar that fit current inflation rates and could be traded among the Argentine people without governmental control. Utilizing an International Political Economy (IPE) framework, this paper will discuss the blue dollar’s origins and its continued effects throughout Argentina; highlight tourists’ dependency upon and use; and examine the political impact of this informal exchange rate and the implications of dollarization.

Keywords: blue dollar, international political economy, Argentina economy, informal exchange rates, black market rates

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