
Brief contents

	List of Figures and Tables	XVII
1	General introduction and elementary price index theory	1
	1.1 Fundamental principles of price statistics and price indices	1
	1.2 Unweighted indices	17
	1.3 Index formulas of Laspeyres and Paasche	27
2	Approaches in index theory	47
	2.1 Outline of index theories or "approaches"	47
	2.2 Irving Fisher's approach and reversal tests	52
	2.3 The stochastic approach in price index theory	78
	2.4 Elements of the economic theory of index numbers	90
	2.5 Chain indices and Divisia's approach, general introduction	132
	2.6 Additive models, Stuvell's and Banerjee's index formulas	149
3	Axioms and more index formulas	165
	3.1 The axiomatic approach, some theorems and fundamental axioms	165
	3.2 Fundamental axioms and their interpretation	185
	3.3 Systems of axioms	216
	3.4 Log-change index numbers I: Cobb-Douglas- and Törnqvist-index	226
	3.5 Log-change index numbers II: Vartia's index formulas	243
	3.6 Ideal index functions and Theil's Best Linear Index (BLI)	255
4	Price collection and index systems in official statistics	263
	4.1 The set up of a system of price quotations and price indices in official statistics	263
	4.2 Quality adjustment in price statistics	271
	4.3 Sampling in price statistics	299
5	Deflation and aggregation	315
	5.1 Introduction to deflation methods	315
	5.2 Deflation in volume terms, aggregation and double deflation	328
	5.3 Harmonization of deflation methodology in Europe	350
	5.4 Fisher's Ideal index far from being ideal	362

6	Price indices and unit value indices in official statistics	371
6.1	The Consumer Price Index (CPI) and the Harmonized Index of Consumer Prices (HICP) in Europe	371
6.2	Some controversial issues in inflation measurement	390
6.3	Producer Price Indices (PPI)	405
6.4	Price indices and unit value indices, foreign trade and wage indices	415
7	Chain indices	429
7.1	Arguments in favour of the chain index approach	429
7.2	Properties of chain indices	456
8	Interspatial comparisons of prices and volumes	497
8.1	Introduction into interspatial comparisons	497
8.2	Overview of methods proposed for multinational comparisons	516
8.3	"Block methods" (Geary-Khamis etc.) for multinational comparisons	533
8.4	Averaging methods (generalizations of the binary case) for multinational comparisons and related methods	551
	References	561

Table of contents (complete)

List of Figures and Tables	XVII
1 General introduction and elementary price index theory	1
1.1 Fundamental principles of price statistics and price indices	1
a) The scope and structure of the book	1
b) The concept of a price index	4
c) Objectives and methodological principles of price statistics, the concept of deflation	6
d) Simple comparisons (a single commodity)	10
e) Aggregative comparisons (two or more commodities) and unit values	15
1.2 Unweighted indices	17
a) Dutot's index and Drobisch's unit value index	18
b) Carl's index formula	21
c) Commensurability and time reversal test, choice of the type of average in aggregating price quotations	21
c) Stochastic and aggregative approach to index theory	26
1.3 Index formulas of Laspeyres and Paasche	27
a) Price indices, dual interpretation	27
b) Price indices and quantity indices	30
c) Asymmetry in the interpretation of the Laspeyres and Paasche formula	33
d) Theorem of Ladislaus von Bortkiewicz concerning the relationship between Paasche and Laspeyres formulas	37
e) Critique of the Laspeyres index and the principle of "pure price comparison" by the US-Senate Advisory Commission (Boskin Commission, BC)	40
Digression: A linear approximation to Jevons index (hybrid index, part contributed by Jens Mehrhoff)	45
2 Approaches in index theory	47
2.1 Outline of index theories or "approaches"	47
a) Formal and economic theory of index numbers	47
b) Constructive approaches	49
2.2 Irving Fisher's approach and reversal tests	52
a) Fisher's systematic search for formulas	53
b) Generalization of means	59
c) Fisher's reversal tests, "crossing" and "rectifying" of formulas	63
d) Digression: a weak variant of the time reversal test	71
e) Fisher's philosophy in evaluating formulas by reversal tests	72
f) The meaning and significance of Fisher's circular test	74
g) A critique of circularity and time reversibility (Pfouts)	76
h) Some weak versions of the circular test, the base invariance test and base test	77
2.3 The stochastic approach in price index theory	78
a) Objectives of the stochastic approach	78
b) Generalization of means	59
b) Applications: some simple regression equation models for index formulas	81
c) Some questions concerning the general programme of the stochastic approach	86

2.4 Elements of the economic theory of index numbers	90
a) Definition of the "true cost of living index" (COLI), introduction of the utility concept	91
b) Upper and lower bounds for the COLI provided by the Laspeyres and-Paasche price index formula	97
c) Homothetic" preferences and the "unit cost" function	99
d) Example: the logarithmic Laspeyres index as an "exact" index function	101
e) The notion of "exact" and "superlative" index functions (cost of living indices)	106
f) Conditional COLIs and the many households case (social COLI)	115
g) The quantity index corresponding to the COLI as a price index	120
h) Some extensions and some more criticisms of the COLI reasoning	122
2.5 Chain indices and Divisia's approach, general introduction	132
a) Some really necessary terminological distinctions	132
b) Weights in the chain approach	138
c) Divisia index and its relation to chain indices	141
d) Discrete time approximations and weights in Divisia's approach	146
2.6 Additive models, Stuvell's and Banerjee's index formulas	149
a) Additive decomposition of the value difference	149
b) Properties of Stuvell's formulas	151
c) Alternative ways of deriving Stuvell's index formulas	153
d) Generalization of Stuvell's index formulas	156
e) Stuvell's approach and interpretations of price index formulas	158
f) Banerjee's factorial approach in index theory	159
g) Some comments on Banerjee's approach	163
3 Axioms and more index formulas	165
3.1 The axiomatic approach, some theorems and fundamental axioms	165
a) Uses of "axioms" and axiomatic systems	165
b) How to prove consistency and independence of a system of axioms?	168
c) Quantum theory of index formulas	169
d) A tentative list and grouping of axioms	170
e) First considerations concerning the importance of axioms/test and the time reversal test	174
f) Comments on the meaning and significance of some basic axioms I: determinateness, commensurability and dimensionality	175
g) Comments on the meaning and significance of some basic axioms II: identity, a first look at monotonicity, and proportionality	176
h) Logical relations among the most fundamental axioms	179
i) A tentative ranking of axioms in terms of importance	180
j) First example of uniqueness theorems and an inconsistency theorem	183
3.2 Fundamental axioms and their interpretation	185
a) The meaning of strict and weak monotonicity	185
b) Additivity and multiplicativity as special cases of strict monotonicity	190
c) Generalization of Bortkiewicz's theorem for additive indices	194
d) Mean value property (mean value test for price relatives)	196
e) Relations between monotonicity, proportionality and mean value property	197
f) The meaning of linear homogeneity	199
g) Linear homogeneity and proportionality	200
h) Linear homogeneity, monotonicity and mean value property	203

i)	Proportionality with respect to quantity indices, the "value index preserving test"	205
j)	"Value dependence test", another uniqueness theorem for Fisher's ideal index	206
k)	Some new tests in the tradition of Fisher's reversal tests: Partial reversals & additional uniqueness theorems concerning Fisher's ideal index	207
l)	Some weak versions of the circular test, and inconsistencies between some of Fisher's reversal tests and the circular test	213
3.3	Systems of axioms	216
a)	Irving Fisher's system of axioms (tests)	216
b)	A system of minimum requirements of an index by Marco Martini	219
c)	Two systems of axioms established by Eichhorn and Voeller	220
d)	Combinations of index formulas and transformations of data vectors	223
e)	Some additional axiomatic systems of B. Olt and final remarks on the choice between systems of axioms	224
3.4	Log-change index numbers I: Cobb-Douglas- and Törnqvist-index	226
a)	Growth rates, log changes, and new index formulas on the basis of log changes	226
b)	Cobb Douglas index P^{CD} , constant weights and the circular test	229
c)	The circular test and a characterization (uniqueness theorem) of P^{CD}	234
d)	The Törnqvist index, an "unbiased" index formula in a system of six indices	236
e)	Quantitative relations between six indices	241
f)	Three unbiased and superlative indices	241
3.5	Log-change index numbers II: Vartia's index formulas	243
a)	Aggregation of log changes and the logarithmic mean	243
b)	The Vartia-I index (P^{V1})	246
c)	The Vartia-II index (P^{V2})	247
d)	Properties of Vartia indices	249
3.6	Ideal index functions and Theil's Best Linear Index (BLI)	255
a)	Three-component model of value change (the structural component)	255
b)	Distribution of the structural component (additive model): Stuvel's solution	257
c)	Distribution of the structural component (multiplicative model): Fisher's solution	258
d)	Aggregation of a two component multiplicative micro-model: Vartia's solution	258
e)	Brief introduction into Theil's Best Linear Index (BLI)	261
4	Price collection and index systems in official statistics	263
4.1	The set up of a system of price quotations and price indices in official statistics	263
a)	The role of official statistics	263
b)	The implementation of a system of surveys in price statistics	264
c)	Some general remarks concerning the structure of a system of indices	267
d)	The German system of index calculations in official statistics	268
4.2	Quality adjustment in price statistics	271
a)	Need for quality adjustment	271
b)	For what kind of changes should adjustments be made? (Identification problem)	274

c) Typology of quality changes and adjustment methods	276
d) Digression: numerical example for the implicit methods: quality adjustment by a proportional change of the observed price	284
e) More comments on selected methods	287
f) Comments on the hedonic method	291
4.3 Sampling in price statistics	299
a) Random sampling: why and what?	299
b) Random selection of localities and outlets, derivation of weights from budget surveys of private households	302
c) Sampling of goods, new goods and the use of scanner data	304
d) Sampling designs in general and methods applied in official consumer price statistics	306
e) The Generalized Fisher index	310
f) Accuracy of a price index	313
5 Deflation and aggregation	315
5.1 Introduction to deflation methods	315
a) Objectives and types of deflation	315
b) Direct and indirect volume measurement, new products	318
c) Inflation measurement and deflation (volume measurement)	320
d) Deflating National Accounts aggregates	321
e) Quantities and qualities, price level and price structure	323
f) Deflation in terms of "real income"	324
g) Terms of trade effect	324
h) The choice of "the" deflator (the notion of the "general price level")	326
5.2 Deflation in volume terms, aggregation and double deflation	328
a) Interpretation of "volumes", axiomatic considerations	328
b) Double (indirect) deflation method	333
c) Aggregative properties of index functions and deflation methods	337
d) Consistency in aggregation (aggregative consistency of the index function, A1)	338
e) Equality test (ET)	343
f) Structural consistency of volumes (A2), a case for using Paasche indices in deflation	344
g) Some new results concerning aggregative consistency (v. Auer)	347
5.3 Harmonization of deflation methodology in Europe	350
a) General approach to harmonization of deflation methods in the EU	350
b) Aggregates related to the "production approach"	352
c) Aggregates related to the "expenditure approach"	354
d) Summary of the HVM and some remarks concerning direct volume measurement by extrapolation of output indicators	357
e) Move from "fixed base" indices to chain indices	357
5.4 Fisher's ideal index far from being ideal	362
a) Fisher deflation (direct Fisher price indices) and quantity movement	362
b) Structural inconsistency of Fisher – deflation	364
c) The chained Fisher's ideal index as deflator	365
d) Fisher's ideal index all but "ideal"	366

6	Price indices and unit value indices in official statistics	371
6.1	The Consumer Price Index (CPI) and the Harmonized Index of Consumer Prices (HICP) in Europe	371
	a) Political need for harmonization of CPI complications in Europe	371
	b) Main aspects of index construction that need to be harmonized	372
	c) The harmonization strategy	375
	d) Rules for the Harmonized Index of Consumer Prices (HICP)	377
	e) Aggregation over time (the chain index approach)	384
	f) The Monetary Union (EMU) Index of Consumer Prices (MUICP)	387
6.2	Some controversial issues in inflation measurement	390
	a) Core inflation and "net price indices"	390
	b) Asset inflation and "total inflation"	393
	c) The treatment of owner occupied dwelling (OOD)	397
6.3	Producer Price Indices (PPI)	405
	a) Price indices in agriculture	406
	b) Producer Price Index (PPI) for the Production Industries	411
	c) Price indices for buildings, improvement of dwellings and other construction work	412
6.4	Price indices and unit value indices, foreign trade and wage indices	415
	a) Unit value vs. price indices	416
	b) Difference between unit value indices and price indices in foreign trade statistics	425
	c) Indices of wages and salaries as price indices or unit value indices	427
7	Chain indices	429
7.1	Arguments in favour of the chain index approach	429
	a) Overview of arguments for chain indices and some general observations concerning the arguments of chainers	429
	b) Arguments of group A: Focus on links rather than on the chain	433
	c) Group B arguments: Ambiguities concerning the notion of "base"	439
	d) Group C arguments: Adjustment of weights, new products and changes in quality	447
	e) Group D arguments referring to expected and desired results of index calculations	450
	f) Chain indices recommended for deflation (SNA, argument of type E)	452
	g) Concluding remarks concerning the nature of the arguments	452
7.2	Properties of chain indices	456
	a) Introduction	456
	b) Chain price indices and the two traditional interpretations of a price index	458
	c) No identity and monotonicity: axioms apply to links only (not to the chain)	462
	d) Cyclical movement of prices	464
	e) No transitivity but path dependence	466
	f) Nonlinearity (the determinants of an increase/decrease of the price level)	469
	g) Inconsistency in aggregation	474
	h) No structural consistency (of volumes) and proportionality in quantities	476

i) Determinants of the drift (drift-function, temporal correlation, growth factors)	480
j) Justification of chainlinking, uniqueness theorem of Funke et al. concerning the Cobb-Douglas index	485
k) Aspects of official statistics: cost-benefit-considerations, understandability, and a system of chain indices	487
8 Interspatial comparisons of prices and volumes	497
8.1 Introduction into interspatial comparisons	497
a) Differences between intertemporal and interspatial comparisons	497
b) Uses and limitations of international price comparisons; PPPs and exchange rates	501
c) Bilateral and multilateral price comparisons	503
d) Some methods of bilateral international comparisons	504
e) Consistency in multinational comparisons (the meaning of transitivity)	509
f) Conditions, axioms and required properties in multinational comparisons	512
g) Engel-Gerschenkron effect, Paasche – Laspeyres – Spread	515
8.2 Overview of methods proposed for multinational comparisons	516
a) Introduction into methods to solve the transitivity problem	516
b) Evaluation of methods adequate for intra-EU comparisons	520
c) Block methods: Geary-Khamis (GK) method	522
d) The method of "minimum spanning trees" (MST-Method)	525
e) Short comments on some other methods	530
8.3 "Block methods" (Geary-Khamis etc.) for multinational comparisons	533
a) The Central Country Method (CCM)	534
b) The Geary-Khamis (GK) approach to multinational comparisons	538
c) The (balanced) method of van Yzeren	545
d) Short remarks concerning further variants of the block-of-countries approach	548
8.4 Averaging methods (generalizations of the binary case) for multinational comparisons and related methods	551
a) Generalization of country reversible index functions	551
b) The EKS-method to provide transitive PPPs	552
c) The Caves-Christensen-Diewert (CCD) – method	557
d) Models based approaches	559
e) Multilateral generalized Törnqvist method (MGT)	560
References	561

List of figures and tables

Figure 1.1.1: General scope and structure of the book	3
Figure 1.1.2: Uses of price statistics and price indices	9
Figure 1.2.1: Indices as ratios of average prices (as absolute figures)	19
Figure 1.2.2: Behaviour of unweighted indices by type of mean	23
Figure 1.3.1: Price and quantity indices	31
Figure 1.3.2: Conceptual differences in price level measurement	44
Figure 2.1.1: Structure of formal index theories	49
Figure 2.1.2: Some "constructive" approaches in index theory	51
Figure 2.2.1: Family tree of index formulas (according to Köves)	54
Figure 2.2.2: Interpretations of second and third generation indices	60
Figure 2.2.3: Crossing P with an antithesis as finder of formulas	66
Figure 2.2.4: Time reversal test and factor reversal test of second Generation indices (additive block only)	67
Figure 2.3.1: The place of the stochastic approach in index theory	80
Figure 2.3.2: Some "Budget share weighted average models" (BSW) models	83
Figure 2.3.3: Main ideas of the new stochastic approach	89
Figure 2.4.1: Indifference curve and cost minimization of a household in the microeconomic consumption theory	93
Figure 2.4.2: Income escalation at a rate of p_{0t}^I and a constant structure of prices	101
Figure 2.4.3: Consumer equilibriums N_0 and N_t	103
Figure 2.4.4: "Compensation" according to $P^L = 2.125$	104
Figure 2.4.5: Equal values of functions in $x = x_0$ and first order approximation (tangent)	109
Figure 2.4.6: Types of sub-indices	116
Figure 2.5.1: Terminological distinctions referring to chain indices	132
Figure 2.5.2: Traditional classification of weighted schemes	139
Figure 2.5.3: Alternative principles to define weights	140
Figure 2.6.1: Stuvél's approach	150
Figure 2.6.2: Alternative ways of deriving and interpreting P_{0t}^{PST} and Q_{0t}^{QST}	155
Figure 2.6.3: Index functions as variants of the generalized Stuvél indices	157
Figure 2.6.4: Banerjee's factorial approach	161
Figure 3.1.1: Properties of an index function	166
Figure 3.1.2: Types of axiomatic approaches	167
Figure 3.1.3: Relations among some axiomatic properties	180
Figure 3.1.4: Tentative classification of axioms and their uses	181
Figure 3.2.1: Strict and weak monotonicity	187
Figure 3.2.2: Generalization of Bortkiewicz's theorem (law of the ratio of two additive indices)	196
Figure 3.2.3: Linear homogeneity, monotonicity and proportionality	201
Figure 3.3.1: The system of Axioms of Irving Fisher	217
Figure 3.3.2: Systems of axioms by Eichhorn & Voeller	221
Figure 3.3.3: Three systems of axioms by B. Olt	225
Figure 3.4.1: Log-change indices	232

Figure 3.4.2: System of six index formulas (Vartia) and the "five tined fork" of I. Fisher	239
Figure 3.5.1: Aggregation growth rates over commodities (additive model)	245
Figure 3.5.2: Törnqvist, Vartia- II and Walsh- II index	248
Figure 3.6.1: Stuvell's way of deriving an ideal index	256
Figure 3.6.2: Fisher's way of deriving an ideal index	259
Figure 3.6.3: Vartia's way of deriving ideal log-change-indices	260
Figure 3.6.4: Weights in aggregating log-changes, Vartia's solution	260
Figure 3.6.5: Theil's-pair of "best linear indices"	261
Figure 4.1.1: Scope of price statistics and origin of data on prices	265
Figure 4.2.1: Types of quality change (of good A) and adjustment methods	273
Figure 4.2.2: Relationship between sampling and quality adjustment	277
Figure 4.2.3: Components of the price difference and adjustment methods	281
Figure 4.2.4: System of adjustment methods	282
Figure 4.2.5: List of some major problems with hedonics	293
Figure 4.2.6: Variants of the hedonic method	297
Figure 4.3.1: Stages in index calculation where selections are involved	300
Figure 4.3.2: Dealing with appearances and disappearances of goods	305
Figure 4.3.3: Errors and sampling methods in price statistics	307
Figure 4.3.4: Notation for de Haan's Generalized Fisher Index	310
Figure 5.1.1: Notation of "deflation"	317
Figure 5.1.2: Alternative methods to estimate volumes or volume (quantity) indices	319
Figure 5.1.3: Alternative views concerning uses of price indices	320
Figure 5.1.4: Production, expenditure and income approach in National accounts (NA)	322
Figure 5.2.1: Requirements reasonably interpretable "volumes" should fulfil	329
Figure 5.2.2: Alternative estimations of value added (VA) or GDP at constant prices as recommended in the rev. SNA 1993	335
Figure 5.2.3: The usage of the terms "additivity" in (price) index theory	338
Figure 5.2.4: The concept of aggregative consistency (K = 3 sectors)	340
Figure 5.4.1: Fisher's ideal index – far from being ideal	368
Figure 6.2.1: Notion of core inflation and methods of measurement	391
Figure 6.2.2: Classification of non financial assets in the SNA 1993	395
Figure 6.2.3: Methods to deal with Owner Occupied Dwelling (OOD)	398
Figure 6.3.1: Various types of reduced representativity	408
Figure 6.3.2: Methods to deal with (seasonal) non-availability of (agricultural) products	409
Figure 6.3.3: Methods to compile output-price indices in construction	414
Figure 6.4.1: The structure of indices on the basis of unit values	421
Figure 7.1.1: Twelve arguments in favour of chain indices, an overview	431
Figure 7.1.2: Successive comparison of partially overlapping circles	438
Figure 7.2.1: Objectives and principles of index construction	469
Figure 7.2.2: Comparability and chain indices (part 1: Dimensions of comparability)	491
Figure 7.2.3: Comparability and chain indices (part 2: Inconsistencies With respect to the number of commodities)	492
Figure 8.1.1: Some differences between intertemporal and Interspatial comparisons	499

Figure 8.1.2: Uses of international comparisons of prices	502
Figure 8.1.3: Number of comparisons in intertemporal and interspatial case	504
Figure 8.1.4: Usage of notions, like Laspeyres and Paasche and illustration of the notion "basic heading"	506
Figure 8.1.5: Bilateral and multilateral comparisons Laspeyres- and Paasche-approach in bilateral international comparisons	510
Figure 8.1.6: From properties of bi-lateral comparisons (between place A and place B) to desired properties of multi-lateral comparisons	511
Figure 8.1.7: Criteria and requirements for international comparisons	514
Figure 8.2.1: Overview of most relevant methods, part I	518
Figure 8.2.2: Overview of some of the most relevant methods, part II	519
Figure 8.2.3: Criteria to find suitable methods for inter-EU- comparisons	521
Figure 8.2.4: The notion of a "spanning tree"	526
Figure 8.3.1: Visualization of the CCM	534
Figure 8.3.2: The main relationships in the GK-method	539
Figure 8.4.1: Demonstration of the transitivity of CCD parities (three country case)	558
Table 1.1.1: Axioms satisfied by price and quantity relatives (fixed base)	13
Table 1.2.1: Some properties of unweighted means as indices	24
Table 1.3.1: The interpretation of the Laspeyres and Paasche price index and quantity index formula (ratio of aggregate forms)	35
Table 1.3.2: Relations between Laspyres- and Paasche formulas	39
Table 1.3.3: Some examples for BC suggestions for improvement of the CPI	43
Table 2.2.1: Some "log-change-indices" derived from Fisher's scheme to systematize index formulas, geometric means and types of weights	56
Table 2.2.2: Some well known formulas derived from crossing formulas and weights	57
Table 2.2.3: Factor reversal test in the case of third generation indices TR = time reversal test, FR = factor reversal test	69
Box 2.4.1: Some microeconomic concepts used in COLI – theory	105
Table 2.4.1: Some flexible functions and the corresponding superlative indices	110
Table 2.4.2: Relationships between symmetry, kind of mean and the notion "superlative"	114
Table 2.4.3: Economic theory ("true") price indices on the producer price level (PPIs)	125
Table 3.1.1: List of "tests"/axioms of price index functions version $P(p_0, q_0, p_0', q_0')$	171
Table 3.2.1: Two variants of weak monotonicity	188
Table 3.2.2: Two conditions of strict monotonicity	189
Table 3.2.3: Independence of linear homogeneity and proportionality	200
Table 3.2.4: Summary information on relationships among axioms	205
Table 3.2.5: Independence of time-, factor- and price reversal test	210
Table 3.2.6: Characterization (uniqueness theorems) concerning Fisher's index formulas	212
Table 3.3.1: Examples given by Eichhorn and Voeller to demonstrate the independence of the five axioms system (EV-5)	223
Table 3.3.2: Examples given by Eichhorn and Voeller to demonstrate the Independence of the four axioms system (EV-4)	223

Table 3.4.1: Advantages of log changes over traditional growth rates	228
Table 3.4.2: Definition of a "log-change" (price) index	229
Table 4.1.1: System of price indices in German official statistics	269
Table 4.1.2: Some details of selected German official price indices	270
Table 5.1.1: Comments on possible general deflators	327
Table 5.2.1: Three deflators in the light of criteria for good deflation (in volume terms)	333
Table 5.2.2a: Laspeyres, Paasche and M-E index in r-v-representations	349
Table 5.2.2b: Index formulas and their aggregative properties	349
Table 5.3.1: Selected problems of output deflation by product	359
Table 6.1.1: Principles for the Harmonization Process	376
Table 6.1.2: Harmonization of Consumer Price Indices	381
Table 6.1.3: Some quotations taken from regulations concerning the HICP	385
Table 6.2.1: Aspects to be considered in the choice of a method to deal with OOD	404
Table 6.4.1: Comparison of true price and unit value (price) indices	417
Table 7.2.1: Summary of shortcomings of chain indices	457
Table 7.2.2: Relation between changes of individual prices and the price index	470
Table 7.2.3: Development of weights in aggregating over sectoral links in order to calculate a chain index \bar{P}_{0t}^{LC}	475
Table 7.2.4: Comparison of different deflation methods (deflators P_{0t})	479
Table 7.2.5: Cumulative structure of the drift as a function of the (temporal) covariance	483
Table 8.3.1: Characteristicity (specificity) of the CCM solution	536