## CONTENTS

<u>1.</u>	Introduction	page 2
2.	The Making of Purchasing Power Parities	8
	2.1 Notation and Definition	9
	2.2 Examples and Basic Implications	16
	2.3 Further Criteria and Implications	23
	2.4 Characterizations	41
	2.4.1 The Effect of the Circular Test	42
	2.4.2 Initial Characterizations	44
	2.4.3 The Cobb-Douglas Parity	55
	2.4.4 The Fisher Parity	64
	2.5 Inconsistency Considerations	73
	2.6 Different Approaches	76
	2.6.1 The Bogers-van Yzeren Method	7 <b>7</b>
	2.6.2 The Geary-Khamis Method	79
	2.6.3 The Gerardi Method	82
	2.6.4 The "True" Parity	. 83
<u>3.</u>	Economic Relevance	87
	3.1 International Comparisons	87
	3.2 Purchasing Power Parity Theory of Exchange Rates	90
4.	Concluding Remarks	97
5.	Bibliography	99