

Convergence to the Law of One Price Without Trade Barriers or Currency Fluctuations

[Get access >](#)

David C. Parsley , Shang-Jin Wei

The Quarterly Journal of Economics, Volume 111, Issue 4, November 1996, Pages 1211–1236, <https://doi.org/10.2307/2946713>

Published: 01 November 1996

Abstract

Using a panel of 51 prices from 48 cities in the United States, we provide an upper bound estimate of the rate of convergence to purchasing power parity. We find convergence rates substantially higher than typically found in cross-country data. We investigate some potentially serious biases induced by i.i.d. measurement errors in the data, and find our estimates to be robust to these potential biases. We also present evidence that convergence occurs faster for larger price differences. Finally, we find that rates of convergence are slower for cities farther apart. However, our estimates suggest that distance alone can only account for a small portion of the much slower convergence rates across national borders.

This content is only available as a PDF.

© 1996 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology

Issue Section: [Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)

Personal account

Institutional access

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

[Register](#)

 Sign in through your institution

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Convergence to the Law of One Price Without Trade Barriers or Currency Fluctuations* - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.