Methodological Issues in the ICP Theory and Data Use

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The ICP is not only one of economic theories, but also a statistical technique. Considering the methodology used in the ICP, there still exist some serious misunderstandings on ICP theory and data use. This paper discusses the following four questions: (1) What’s the relationship between ICP and the law of one price? (2) What’s the difference in consumption concepts between ICP and CPI? (3) Is the PPP only a currency conversion method? (4) Can the ICP data be used to study the changes in the industry structure of a country?

Keywords: ICP; law of one price; CPI; ICP data.

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