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TESTING FOR THE ECONOMIC IMPACT OF THE *U.S. CONSTITUTION*:
PURCHASING POWER PARITY ACROSS THE COLONIES VERSUS ACROSS
THE STATES, 1748-1811

Farley Grubb

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1050 Massachusetts Avenue

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ABSTRACT

Exchange rates and price indices are constructed to test purchasing power parity between eight British North American colonial locations, five of whom issued their own fiat paper money. Purchasing power parity is then tested between these same locations after six became states politically and monetarily unified under the *U.S. Constitution*. Purchasing power parity cannot be rejected between all colonial locations or between the six U.S. states, if anything holding with more confidence prior to U.S. political and monetary unification. But it is rejected between U.S. states and nearby British colonies that stayed outside the U.S. union.

Farley Grubb

University of Delaware

Economics Department

Newark, DE 19716

and NBER

grubbf@lerner.udel.edu