

TABLE OF CONTENTS

	Page
GENERAL INTRODUCTION	1
ESSAY I:PORTFOLIO DIVERSIFICATION ACROSS CURRENCIES	
List of Tables	7
List of Figures	8
Introduction and Summary	9
I Indices of Purchasing Power	12
II Optimal Portfolio Diversification	28
Appendix 1 The Optimal Portfolio and Consumption Rule in the General Case	54
Appendix 2 A Time-Invariant Portfolio Rule when there are Many Goods Produced in each Country	66
Appendix 3 The Aggregation of Portfolios of Different Investors	69
References	71
ESSAY II:EXCHANGE RATE BEHAVIOR WITH CURRENCY INCONVERTIBILITY	
List of Figures	74
List of Tables	74
Introduction and Summary	75
I Black Markets for Foreign Exchange:the Traditional and Monetarist Approaches	79
II Exchange Rates and the Current Accounts under Inconvertibility	88
III Currency Inconvertibility,Money and Relative Prices	105
Appendix 1 Derivation of the Stability Conditions in terms of Demand and Supply of Imports and Exports	120
Appendix 2 A General Equilibrium Model with Non-Traded Goods	128
References	134