

WORLD ECONOMIC OUTLOOK
October 2001

The Information Technology Revolution



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ASSUMPTIONS AND CONVENTIONS

A number of assumptions have been adopted for the projections presented in the *World Economic Outlook*. It has been assumed that real effective exchange rates will remain constant at their average levels during July 23–August 17, 2001, except for the currencies participating in the European exchange rate mechanism II (ERM II), which are assumed to remain constant in nominal terms relative to the euro; that established policies of national authorities will be maintained (for specific assumptions about fiscal and monetary policies in industrial countries, see Box A1); that the average price of oil will be \$26.80 a barrel in 2001 and \$24.50 a barrel in 2002, and remain unchanged in real terms over the medium term; and that the six-month London interbank offered rate (LIBOR) on U.S. dollar deposits will average 4.1 percent in 2001 and 3.7 percent in 2002. These are, of course, working hypotheses rather than forecasts, and the uncertainties surrounding them add to the margin of error that would in any event be involved in the projections. The estimates and projections are based on statistical information available through early September, 2001.

The following conventions have been used throughout the *World Economic Outlook*:

- . . . to indicate that data are not available or not applicable;
- to indicate that the figure is zero or negligible;
- between years or months (for example, 1997–98 or January–June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years or months (for example, 1997/98) to indicate a fiscal or financial year.

“Billion” means a thousand million; “trillion” means a thousand billion.

“Basis points” refer to hundredths of 1 percentage point (for example, 25 basis points are equivalent to $\frac{1}{4}$ of 1 percentage point).

In figures and tables, shaded areas indicate IMF staff projections.

Minor discrepancies between sums of constituent figures and totals shown are due to rounding.

As used in this report, the term “country” does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis.



FURTHER INFORMATION AND DATA

This report on the *World Economic Outlook* is available in full on the IMF's Internet site, www.imf.org. Accompanying it on the website is a larger compilation of data from the WEO database than in the report itself, consisting of files containing the series most frequently requested by readers. These files may be downloaded for use in a variety of software packages.

Inquiries about the content of the *World Economic Outlook* and the WEO database should be sent by mail, electronic mail, or telefax (telephone inquiries cannot be accepted) to:

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PREFACE

The projections and analysis contained in the *World Economic Outlook* are an integral element of the IMF's ongoing surveillance of economic developments and policies in its member countries and of the global economic system. The IMF has published the *World Economic Outlook* annually from 1980 through 1983 and biannually since 1984.

The survey of prospects and policies is the product of a comprehensive interdepartmental review of world economic developments, which draws primarily on information the IMF staff gathers through its consultations with member countries. These consultations are carried out in particular by the IMF's area departments together with various support departments.

The country projections are prepared by the IMF's area departments on the basis of internationally consistent assumptions about world activity, exchange rates, and conditions in international financial and commodity markets. For approximately 50 of the largest economies—accounting for 90 percent of world output—the projections are updated for each *World Economic Outlook* exercise. For smaller countries, the projections are based on those prepared at the time of the IMF's regular Article IV consultations with those countries and updated during the WEO exercise.

The analysis in the *World Economic Outlook* draws extensively on the ongoing work of the IMF's area and specialized departments, and has been coordinated in the Research Department under the general direction of Michael Mussa and Kenneth Rogoff, former and current Economic Counsellors and Directors of Research. The *World Economic Outlook* project is directed by David Robinson, Senior Advisor in the Research Department, together with Tamim Bayoumi, Chief of the World Economic Studies Division.

Primary contributors to the current issue include Hali Edison, Thomas Helbling, Maitland MacFarlan, James Morsink, Cathy Wright, Marc Auboin, Geoffrey Bannister, Luis Catão, Markus Haacker, Luca Ricci, Torsten Sløk, and Marco Terrones. Other contributors include Jahangir Aziz, Taimur Baig, Robin Brooks, Ximena Cheetham, Susan Collins, Karl Habermeier, Ayhan Kose, Manmohan Kumar, Il Houg Lee, Anne McGuirk, Guy Meredith, Ashoka Mody, Gary Moser, Eswar Prasad, Blair Rourke, Scott Roger, Kevin Ross, and Stephen Tokarick. Several consultants were also involved in background work, namely Michael Artis, Nicholas Crafts, Michael Klein, and Ross Levine. Nese Erbil, Mandy Hemmati, Yutong Li, and Bennett Sutton provided research assistance. Gretchen Byrne, Nicholas Dopuch, Toh Kuan, Olga Plagie, Di Rao, and Anthony G. Turner processed the data and managed the computer systems. Sylvia Brescia, Dawn Heaney, and Laura Leon were responsible for word processing. Jeff Hayden of the External Relations Department edited the manuscript and coordinated production of the publication.

The analysis has benefited from comments and suggestions by staff from other IMF departments, as well as by Executive Directors following their discussion of the *World Economic Outlook* on September 5 and 7, 2001. However, both projections and policy considerations are those of the IMF staff and should not be attributed to Executive Directors or to their national authorities.