

**WORLD ECONOMIC  
OUTLOOK**

OCTOBER 1993



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A Survey by the Staff of the  
International Monetary Fund



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## Assumptions and Conventions

A number of assumptions have been adopted for the projections presented in this report. It has been assumed that average real effective exchange rates will remain constant at their August 16–20, 1993 levels except for the bilateral rates among the exchange rate mechanism (ERM) currencies, which are assumed to remain constant in nominal terms; that “present” policies of national authorities will be maintained; that the average price of oil will be \$16.68 a barrel in 1993, \$17.23 a barrel in 1994, and remain unchanged in real terms over the medium term; and that the six-month U.S. dollar London interbank offered rate (LIBOR) will average 3.5 percent in 1993 and 4.1 percent in 1994. 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 on September 10, 1993, except for Japan, where the projections incorporate the national account estimates released on September 14 and the fiscal package announced on September 16.

The following conventions have been used throughout the report:

- ... to indicate that data are not available or not applicable;
- to indicate that the figure is zero or less than half the final digit shown;
- between years or months (for example, 1991–92 or January–June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years or months (for example, 1991/92) to indicate fiscal or financial years.

“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).

Minor discrepancies between constituent figures and totals 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.



## 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. An *Interim Assessment of the World Economic Outlook* was published in January 1993.

The survey of prospects and policies is the product of a comprehensive interdepartmental review of world economic developments, which draws primarily on the 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 the Policy Development and Review and Fiscal Affairs 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 estimates are based on the projections prepared at the time of the IMF's regular Article IV consultations with member countries or in connection with the use of IMF resources; for these countries, the estimates used in the *World Economic Outlook* are updated incrementally to reflect changes in global economic conditions.

The analysis in the *World Economic Outlook* draws extensively on the ongoing work of the IMF's area and specialized departments, and is coordinated in the Research Department under the general direction of Michael Mussa, Economic Counsellor and Director of Research. The *World Economic Outlook* project is directed by Flemming Larsen, Assistant Director in the Research Department, together with David T. Coe, Chief of the World Economic Studies Division.

Other contributors to the current issue include Staffan Gorne, Garry J. Schinasi, Robert P. Ford, Manmohan S. Kumar, Johan Baras, Monica Hargraves, Robert A. Feldman, Alexander Hoffmaister, Hossein Samiei, Vivek Arora, Tamim Bayoumi, Ranjit S. Teja, Paulo C. Leme, Tapio O. Saavalainen, Carlos A. Végh, and Karl F. Habermeier. The authors of the annexes are indicated in each case. The Fiscal Analysis Division of the Fiscal Affairs Department computed the structural budget indicators and fiscal impulse measures. Anthony G. Turner, Sheila Bassett, Sungcha Hong Cha, and Toh Kuan provided research assistance. Cathy Wright, Allen Cobler, Nicholas Dopuch, Gretchen Gallick, Shamim Kassam, Yasoma Liyanarachchi, Steven Parker, and Prem Pillai processed the data and managed the computer systems. Susan Duff, Margarita Lorenz-Santin, and Nora Mori-Whitehouse were responsible for word processing. James McEuen 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 1 and 3, 1993. 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.

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