1. Record Nr. UNINA9910962147003321

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Titolo	Oil and the World Economy : : Some Possible Futures / / Michael Kumhof, Dirk Muir
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2012
ISBN	9781475540314 1475540310 9781475539974 1475539975 9781283866736 1283866730 9781475588354 1475588356
Edizione	[1st ed.]
Descrizione fisica	1 online resource (32 p.)
Collana	IMF Working Papers IMF working paper ; ; WP/12/256
Altri autori (Persone)	MuirDirk
Disciplina	338.2/7282/0904
Soggetti	Petroleum products Economic geography Investments: Energy Macroeconomics Economic Theory Industries: Energy Bayesian Analysis: General Forecasting and Other Model Applications Nonrenewable Resources and Conservation: Demand and Supply Exhaustible Resources and Economic Development Energy: General Energy: Demand and Supply Prices Price Level Inflation Deflation Agriculture: Aggregate Supply and Demand Analysis Macroeconomics: Production Investment & securities Economic theory & philosophy Petroleum, oil & gas industries Oil

	Oil prices Price elasticity Demand elasticity Oil production Commodities Economic theory Production Petroleum industry and trade Elasticity Economics United States
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	Cover; Contents; I. Introduction; II. The Model; A. Oil Supply; B. Oil Demand; 1. Baseline Scenario; 2. Growing Elasticity Scenario; 3. Entropy Boundary and Falling Elasticity Scenarios; 4. Technology Externality Scenario; C. World Oil Market Equilibrium; D. Calibration; III. Discussion of the Alternative Specifications; A. Entropy Boundary and Falling Elasticity Scenarios; 1. Supply Limitations; 2. Technical Substitutability; B. Growing Elasticity Scenario; C. Technology Externality Scenario; IV. Simulation Results; A. Baseline Scenario; B. Growing Elasticity Scenario C. Entropy Boundary Scenario and Falling Elasticity ScenarioD. Technology Externality Scenario; E. Larger Shock Scenario; F. Combined Downside Scenarios; G. Combined Downside and Growing Elasticity Scenario; H. The Assumption of Unitary Income Elasticity; I. The Assumption of Smooth Reallocation; V. Conclusion; References; Figures; 1. World Crude Oil Production (in million barrels per day); 2. The Entropy Boundary in Factor Space; 3. Baseline Scenario; 4. Growing Elasticity Scenario; 5. Entropy Boundary Scenario; 6. Falling Elasticity Scenario 7. Technology Externality and Larger Shock Scenarios8. Combined Downside and Growing Elasticity Scenario
Sommario/riassunto	This paper, using a six-region DSGE model of the world economy, assesses the GDP and current account implications of permanent oil supply shocks hitting the world economy at an unspecified future date. For modest-sized shocks and conventional production technologies the effects are modest. But for larger shocks, for elasticities of substitution that decline as oil usage is reduced to a minimum, and for production functions in which oil acts as a critical enabler of technologies, GDP growth could drop significantly. Also, oil prices could become so high that smooth adjustment, as assumed in the model, may become very difficult.