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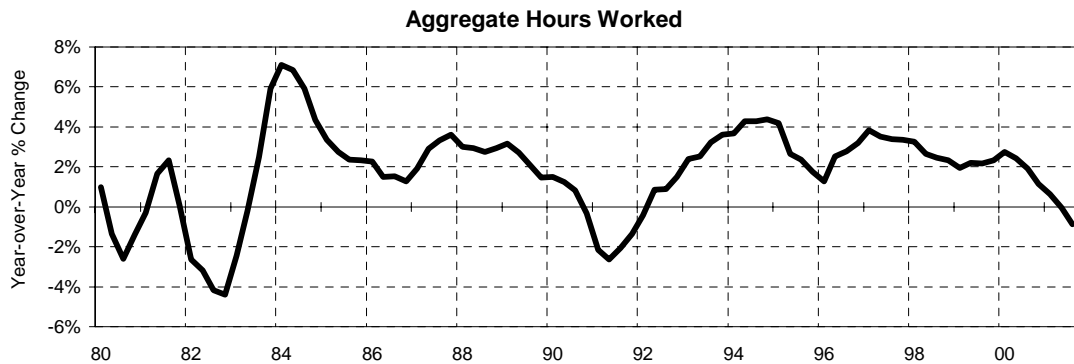
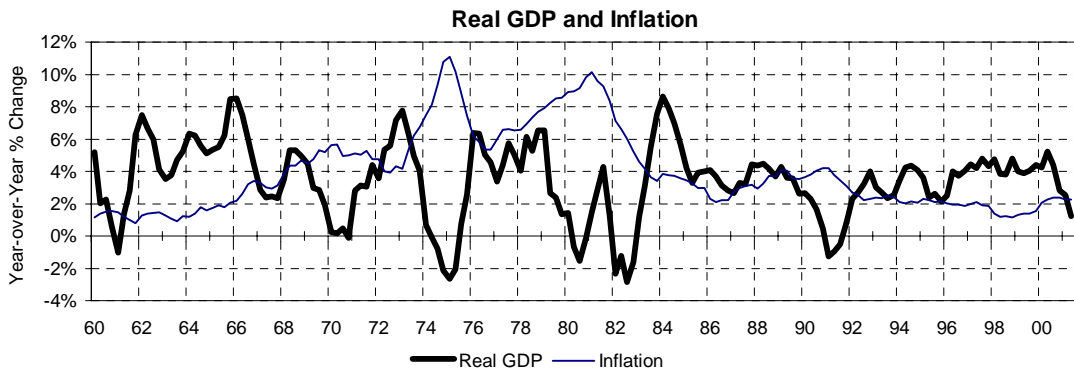
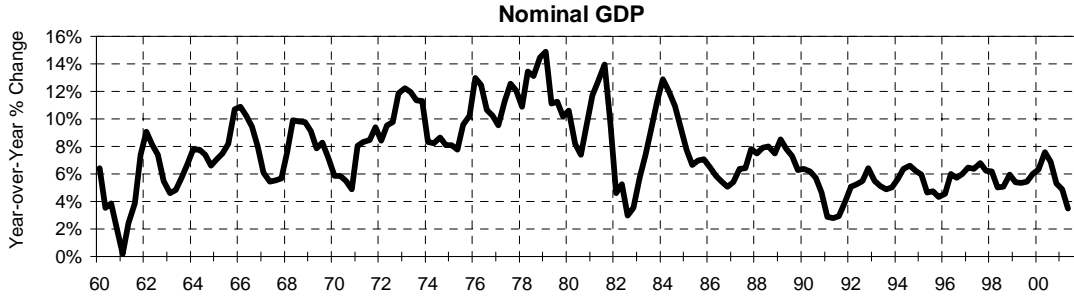
## **A Perspective on Worldwide Economic and Financial Performance**

**MICKEY D. LEVY  
CHIEF ECONOMIST  
BANK OF AMERICA CORP.**

**SHADOW OPEN MARKET COMMITTEE  
WASHINGTON, DC  
OCTOBER 14-15, 2001**

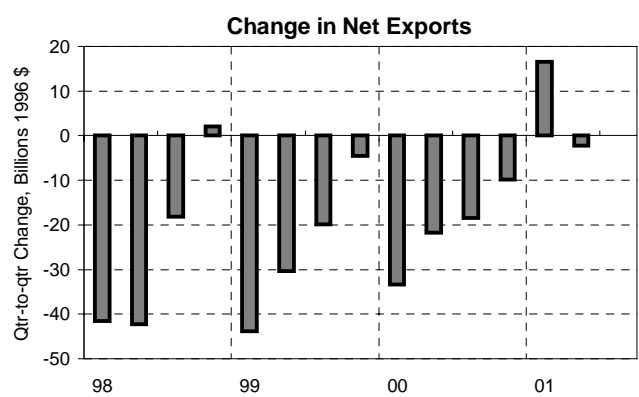
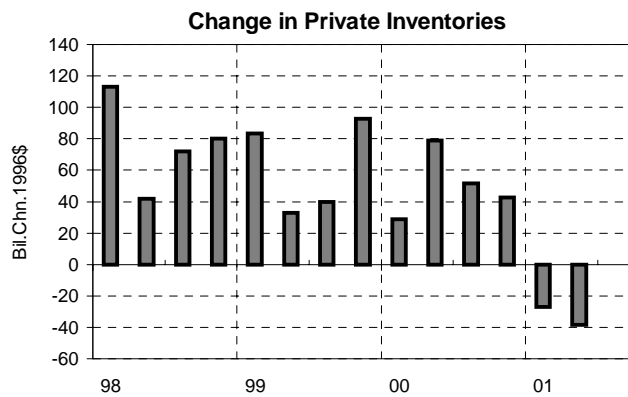
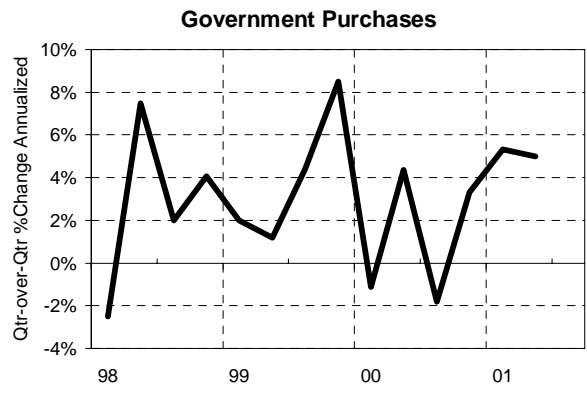
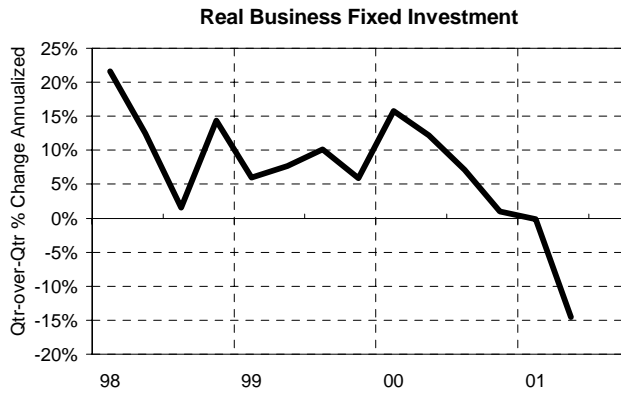
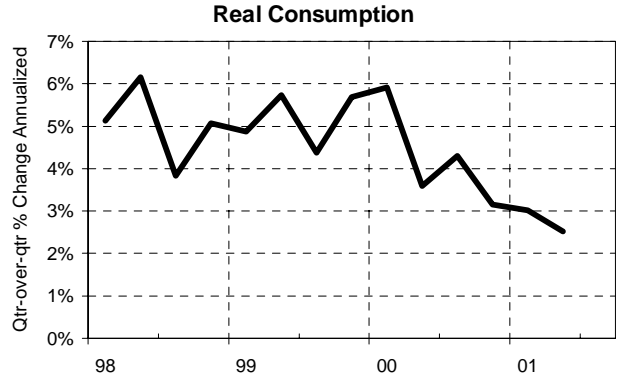
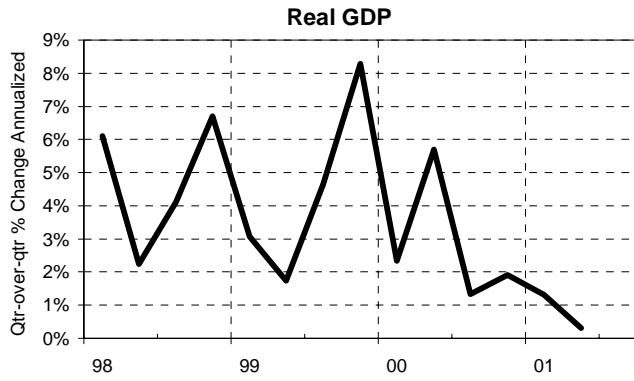
Chart 1

U.S. Macroeconomic Trends



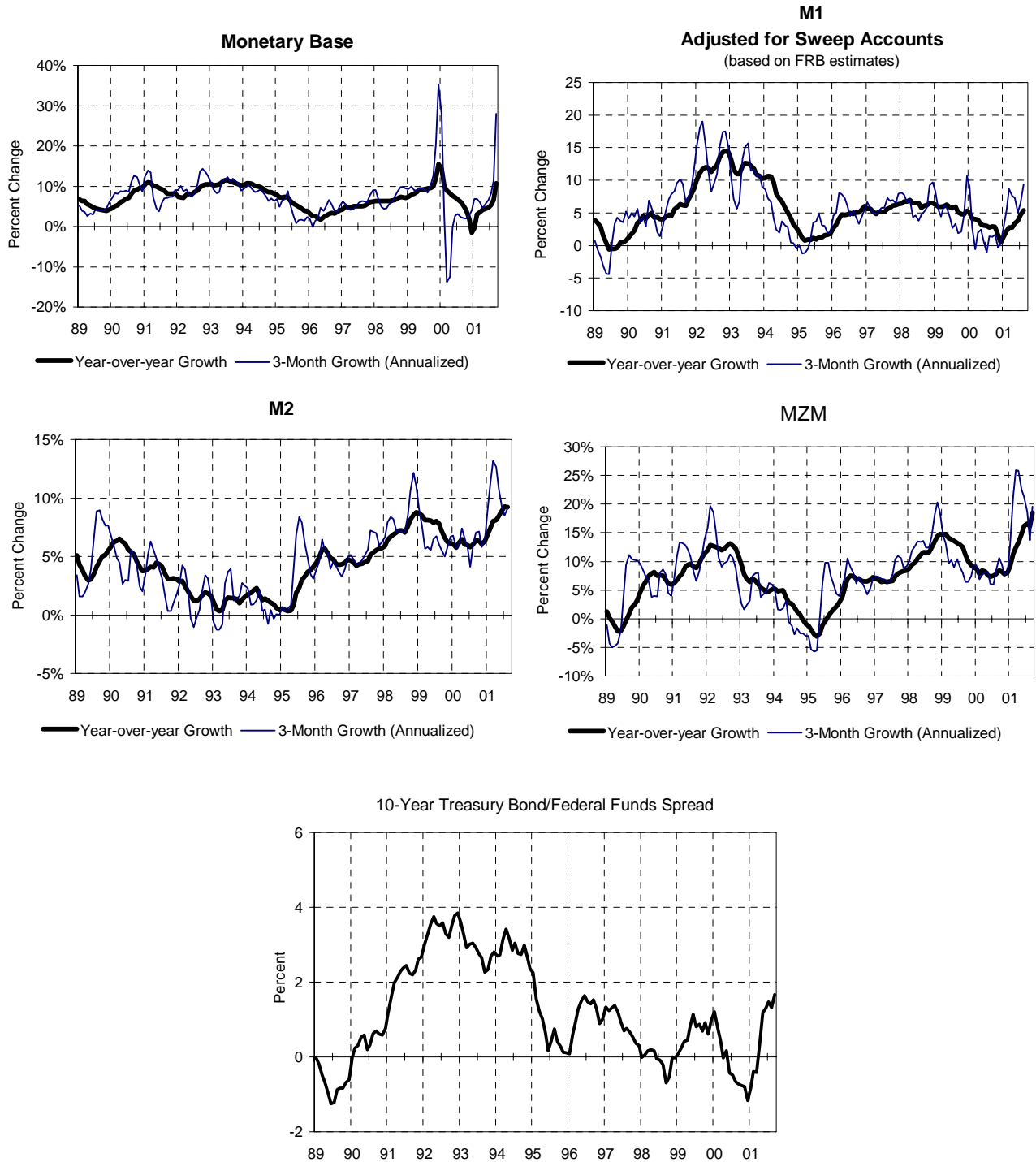
### Chart 2

### Recent Trends in GDP and Components



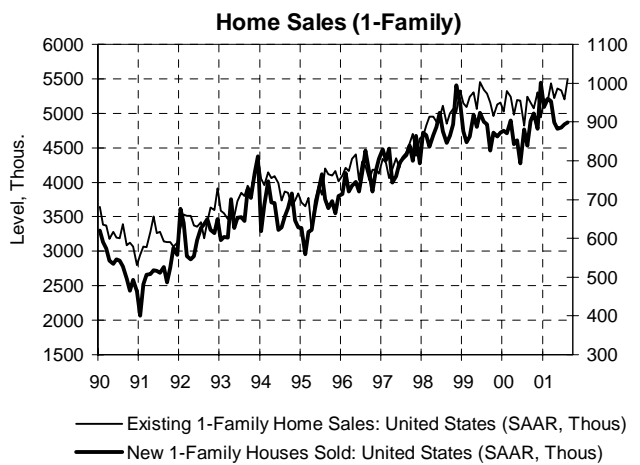
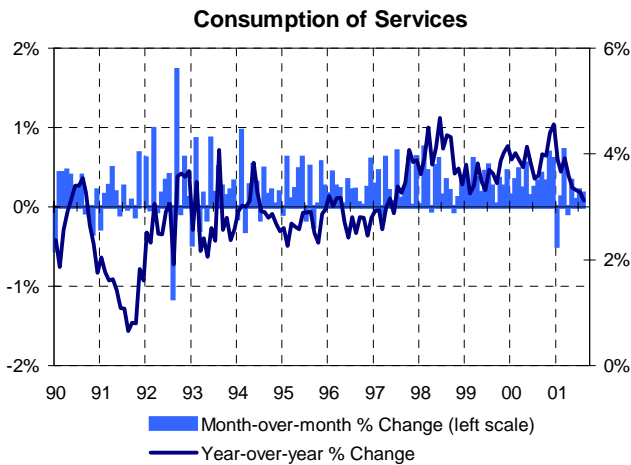
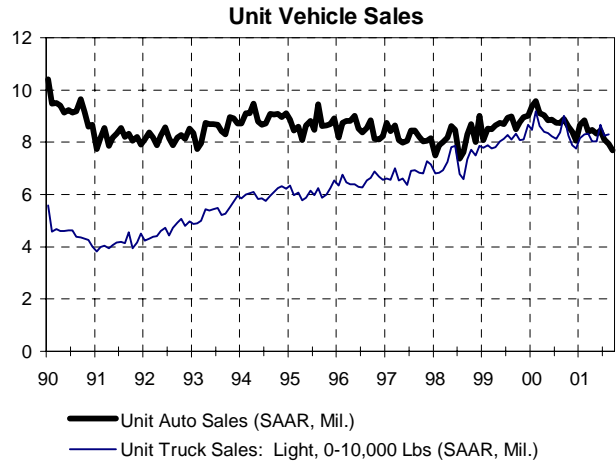
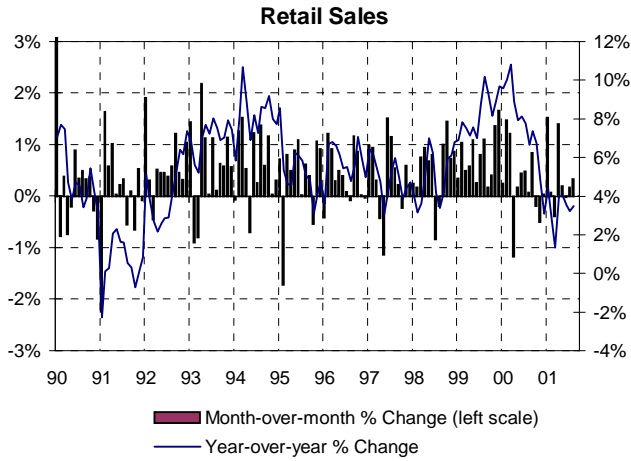
### Chart 3

## Measures of Monetary Thrust



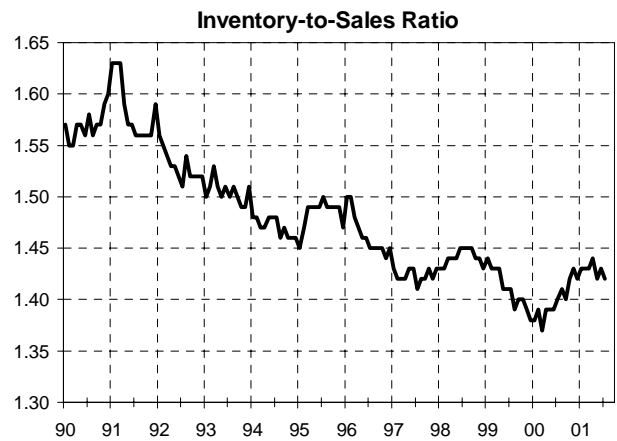
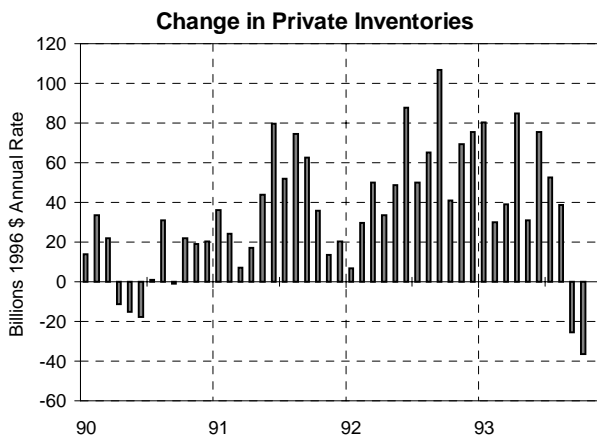
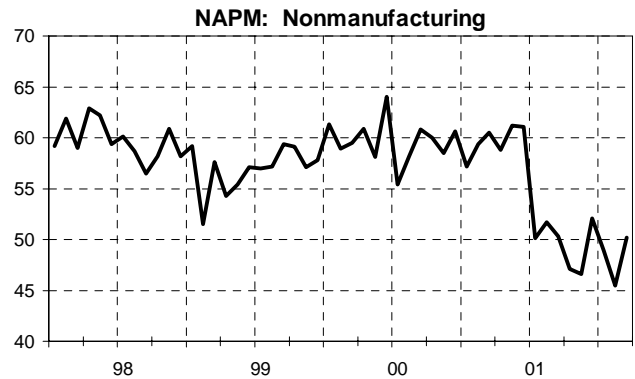
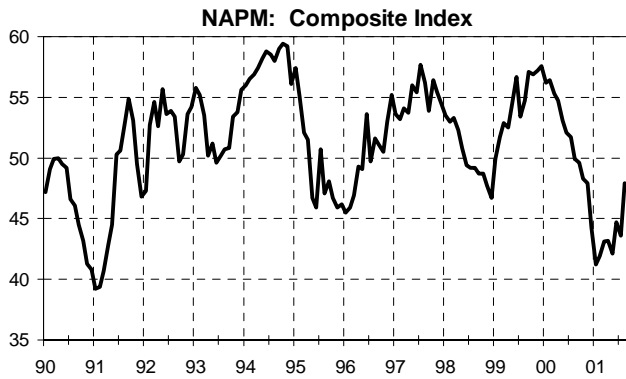
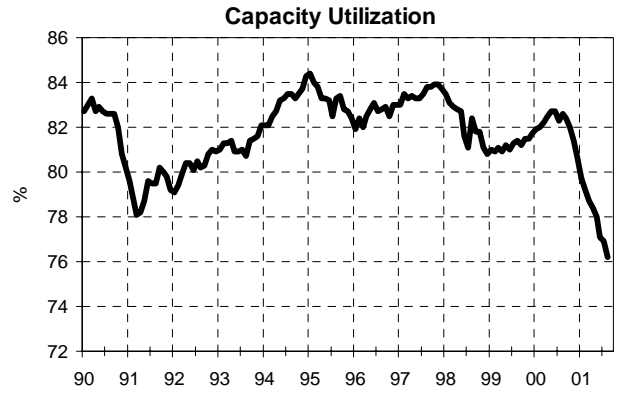
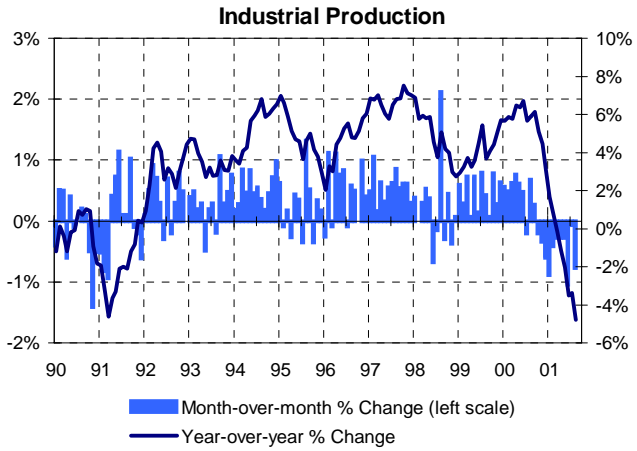
### Chart 4

## Trends in Domestic Demand



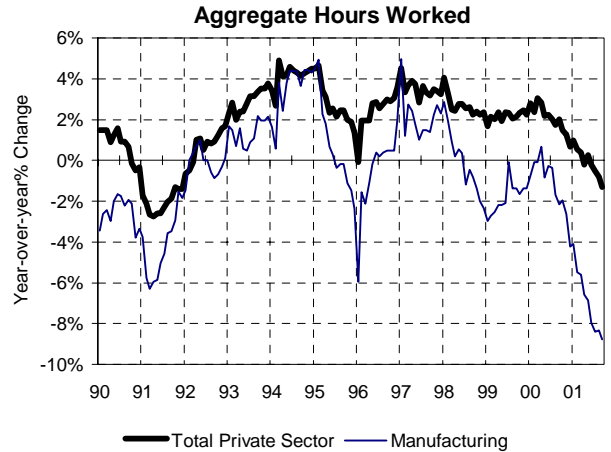
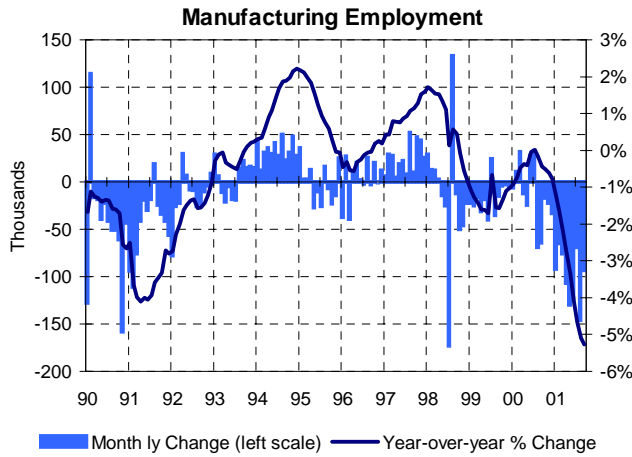
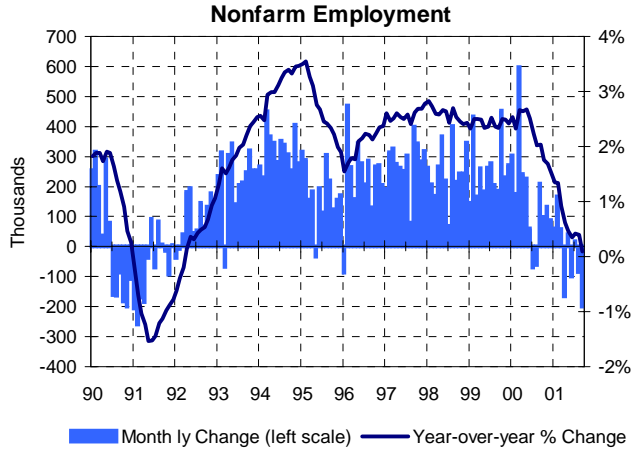
### Chart 5

### Trends in Production and Inventories



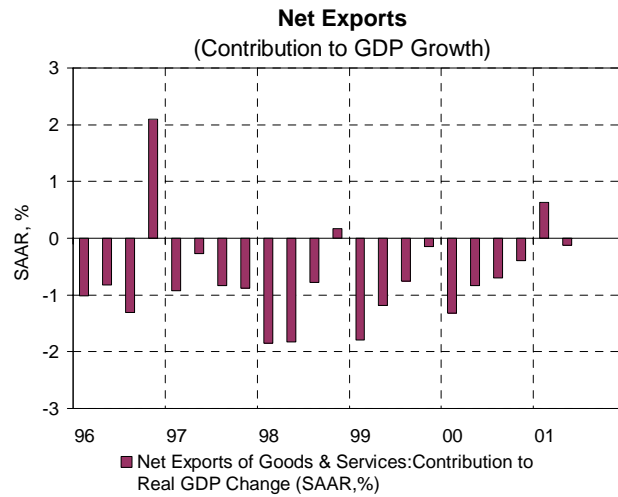
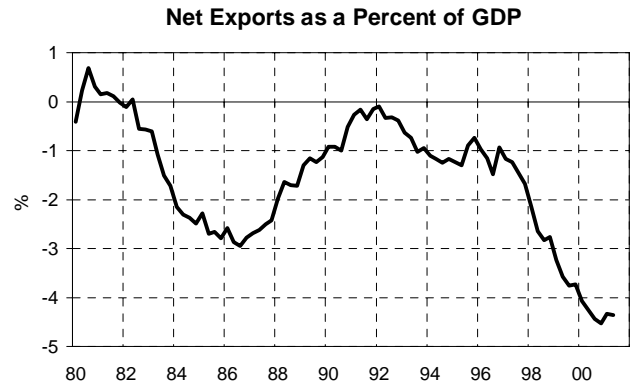
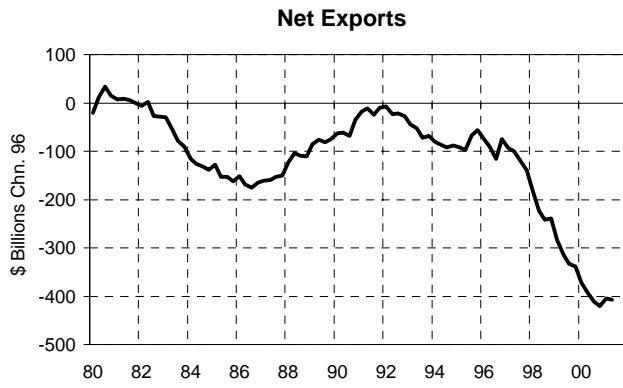
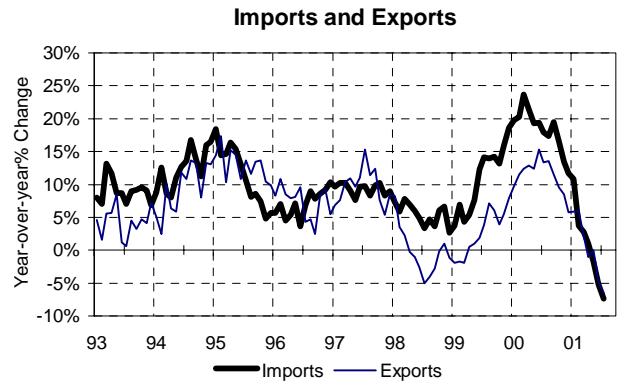
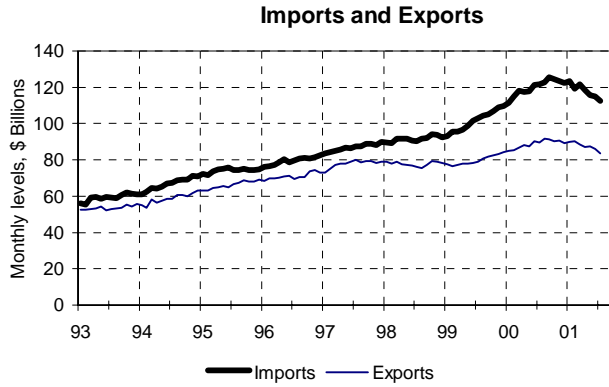
### Chart 6

## Employment and Labor Markets



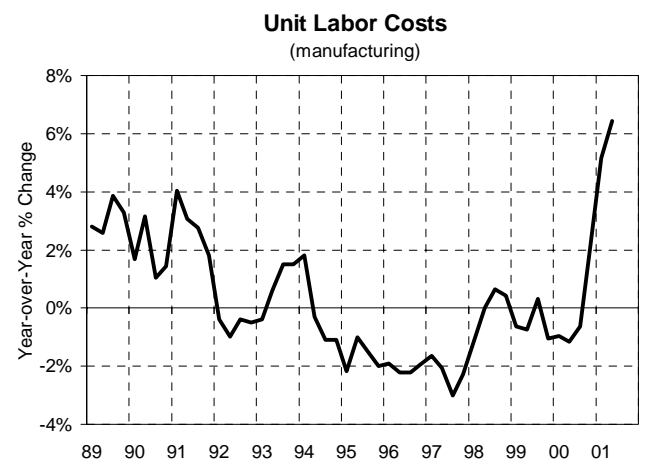
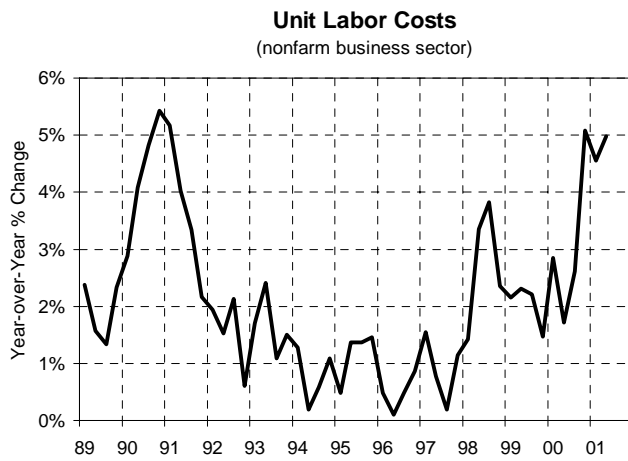
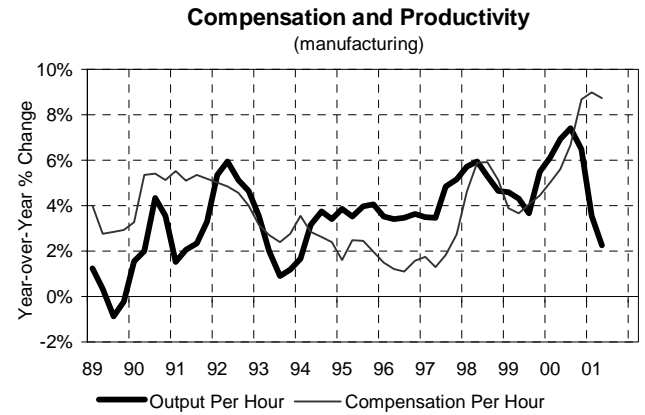
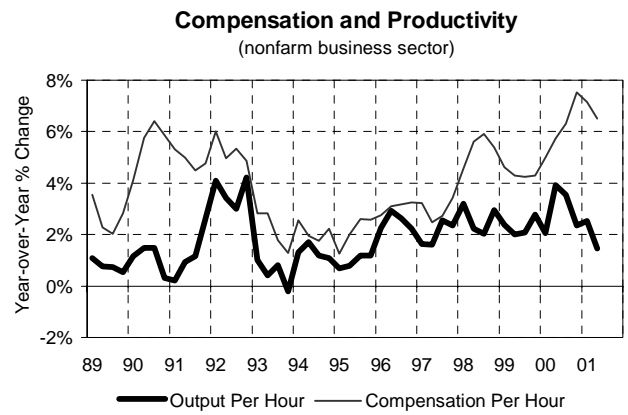
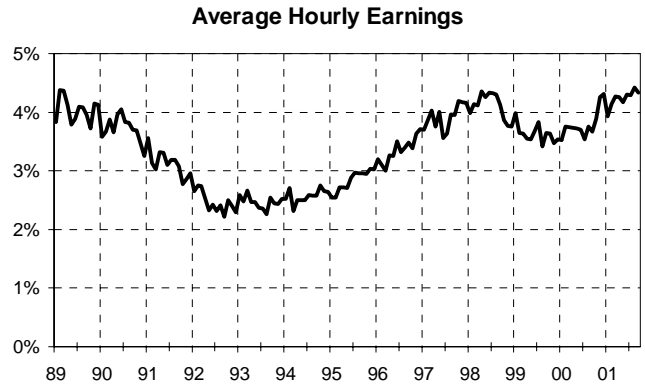
### Chart 7

## Trends in International Trade



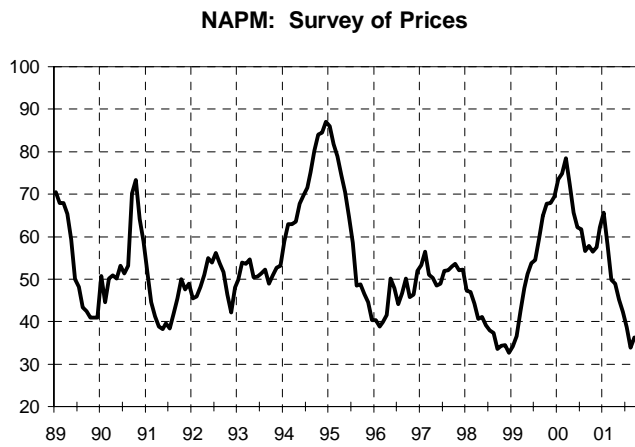
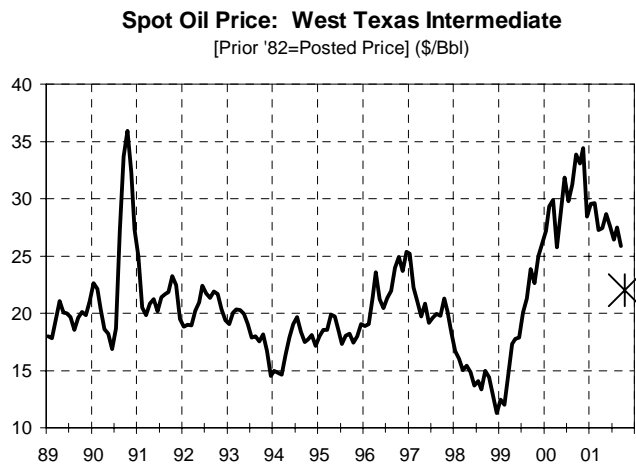
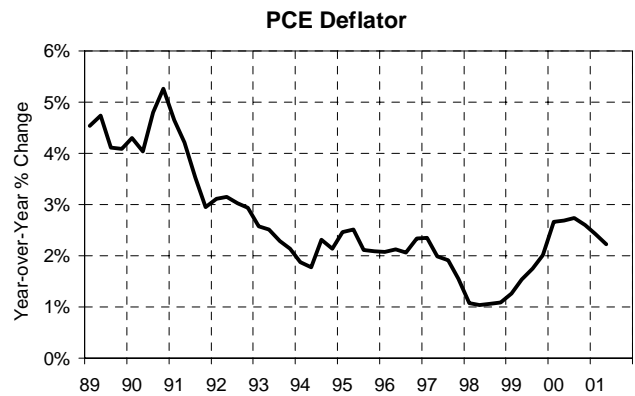
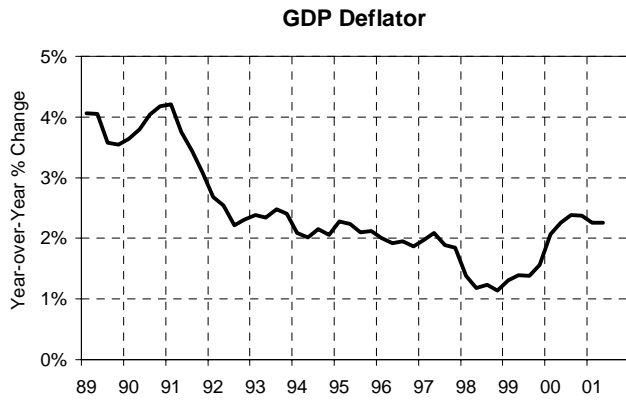
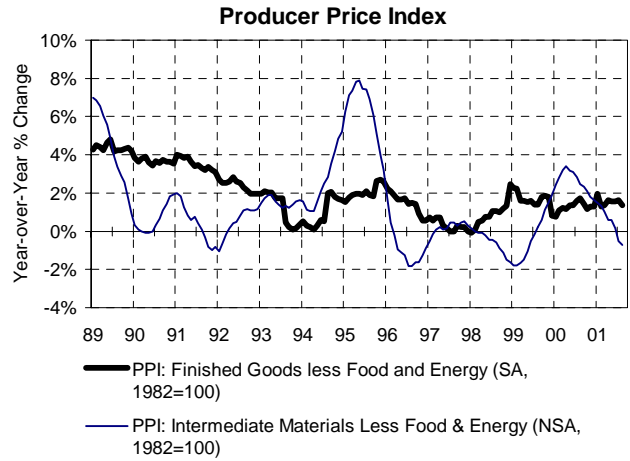
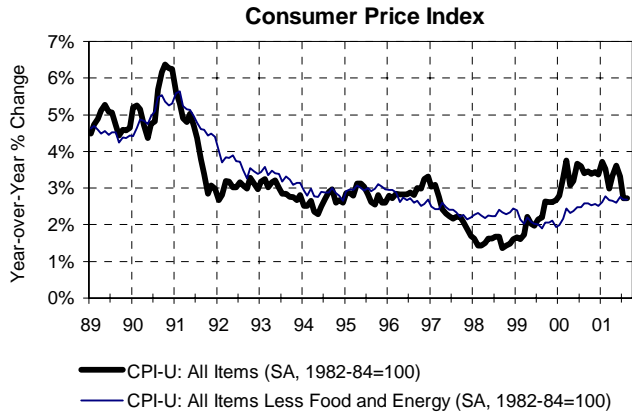
### Chart 8

## Compensation, Productivity & ULCs



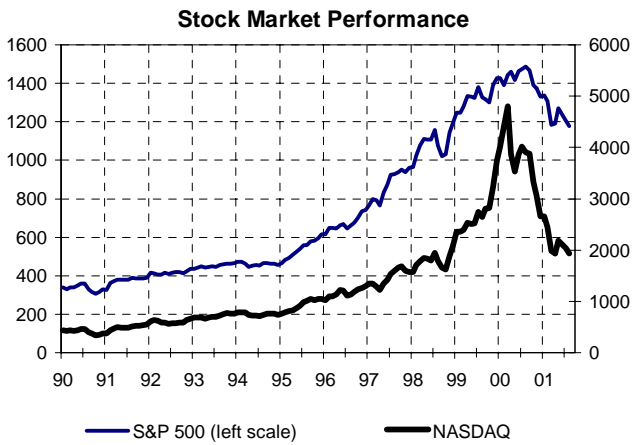
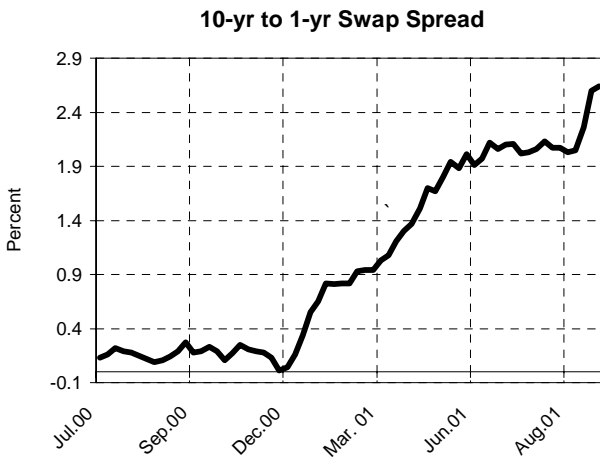
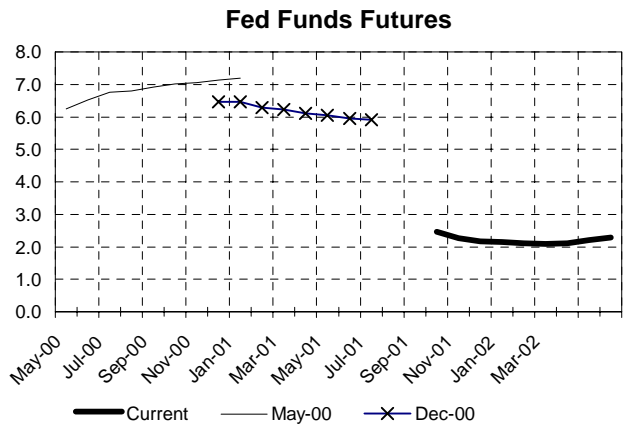
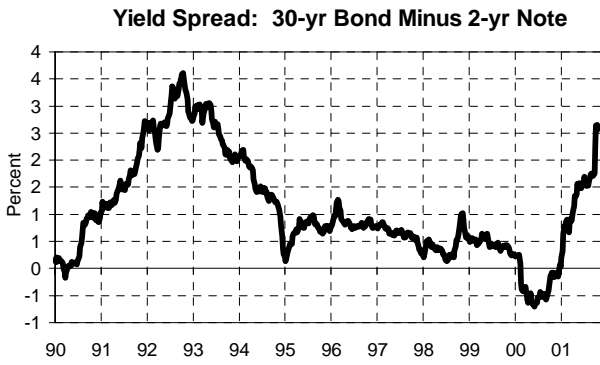
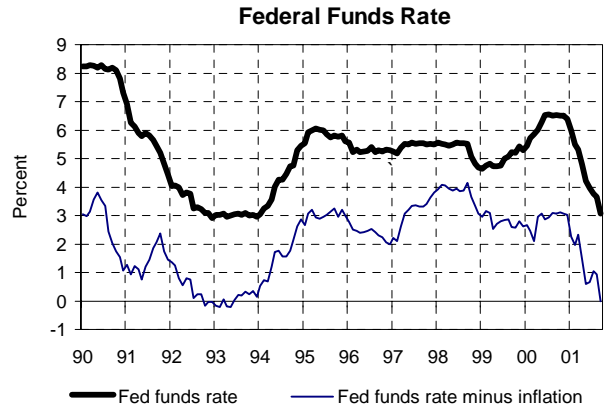
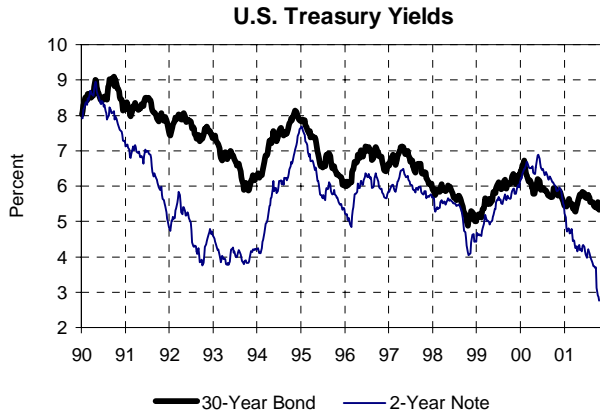
### Chart 9

## Selected Indicators of Inflation



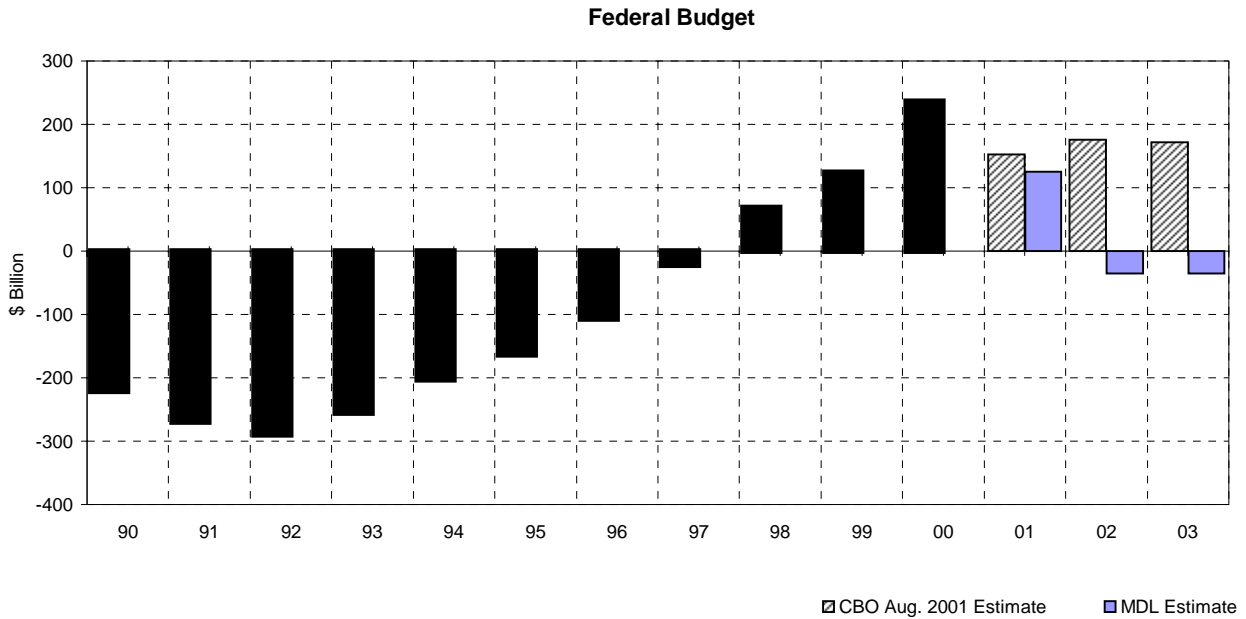
### Chart 10

## Selected Financial Market Trends



### Chart 11

## Federal Government Finances



**Federal Publicly-Held Debt as a Percent of GDP**



**CBO's August 2001 Projections\* (Measured in Percent of GDP)**

	Surplus	Publicly Held Debt	Net Interest Outlays
2000 (actual)	2.4	34.7	2.3
2001	1.5	32.1	2.0
2002	1.6	29.2	1.7
2003	1.5	26.3	1.5
2004	1.7	23.5	1.4
2006	2.2	17.4	1.1
2008	2.7	11.0	0.7
2010	3.1	5.8	0.4

\* Congressional Budget Office, "The Budget and Economic Outlook", August 2001

## The Economic Growth and Tax Relief Reconciliation Act of 2001

**Table 1**  
**Static Revenue Loss Estimates**  
(All provisions sunset on or before 12/31/2010)

	<u>FY2001-FY2011</u>	
Marginal Rate Reductions	\$875 billion	65%
Tax Benefits Related to Children	\$172 billion	13%
Estate and Gift Tax	\$138 billion	10%
Marriage Penalty Relief	\$63 billion	5%
Pension and IRA Provisions	\$50 billion	4%
Education Saving Provisions	\$29 billion	2%
AMT Relief	\$14 billion	1%
Miscellaneous	\$8 billion	1%
<b>Total</b>	<b>\$1,349 billion</b>	<b>100%</b>

*Source: Joint Committee on Taxation, U.S. Congress*

**Table 2**  
**Individual Income Tax Rates Under the Economic Growth and Tax Relief Reconciliation Act of 2001**

Taxable Income (thousands)		Current Rate	New Rates					
Single	Married		2001	2002	2003	2004	2005	2006
>297.4	>297.4	39.6	38.6*	38.6	38.6	37.6	37.6	35
136.8-297.4	166.5-297.4	36	35*	35	35	34	34	33
65.6-136.8	109.3-166.5	31	30*	30	30	29	29	28
27.1-65.6	45.2-109.3	28	27*	27	27	26	26	25
6-27.1	12-45.2	15	15*	15	15	15	15	15
<6	<12	15	10**	10	10	10	10	10

*Source: Joint Committee on Taxation, U.S. Congress*

\* Effective July 1, 2001

\*\*Effective January 1, 2001

**Table 3**  
**Estimates of Budget Impact of Recent Changes in Tax Policy\***

Fiscal Year	President Reagan <u>ERTA of 1981</u>		President Bush (Senior) <u>1990 OBRA</u>		President Clinton <u>1993 OBRA</u>		President Bush <u>2001</u>	
	\$bil	% of GDP	\$bil	% of GDP	\$bil	% of GDP	\$bil	% of GDP
Year 1	-39	-1.3	+18	0.3	+26	+0.4	-40	-0.4
Year 2	-95	-2.9	+33	0.5	+44	+0.6	-71	-0.7
Year 3	-148	-4.3	+31	0.5	+52	+0.6	-91	-1.0
Year 4	-189	-4.9	+36	0.5	+61	+0.7	-101	-1.1
Year 5	-244	-5.9	+38	0.5	+59	+0.7	-114	-1.1
Cumulative	-\$1 trillion		+\$189 trillion		+\$242 trillion		-\$1.35 trillion	
	(over 6 years)		(over 6 years)		(over 5 years)		(over 10 years)	

\* Excludes impact of corporate estimated tax requirements

*Sources: Congressional Budget Office, "Projecting Federal Tax Revenues and the Effect of Change in Tax Law", December 1998 and Bank of America Estimates*