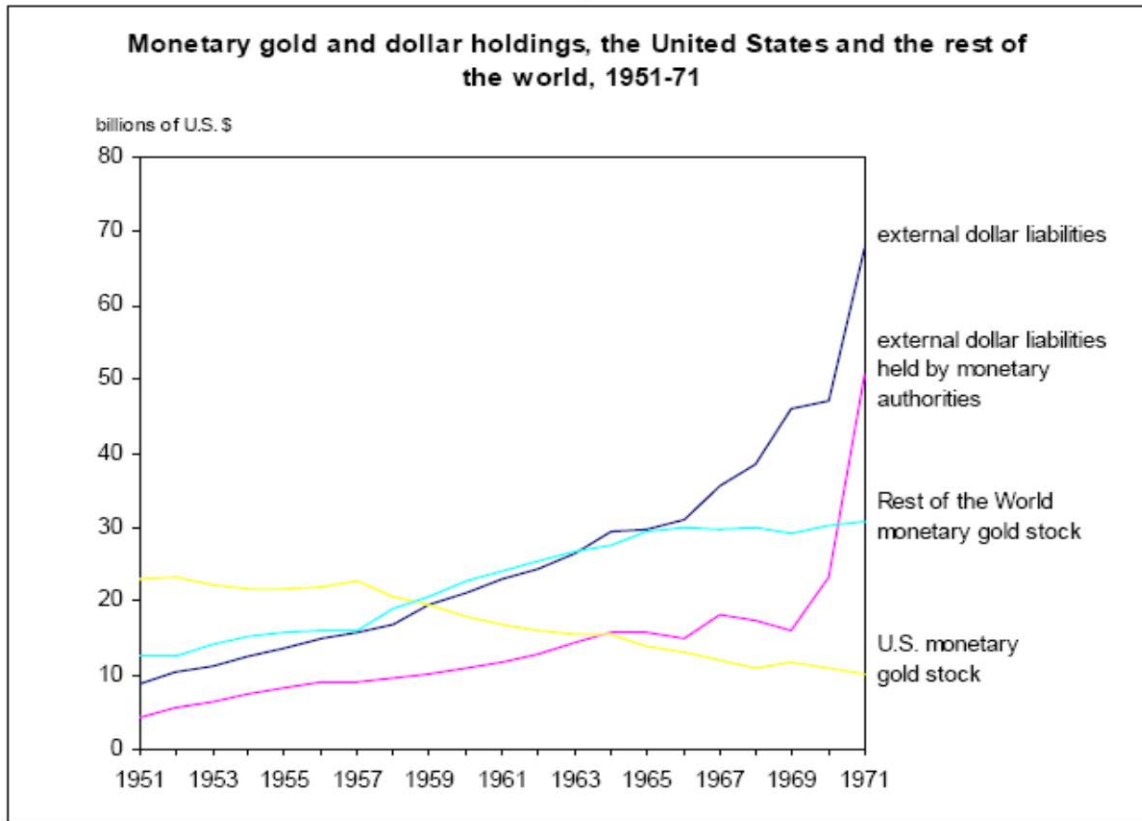


Table 1

Performance of Euro-Zone

The Macroeconomic Performance of the Euro-Zone Compared to the U.S. & U.K.							
		1986-1990	1991-1995	1996-1998	1999	2000	2001
GDP growth (%)	Euro-Area	3.4	1.6	2.2	2.5	3.4	2.8
	U.S.	3.2	2.4	3.8	4.3	5	1.6
	U.K.	3.3	1.6	3.8	2.3	3	2.7
Inflation (annual rate, %)	Euro-Area	3.7	3.7	2.1	1.2	2.4	2.3
	U.S.	4	3.1	2.5	2.2	3.3	2.7
	U.K.	5.9	3.4	2.7	1.6	2.9	1.8
Unemployment Rate (%)	Euro-Area	9.3	10.2	11.1	9.9	8.9	8.5
	U.S.	5.9	6.6	5	4.2	4	4.6
	U.K.	9	9.5	7.1	6.1	5.6	5.3
Current Account Balance (% of GDP)	Euro-Area	0.7	-0.2	1.2	0.5	0.1	-0.1
	U.S.	-2.3	-0.9	-1.8	-3.4	-4.3	-4.2
	U.K.	-2.8	-1.1	0	-1.1	-1.7	-2.1

Figure 1 Monetary Gold and Dollar Holdings, the United States and the Rest of the World, 1951-71



Sources: IMF, *International Financial Statistics*; U.S. Congress, *Report to the Congress of the Commission on the Role of Gold in the Domestic and International Monetary Systems, vol. 1*

Figure 2

Trends in Exchange Rate Regimes

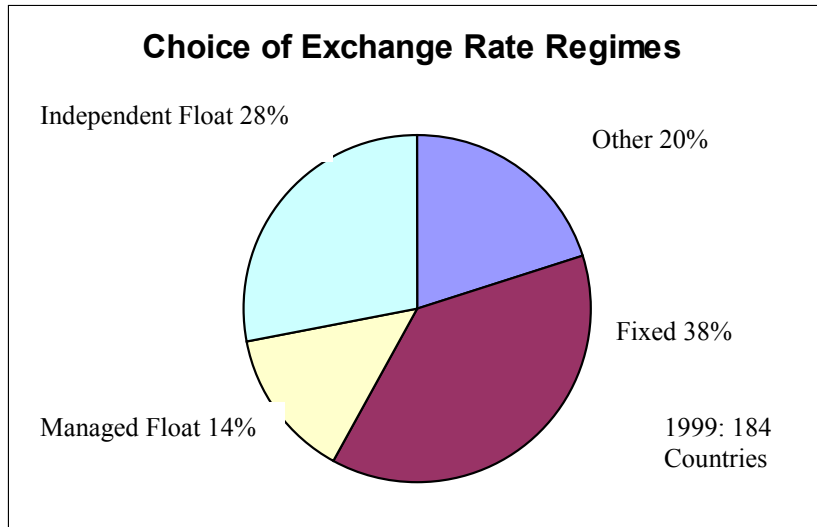
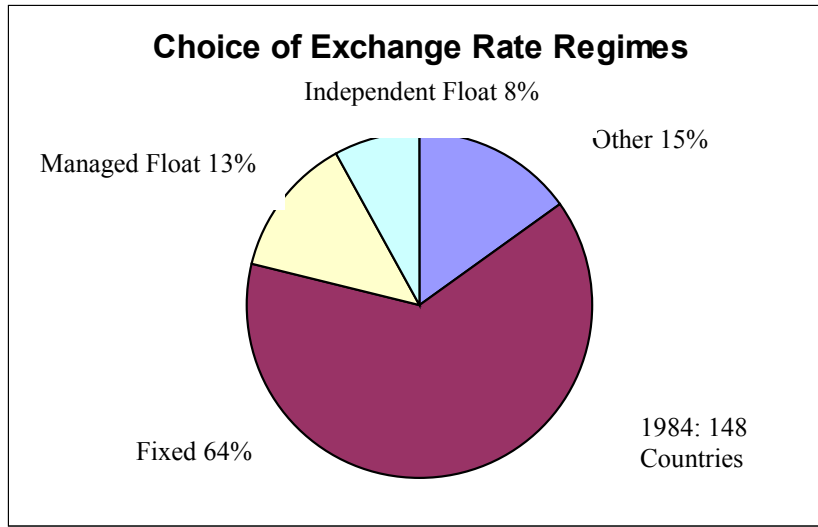


Figure 3 **The Trilemma: Open Capital Markets, Monetary Independence, and Pegged Exchange Rate**

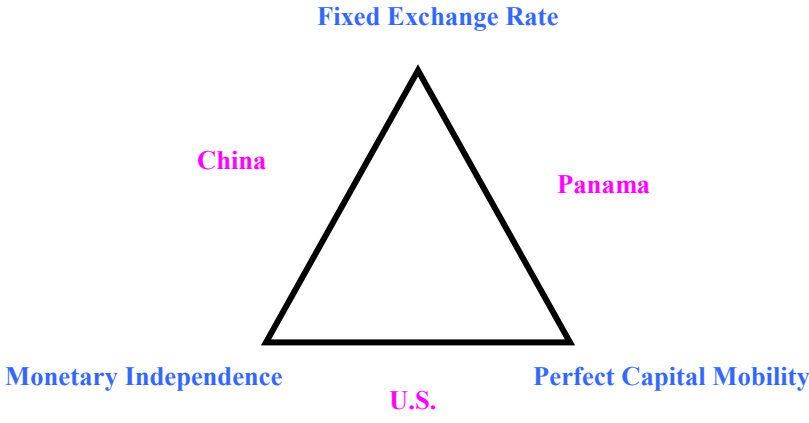


Figure 4 Two Major Optimum Currency Area Properties

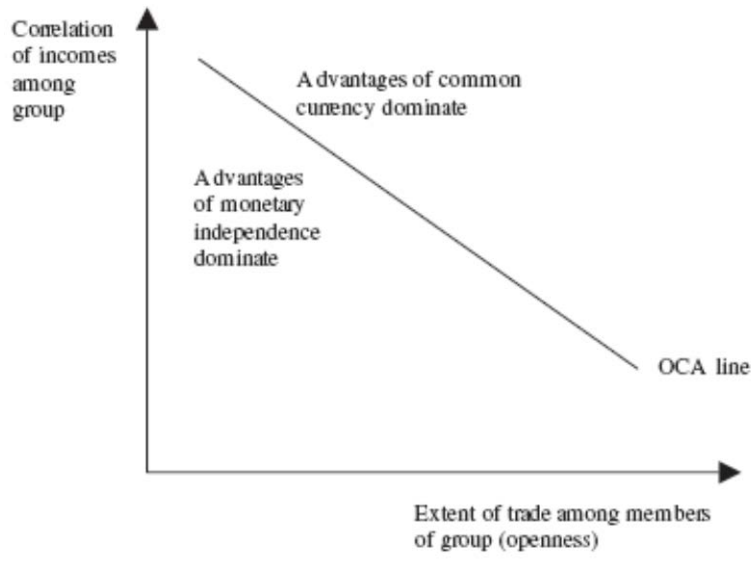


Figure 5 Specialization Increases and Correlations of Income Falls

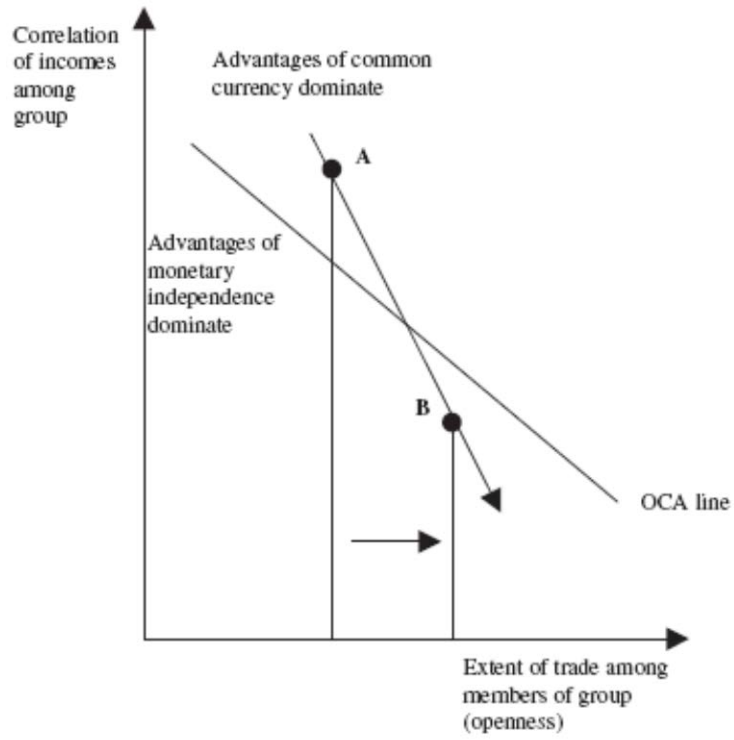


Figure 6 **A Country Joins an Economic Union (EU) and then a Monetary Union (MU) and the Endogeneity of OCA Dominates**

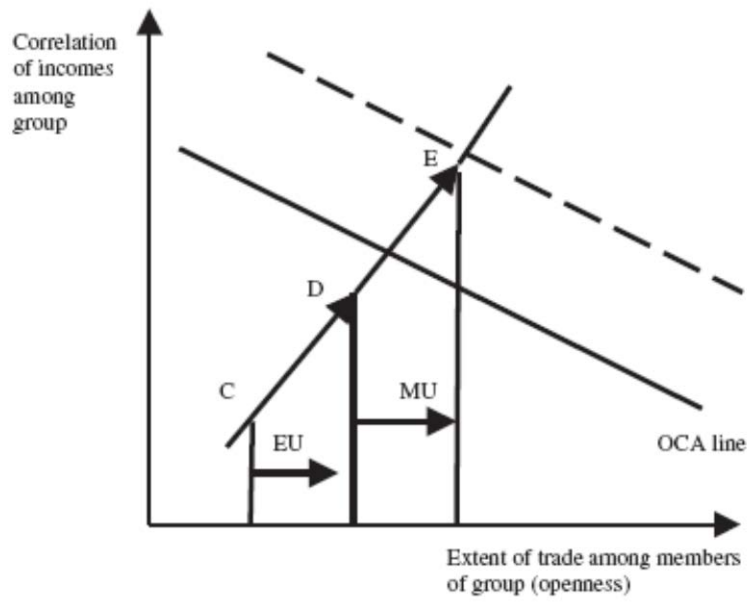


Figure 7: Red but not Blushing: U.S. Net Foreign Assets as a % of GDP



Table 7: Federal Funds Rate Tracks Discount Rate (1970-1998)

Quarter	Funds Rate	Qrtly Chg.	Disc. Rate	Qrtly Chg.	Real GDP
Q4 1970	4.90%	-1.4%	5.50%	-0.5%	-3.90%
Q1 1971	3.71%	-1.2%	4.75%	-0.7%	11.30%
Q4 1971	4.14%	-1.4%	4.50%	-0.5%	1.10%
Q1 1975	5.50%	-3.0%	6.25%	-1.5%	-5.40%
Q2 1980	11.00%	-6.0%	11.00%	-2.0%	-9.30%
Q4 1981	13.50%	-2.0%	12.00%	-2.0%	-4.90%
Q3 1982	10.00%	-4.0%	10.00%	-2.0%	-2.00%
Q4 1982	8.50%	-1.5%	8.50%	-1.5%	0.50%
Q4 1984	8.00%	-2.5%	8.00%	-1.0%	2.60%
Q2 1985	7.80%	-0.8%	7.50%	-0.5%	2.00%
Q3 1986	6.00%	-0.8%	5.50%	-1.0%	2.20%
Q4 1990	7.00%	-1.0%	6.50%	-0.5%	-4.00%
Q1 1991	6.00%	-1.0%	6.00%	-0.5%	-2.10%
Q4 1991	4.00%	-1.2%	3.50%	-1.5%	1.00%
Q3 1992	3.00%	-0.8%	3.00%	-0.5%	3.00%
Q4 1998	4.75%	-0.5%	4.50%	-0.5%	5.60%
				Avg.	-0.53%
				Pct Neg.	47%
				Pct. Below 2.5%	80%

Source: Logical Information Machines, Chicago IL

Note: There were no instances between 1958 and 1970