

NABE ECONOMIC POLICY SURVEY - MARCH, 2003

Table 1: Q1(A). What do you think is the one most serious problem facing the U.S. economy today?

	Total
International military oper. & providing for homeland defense	91 40.8%
Growing federal deficit	25 11.2%
Overcapacity, result of a ten-year capital spending boom	18 8.1%
U.S. financial market instability	13 5.8%
Excessive household debt	10 4.5%
U.S. taxation system is inefficient and burdensome	8 3.6%
Size of unfunded Social Security and/or Medicare	8 3.6%
Growing inequality of income/ or wealth	7 3.1%
Health care costs	5 2.2%
Poorly prepared labor force/ shortage of skilled labor	4 1.8%
Size of the U.S. current account deficit	3 1.3%
Other	24 10.8%
No response	7 3.1%
Base	223

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Table 2: QI(B). What do you think is the U.S.'s greatest economic strength today?

	<u>Total</u>
Productivity gains	62 27.8%
Technological lead	57 25.6%
Flexible labor force	22 9.9%
Deep capital markets	18 8.1%
Democratic government	16 7.2%
Legal and judicial institutions	13 5.8%
Quality work force	11 4.9%
World's sole remaining super power	7 3.1%
Effective monetary policy	5 2.2%
Other	7 3.1%
No response	5 2.2%
Base	223

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Table 3: QII(A). Do you consider current monetary policy to be:

	<u>Total</u>
Too stimulative	21 9.4%
Too restrictive	18 8.1%
About right	180 80.7%
Don't know	3 1.3%
No response	1 0.4%
Base	223

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Table 4: QII(B). (If too stimulative) Do you think that the "too stimulative" monetary policy will result in higher inflation over the next six months than it otherwise would have been?

	<u>Total</u>
Yes	16 7.2%
No	11 4.9%
Don't know	3 1.3%
No response	193 86.5%
Base	223

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Table 5: QII(C). (If too restrictive) Do you think the "too restrictive" monetary policy will cause the economy to slip into a recession in the next six months?

	<u>Total</u>
Yes	6 2.7%
No	14 6.3%
Don't know	5 2.2%
No response	198 88.8%
Base	223

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Table 6: QII(D). Over the next six months, would you prefer monetary policy to be:

	<u>Total</u>
More stimulative	42 18.8%
More restrictive	38 17.0%
Unchanged	140 62.8%
No response	3 1.3%
Base	223

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Table 7: QII(E). Over the next six months, do you expect short-term interest rates to increase, remain about where they are today, or decrease - by how much will they increase/decrease?

	Total
<u>INCREASE</u>	83 37.2%
Increase, no amount given	4 1.8%
Increase of 25 points or less	26 11.7%
26 - 50	41 18.4%
51 - 75	7 3.1%
76 - 100	5 2.2%
<u>DECREASE</u>	28 12.6%
Decrease, no amount given	4 1.8%
Decrease of 25 points or less	15 6.7%
26 - 50	7 3.1%
51 - 75	2 0.9%
<u>REMAIN THE SAME</u>	111 49.8%
No Change	111 49.8%
No response	1 0.4%
Base	223

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Table 8: QIII(A). Do you consider current fiscal policy to be:

	<u>Total</u>
Too stimulative	74 33.2%
Too restrictive	53 23.8%
About right	93 41.7%
Don't know	1 0.4%
No response	2 0.9%
Base	223

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Table 9: QIII(B). (If too stimulative) Do you think that the "too stimulative" fiscal policy will result in higher inflation over the next six months than it would otherwise have been?

	<u>Total</u>
Yes	39 17.5%
No	38 17.0%
Don't know	2 0.9%
No response	144 64.6%
Base	223

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Table 10: QIII(C). (If too restrictive) Do you think that the "too restrictive" fiscal policy will cause the economy to slip into a recession in the next six months?

	Total
Yes	14 6.3%
No	34 15.2%
Don't know	8 3.6%
No response	167 74.9%
Base	223

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Table 11: QIII(D). Over the next two years, would you prefer fiscal policy to be:

	<u>Total</u>
More stimulative	73 32.7%
More restrictive	104 46.6%
Unchanged	43 19.3%
No response	3 1.3%
Base	223

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Table 12: QIII(E). Over the next two years, do you expect fiscal policy to be:

	<u>Total</u>
More stimulative	157 70.4%
More restrictive	22 9.9%
Unchanged	38 17.0%
No response	6 2.7%
Base	223

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Table 13: QIV(A). How do you rate the odds of a "double-dip" for the economy in 2003?

	<u>Total</u>
Greater than 50/50	43 19.3%
Just 50/50	46 20.6%
Less than 50/50	133 59.6%
No response	1 0.4%
Base	223

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Table 14: QIV(B). If a double dip occurs, what policy instrument do you think should be used?

	<u>Total</u>
Monetary policy	76 34.1%
Fiscal policy	109 48.9%
Other	28 12.6%
Both	1 0.4%
No response	9 4.0%
Base	223

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Table 15: QIV(C). If monetary policy in fact is used, what instrument should be employed?

	<u>Total</u>
Interest rates	127 57.0%
Other	35 15.7%
No response	61 27.4%
Base	223

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Table 16: QIV(D). If fiscal policy in fact is used, what instrument should be employed?

	<u>Total</u>
Government expenditure	45 20.2%
Tax cuts/incentives for business	65 29.1%
Tax cuts for households	72 32.3%
Other	18 8.1%
No response	23 10.3%
Base	223

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Table 17: QIV(E). Outright deflation is likely in the next two years.

	<u>Total</u>
Strongly disagree	85 38.1%
Disagree somewhat	105 47.1%
No opinion	7 3.1%
Agree	19 8.5%
Strongly agree	5 2.2%
No response	2 0.9%
Base	223

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Table 18: QIV(F). Going forward we will be in a regime of policy activism, reminiscent of the late 1970s and early 1980s, in which abrupt changes in monetary and fiscal policy will be the rule rather than the exception.

	<u>Total</u>
Strongly disagree	29 13.0%
Disagree somewhat	101 45.3%
No opinion	17 7.6%
Agree	68 30.5%
Strongly agree	6 2.7%
No response	2 0.9%
Base	223

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Table 19: QV(A). Do you believe that:

	<u>Total</u>
More regulation/legislation is needed	107 48.0%
Current regulation/legislation is just right	70 31.4%
The regulatory burden is now excessive	43 19.3%
No response	3 1.3%
Base	223

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Table 20: QV(B). If you believe more regulation is necessary, please rate the need for the following remedy: (1) Require expensing of stock option awards to employees.

	<u>Total</u>
0 Not needed	15 6.7%
1	2 0.9%
2	7 3.1%
3	21 9.4%
4	54 24.2%
5 Urgent	43 19.3%
No response	81 36.3%
Base	223

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Table 21: QV(B). If you believe more regulation is necessary, please rate the need for the following remedy: (2) Greater disclosure from mutual fund companies.

	<u>Total</u>
0 Not needed	7 3.1%
1	7 3.1%
2	13 5.8%
3	23 10.3%
4	61 27.4%
5 Urgent	27 12.1%
No response	85 38.1%
Base	223

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Table 22: QV(B). If you believe more regulation is necessary, please rate the need for the following remedy: (3) In investment banking firms, separate sell-side research function.

	<u>Total</u>
0 Not needed	5 2.2%
1	5 2.2%
2	8 3.6%
3	12 5.4%
4	45 20.2%
5 Urgent	66 29.6%
No response	82 36.8%
Base	223

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Table 23: QV(B). If you believe more regulation is necessary, please rate the need for the following remedy: (4) More disclosure from hedge funds and other investment managers.

	<u>Total</u>
0 Not needed	7 3.1%
1	3 1.3%
2	10 4.5%
3	26 11.7%
4	59 26.5%
5 Urgent	36 16.1%
No response	82 36.8%
Base	223

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Table 24: QV(B). If you believe more regulation is necessary, please rate the need for the following remedy: (5) Stricter guidelines for sell-side analyst stock recommendations.

	<u>Total</u>
0 Not needed	8 3.6%
1	6 2.7%
2	7 3.1%
3	21 9.4%
4	43 19.3%
5 Urgent	53 23.8%
No response	85 38.1%
Base	223

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Table 25: QV(B). If you believe more regulation is necessary, please rate the need for the following remedy: (6) Other.

	<u>Total</u>
0 Not needed	6 2.7%
1	2 0.9%
2	2 0.9%
3	0 0.0%
4	3 1.3%
5 Urgent	22 9.9%
No response	188 84.3%
Base	223

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Table 26: QV(C). Has increased regulation boosted confidence in U.S. financial markets?

	Total
Yes	65 29.1%
No	104 46.6%
Don't know	52 23.3%
No response	2 0.9%
Base	223

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Table 27: QV(D). Please rate the cost you believe more regulation would have relative to the benefit of more regulation:

	<u>Total</u>
Significant cost, little benefit	44 19.7%
Some cost, little benefit	55 24.7%
Cost, benefit equal	26 11.7%
Little cost, some benefit	58 26.0%
Little cost, significant benefit	37 16.6%
No response	3 1.3%
Base	223

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Table 28: QV(E). What will be the effect of the corporate governance regulation on corporate behavior?

	<u>Total</u>
More risk averse	123 55.2%
No change in behavior	51 22.9%
Less risk averse	28 12.6%
Other	14 6.3%
No response	7 3.1%
Base	223

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Table 29: QVI(A). Will the President's tax relief proposals for individuals be adopted by Congress this year? (1) Full elimination of taxes on dividend income to individual shareholders.

	<u>Total</u>
Yes, it will pass	19 8.5%
No, the tax proposal will not pass	70 31.4%
A modified version of the tax proposal will pass	131 58.7%
No response	3 1.3%
Base	223

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Table 30: QVI(A). Will the President's tax relief proposals for individuals be adopted by Congress this year? (2) Accelerated tax cuts from the 2001 law, including reduced marginal tax rates, a reduced marriage penalty, an increased child tax credit, and an expansion of the 10% income tax bracket.

	<u>Total</u>
Yes, it will pass	83 37.2%
No, the tax proposal will not pass	21 9.4%
A modified version of the tax proposal will pass	117 52.5%
No response	2 0.9%
Base	223

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Table 31: QVI(B). If the final package is a compromise between the White House and Congress, which additional elements do you believe are likely to be passed?

	<u>Total</u>
Aid to states and municipalities	148 66.4%
A refundable income tax rebate	66 29.6%
Additional tax relief for business	61 27.4%
Other	10 4.5%
No response	20 9.0%
Base	223

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Table 32: QVI(C). Do you believe that the plan that is passed this year will provide stimulus to the U.S. economy in the near term?

	<u>Total</u>
Yes	108 48.4%
No effect	89 39.9%
Will retard growth	8 3.6%
Don't know	16 7.2%
No response	2 0.9%
Base	223

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Table 33: QVIC1. If yes, how much stimulus will it add to real GDP in 2003?

(percent)

	Total
Minimum	0.00
25th percentile	0.20
Median	0.50
75th percentile	0.50
Maximum	10.00
Base	110
Mean	0.57
S.D.	1.08
Mode	0.50

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Table 34: QIV2C. If yes, how much stimulus will it add in 2004?

(percent)

	<u>Total</u>
Minimum	0.00
25th percentile	0.40
Median	0.65
75th percentile	1.00
Maximum	15.00
Base	110
Mean	0.98
S.D.	1.63
Mode	1.00

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Table 35: QVI(D). What effect will the package that is passed this year have on long-term output?

	<u>Total</u>
Will increase output significantly	22 9.9%
Will increase output slightly	120 53.8%
Will have no effect	39 17.5%
Will decrease out slightly	29 13.0%
Will decrease output significantly	9 4.0%
No response	4 1.8%
Base	223

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Table 36: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of private investment share of GDP.

(basis points)

	Total
Minimum	-300
25th percentile	-40
Median	0
75th percentile	50
Maximum	250
Base	123
Mean	4
S.D.	81
Mode	50

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Table 37: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of: personal savings rate.

(basis points)

	<u>Total</u>
Minimum	-125
25th percentile	0
Median	20
75th percentile	50
Maximum	300
Base	122
Mean	31
S.D.	68
Mode	0

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Table 38: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of: inflation, GDP chain price index.

(basis points)

	Total
Minimum	-30
25th percentile	10
Median	30
75th percentile	75
Maximum	750
Base	124
Mean	62
S.D.	98
Mode	0
	+

+ Indicates multiple modes

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Table 39: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of: long-term productivity growth.

(basis points)

	<u>Total</u>
Minimum	-100
25th percentile	-20
Median	0
75th percentile	25
Maximum	200
Base	123
Mean	5
S.D.	46
Mode	0

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Table 40: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of: US real note yields, 10-year TIPS.

(basis points)

	<u>Total</u>
Minimum	-100
25th percentile	20
Median	50
75th percentile	100
Maximum	400
Base	121
Mean	67
S.D.	77
Mode	50

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Table 41: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of: US stock prices, total returns on S&P 500.

(basis points)

	<u>Total</u>
Minimum	-300
25th percentile	-21
Median	20
75th percentile	100
Maximum	2500
Base	117
Mean	92
S.D.	310
Mode	0

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Table 42: QVIE. Assuming Federal budget deficits will increase by 1 percent of GDP through the end of the decade, estimate the impact over the next 5 years of: US dollar, FRB broad trade-weighted index.

(basis points)

	Total
Minimum	-1000
25th percentile	-50
Median	0
75th percentile	25
Maximum	500
Base	112
Mean	-42
S.D.	216
Mode	-50
	+

+ Indicates multiple modes

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Table 43: QVI(F). How would the changes outlined in the previous question affect our ability as a nation to keep our promised to pay Social Security to current and future beneficiaries?

	<u>Total</u>
Reduce	124 55.6%
No change	53 23.8%
Increase	16 7.2%
No response	30 13.5%
Base	223