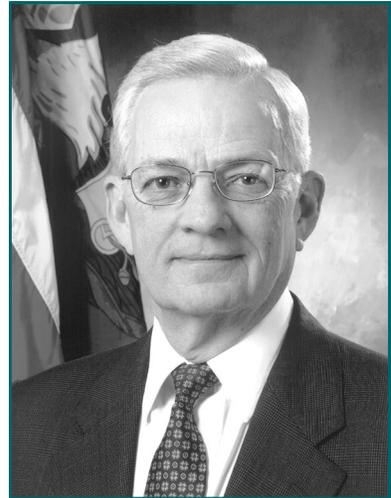


## *A Message from the Secretary*

I am pleased to submit Treasury's Program Performance Report for FY 2001. Treasury faced a particularly challenging environment as growth in U.S. real gross domestic product slowed sharply in the second half of 2000, followed by the economic recession in March 2001, the global economic slowdown, and terrorist attacks on our nation in September. I am proud of Treasury's responses to these challenges. The Department developed and implemented the Administration's policy proposals for economic recovery, provided U.S. leadership to restore global economic growth, and implemented a visionary policy in the global war on terrorism.



- ***Tax Relief and Economic Stimulus.*** Treasury played a key role in developing the Economic Growth and Tax Relief Reconciliation Act of 2001, which President Bush signed into law on June 7, 2001. This law created a new 10-percent tax bracket and will provide an estimated \$421 billion in tax relief within the next ten years. By 2010, provisions of this law will double the \$500 child tax credit, provide relief from the marriage penalty, eliminate the estate tax, and reduce marginal tax rates. The marginal tax rate declines will enhance long-run economic growth.

Following the terrorists attacks in September, Treasury developed proposals for economic recovery and stimulus as the President and Congress moved quickly to provide immediate funding for rebuilding and recovery, and immediate aid for the airline industry. Early in October, the President called on Congress to pass additional stimulus, with a focus on investment and business tax incentives, tax relief for lower income workers, and extended unemployment benefits.

- ***Restoring the Global Economy.*** The global economy also experienced a marked slowdown, accompanied by a decline in trade growth and deteriorating financial conditions in emerging markets. To restore confidence, expand trade and open export markets, Treasury worked with the White House and other agencies to urge Congress to enact Trade Promotion Authority (TPA) to strengthen the President's authority to negotiate trade agreements. The House of Representatives passed TPA in 2001, and the Senate will consider it in 2002.
- ***Global War on Terrorism.*** Treasury led the international effort to trace, block and seize funds terrorists use to finance their activities. By the end of 2001, 196 countries or jurisdictions had committed to combat terrorist financing; 164 foreign entities and individuals has been added to the list of specially designated global terrorists; and over \$68 million in terrorist-linked assets around the world were blocked by the U.S. and other countries.

Treasury met 69% of its 242 performance targets in FY 2001 and exceeded our previous year's performance or performed at maximum levels for 46% of our measures. We continue to review the quality and usefulness of our measures, in keeping with the Administration's goal - and my personal philosophy - of having high-quality outcome measures that are used to monitor performance of our programs.

Treasury's broad responsibilities impact the lives of almost every American, and I am committed to achieving results for the American people and driving Treasury's performance to provide the highest quality services and programs. I view the information in this Report as a key tool to effectively manage this Department. I have assessed the data in this report, as required by the Reports Consolidation Act of 2000, and determined it to be reliable and complete, with the exceptions noted in Appendix D.