

THE PARTNERSHIP OF BUSINESS AND EDUCATION
Remarks of Robert P. Forrestal, President
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To the Atlanta Employers' Merit Employment Association
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I am honored by your invitation to speak with you on this important occasion of your twentieth anniversary and annual meeting. The work of the Atlanta Employers' Merit Employment Association over two decades has paid enormous dividends, not only to the particular businesses, schools, and students directly involved in MEA's programs but also to the greater Atlanta community. As a central banker, I am concerned on a daily basis with economic issues. From this perspective I would like to share with you some thoughts about why the partnership between business and education is so important.

In recent years the relationship between local businesses and schools has developed and intensified markedly. Here in Atlanta, largely through the efforts of MEA, business owners, managers, and employees have launched and participated in projects such as Adopt-A-Student, whereby staff work closely with students who are on the verge of dropping out of school. Without guidance, most of these young people have little hope of success in life and many eventually could become a drain on society. Your support of Adopt-A-Student has helped such youngsters, instead, to become productive workers and citizens. The benefits society accrues from this accomplishment are large indeed. We save the expense that would have to be borne if these students were to become welfare recipients. We also avoid the even greater costs in terms of personal injury and loss as well as incarceration if such drop-outs were to take up a life of crime. Most importantly, such students make a positive contribution as workers and participants in our society.

Of course, businesses have not limited their involvement to disadvantaged students. Some of Atlanta's brightest pupils have been aided by business involvement in programs such as the Harper Magnet School, which draws top high school students seeking a career in finance. These programs have the added attraction of providing opportunities for students to work in financial institutions while they are still in school. The dedication of teachers has likewise been fostered by special events such as Educators' Day and Youth Motivation Day, which were initiated by MEA.

Why should businesses take a special interest in what is going on in the school system? After all, businesses pay a considerable portion of the taxes that fund our public school systems. Why should they go beyond that commitment to establish partnerships with individual schools and to develop special programs to supplement what the educational system is already doing? Businesses are motivated in part by their desire to be good citizens in their communities. However, more than an altruistic sense of corporate social responsibility is involved. Businesses increasingly recognize that their continued profitability depends in important ways on the overall pace of economic growth and on continued gains in productivity.

These advances hinge in part on how successful schools are in preparing today's youth for the world of work. Companies gain directly by having a well-prepared labor force from which to recruit employees. In addition, when most workers have the educational preparation needed to enable them to learn how to adapt to new technologies, the nation's productivity is likely to grow faster. Productivity advances, in turn, are essential if we are to raise incomes without inflationary consequences. Larger productivity gains help accelerate the pace of macroeconomic growth and enable both business and labor to expand their incomes more rapidly. This circle continues because stronger income growth boosts demand for business products generally. The relationship

linking productivity, economic growth, and gains in personal income is not difficult to understand, but its importance to all of us cannot be overemphasized.

Our economy has become increasingly international in scope, and some of our major foreign competitors such as Japan have maintained a much better productivity record. America's productivity performance over the last decade or so has been disappointing and is lower than it was during the 1950s and 1960s. I don't have time tonight to review the many opinions as to why this gap has occurred and what should be done about it. The fact is that the problem is still with us. If we don't find a cure for it, we shall surely see our trade imbalance continue, exerting a heavy drag on domestic production. Whatever the cure for this economic ill, it is certain that improved education will be among the remedies that must be prescribed, and enlightened businesses are not waiting for federal or state initiatives but instead are doing what they can at the local level to prepare today's students for the economic challenges of tomorrow.

Now some of this concern with macroeconomic growth and national productivity performance might seem beside the point in a place like Atlanta, which has been enjoying virtually uninterrupted growth, very rapid employment expansion, and a steady influx of new people. However, the prosperity of any one city or region cannot be sustained over time in an environment of languishing national economic performance. Indeed, Atlanta and other Sunbelt cities that serve as regional headquarters must be concerned with the economic well-being of their regions, for their prosperity and economic health are linked, perhaps with a lag, to the conditions of surrounding localities and states. Unfortunately, as we all know, pockets of poverty still exist in the Southeast. Many rural areas are particularly distressed. Some small towns have also been hard hit by the loss of factories, as manufacturers have succumbed to the bite of intense foreign competition.

If this region is to reshape its manufacturing base so as to compete successfully in what is becoming an increasingly global marketplace, it must transcend the low-wage industries that have proven the mainstay in the past. Even if the dollar continues to decline against the currencies of other countries, nations with lower wage and cost structures may still maintain a competitive edge. Looking to the future we must strive to make our labor productivity high relative to other regions and countries. Doing so will entail building a base of industries whose products have a high added value. If we succeed in bringing about such a shift, the products of the Southeast and the jobs involved in their production will be less vulnerable to inroads by foreign producers. To achieve this goal, however, will require far greater attention to education than in the past. Despite some advances in recent years, the Southeast still lags behind the rest of the United States in many measures of educational performance. One third of students in many southeastern states drop out of high school before finishing. The comparable national rate is not much better—one in four—but it is better. We still spend less per pupil, pay teachers less, and produce students who do not score as well on standardized achievement tests. While we may quibble about the methods used to measure academic performance, we can all agree that improving our educational resources is an important priority. We cannot achieve this goal overnight. That is why special efforts by businesses to speed up the improvement process are especially important.

I see two more reasons why business activism in our public schools is so significant. First, it's an unfortunate fact that increased public spending for education does not always result in a more equitable distribution of income. For reasons that are not well understood, such factors as family background, social status, race, and sex affect the way individual students take advantage of formal education. Many of today's youth may not profit from the current efforts to upgrade schools in Georgia, Tennessee, Florida, and other southeastern states without some outside intervention to help them

make the most of their enhanced academic opportunities. In the aggregate this untapped pool of talent would represent a great loss to society and to the firms that make up our economy. Thus, it is very much in the interest of businesses to act as catalysts since, left on their own, many students will not live up to their true potential as employees, taxpayers, or citizens.

A final factor that warrants the special sort of hands-on involvement in schools by businesses pertains to entrepreneurship. This concept is hard to pin down and define, let alone to analyze and foster. I would venture to guess it's rarely taught as a formal course in economics or business curricula. However, America's entrepreneurial traditions are fundamental to our history of rapid growth and widespread prosperity. Moreover, a large portion of new job opportunities arises from the creation of new businesses rather than the expansion of large Fortune-500-type companies. Thus, encouraging students to create new products and to start their own businesses can contribute in significant ways to faster economic growth and reduced unemployment. While the importance of entrepreneurship is taught in history, economics, and civics courses, the spirit of innovation and risk-taking that are so much a part of America's economic success can be communicated even more directly through the personalities of employees and through the corporate cultures of businesses involved in special school programs.

By way of conclusion let me congratulate you for your important contributions to our young people and their economic well-being as well as to the growth and prosperity that our community has enjoyed. For the reasons I've outlined tonight, a good working relationship between business and schools tends to produce great dividends for all parties involved. However, many challenges remain. If the United States is to maintain a higher level of real economic growth, we must compete successfully in the global marketplace. To do so, we must deal with issues such as countering the currently high drop-out rate,

nourishing an entrepreneurial spirit, and, in general, training a work force that can use the technology that will enable us as a nation to advance productivity and grow more rapidly. This will require even greater efforts by educators and businesses. With the help of organizations like MEA, I'm sure we'll be able to meet these challenges.