

**WELCOMING REMARKS**  
**By Robert P. Forrestal, President**  
**Federal Reserve Bank of Atlanta**  
**To the FRB Atlanta Regional Conference**  
**on Southeastern Economic Development**  
**Atlanta, Georgia**  
**March 26, 1992**

Good morning. I am extremely pleased to welcome each of you to this conference on economic development in the Southeast, which is sponsored by the Federal Reserve Bank of Atlanta. The Atlanta Fed hosts a major conference each year alternating among banking and regional themes and, in the third year, a scholarly focus that attracts a more academic audience. It has been three years since we have had a regional conference, and a lot has transpired during that period, developments that make the topic of this conference all the more important.

During the 1960s and '70s as part of the fabled Sunbelt, this region attracted investment, businesses, and people--all the ingredients that go into creating a vibrant regional economy--and it did so without much effort. Despite this progress, however, per capita income levels in the Southeast have continued to lag behind the rest of the country. We never really caught up, so to speak, even though the economy of the Southeast now more closely resembles that of the nation.

More recently, the recession and the credit crunch have taken their toll in the Southeast, unlike earlier recessions when this region barely noticed the downturn in the rest of the United States. As we emerge from this recession and begin to think about the expansion phase of this business cycle, we face a sobering reality. Demographic trends have changed and global competition has intensified. Baby boomers who once flocked to the Southeast are growing older

and becoming less likely to pick up and move so easily. The generation following them is considerably smaller. At the same time, developing economies in the Pacific Rim and the Caribbean basin have become viable competitors for many of the traditional industries in the region. In turn, it has become more difficult to count on an attractive climate and lower resource costs to attract investment and people. In addition, the national economy is embarking on a period of slower growth compared with the 1970s and '80s.

All of these factors suggest that we in the Southeast must begin to rethink our strategy for growth, recognizing that the world has become a smaller place. We are also becoming aware that overly rapid growth can be counterproductive, as it strains our infrastructure and pollutes the very environment that drew people here in the first place. To meet this challenge of promoting growth in changing circumstances, the Southeast can no longer merely follow the lead of other regions around the country. Instead, as the theme of this conference states, we must take a giant step forward. Only by setting our sights higher and thinking globally can we move into the vanguard of economic development in the United States.

As president of the Federal Reserve Bank of Atlanta for over eight years and a member of the staff for many more, I have come to know a wide array of business, banking, and community leaders in the Southeast. The Sixth Federal Reserve District includes all or part of six states--Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee, and the Bank has directors from each of these states. The economic intelligence provided to me by these directors, along with information from other business leaders with whom I meet, is an important

supplement to the economic analysis and forecasts of our staff economists as I make decisions about the formulation of monetary policy. I have been impressed not only by the economic insights of the business and community leadership of the Southeast, but also by their commitment to making this region a better place to live. The caliber of the people I have come to know convinces me the region has the leadership available to move the Southeast forward. What we particularly need now, though, are new ideas and a broader understanding of the development process. That is the purpose of this conference.

On this first morning, our speakers will analyze the larger issues involved in economic development. For the remainder of the conference, our panelists will outline useful solutions they have seen in action, that is to say, real-life success stories. We have gathered an extremely strong line-up of knowledgeable speakers, including Andrew Young, the former mayor of Atlanta and Ambassador to the United Nations. Each speaker comes with the practical expertise from which we can learn and gain inspiration. We have also attracted a diverse audience, ranging from business leaders and bankers to academics and decision makers from state and local governments. I am optimistic that the conference format, with its many panels, will allow ample opportunity for interaction between speakers and members of the audience.

Again, I am very happy to be hosting this gathering, and I hope that each of you takes away many new ideas as you participate in the formal program and as you share ideas informally with your colleagues. Let me now turn the program over to Sheila Tschinkel, Senior Vice President and Director of Research, who will introduce our first speaker.