

FORCES FOR GROWTH IN THE PIEDMONT CRESCENT.

An Address before the

Conference on "Growth Prospects of the Piedmont"
University of North Carolina
Charlotte, North Carolina
November 7, 1967

by

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One reason we all love the South so much is its diversity. We Southerners know that there is a great deal of difference between different parts of the South in their people, their geographic characteristics, their economic structures, and their political backgrounds. For example, the non-Southerner may think of the "Southern accent." We who live here know that there is no one accent. The finely tuned ear of the Southerner can detect whether one comes from near Savannah or around Macon; whether from Charleston, South Carolina, or Mobile, Alabama; whether from the bayou country of Louisiana or the Outer Banks of North Carolina. It does not take much of a Southerner to distinguish between accents from several areas of his native state. We within the South know that there are many distinct areas that can be distinguished not only by the way the people talk who come from these areas but by traditions, by political outlook, and by economic characteristics.

There is probably no more precisely defined region within the South than the Piedmont Crescent, and this has been so since this continent was first settled. It is, of course, especially distinguished by its rolling hills and mountains that constitute one of its chief charms. There was a time when a country boy like myself from the plains of South Georgia might have been considered a

"foreigner" in these parts. I know that this is no longer true since, despite the diversities we retain, Southerners have been united in recent years in their common interest of trying to promote economic development and growth in the South. As Southerners, we are united in our desires for an improvement in the income position of the area. We are constantly searching out ways by which our region can grow and the forces that will promote that growth.

A person like myself who has been working in the financial field during most of his working life could hardly be expected to neglect mentioning the Piedmont Crescent's banking resources that have stimulated the growth in the past and have a broad potential for furthering growth in the future. In mid-1966, the 944 banking offices in the Piedmont Crescent had deposits totaling \$7.2 billion, and I should suspect that, if we had more recent data, they would add up to around \$7.5 billion. In the period from 1964 to 1966, deposits increased at an average annual rate of 16.1 percent. Moreover, the rate of growth in total deposits exceeded that for the areas outside the Piedmont Crescent in the states of Georgia and North and South Carolina. The Federal Reserve Bank of Atlanta, as you know, is located within the Piedmont Crescent. Some persons might argue that in respect to banking resources the Piedmont Crescent has been especially favored.

This evening, however, I am going to talk more about ideas than facts such as those I have just mentioned. Each member of this conference was given a Statistical Profile of the Piedmont Crescent containing detailed information on some of the facts about its economic structure, its people, their income, and past growth. This morning and this afternoon we have heard some of the implications of these facts discussed. All of these facts are extremely important as a basis for achieving the growth in the Piedmont Crescent, but whether or not the conditions shown by these facts become forces for growth is going to depend upon what people decide they mean and what they do about it.

What We Believe

Tonight I am going to pose certain questions that I suppose can be summarized in one question: "What do we believe about the economic growth in the Piedmont Crescent?"

Does it really make any difference what we believe? Some people might say, "No." They would argue that the process of economic growth is some kind of mechanism that will proceed regardless of what we believe. I do not think that this is so. It does make a difference about what we believe.

The late Dr. Earle L. Rauber, who for many years was Vice President and Director of Research at the Federal Reserve Bank of Atlanta, had a peculiar gift for expressing ideas clearly and dramatically. "The economic system," he wrote, "is not a mechanical device that is stoked with dollars at one end and pours forth goods at the other, but an organization of men and women." "Human reactions," he continued, "must always be considered, therefore, in an appraisal of any economic policy and the chance of its success."

What We Believe Does Make a Difference

The way we act depends in a large measure upon what we believe is characteristic of our economy, how it operates, and the policy actions we should take. As Dr. Rauber said, "The choice of the route to be followed still lies with men and not with blind fate."

Those who have met together at this conference represent a cross-section of the people whose decisions will help shape this region's economic future. Our decisions can be based upon erroneous beliefs, or they may be based upon beliefs that can serve as forces for growth. If this conference accomplishes anything, it will do so because it will modify what we believe.

A Realistic Approach

First of all, are we realists? Do we believe that we ought to face the facts about our area? Or, do we sometimes quickly turn the page when we come across something that appears to be a liability for economic development in our area? In looking through the compilation of statistics that has been prepared for this conference, did we quickly thumb through the pages and stop only when we saw some favorable comparisons? I hope not because this means that we are missing one of the greatest opportunities for fostering growth.

When I was a student at the University of Georgia in the late 1930's, I, along with every other student in the University System, was required to take a course called "Contemporary Georgia." The text we used was packed full of statistics comparing Georgia with the rest of the nation in respect to income, the characteristics of its population, agriculture, and so on. I well remember how much I resented some of the comparisons that showed my native state to be well below many other parts of the United States. I knew that Georgia was a good place to live; I was proud of Colquitt, where I was born. I simply could not believe that what these statistics implied about my native state could be true.

Comparisons made today between that part of the South included in the Piedmont Crescent and the rest of the nation, I am proud to say, do not present such a bleak picture as those made in the 1930's. The papers and discussions that have already been given at this conference show this. This improvement is gratifying, of course, and probably makes us a little more optimistic about future growth than we would have been thirty years ago.

These more favorable comparisons, however, I am sure are in part the result of policies adopted by Southerners who were realists and faced the facts and saw any deficiencies that the facts revealed as economic opportunities if these deficiencies were corrected.

I have become a little older and perhaps a little wiser since I was first confronted with the unpleasant economic facts about the state of Georgia and other parts of the South. I know now that I was confronted with these facts so that I and the other students in the University System would recognize the opportunities for growth and set our sights a little higher than if we had not known what was true. The facts at that time may have made the South the nation's No. 1 economic problem; more importantly, they also indicated that, if these facts were looked at realistically and appropriate actions were taken, the South was the nation's No. 1 economic opportunity.

We can, for example, find in the Statistical Profile that in the Piedmont Crescent the rate of increase in the median family income between 1950 and 1960 exceeded that of both the United States and the South as a whole. We can also find that in at least three of the counties in the Piedmont Crescent the median family income was above that of the United States. Furthermore, we can find that in at least 35 counties of the Piedmont Crescent median family income exceeded the median for the South.

If we stopped there, we could congratulate ourselves on our progress, adjourn, and go home, satisfied that we need do nothing. But we are realists. We also find that--despite the more rapid rate of growth between 1950 and 1960 in median family income--the median income of the Piedmont Crescent in 1960 was well below that of the nation and the South. Despite the good showing for many counties, there were 108 of the 111 counties with median incomes below the national figure and 76 of them with incomes below the median for the South. These areas comprise the challenge and the economic opportunities for growth, but unless we believe we should be realistic, we could miss them.

A National Point of View

Do we believe that growth in the Piedmont Crescent is bound up with the nation's and that we are most likely to prosper when the nation prospers? Or do we believe that, somehow or other, we can go off on our own and that the nation's prosperity means our loss?

If we believe that the area's growth is tied up with the nation's, we are concerned as much with national as with local problems. We expect our elected representatives in Congress to have more than a local point of view, and we shall judge their worthiness not on the basis solely of how much they are getting for our local area but on whether or not they are behaving like national statesmen.

If we do not believe that our area's prosperity depends upon that of the nation, we shall look at every national program solely from the standpoint of what we think it will do for us. We shall insist on following this approach regardless of what happens to the nation as a whole. If we and our citizens living in other parts of the South and the nation follow the latter course, none of us will probably have what we consider a satisfactory rate of growth.

We in the Federal Reserve System are especially conscious of how bound up the prosperity of our region is with the nation's. Because monetary and credit policy must be made on a national basis, we cannot isolate this part of the South from the problems of inflation, balance of payments, and the like that are the nation's problems. Recognizing that our future depends upon the nation's future will lead Southerners to adopt policies that will take advantage of that growth. Thus, this belief can be a strong force for growth.

Self-Reliance

Do we believe that how much we share in the nation's growth depends greatly upon what we ourselves do? Or do we believe that our region's growth depends primarily upon what others do for or to us?

At one time at a conference such as this, the agenda might have well concentrated on topics such as the following: discriminatory freight rates, the bad effects of the basing point system, the anti-Southern bias in the money and capital markets, the bad effects of the protective tariff, and the handicaps imposed by the Fair Labor Standards Act. What was common to all of these was the belief that we could have no growth in the South until other people did something about correcting these injustices. In other words, growth depended upon what others could do for us.

I do not believe that we need to decide this evening how much these conditions really hampered growth in the past nor how much their remnants may be hampering growth now. Of more fundamental importance is whether or not we believe that growth in this area depends more upon what we do than upon what others do for us.

The agenda for this conference seems to me to be fundamentally based upon the belief that growth in the area depends upon how well we can compete with others and that this ability to compete depends more upon what we do than upon what others do for us.

If we believe that we ought to be realistic, we have examined the facts and have not only found conditions that need correcting but have picked out those things we can do something about. For example, it would seem entirely unlikely that we can, somehow or other, flatten the hills and mountains of the Piedmont so that we have an area resembling the great and fruitful plains of the Midwest and thus match its agriculture. We can, however, devote our energies toward developing the type of agriculture that is suitable for the area. Incidentally, I personally would not exchange the hills and valleys of the Piedmont for the great plains if for no other reason than the loss of natural beauty.

It seems unlikely at the moment that we can suddenly find ourselves possessed of petroleum resources that have given such an impetus to industrial growth in some parts of the South. We can, however, devote our energies to improving the kind of manufacturing that is suitable to this area. We can devote our energies to improving our educational establishments and bettering our local and state governments. We ourselves must create the harmonious social relationships that are basic to our development. These are things we can do, and we alone can do them.

Ability to Change

Do we believe that growth means change and that our ability to grow depends upon our ability to change? Or, do we believe that by some magic process we can achieve growth without upsetting anything? Do we believe that we can achieve growth while maintaining the status quo in respect to our economic structure and our governmental and social institutions? A belief that growth means change can be a force for growth. Not recognizing the necessity of change can be one of the greatest handicaps to growth.

Not all changes are good, of course. Not all changes benefit everyone. To some extent, for some persons change may mean a loss of special economic and social privileges and benefits. But against this, we must recognize that growth cannot be achieved without change. Our problem is to distinguish between those changes that will produce desirable results and those that will not; between those that are inevitable and those that should be avoided. If we recognize those changes that are beneficial and those that are inevitable, we can either stimulate the desirable changes or adapt ourselves to them.

We must admit that some people are afraid of change. Why is this so? Perhaps it may be the conservative instinct that is lodged in all of us to some degree.

Perhaps it is because many of us lack the spirit of adventure that welcomes a chance to explore the uncharted future. Perhaps it is possible that some of us are afraid that change may mean the loss of some special privileges and benefits we are now enjoying. Perhaps it is because we lack the vision to see the benefits that will accrue from change. But whatever the reason, the fear of change can be a tremendous obstacle to growth.

The world is going to change; the Piedmont Crescent must change. Let us hope that we have the ability to change and to take advantage of those changes as they occur.

Forces for Growth

My theme this evening has been that what we believe determines what we do. Indeed, what is in our minds may be one of the most powerful forces for growth. If we believe we ought to be realistic, we shall seek out deficiencies and convert them into economic opportunities. If we recognize that our future depends upon our nation's, we shall broaden our horizons. If we believe that what we do for ourselves is more important than what others do for us, we shall use the economic opportunities we have discovered. If we believe that growth is inevitably tied to change, we shall shape those changes and reap a bountiful harvest from them. If we believe all of these things and act on our beliefs, growth--it seems to me--is inevitable.