

President's Perspective



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The forces of globalization are reconfiguring the economic landscape. Understanding their impact on the U.S. economy and monetary policy is a major research objective at the Dallas Fed and the main reason we created the Globalization and Monetary Policy Institute in 2007.

Globalization is shifting growth momentum toward emerging-market nations, heightening competition and accelerating the forces of Schumpeterian “creative destruction.”

These developments are mirrored in the demographic trends facing the world today, Joseph Chamie, director of research at the Center for Migration Studies in New York, notes in his “On the Record” interview in this issue of *Southwest Economy*. Population growth is largely concentrated in developing nations, Chamie observes. India’s population grows about as much in 10 days as the European Union’s does in a year, according to the *CIA World Factbook*.

As economic growth increasingly concentrates in populous nations, poverty recedes and wages rise. Many developing nations have abandoned policies that burdened their economies and handicapped their progress in favor of those that fuel growth and economic opportunity for their burgeoning populations. They have promoted education and recruited the most talented to manage their companies, teach in their universities and create businesses. These nations recognize that capital and the types of services, industry and entrepreneurship that generate national wealth are more mobile than ever and will forsake countries that shackle business and labor with unnecessary burdens.

America will overcome its current challenges if we are able to replace government policies that were created for the 20th century and are out of sync in today’s hypercompetitive environment. Our political leaders must develop an entirely new system of taxes, spending and regulation affecting private enterprise and investors and must craft trade, education, immigration and other policies that enhance our global competitiveness.

To outperform others and preserve our stature as the most attractive country in which to invest and to create new jobs, we need to do more than just bring federal spending, taxes and deficits under control; we must adopt new methods of incentivizing U.S. businesses to maintain our supremacy in efficiency and innovation.

A handwritten signature of Richard W. Fisher in gold ink. The signature is cursive and reads "Richard W. Fisher".

Richard W. Fisher
President and CEO
Federal Reserve Bank of Dallas