

President's Perspective



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As we enter an election year, much of the focus will be on creating jobs for American workers. And rightfully so. Far too many remain unemployed and underemployed.

To ensure long-term, sustainable job growth, we need to pay heed as a nation to the more encompassing goal of ensuring U.S. economic competitiveness. In a world driven by rapid technological change and globalization, job-creating capital flows readily to the most welcoming, competitive economies.

This was underscored in a recent Harvard Business School survey authored by Jan Rivkin and Michael Porter, one of the world's leading authorities on national competitiveness and economic development. The results were startling. The survey of school alumni found that more than 70 percent of respondents expect U.S. competitiveness to decline over the next three years. The greatest impediments to investing and creating jobs in the United States, the survey found, are the U.S. tax code, workforce skills, regulatory burdens and uncertainty. When asked to suggest how government officials can improve competitiveness, some 30 percent cited tax-related issues.

While not the purview of the Federal Reserve, tax, regulatory and education policy all have significant implications for our long-term well-being. The Federal Reserve has done much to put our country back on the path to economic expansion, but it cannot do the job alone. Our fiscal authorities must not only figure out a way to contain the nation's runaway deficits and bulging debt, but also overhaul our current tax, spending and regulatory regime in a way that induces businesses to invest here. Only then will jobs be created for Americans in an increasingly competitive and interdependent global economy.

Rebooting an entire system of economic incentives is a daunting task. Fortunately, as American Enterprise Institute resident scholar and former Dallas Fed economist Alan Viard demonstrates in his "On the Record" interview in this issue of *Southwest Economy*, there are many good ideas on how to contain our deficits and revamp our outdated tax system. The sooner our fiscal authorities get to it, the better. Our nation's future depends on it.

A handwritten signature in dark ink, reading "Richard W. Fisher". The signature is fluid and cursive, with a large, sweeping initial "R".

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