



▶ *As our elected officials struggle to reboot economic competitiveness without encumbering future generations with debt, perhaps they should look to the economic laboratory that is Texas.*

Texas has a long tradition of outperforming the nation in job creation—a trait that is matched only by our long-standing reputation for modesty. Over the past two decades, the state has added jobs at more than double the pace of the U.S. This year, employment growth is above 3 percent, compared with less than 1.5 percent for the nation.

Texas' fiscal position is also strong relative to the U.S., as Jason Saving notes in this issue of *Southwest Economy*. The state falls just short of a consensus top bond rating from the three major credit ratings agencies. The evaluation is based on the state's outstanding performance in many areas of the economy.

In a reflection of our strong economy, the state continues to attract significant numbers of new residents. Net domestic in-migration averaged more than 80,000 annually in Texas from 1991 to 2011, in contrast with *outmigration* of 192,000 from California and 187,000 from New York. People come here for opportunity.

To be sure, employment growth should not be the only criterion for evaluating a state's performance, and as Saving makes clear, Texas is not without its challenges. It's important that we remember, however, that economic growth is the foundation for the other goals and aspirations of a society.

Neither Texas nor the U.S. can pay for social services, education or infrastructure without the tax revenue to do so. And there is no tax revenue without sources from which to collect it. The best source of revenue is a citizenry that is gainfully employed and an economy that is growing and prosperous.

Managing the tradeoffs between fiscal responsibility and social and environmental stewardship is perhaps the greatest challenge our nation confronts. It's important to remember that, as President Dwight D. Eisenhower said in his farewell address, "We cannot mortgage the material assets of our grandchildren without risking the loss also of their political and spiritual heritage. We want democracy to survive for all generations to come."

If you believe people vote with their feet, the balance our state has struck between economic dynamism and government services seems appropriate enough to attract a diaspora from other states. As our elected officials in Washington struggle to reboot economic competitiveness without encumbering future generations with debt, perhaps they should look to the economic laboratory that is Texas.

A handwritten signature in black ink that reads "Richard W. Fisher". The signature is fluid and cursive, with a large initial 'R'.

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