

Remarks on Financial Responsibility

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Atlanta, Ga.

December 15, 2011

Graduation speakers face daunting odds when it comes to having anything they say remembered. The half-life of recollection of a graduation speaker's message is typically a few hours.

Such is the burden I happily carry today. I accept the challenge to say something that you degree candidates (soon to be graduates) will actually remember—something that might make a difference in your lives after Georgia State.

It would be easier if I had a lot of time and could go on and on until, by random luck, I say something that sticks with you. With unlimited time I would be like the proverbial monkeys with typewriters who, given enough chances, might type a line of Shakespeare. “To be or not to be, that is the garumphnokok.” That monkey almost hit on something great.

Unfortunately for me (not you), I've been asked to be brief. I have about 10 minutes (and I've already burned one of them). A time limit imposes a certain discipline on a graduation speaker.

I have about enough time to make one substantive point, to give one piece of serious advice or hard-earned wisdom. I've been thinking a lot over the last few weeks about what that one point should be. Yesterday I decided. My message won't bring you to your feet or move you to storm the ramparts of injustice. But it is a serious point, I assure you.

Let me prepare you. By way of preamble, I suggest you think of yourselves as making a rather profound transition as you walk out of this hall today. At that moment, you will assume some measure of individual responsibility—along with millions of others in our society—for our collective destiny. Welcome to the community of the responsible.

This is not to suggest that you have been irresponsible up to now. I'm just saying that graduation from the Andrew Young School of Policy Studies at Georgia State University conveys a step up in duty to protect and contribute to the common good.

Be financially responsible

So here's my message to you today: be financially responsible. Do your very best to be financially responsible wherever you have influence. Assume responsibility—formal or informal—for sensible financial stewardship of any and all entities you associate with. That so-called “entity” may be just you and your family. Or it may be an institution of great scale with national or global reach.

I'll explain what I mean by "financially responsible" first with some context. Today, we as a society are beset with serious problems that, at their source, are the fallout of irresponsible, or at least naïve, financial management.

This is true at the level of the individual citizen, some private-sector and nonprofit-sector organizations, and government at the municipal, state, and federal levels.

Many individuals my age are approaching retirement age without sufficient savings. Some, certainly not all, but some homeowners have experienced the pain of foreclosure and loss of their homes because they did not understand they were taking on mortgage debt they couldn't handle. Financial institutions have failed because of dangerous concentrations in a single-asset category. Georgia, for example, has been the epicenter of bank failures in the United States over recent years because of its banks' lending exposure to real estate. The Atlanta Fed and other supervisors have acknowledged we could have done more as watchdogs, but first-order responsibility rests with the principals of those banks.

In the public sector, municipal and state governments are facing mounting pension obligations in coming years that may prove to be underfunded. And, at the federal level, an unsustainable budget deficit and debt trends portend deep cuts and painful adjustments in the coming years. I could go on.

Act before problems get out of hand

To be an agent of financial responsibility, I urge you to educate yourself, engage reality, and act before problems get out of hand.

Here's my plea as you join the "community of the responsible": make financial responsibility a bedrock principle by which you live and work. Develop a grasp of sound financial fundamentals. Apply this knowledge in your personal affairs as well as your professional and civic activities. Even if it's not your job, pay attention to and care about the financial health and resilience of your employer. Engage the same questions in the other institutions that matter to you—civic associations and clubs, your local hospital, your alma mater, your church, synagogue, or mosque.

You heard me a moment ago urge action before problems get out of hand. There has been too much "kicking the can down the road," as they say, leaving problems for those who follow, for later generations. Sadly, in some current matters, you are the later generation. Financial problems won't go away if we ignore them. Sooner or later, financial reality will exact its tribute.

Work toward resiliency

I will close by expanding on the word "resilience." Resilience, to my mind, is the capacity to absorb a financial body blow, to survive a bad spell, to withstand severe financial stress and come out the other side. Resilience is the product of sensible policies that conform to sound fundamental principles—live within means, avoid excessive leverage, diversify risk, build up a cushion for unexpected problems or sheer bad luck.

Financial resilience and profligacy are antithetical. I had a good friend once who liked to quote his dear, profligate mother. She often said, "Spend, spend. God will send." Maybe, but I wouldn't count on it.

I feel privileged to be the one to get in a last word with you before you cross this stage and receive your diplomas. Thanks for listening.

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