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**Opening remarks by President James Bullard**  
**2013 Federal Reserve System Community Development Research Conference**  
**Resilience and Rebuilding for Low-Income Communities: Research to Inform Policy and**  
**Practice**  
**Washington, D.C.**  
**April 11, 2013**

I am delighted to be here today representing the Federal Reserve System's Conference of Presidents through my chairmanship of the Conference's Committee on Research, Public Information, and Community Affairs.

The Conference of Presidents strongly supports the Federal Reserve System's outreach and research efforts in the community development arena. These efforts involve the skills of employees in many different divisions within the Federal Reserve and in many different locations across the U.S.A. An especially important role that the Fed's Community Development function plays is in connecting the nation's central bank with Main Street America. At the Federal Reserve Bank of St. Louis, and indeed throughout the Federal Reserve System, we have heard first-hand how both longer-term changes in the economy and the lingering damage from the 2007-2009 recession continue to challenge many households and businesses.

The broad level of performance of the U.S. economy is, of course, vital to the well-being of individual families and local communities. However, it is also clear that even good macroeconomic performance is not a panacea because it does not ensure that all families and communities are *included*, or more fully included, in all aspects of the economy. Although "economic inclusion" or "financial inclusion" cannot be guaranteed, the Federal Reserve System can be a positive force in providing opportunities and knowledge that can help families and communities find ways to more fully participate in the economic success of the nation. Better results on inclusion may ultimately create an economy that makes the fullest possible use of its rich array of available talent.

The Community Development function tries to make progress on this financial inclusion objective by focusing on five areas:

- Household financial stability;
- Neighborhood revitalization and stabilization;

- Small-business start-up, growth and sustainability;
- Thought leadership to achieve scale, sustainability and impact; and
- Communication of lessons learned.

The Fed's Community Development function is actively engaged in each of these areas. A few examples might include the Kansas City Fed's "Grow Your Own" initiative to focus on opportunities for entrepreneurship in rural America. The San Francisco Fed combined thoughtful research and outreach through the publication of "Investing in What Works for America's Communities." At the St. Louis Fed, we recently launched the Center for Household Financial Stability to research family balance sheets and how those matter for strengthening households and the economy. Several Reserve banks and the Board of Governors have come together to produce the "Connecting Communities" audio-conference series to address cutting-edge topics among community development practitioners. And many Reserve banks, including my own, have been instrumental in "Bank-On Save-Up" campaigns to offer thousands of unbanked Americans nationwide pathways to wealth-building financial services.

These examples indicate how the Fed's Community Development function is helping to address the key issues by convening stakeholders, identifying emerging ideas, and—consistent with my academic bent—conducting primary and applied research.

The theme for this conference is "Resilience and Rebuilding." The 2007-2009 recession disrupted the economic life of the nation. Families and communities have been challenged with job losses, foreclosures, reduced or limited compensation, and high debt. The pressure on public and private safety nets has accordingly been high. These events have tested and continue to test the resilience of many households and communities. A primary challenge is how to increase this resilience going forward so that a given shock has a lessened adverse effect in the future than it had in the past.

This conference is not restricted to resilience—it's also about rebuilding for a brighter future. Improved labor market performance and better workforce preparation are central to a better future for the U.S. economy. Small-business development and sustainability will also be central; much of the expansion in the labor market comes from this group. Researchers have much to learn about small businesses and the flows of credit that affect their growth and development.

Although the Fed's Community Development function at its broadest level is about promoting inclusion in the American dream, we do so with careful awareness of policy pitfalls. Not so long

ago, the American dream was intimately associated with homeownership. In the stark light of recent events, many households found that the reality of homeownership was a nightmare rather than something idyllic. Poor public policy undoubtedly contributed to the housing bubble and the resulting recession. Due in large part to his research background, my predecessor, Bill Poole, foresaw and warned about many of the problems that resulted from the badly overleveraged government-sponsored enterprises Fannie Mae and Freddie Mac. Research can play a major role not only in the design of wise policies, but also in avoiding the continuation of unwise policies. Many of the papers on the program of this conference focus on evaluating effectiveness of public policies. Rigorous and detached assessments of policy that combine theory with empirical analysis can yield important inputs for decision makers.

On behalf of the Conference of Presidents, let me commend the Atlanta Fed and the Board for their excellent work in pulling together this conference. Some of you may know that the Board of Governors, starting in 1999, has been rotating through the Reserve banks for its partners in organizing this important event every other year. St. Louis is up in 2015. Thankfully, our team will be able to build upon the great ideas and lessons provided by others, most especially the excellent example the Board and Atlanta have provided this year.

Thank you and welcome to the 2013 Community Development conference on “Resilience and Rebuilding.”

James Bullard, President and CEO  
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