The Next Agenda for America's Cities: Competing in a Global Economy

Introduction

Good afternoon ladies and gentlemen. I am honored and not a little humbled to be speaking to you today as the first James W. Rouse lecturer on the future of American cities. We should all thank Fannie Mae, the Fannie Mae Foundation, the Brookings Institution, the Enterprise Foundation, and their respective leaders for creating this event. I can think of no better way to celebrate James Rouse's legacy than to institutionalize an enduring dialogue about cities, especially one that is constructive, forward-looking, and positive. My hope is that my lecture will meet this standard.

I feel a real kinship with Jim Rouse, although I never knew him. Through a somewhat unlikely route, I, like him, have found myself deeply involved in the subject of cities, not something I would have expected five or ten years ago. My involvement is not just as a scholar, but like him, I am attempting to be a doer.

I, like Jim Rouse, see opportunities in cities where there has been a tendency to see only problems; economic opportunities in my case. And I, like Jim Rouse, am optimistic. Indeed, the closer I have gotten to cities, the more optimistic I have become. The challenge facing me today is to demonstrate that this optimism is not misguided. I hope to convince you that there are genuine grounds for optimism about cities that we can all share.

What Strategy For Cities?

My subject for the first memorial James Rouse lecture is strategy. What strategy should we employ to prepare cities for the next century? How can we build on the legacy Jim Rouse created?

What was Rouse's legacy? First of all, he was one of the first to help us understand the importance of cities and their urban cores. He pioneered the innovative notion that marketplace developments in the urban core could create excitement in cities and bring people back to them.

Rouse also focused his enormous energy on what has come to be called community building: creating community infrastructure, establishing partnerships, and bringing constituencies together. He founded the Enterprise Foundation, with its success in developing affordable housing. Rouse and Enterprise helped spawn and encourage thousands of community-based organizations in cities all across the country.

Rouse's efforts, and the efforts of many others he inspired, have laid an important foundation upon which we can build. They have prepared the ground.

Cities Must Compete

Now it is time to move to the next stage in our thinking about cities, as well as in our policies and actions. Now cities must turn their attention to competing: competing in the national and global economy. All cities, regardless of size and economic condition must have a well-defined competitive strategy.

The work in cities on social issues must continue. Further investments are still necessary in affordable housing, in health care, in families, and in human capital. But cities must also turn their attention to competing, and I would assert that this has been far from the top of the city agenda.

We must make a transition from thinking of the challenge of cities and especially of inner cities, as one of reducing poverty. Instead we must redefine the challenge as one of creating income and wealth. This may seem like a subtle distinction: reducing poverty versus creating wealth. But this distinction contains volumes of insight about how one sees the problems and identifies solutions.

When I speak of cities competing for income and wealth, the response is often one of shock and disbelief. The idea that cities can compete seems almost unthinkable to many. In fact, many have secretly believed and feared that the large, older cities have become economic dinosaurs. In the global, increasingly mobile economy in which cities now find themselves, cities seemingly have lost their enduring economic role.

Evidence of the economic extinction of cities seems to be everywhere and is well known to all of us. Jobs have been leaving the inner city, particularly the good manufacturing jobs that have traditionally been associated with attractive incomes. Companies have been leaving the cities, and business and job growth has been moving to the suburbs and to other countries. The familiar forces behind the globalization of competition - the easy movement of goods, services, information and capital seem to undercut the economic rationale of cities, a rationale based on the advantages of agglomeration and proximity. Some observers have gone so far as to argue that location is no longer important in competition.

The belief that cities might be economic dinosaurs has deeply and subtly influenced our thinking. We have presumed that cities could not compete. Therefore, any business development in cities would require heavy subsidies. We have presumed that cities could not be self-supporting. Therefore, cities would need to get support from somewhere else - from non-profits, the suburbs, the state, or the federal government. There are even programs to move families out of cities to where the only apparent opportunity lies.

Competitiveness In A Global Economy

Are cities economic dinosaurs? The facts I noted concerning the globalization of competition are correct, but their significance has been misunderstood. Many observers have recognized the first-order effects of the new global economy on cities, but have failed to understand the true significance of these trends in the long run.

What determines competitiveness in the modern global economy? This question was the subject of my book,The Competitive Advantage of Nations, and has occupied a good deal of my subsequent research.

One of the most important findings from this body of research is that location has a strong and enduring role in prosperity, even in a far more global economy. The evidence is overwhelming that some locations are more prosperous than others even within the same country. Such differences in prosperity levels continue to endure over many decades.

What makes a location such as a city prosperous? The answer is becoming abundantly clear. Prosperity depends on competitiveness, which in turn depends on productivity: the value generated by a day of work and a dollar of capital invested. Productivity defines the level of sustainable wages in an economy that must compete with other locations. The only way to enhance competitiveness in the modern global economy is to provide an environment that supports ever increasing business productivity, combined with a rate of growth that creates sufficient employment opportunities to fully utilize the nation’s citizens.

Competitiveness arises in what I call clusters; clusters are groups of firms in a given region that, seemingly paradoxically must cooperate even as they fiercely compete. Clusters encompass not only a number of industry competitors but also suppliers, firms in related fields, specialized educational institutions, and support services that are concentrated in particular locations. The more prosperous an economy, the more clustered that economy tends to be. Clusters reap competitive advantages due to externalities that go beyond a single firm and foster high productivity within the cluster: critical mass, efficiencies in doing business such as easy access to specialized suppliers, infrastructure and other resources, and a fluid interchange of information and technology.

We observe such clusters in Manhattan in multimedia, publishing, and finance. We observe them in Boston in such areas as financial services, knowledge creation, and health care. In Omaha, Nebraska there is a thriving telemarketing cluster. Such clusters, in differing fields, are present all over the United States and all around the world.

Competitiveness no longer depends on natural resources, cheap labor, the size of the home market or government spending. Competitiveness arises where a unique, critical mass of firms and expertise is present which fosters flexibility, efficiency, and innovation, and with it rising productivity.

Location, which might seem less important in a global economy, actually becomes more important. The reason is that anything a company can import or source from a distance is no longer a competitive advantage. If one company can buy a machine from Germany, so can its competitors. If one company can source raw materials from Latin America, so can its competitors.

Today, the enduring competitive advantages come from local things: a unique network of suppliers, a unique concentration of specialized skills, leading educational institutions. These are the kind of advantages that cities inherently enjoy over other locations.

A more important and ultimately larger trend has also been overlooked in the focus on the loss of manufacturing jobs in cities. Job growth in all industrialized economies is being led by the service sector. Indeed, there are those in prosperous regions such as Hong Kong who believe that manufacturing will become the low-wage sector and that sophisticated services will be the source of real prosperity. Sophisticated service firms pay high wages, and technology makes the provision of even mundane services more productive. In services, proximity is much more important than in manufacturing. Companies must be near their customers. In the modern, global, service economy, “Just-In-Time" and responsiveness are the governing rules.

All of these factors play to the natural advantages of cities. Look at the clusters where cities already have compelling strengths: entertainment and tourism; education and knowledge creation; health services and health technology; financial services; business-related services; media and publishing; logistics and transportation. These are some of the most rapidly growing clusters in the U.S. economy today. They are all clusters where cities are dominant and have inherent, compelling advantages through the co-location of institutions and expertise. These are areas that are growing. While jobs in manufacturing are expected to decline by 0.4% a year until 2005, service employment is projected to grow at 2.4% a year. Moreover, it is simply incorrect to argue, as so many commentators do, that only manufactured goods are tradable. Services are heavily traded and represent more than a quarter of America’s exports. Finally, services is an area where the United States is a global leader, and enjoys a large trade surplus that partially offsets our huge manufactured goods deficit.

Cities can compete. Cities have competitive advantages. Cities are aligned with the nature of modern competition, with its emphasis on fluidity, information flow, and innovation. Cities are centers of knowledge and expertise, the most precious assets in the global economy.

Past Agendas

The competitive agenda for cities is clear. Cities must invest in the institutions that build their knowledge base and cultural assets. Cities must become inviting places where people and enterprises concentrate. Cities must eliminate the obstacles to productivity growth and improve the environment for business so that their natural economic advantages are not eroded. If cities can do these things, they will be successful.

This, however, has not been the agenda of cities over the last fifteen or twenty years. While cities have had to contend with heavier fiscal burdens due to high concentrations of poverty, they have also needlessly driven up the cost of doing business. Business infrastructure has been neglected. Business taxes have increased while the quality and efficiency of public services have been allowed to badly deteriorate. Regulation has made business growth and expansion in cities next to impossible.

We have allowed the decision making and governance processes in cities to become riddled with delays and divisive politics. Various groups in cities chastise business and make heavy demands on companies. Cities themselves have taken to asserting or even demanding their importance to the broader community and their right to taxpayer funds.

As a result, business and public support for cities has been undermined. In the face of such discouraging obstacles business has turned away from cities out of disgust with the state of affairs. Citizens can only conclude, The city is a mess, and the city wastes money and can’t get its act together, and have been left with little appetite for pouring even more public resources into cities.

Instead of facilitating the economic transition that is underway and supporting the kind of industries and clusters that should thrive in cities, our policies and mindsets have been eroding the natural advantages, the good will and the support for cities as economic centers.

Policies and flows of resources that favor the suburbs have played a role in diminishing some of the economic advantages of cities. Racism has also clearly played a role in holding back cities, particularly inner cities, through unequal access to housing, education and capital. Racism remains a serious problem and one that must be remediated. I strongly believe that genuine progress on racism will best be made around a constructive focus on helping minority communities compete in the market economy. This is the American way, and an agenda that all Americans can support.

While these problems are real, many of the economic problems of cities have been self-inflicted. They are the result of an agenda that is not aligned with competing. The fact that jobs in cities have held up as well as they have (42% of all US jobs) is a testament to the robust economic advantages there. How else could we explain the presence of any business activity in cities, given the compelling obstacles that have been put in business’ way?

The Agenda in Inner Cities

Nowhere have these tendencies been stronger than in inner cities, an area where I have been focusing my recent research. The problem in inner cities, which I define as economically underperforming communities within a metropolitan area, has tended to be seen as social, not economic. We have assumed that inner cities could not compete and were devoid of economic activity. Therefore, policies have tried to defy the laws of the marketplace and create artificial economic activity. Government buildings and the expansion of non- profits are lauded as "economic development." We have tended to presume competitive disadvantages and, therefore, to presume the need for subsidy. We have seen inner cities as so disadvantaged that it was necessary to create special institutions (e.g., community banks, neighborhood training providers and special technical assistance programs) rather than engage mainstream institutions. Yet the unintended consequence has often been to further economically isolate inner cities and break their connections with the rest of the regional economy. Finally, we have seen the process of economic development in inner cities as so complex that the active involvement of community organizations and government facilitators was needed. Rather than change a deeply flawed process, we have attempted to work around it.

Significantly, so-called spatial mismatch, or mismatch between the location of jobs and of workers, has been accepted as a given. Programs are devoting significant resources to trying to move people to jobs rather than focus on the barriers to job growth in inner cities and cities in the first place.

The Advantages of Inner Cities

I have been leading a research program on inner-city economic development over the last five years. What has been learned? First of all, we have learned that there is a roomful of books and articles on urban poverty, but virtually nothing on urban business.

Yet our research has revealed that there are hundreds and even thousands of businesses in distressed areas of major cities, despite all the economic problems and obstacles facing companies. This is telling us something. There must be some underlying competitive advantages that bind businesses to these locations despite the disadvantages that so often have been unnecessarily created.

Our research on the actual experiences of inner city-based companies has identified four competitive advantages of inner cities as business locations. The primary competitive advantage is proximity. In surveys of inner city-based businesses around the country, the single largest reason for their location is convenience and locational efficiency. This advantage is powerful, persistent, and growing in a variety of industries.

The second major advantage of the inner city as a business location is a large, underserved local market. The typical assumption is that there is no market in inner cities. In fact, inner cities are the largest underserved market in America, with many tens of billions of dollars of unmet consumer and business demand. Retailers are now beginning to move back to inner cities and many are achieving remarkable success, particularly those with tailored strategies that reflect the unique needs of urban populations.

Third, inner-city businesses have opportunities to link into areas of strength in the regional economy. An efficient regional economy is one in which some types of economic activity are located in the core and other types are spread in the surrounding region. There are many opportunities to make connections between inner-city companies and regional clusters that have never been made before, and in the process, enhance overall efficiency and productivity. In the long run, regional economies will not reach their full economic potential without changing their legal, fiscal, and institutional relationship to the urban core.

Finally, inner cities have an advantage in terms of an available, loyal workforce. We primarily think of the inner-city workforce in terms of people unprepared for and unable to work. Thus many see education, skills training, and work readiness as preconditions to economic progress in these locations. While lack of preparation is certainly a reality, research and interviews with many inner-city employers offers a more textured perspective.

Most people who live in inner cities already work. Even with higher unemployment rates, the majority of working-age inner-city residents are employed. Many other inner-city residents who are underemployed are willing and able to work. If the right kind of job opportunities are created, residents line up to fill them.

My research has involved surveying inner-city business owners and managers all across the country who employ local residents. There is much praise for the dedication and skills of the inner-city workforce, along with some acknowledged problems. However, it is important not to focus only on the most severe problems. Programs should target those residents whose skills are ripe for upgrading as well as those who are most job-ready, rather than focusing the majority of resources on the least employable. While not forgetting the needs of the least employable and being cognizant of political realities, the challenge remains to create momentum and positive reinforcement by bringing more and more inner-city residents in contact with those who are working and succeeding.

This becomes all the more important if one analyzes U.S. labor force trends. There is a striking and largely unrecognized pattern. In the 1970s, the U.S. workforce grew at 2.7 percent per year. In the 1980s, the U.S. workforce grew at 1.6 percent per year. So far in the 1990s, the U.S. labor supply has grown at between 1.0 and 1.5 percent, taking into account increases in labor force participation and hours worked. Current forecasts are that the labor supply will grow at slightly more than one percent a year for the next decade or two.

Minorities will account for 80 percent of workforce growth over the next decade. Therefore, if U.S. workforce growth is to reach even the one percent rate, the nation will have to employ more of our minority populations, a large percentage of whom are city residents. This is not just a city or inner-city issue but a U.S. economic issue. Unless our economy can successfully employ minority workers, economic growth is likely to be anemic. The future problem is less a problem of jobs than a problem of workers. The city workforce looks like a bigger and bigger competitive asset that companies are going to have to work harder and harder to tap.

The National Agenda for Cities

What is the national agenda required to turn the economic potential of cities and inner cities into a reality? First of all, we must continue doing the things that so many of you in this room have already been doing. We must continue our efforts to stabilize communities and build community infrastructure. We must continue our efforts, led by the Enterprise Foundation, Fannie Mae, and others, to improve the quality and affordability of housing. We must continue to work on day care, family services, health care and public safety. All of these areas are an essential foundation without which economic success will be inhibited.

But we must also tackle the economic agenda of cities with a whole new level of focus, and here I use the term economic in the narrow sense. Where cities are concerned, there is a tendency to define economic development very broadly to include almost everything. Here I define it very narrowly to encompass competitiveness and for-profit business development.

The Role of Government

What is government's role? My research and observation over the last several years suggest five areas where government can have the most impact. Number one: Every city needs a competitive strategy. By this, I mean a systematic, hard-nosed strategy for identifying and enhancing the city's competitive advantages, building on clusters, improving the efficiency of business-related infrastructure, and eliminating all the unnecessary disincentives, obstacles, and disadvantages that raise the cost of doing business and erode the city's business environment. Federal and state government policies and programs also need to be modified to support city strategies and allow them to be fully implemented. The framework I presented in my book The Competitive Advantage of Nations can guide such efforts to create a competitive strategy. We have a good deal of experience in developing such strategies at the state and national level, which is readily transferable.

How do I know such an approach will work? Because some cities are succeeding at it. Innovative mayors in places like Indianapolis and Chattanooga have said, "We have to compete. Let's stop all the waste, bureaucracy, and politics and make our city an attractive place to do business."

Number two: Federal and state governments need to modify the skewed incentives and policies that seem to favor economic activity in the suburbs. I am not arguing that cities should be subsidized. In fact, I think the whole mindset that cities need to be subsidized is part of the problem. What I am saying is our policies and spending formulas should avoid artificially encouraging growth in the suburbs. The particular areas where problems seem to lie are in transportation and other physical infrastructure. The Brookings metropolitan initiative is welcome because it will clarify, quantify and draw attention to the extent and nature of any such subsidies.

Number three: The flagship national program for cities, the Empowerment Zone/Enterprise Communities Program, needs to be modified. Too often the program's scarce resources have gone to addressing the social agenda. Very little of the resources have yet been allocated towards true business development. In the future, this imbalance must be redressed. More capital needs to be directed toward improving the environment for business - improving sites, improving infrastructure - because this will be necessary for self-sustaining communities.

Number four: Federal and state taxes on capital gains and dividends from inner-city-based business units that employ inner-city residents should be reduced to zero. New entrepreneurial energy must be stimulated in inner cities, based on the pursuit of profit and wealth rather than traditional socially-driven approaches that employ tax credits, job credits, direct subsidies, offsets, subsidized SSBICs and others. Among other reasons, powerful entrepreneurial incentives such as these will encourage a different mentality toward cities based on wealth creation and profit, a motivator that has stimulated so much prosperity elsewhere in our economy. These capital gains and dividend incentives for inner cities, combined with more general strategies to improve the business environment, will stimulate entrepreneurial activity. The potential cost of zeroing out of capital gains and dividend taxes is small in view of the potential gain. I hope the lost taxes are substantial, because it will be one of the best bargains this country has ever enjoyed in terms of investing tax expenditures in ways that trigger much larger private economic benefits.

The fifth area for government attention is workforce development, something that has been the center of much discussion at this forum. The problem in the future will be less a problem of jobs and more a problem of skills and attitudes. Given the broad demographic forces and the competitive conditions of the U.S. economy, I am confident that it is possible to create viable economies and jobs in cities using the kind of approaches I have advocated. But like many of you, I am deeply concerned about the ability of inner-city residents, in particular, to access those jobs successfully.

Part of the problem is the public schools. Part of the problem is skills development, or the process by which people move to more advanced skill levels. The most immediate near-term agenda is what is normally called work readiness. There are successful models scattered all around the country in each of these three areas, but no aggressive national strategy.

We are looking at very slow growth for the American economy unless the workforce development issues are addressed. The American economy, like all other economies, can only grow without inflation based on some combination of three conditions: the capital invested per worker grows, total factor productivity grows, or the workforce grows. Today, capital investment per worker is steady, but growth is slow by historical standards. Productivity growth is slow and can only increase if the skills of the workforce rise. As I mentioned previously, the workforce is not going to grow very fast and will only grow if traditionally underemployed populations become part of the labor force. Unless we adopt a workforce development strategy, both America's inner cities and the nation's entire economy will be held back.

The Role of the Business Community

What does the business community need to do? Engaging the business community in the inner-city agenda has been my particular passion over the last five years. I do not believe we can expect or hope that government and nonprofit organizations alone will catalyze for-profit business activity. The business community must get involved.

While business has been involved in inner cities in the past, the involvement has primarily been through charitable giving. Companies all across the country have given money to organizations that provide housing and meet other community needs. More recently, businesses have donated people and time to improve the management of such organizations. While this is commendable and needs to be continued, there are some additional and arguably more powerful ways in which the private sector can address the problem in inner cities.

Number one. America's companies need to understand and recognize the genuine business opportunity in inner cities which arise from a large underserved market, a strategic location and an available labor force. Every retailer in America should be in inner cities, the last great untapped retail market, and the place where retailers will reach consumer segments that are growing. The inner city is also an attractive location for many other kinds of businesses, such as logistics and support services, especially as the quality of the business environment there is improved. It is a much more efficient location for certain support services and many other activities than distant suburban sites. Companies will also need to access the pool of labor in inner cities to support growth.

Perceptions must change for companies to actually recognize the opportunities in inner cities. As I talk with business leaders around the country, it is clear that many believe that there is no market in inner cities, no viable companies in inner cities, and few employees there willing to work. Bridging the perceptions gap is an urgent need and a focus of a good deal of my work.

Companies also need to learn how to adapt to the inner-city environment. Tailored strategies, segmented products, and modified business practices are necessary. Companies cannot simply compete in inner cities the same way they compete in the suburbs.

Ironically, companies have better grasped the need for tailoring in emerging international markets than in their own back yards. No American company would try to compete in Thailand or Argentina the same way it does in suburban America; yet companies have been slow to recognize and adopt the same kind of tailored approaches to competing in inner cities. While there is progress evident in recent years, much more can be done.

Number two: Companies should also get involved in inner cities in a new form of corporate philanthropy, not based on charitable giving, but on business-to-business interaction. Such business-to-business connections, whether they be in training, purchasing, mentoring, or supplier relationships, are the most precious resources companies can contribute. A network of business relationships and sources of advice is critical to any company's success. They are far more valuable to revitalizing these communities, in many respects, than if a corporation simply gives money to a worthy cause because the result can be a sustainable inner-city economy. More companies need to understand that it is in their interest to realign their thinking about corporate philanthropy in this direction.

Finally, companies must step up and get directly involved in the workforce development agenda. Government and nonprofits are not going to be able to solve the nation's workforce problems on their own. Companies have a greater incentive to get involved today than previously because of the tight labor market, future demographic trends, and the need to diversify their labor sources.

I would challenge every American company to quickly develop a strategy to access the inner-city workforce. Without such a strategy, few companies will be successful in the long run. Companies like Citizens Bank in New England, McDonald's, Marriott and others are proving that it can be done.

The Initiative for a Competitive Inner City

When I advocate the role of the private sector in cities and, particularly in inner cities, a common reaction is that the private sector is not interested. Critics argue that companies are only paying lip service to this agenda.

Many of these critics are caught up in an old mindset. In 1994 I founded an organization called the Initiative for a Competitive Inner City, my version of The Enterprise Foundation. Instead of focusing on affordable housing, however, the Initiative aims to foster competitive strategies that revitalize inner city economies across the country and catalyze business-to-business connections between mainstream corporations and inner-city based companies.

The Initiative is identifying successful inner-city companies and market opportunities, the competitive advantages and disadvantages of inner city locations, as well as best practices for operating in these locations. The Initiative is also engaging the nation's graduate business schools in the inner-city economy. We have found a tremendous reservoir of expertise, energy and goodwill among America's business schools, many of which are located in or near inner cities, but often have had little or no contact with inner-city businesses.

Finally, the Initiative is mobilizing and acting as a market- maker to countless corporations, capital providers, and individuals who want to get involved in inner-city business development, but often do not know how. The Initiative is assisting in making business-to-business connections in purchasing, training and other areas and, in doing so, is linking inner city companies into the fabric of the regional economy.

The Initiative is now a few years old. In this short time, the staff and I have spoken to hundreds of companies all across the country about the need for a business-focused inner- city economic development strategy. The response and the willingness to actually do things has been overwhelmingly positive. Part of the willingness to embrace this agenda is a result of the work of Jim Rouse in calling attention to cities, and much of it is the result of the work of many of you. But for whatever reasons, the business community understands the importance of cities and inner cities to the health of the overall economy. The business community understands the power of market-oriented strategies to build sustainable economies in these communities. It grasps the importance of the private sector contribution to making inner cities competitive. And the business community is willing and able to help inner-city businesses compete. I have seen it.

Grounds For Optimism

Like Jim Rouse, I am optimistic. Why? For the first time in probably thirty years, market forces are working in our favor. For the first time in decades, business thinking is beginning to change.

Tight labor markets for the foreseeable future will motivate companies to take more risks, to expend more effort, and to develop innovative ways of accessing and training new pools of workers. There has been no time in the United States in the last few decades when a person with the right attitude and some skill, whatever their race or gender, has had more opportunity.

Global economic forces are working for rather than against cities. Some of the most rapidly growing industries in the economy are centered in cities, particularly in services. In fact, the service sector is driving growth in all industrialized economies.

Retailers, seeking new market opportunities, are again investing in inner cities in growing numbers. They are just beginning to understand that the inner city is America's last retail frontier.

There is a large pool of minority managers who have been trained in graduate business schools and have worked in America's great companies. Many are now reaching the age and have accumulated enough capital to be turning their attention, as naturally happens, to entrepreneurial opportunities. I could cite many new entrepreneurial companies in inner cities, as well as entrepreneurs who have expanded existing companies into inner-city markets. These companies are creating exciting concepts tailored to the urban market, founded and managed by minority entrepreneurs with enormous abilities.

There is a new breed of mayors who understand that the agenda is competition. The challenge is to improve the business environment, and make the city a friendly place in which to do business. There are a growing number of cities that are getting results.

It is also important to acknowledge that at the national level there is a new level of commitment to cities. The President, Vice President, Secretary Rubin, Secretary Cuomo, and others in the Administration have placed cities high on their agendas. Congressional leaders from both parties have sponsored legislation and taken a real interest in new approaches.

I am optimistic. You should be optimistic. But this optimism is conditional on having the right orientation and having the right strategy. It is time to build on Jim Rouse's vision; to move to the next stage. The next stage is competing. Thank you very much.