The Tenth Annual

James W. Rouse Lecture

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Chairman
Enterprise

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Enterprise™

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Introduction

It is a particular honor to be introduced by Patty Rouse, who with Jim Rouse, co-founded Enterprise 25 years ago. She has been the most faithful steward of Jim Rouse's vision for Enterprise and has been at Enterprise nearly every working day of its 25 years of existence. Such faithfulness is a hallmark of Patty Rouse's service.

Addressing you today is a great honor not only because Jim Rouse was such a force in my life but also because a number of Trustees, Directors and colleagues at Enterprise, all of whom I deeply respect, are here today. They and many of you in this room have been deeply influenced by that joyous, yet driving, Rousean vision that speaks of our responsibilities to each other and our society. We are all better off for it.

I'm delighted my wife, brother and some friends are here today. I promise them 35 minutes after I start, I will stop.

Bruce Katz is an inspired public servant and longtime friend, and has lent new urgency to sensible urban policy by helping found The Brookings Institution Metropolitan Policy Program. He and his colleagues have and are shaping new policies that better spend our scarce federal, state and local resources. Bruce has been instrumental in crafting a progressive vision that can help shape our country's future. He won the prestigious Heinz Award in public policy for a very good reason.

Finally, Stacey, both Enterprise and I have a deep and abiding respect for Fannie Mae, its public purpose and its leaders. Over 23 years I have seen firsthand the leadership of David Maxwell, Jim Johnson, Frank Raines and Dan Mudd and worked as a colleague with Stacey Stewart. Fannie Mae was a pioneer in corporate investment in the low-income housing tax credits; it set aside significant resources and talented executives that were not readily available to the community development field to find solutions we now take for granted; it was the largest corporate funder of the community development field; it sought to walk its talk to become diverse at all levels of the corporation; its extraordinary productivity has lowered the everyday cost of homeownership for low- and moderate- income homeowners and brought significant capital to low-income renters. As we witness disruptions in our credit markets due to gross Wall Street miscalculations in the subprime market, let alone the financial and personal damage it has and will inflict, I wonder whether we properly value the stability, market permanence and benefit of not only Fannie Mae, but Freddie Mac, the Federal Home Loan Bank system and other government-sponsored entities that have legitimately discharged their important public purpose. In my personal view, as a longtime participant and leader of Enterprise in the community development field, it is hard to find any more important and impactful institution than Fannie Mae.

You can see that becoming Chairman has freed me of certain conversational constraints and you will hear what I really think in this lecture. These are my opinions and my reflections, and some of them are controversial. So I speak to you personally. I'm sure that Doris Koo and Jeff Donahue, the CEOs of Enterprise's two major entities, are a little nervous right now, but so was I when Jim Rouse talked as Chairman. I assure you they can deal with it.

Jim Rouse's hope for Enterprise and community development was bold and dramatic. Now you try to be the CEO of this mission "to see that *all* low-income people in the United States have the opportunity for fit and affordable housing and to move up and out of poverty into the mainstream of American life within a generation." Now that's bold. That's Enterprise's mission. Unfortunately, we had to drop the "within a generation" as we approached 20 years. But you get the radical power and drive of that mission.

<u>I'd like to examine Jim Rouse's vision today with you:</u> <u>To measure progress</u>, <u>seek what principles still hold</u>, <u>suggest what needs to change and how</u>, <u>and offer solutions or potential courses of action to achieve such a vision today</u>.

Permit me some very important starting assumptions. By community development, I mean not only physical improvements but also personal and community opportunities that improve a person's, family's or community's life and possibilities. There is far too much concentration of poverty in inner-city neighborhoods or close in, first-ring suburban areas because one's income determines where you can afford to live, the amount of safety your family will have, the educational opportunity you can access, and the possibilities you will have. Jim wanted to level this upward sloping playing field.

All of us know the path out of poverty passes through education – particularly today. I submit that in most low-income areas, educational reform on its own will not work successfully. As Doug Nelson, President of the Annie E. Casey Foundation, said, "…in those neighborhoods where the challenge is greatest…the school system by itself cannot succeed…school reform that is not linked to more affordable housing, better employment, more earning, better family supports will not provide durable academic achievement." There are precursors to being able to access education. For Enterprise, the building blocks start at home.

From 2000 – 2002, I was part of the Millennial Housing Commission, a truly bipartisan effort that scoured the country to look at current conditions and future options in housing. Perhaps the best outcome of the Commission was a clear consensus description of the importance of housing:

> Decent and affordable housing has a demonstrable impact on family stability and the life outcomes of children. Decent housing is an indispensable building block of healthy neighborhoods, and thus shapes the quality of community life. Better housing can lead to better outcomes for individuals, communities and American society as a whole. In short, <u>housing matters</u>.

It is one of the pathways to educational opportunity that will help lift low-income people out of poverty.

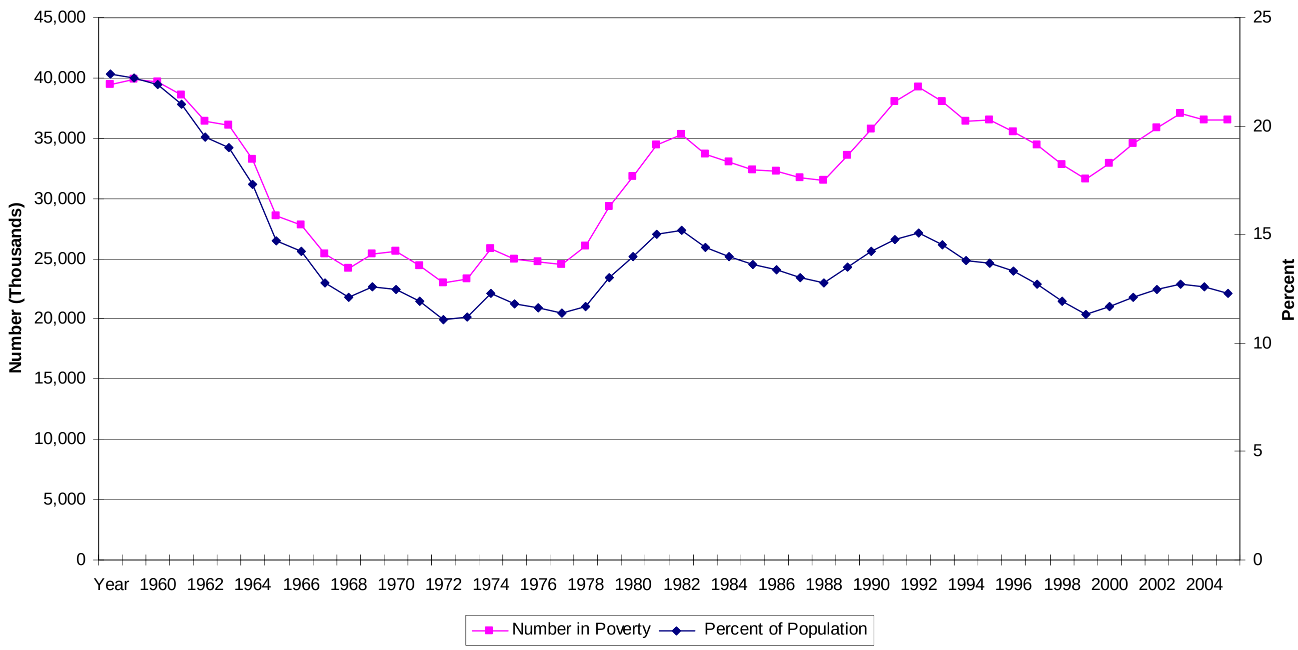
All that said, I stand before you with a pretty tough progress report on where we are in achieving Enterprise's mission. I was extremely proud last year to help dedicate Enterprise's 200,000th home in Los Angeles, the culmination of $8 billion of Enterprise investment through a vast network of largely grassroots nonprofits. I heard with tears in my eyes the eloquent speech of a formerly battered woman who used the streets for her home until she got our small apartment and got her life together. She is back, productive and grateful for the chance. It is a victory.

It is also not nearly enough. We are losing the battle on poverty and we are losing it on affordable housing in this country. Jim Rouse's ghost is haunting me; we are farther from his vision than when we started 25 years ago. Let me put that in perspective.

Historical Look

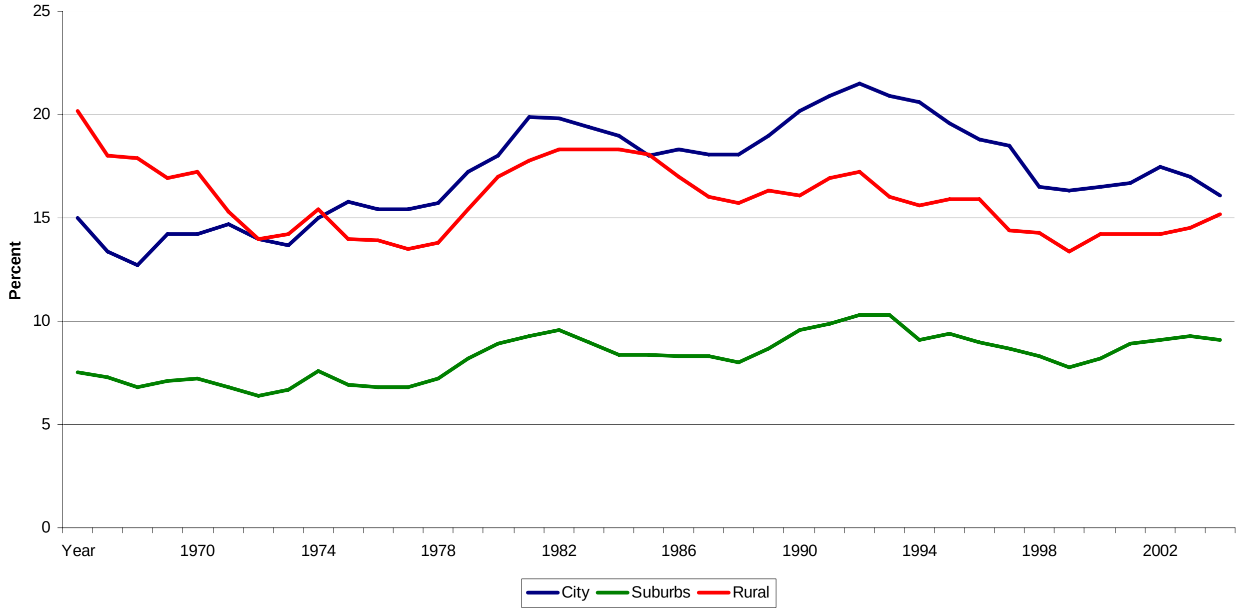
Here is a historical look over almost 50 years: Please note that this country did cut the rate and number of people in poverty *in half* over the years 1960–1972, primarily through a number of very large, ambitious government programs, including housing, and a rising economic tide.

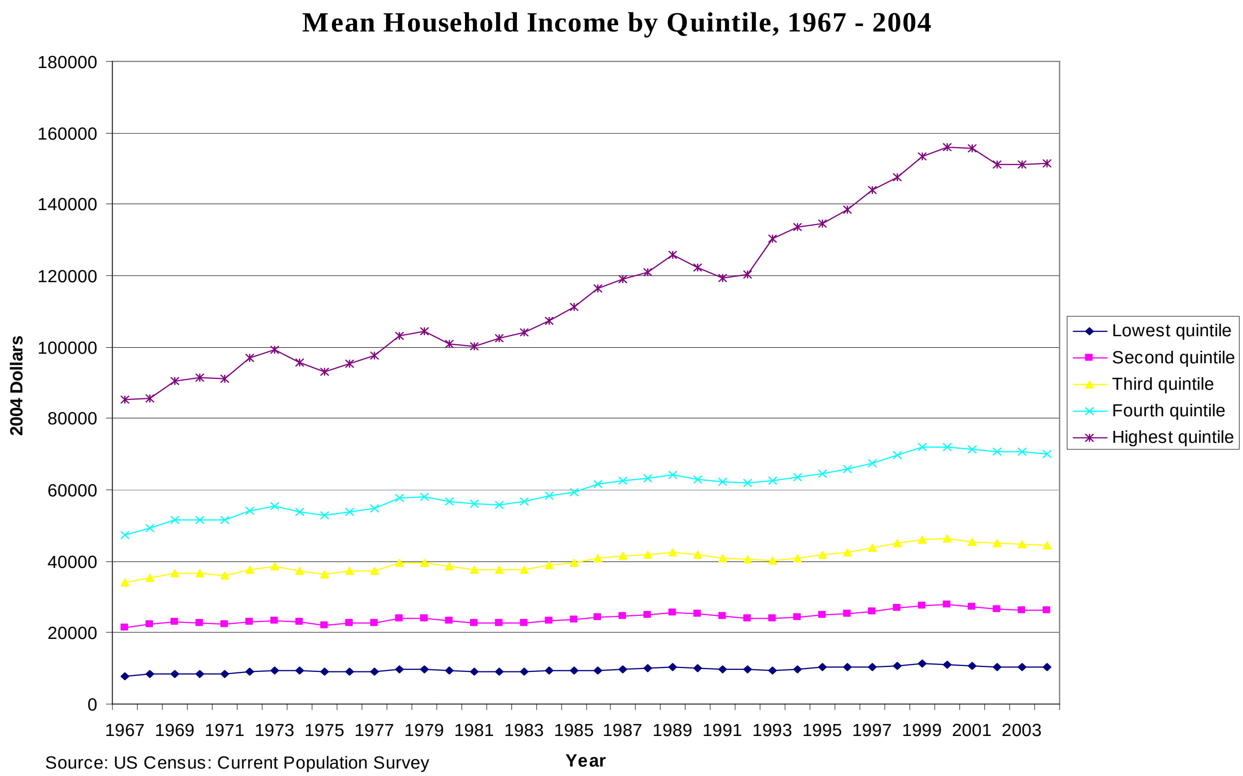
Rate and Numbers of U.S. Population in Poverty, 1959-2006



However, both the percentage and number of people in poverty continue to rise, particularly for those in cities and rural areas, and among the young (we have one of the highest rates of child poverty in the industrial world) even in our most prosperous times.

U.S. Poverty Rate by Location, 1967-2006

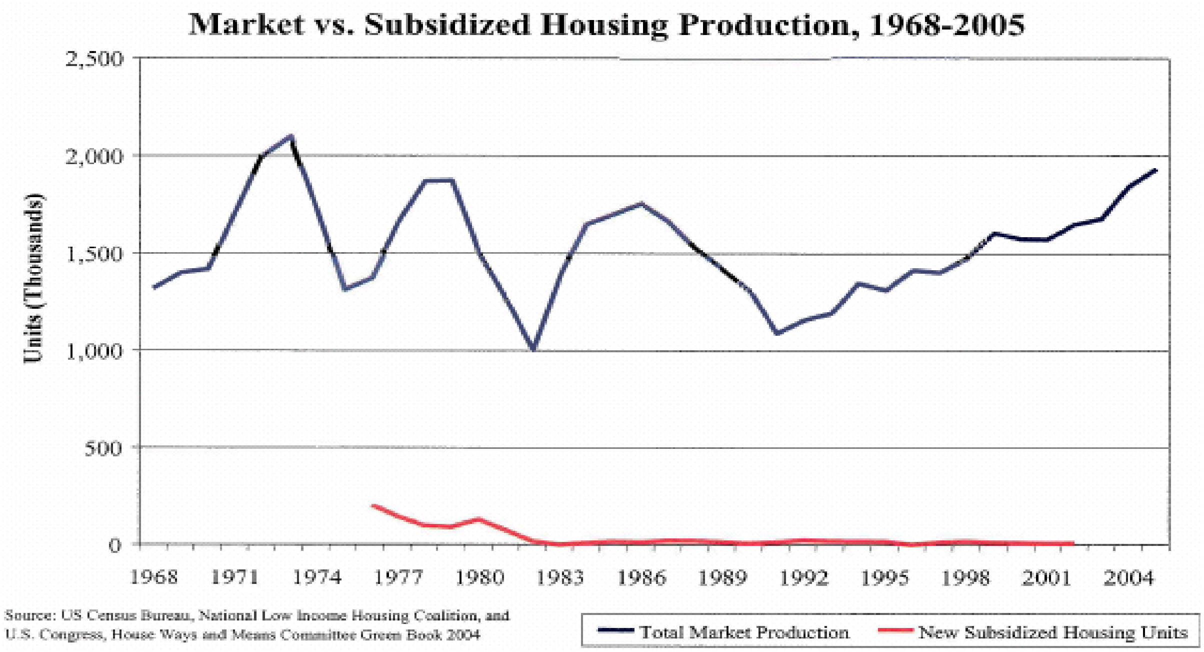




I recently saw an op-ed in *The Wall Street Journal* by former Labor Secretary Robert Reich that was titled "A Rising Tide Lifts all Yachts," and from this next chart you can see why he says this. The bottom 20 percent of income earners are almost flat lined over 40 years; there is a slight rise in the next 20 percent, but the top 20 percent has separated itself from the rest of the field. In fact, a recent *Wall Street Journal* report on the latest statistics pointed out that l percent of our population makes over 22 percent of all income almost double what the lower 50 percent of our population makes. The index of rich to poor is at an all time worst. You hear these statistics quoted all the time, but note they signal a fundamental shift in the make up of our economy that has accelerated over the last 10 years, widened disparities, changed our workforce proposition to a highly skilled, highly rewarded, highly educated few and a service economy for the many.

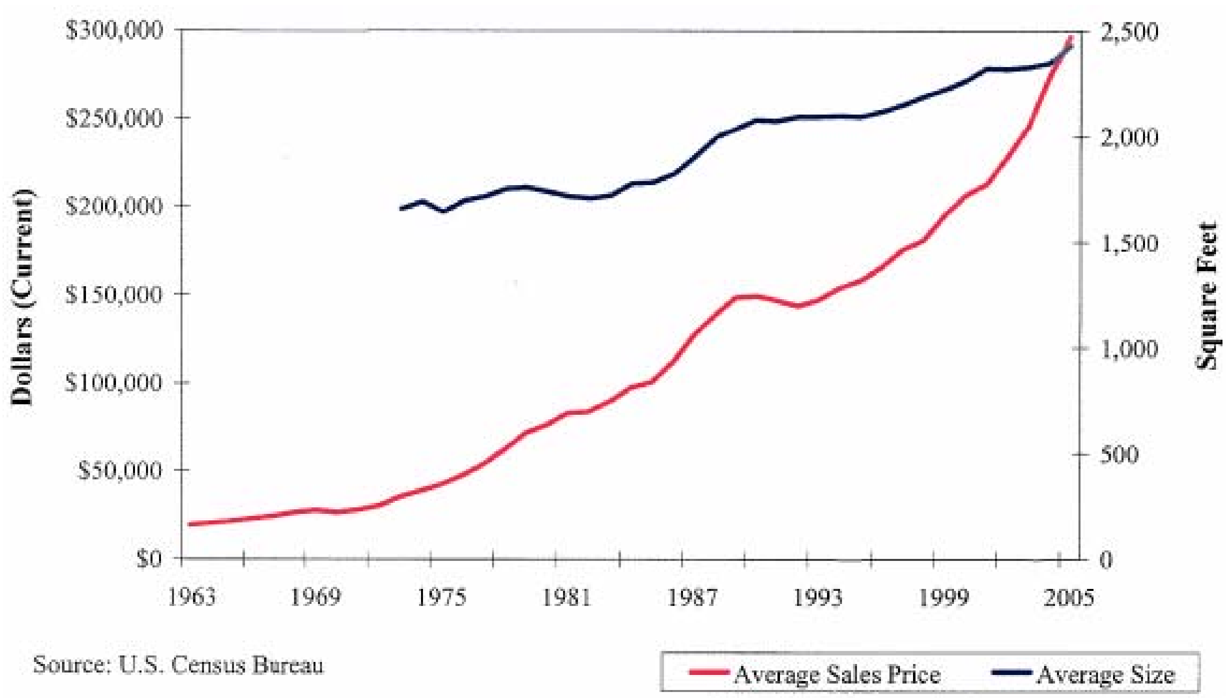
Rip Rapson, President and CEO of the Kresge Foundation, puts it this way, "Globalism, technological innovation, economic restructuring, terrorism, climate change and countless other forces combine at dizzying speed in complex permutations. The resulting threats, challenges and opportunities are unprecedented in their scale and consequences." I believe that statement. It is a central theme of this lecture.

Community development will have to change since the fundamental changes in business effect jobs, economic development, the type, nature, skill and educational qualification for jobs, as well as the worldwide location of those jobs. In short, community development is being shaped by these forces, and it needs to respond more strategically, with a better understanding of the effects and with strong partners. Furthermore, it needs a vision of what cities, states and the federal government could be doing differently, so it can hope to influence outcomes, just as business has.



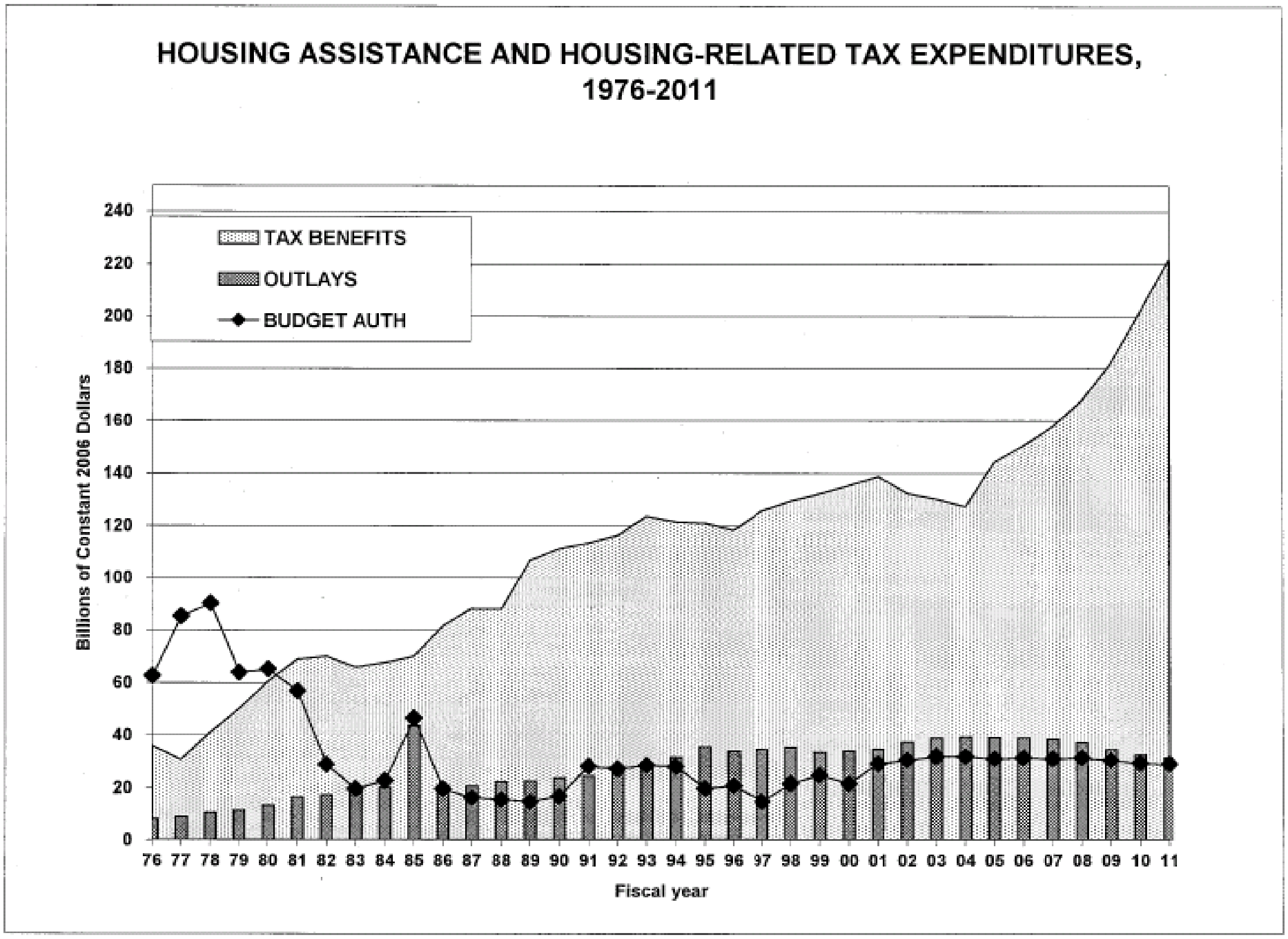
In this vein, take a look at the central part of Enterprise's and community development's work – affordable housing. Everything Enterprise, our partners and others produce are more than zeroed out by the losses of affordable housing. HUD is not a net positive producer of affordable housing if you include loss of public housing and subsidized stock. In fact, in two days, Katrina and Rita destroyed about the amount of affordable housing that Enterprise and its partners had built over its lifetime. Furthermore, over the coming years we are looking at as many as 2 million subprime foreclosures nationally, if interventions are not successful. In contrast, please note the robust but variable production of a very competent, large, for-profit, market-rate housing industry that does not materially participate in affordable housing.

Average Size and Sales Price of New Single Family Homes 1963 - 2005

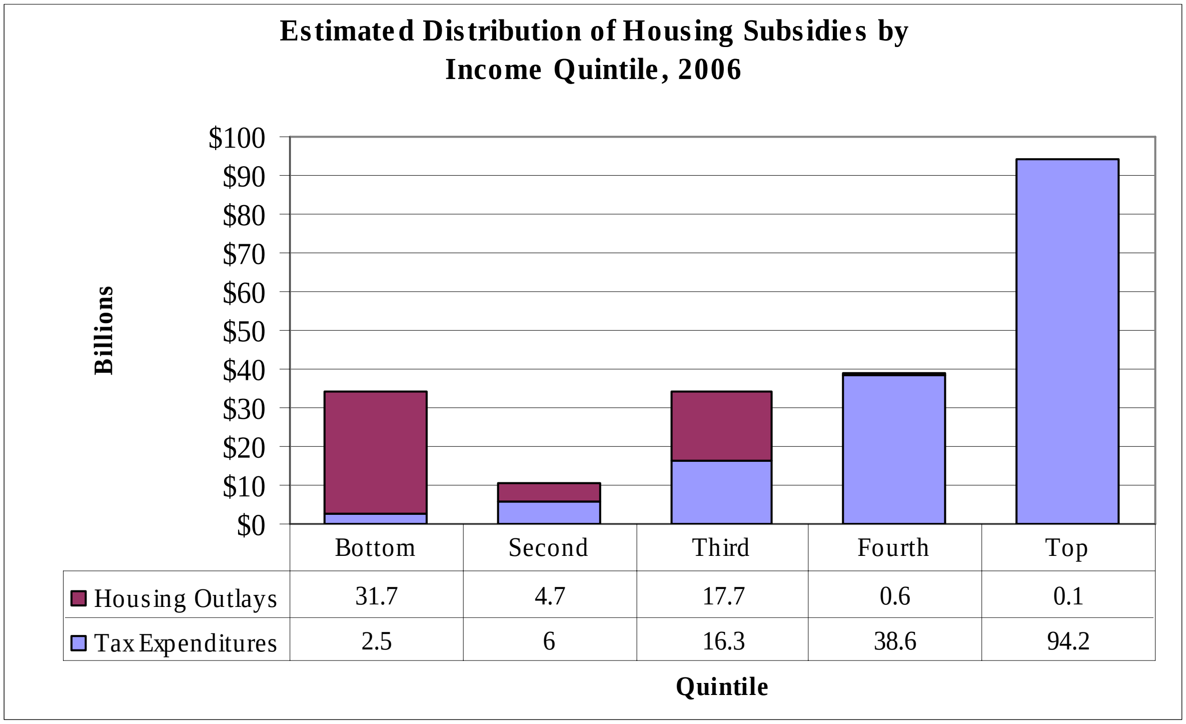


The above chart shows what is happening in our average cost of housing and the size of those homes. There are reasons for this – consumer demand, regulations, rise in the cost of construction materials. Yet, the United States has significantly more amenities and square footage per person than any other country in the industrialized world.

Bruce Katz said to me, you don't need to give a lecture, it is simple: "The average person's income does not nearly meet the costs of their homes and other necessities." Think back to the very slowly rising income lines for 60 percent of our citizens and then look at the lines on this chart. The housing crisis is flowing up the income scale and many more two-person working families have to travel farther and farther from desirable locations to find an affordable house, and even at that they are stretched.



Finally, the chart on this page (Housing Assistance and Housing-Related Tax Expenditure) and the one at the top of page 11 (Estimated Distribution of Housing Subsidies by Income Quintile) will make me hugely unpopular with some in the housing field. This country had a very effective way of promoting housing through the mortgage interest deduction and other tax-related benefits. Over time, with larger and more costly first and second homes, these benefits have grown immensely. They far outstrip everything HUD spends, which is primarily for low-income people.



We have now a housing policy in this country that disproportionately rewards those in the top 20 percent of income earners, instead of aiming that help at the moderate- and low-income families who need it. In fact, 70 percent of income filers do not receive any tax benefit from the home mortgage deduction. I will return to this issue.

I've given you a sense of why housing matters to families and in reducing poverty. I've also given you a sense of how the fundamentals of our economy and the nature of our jobs have changed dramatically, structurally and permanently, in a technologically driven, post-global world.

Finally, I have given you a progress report on the state of poverty and affordable housing in the country today, such a dire report that if I stopped here, my trustees should remove me as Chairman and you should remove me as a Rouse lecturer.

For Jim Rouse, while a realist, was an extremely optimistic man. He said, "Look for the opportunities. Believe in them. Pessimism creates nothing, builds nothing, supports nothing. It's the optimist in life who sees new possibilities."

Besides that, Jim Rouse talks to me in my sleep: I'm reminded of the story of the elderly couple from Minneapolis who were traveling to Florida; the wife had an appointment and was arriving in Florida a day later than her husband; her husband checked into their hotel, was delighted to find a computer and sent his wife a message; only in sending the message he missed a letter in her email address.

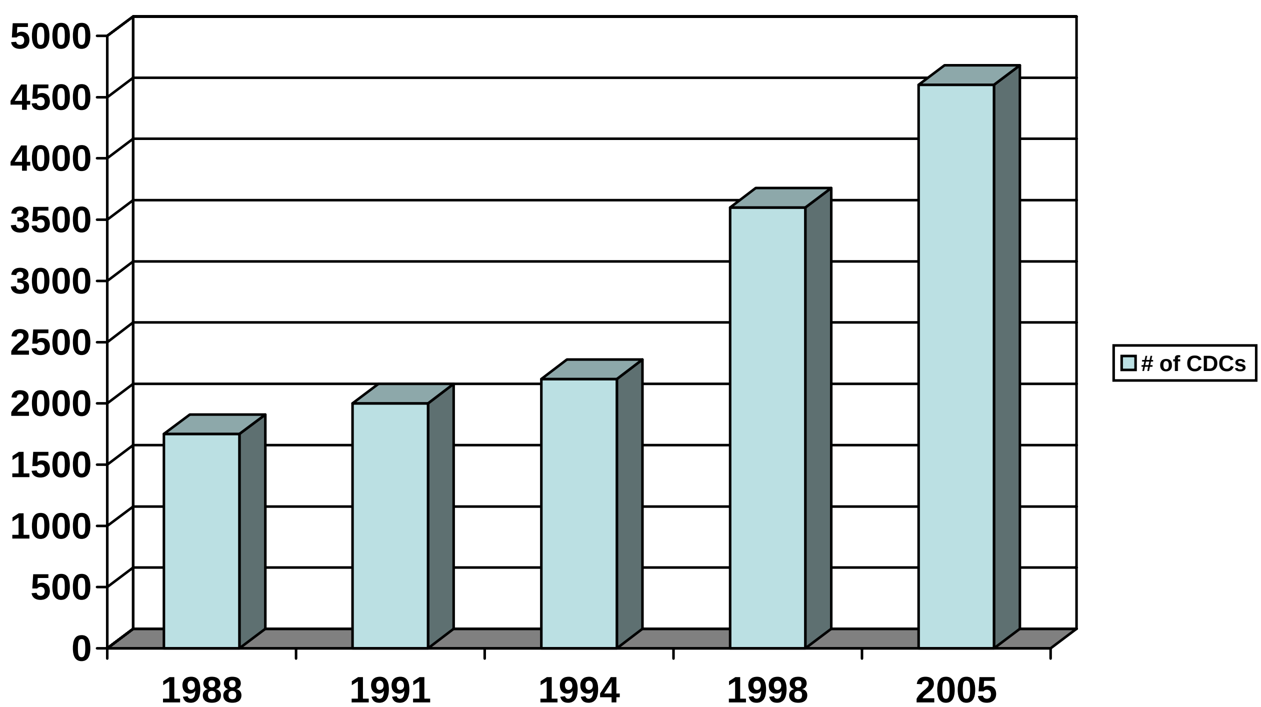
A minister's wife in Houston had returned home from burying her husband and checked her emails thinking there might be a message from her relatives. She opened her computer, read an email and fainted. Her son quickly ran into her room and saw this message on her computer: "My beloved wife, I have arrived safely! It's kind of neat, they have computers here. All arrangements for your arrival here tomorrow are made. P.S. Boy it is hot down here."

My message from Jim Rouse is more like: "Bart, this country can do better!"

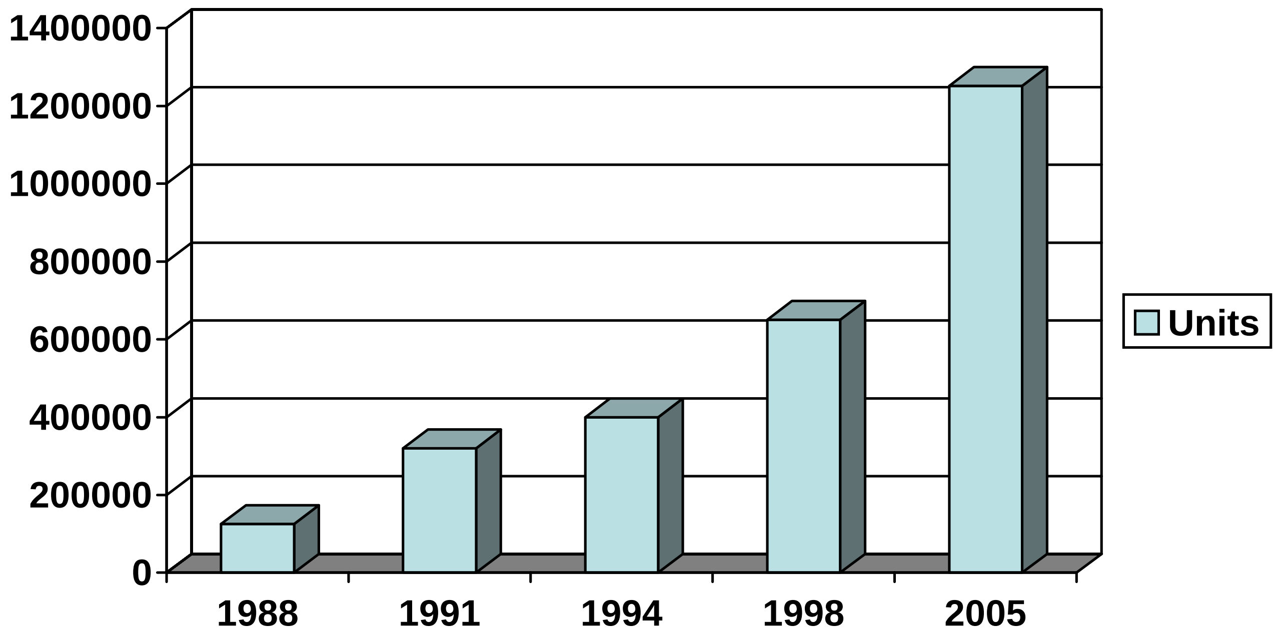
Let's spend the rest of this lecture in Jim Rouse's honor looking at what we've learned in community development and what we can do to meet our country's needs.

These next two charts, below (Growth in the Community Development Field), and on page 13 (Cumulative Number of Housing Units Produced by Community Development Organizations), are important, encouraging, and yet not wholly sufficient in telling the story of community development. There has been dramatic growth in both the number and the housing output of community development organizations.

Growth in the Community Development Field, 1988 - 2005



Cumulative Number of Housing Units Produced by Community Development Organizations, 1998 - 2005



The good news is there is a large, productive, if not wholly efficient, network. The principal output has been decent, affordable housing for those who most need it. Yet, I believe our objective as a community development field is to create neighborhoods of choice. By neighborhoods of choice, I mean a neighborhood where anyone of a modest budget would choose to live – decent affordable housing, safe streets and access to jobs and good education. Not Utopia, but also not a place of fear and little choice.

Yet, if neighborhoods of choice are the objective, community development organizations produce primarily only housing because at best that is a self-sustaining activity. As much as they would like, these organizations do not typically have sustained funding to link with other organizations helping on educational reform, health care delivery, or access to jobs.

Additionally, they are hostage to the very large outside policy forces (zoning, NIMBY, exclusion) which push concentrated poverty into specific areas and the even larger macro forces that are making cities winners or losers in the economic world.

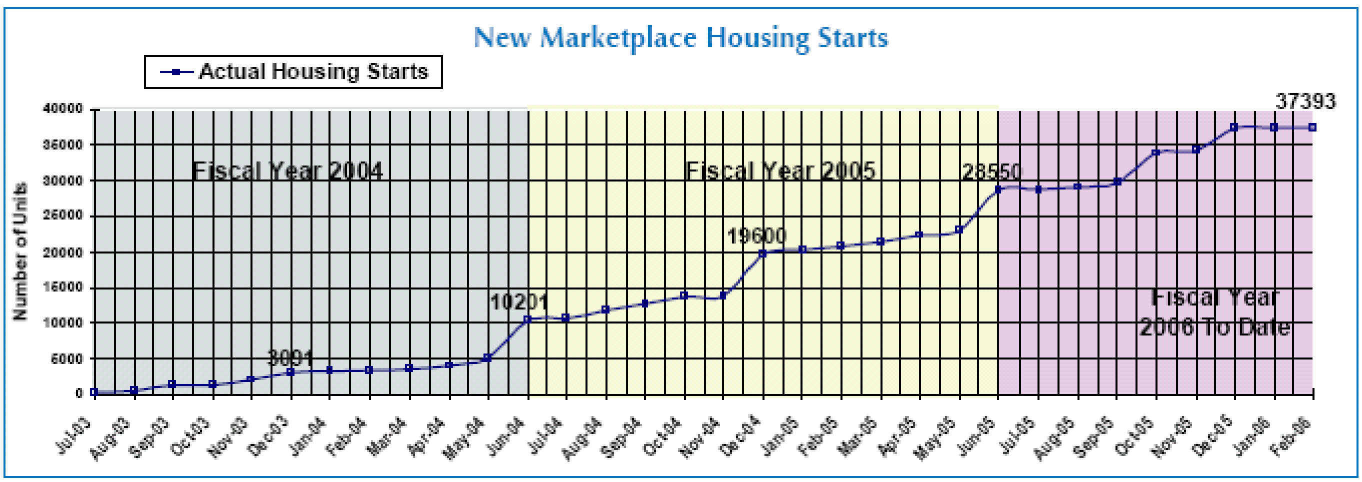
For community development to be relevant to these wholesale changes in our economy and in our cities and regional economies, it has to be part of a highly strategic public private partnership that has a specific vision relevant to these macro forces.

Since the United States has no coherent national domestic policy that takes these global and technological changes into account, states, cities and regions are beginning to fashion their own responses in a trial and error way. As Bruce Katz reported in his seminal study on the use of federal and state resources in Pennsylvania, merely continuing old, outdated policies had actually made outcomes worse for those Pennsylvanian people, and urban areas most affected by large macroeconomic forces. I'm sure this is true in many states and cites.

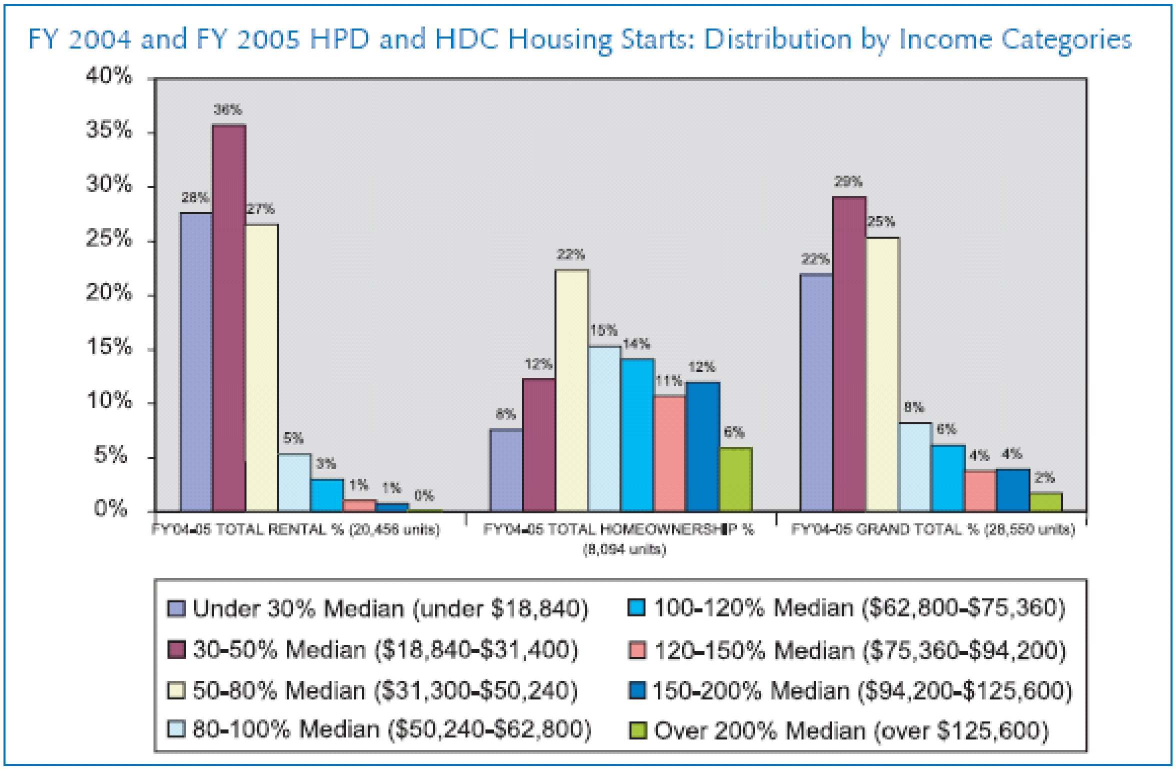
Yet, there are also a number of positive responses. Jim Rouse believed in America's ingenuity and the power of good examples to spur others.
With that in mind, let me quickly look at a few exceptional examples of regional approaches to community development that fully encapsulate the thinking and change I believe needs to take place more broadly.

Best Practices: New York City

First, for a city with a strong economy and market, yet with great pockets of poverty, New York City is an exceptional example of community development on a massive scale as part of a larger economic strategy.



Led by Mayor Michael Bloomberg and Housing Commissioner Shaun Donovan, an engaged nonprofit and intermediary system through Enterprise and LISC, and using a whole set of progressive policies, tools, strategic thinking and action, whole sections of the city are being transformed into mixed-income, mixed-use communities. Every part of the city is involved. With considerable public support backstopping us, Enterprise is on track to invest as part of a larger strategy over $1 billion of private resources.



New York City is using huge amounts of its generated wealth, over $7.5 billion to create mixed-income housing and sustainable communities in partnership with the private and philanthropic sectors; it is using voluntary and mandatory inclusionary zoning, it is tackling its public school system, addressing community needs wholesale, and has resultant low crime rates; it is generating hope and change and while far from perfect, engages community development as part of its overall economic strategy.

You see similar large scale activities in Chicago, led by the mayor, with private sector support. The MacArthur Foundation, LISC, and others are playing a major role in a strategic vision of connecting housing, education and other needs in many of the high poverty areas. Cities like Seattle and Portland, Ore., start out well ahead of the game, given their strong strategic planning platforms and thoughtful, progressive agendas. These are all good examples for cities with strong markets.

Best Practices: East Baltimore

The second example occurs in the weak economy, weak-market city of Baltimore. Enterprise had been part of efforts to improve the devastated, half-occupied, crime-ridden neighborhoods around Johns Hopkins Hospital, one of the best teaching hospitals in the country and the largest employer left in the city of Baltimore. Previous housing and community development efforts were too small or too slow to help with the massive disinvestment and deterioration around what should have been an economic force for the city and the region. Hopkins Hospital is number one in NIH grants, number three in patents and twelfth in licensing revenues.

Yet, Hopkins Hospital and the surrounding neighborhoods were at a standstill, each negatively impacting the other so much that the 80 acres north of the hospital had actually depreciated in value over the past two decades despite massive investment in and around the hospital, which had its own 24-hour security force, costing it upwards of $20 million a year.

The Mayor broke a political deadlock in the East Baltimore area and emerged with a unanimous City Council vote for use of eminent domain and tax increment financing. Led by the Annie E. Casey Foundation, John Hopkins, the city and state, along with Enterprise and other partners, as well as grassroots groups, a comprehensive vision for the area was conceived and is being executed by a private special-purpose nonprofit with a representative board. The plan includes 80 acres, an $800 million mixed-income, mixed-use redevelopment; up to 2 million square feet of life science office space next to the hospital supporting a major tax increment financing, partially guaranteed by Casey; and equitable relocation for those residents moved out. Part of the redevelopment is a state-of-the-art new K-12 school.

This 10-year project, if fully successful, will secure Hopkins Hospital in its community, actively capture for it and the city the economic boost from its entrepreneurial and intellectual capital, create a sustainable mixed-income, mixed-use community that should spur economic values and allow pent-up housing demand close to the hospital. For the community, it will lower crime, restore values, create a functional school system, and with Casey’s help, connect residents to entry-level jobs at Hopkins. It will set the stage for community development efforts in the surrounding neighborhoods and recast East Baltimore around its economic engine.

I’m sure it will not happen exactly as planned, and is full of challenges and pitfalls; yet it takes the changed economic environment and uses a rational plan in scale to the dimension of the challenges.

Conclusions

New York City and East Baltimore offer two of many possible examples, and give us important lessons for community development:

- First, we should seek as big and strategic and economically sustainable a plan as possible, with champions willing to see it through and the available financing to carry it out.
- Second, we need to involve residents and communities in the planning who will then be willing to fight for the better plan for their future.
- Third, the worst sin is to carry on as before because it is the easiest course of action. Economic change has been unleashed, changing all the ground rules, and there will be winners and losers. Not responding is leaving your future to chance or worst, failure.

- Fourth, given the magnitude of change, community development has to be part of the larger picture, and it needs to seek public-private partnerships that include as many aspects of its aims as possible: housing, jobs, schools, health care, and safety.
- Finally, strategic community development can occur at any scale, although the larger, more sustainable, and more connected, the better chance of impact.

Enterprise has done wonderful work in neighborhoods, where you can see the edge of our investment because there is no multiplier effect. Some of our programs have not been sustainable. That does not diminish the importance of the work done for a family but it leaves that work at risk.

<u>If thinking differently is my first major point, then my second is like unto it</u>. The biggest issue in community development is not proving what works but rather the resources to expand what works. Think back to all those charts. We do not have enough affordable housing; we have the small community development industry attacking the hardest challenges; and until recently, we had a huge, productive, homebuilding industry, building ever-larger houses with ever bigger amenities and ever bigger selling prices supported by even bigger federal tax subsidies, with houses ever more out of reach of low- and moderate-income families. What is wrong here?

The 2007 Center for Housing Policy report on Working Families reports that since l997 there has been a 73 percent increase to 5.2 million working families who have critical housing needs (more than 50 percent of income spent or living in severely dilapidated housing, or both). Total families with critical housing needs, including nonworking elderly, are about l7.5 million families. It is a huge number getting bigger every day. Against that growing number, we have net losses in our affordable housing stock.

<u>Suppose</u> you decided to redistribute the mortgage interest deduction and related tax benefits and use them to actually get low- and moderate-income people into homes. If you phased down deductions on mortgages over $500,000, you could generate tens of billions of dollars annually, <u>with no new taxes</u>, to increase the low-income housing tax credit, establish a first-time homeownership credit, fund homeownership counselors to help the 2 million potential subprime foreclosures, increase preservation of existing affordable housing, and steer resources and private development capacity into answering our critical housing needs. Do you think I'm crazy? An unrepentant liberal?

Solutions

Please look at these quotes from a presidential bipartisan panel that studied this issue seriously for a long period of time headed by former Republican Senator Connie Mack. The conclusion: "The Panel recommends that tax benefits for home mortgage interest be retained but shared more evenly."

> My feeling is that if you are really going to address the issues of simplification, and fairness, and growth, you have to go modify the way we treat the mortgage interest deduction. It is indefensible.
>
> − U.S. Senator Connie Mack,
> Chair, President's Advisory Panel on Federal Tax Reform

> Over 70 percent of tax filers did not receive any benefit from the home mortgage interest deduction in 2002. According to the Joint Committee on Taxation, more than 55 percent of the estimated tax expenditure for home mortgage interest deductions went to the 12 percent of taxpayers who had cash income of $100,000 or more in 2004…. the Panel recommends that <u>tax benefits for home mortgage interest be retained, but shared more evenly</u>.
>
> − President's Advisory Panel on Federal Tax Reform

Jim Rouse has a wonderful quote, "What ought to be can be, with the will to make it so." Do we have the will to make it so? To change something that doesn't make sense to something that does?

And while I'm looking at an economically reasonable idea that has real impact, why not create a campaign for states and regions to adopt inclusionary zoning, so we can put working families where good jobs and good schools are? We have a best practice nearby in Montgomery County, Md., where county-wide mandatory inclusionary zoning over more than 30 years allowed thousands and thousands of families to live near where they work and in mixed-income communities with good schools. It worked for the people, it worked for the county, and it worked for the developers.

I have great admiration for Ron Terwilliger, CEO of the largest multifamily builder in the country, Trammell Crow Residential, who is taking up this issue of workforce housing and fair inclusionary zoning. There are literally thousands of ballot measures each year of not very well designed inclusionary zoning bills that will not achieve their purpose.

A major objection is that the developer never really gets paid for the affordable units. It comes out of their hide. He or she gets promised offsets that don't work.

Why not take that mortgage interest deduction and related tax benefits and not only revise them, but prioritize them to subsidize inclusionary zoning units for low- or moderate-income housing. In essence, create a resource for the very type of regionally based, inclusionary, mixed-income housing community development so desperately needs. Why not?

Everyone dismisses these larger solutions out of hand. “Politically unfeasible.” “Naïve.” “Won’t happen.” They will say this until the country, looking for ways to solve its growing deficits, takes these huge breaks away. Former Federal Reserve Chairman Alan Greenspan has been saying this for years: “The country over invests in housing.” It does, at the high end. There is currently an active bill in Congress that would phase out the mortgage interest deduction based upon the square footage size of a home to help limit greenhouse gas emissions. All members of Congress can find good ways to spend the money saved.

Democrats and Republicans and the homebuilding industry should come together before it is too late and propose redistribution of these breaks for those who desperately need them. They could induce that productive homebuilding and development industry to use redistributed tax breaks to build workforce housing inclusively. They could greatly increase the number of people who get housed, whether rental or homeownership. They could keep these tax benefits for the large number of low-, moderate- and middle-income people in this country and build a very powerful lobby.

Finally, let me close with the biggest and certainly the most important challenge of our time. The science is in; humans’ impact on our environment is unmistakable and global climate change is occurring as a result. Since the built environment contributes a significant portion of greenhouse gas emissions, how we build is critical to our future. I don’t believe we could avoid this responsibility if we wanted to.

Actually, building “green” is not only the right thing to do; it is the sensible thing to do for the community development field. It is our opportunity.

Low income families are those most impacted by rising energy and water costs. Their second highest cost to shelter is transportation, and a location with access to public transportation helps low-income budgets and helps increase access to jobs. For the elderly and people with special needs, having environmentally healthy housing is a critical concern to their long term wellness.

Building well-sited, energy- and water- efficient housing with healthy indoor air quality, in an environmentally friendly way, simply lowers the long term operating costs of that housing and makes it more attractive and more affordable. Given technological advances, the great scale of use of environmentally friendly products and services, and better building techniques, building green can have a small to no addition to overall capital costs, but real long term operating benefits.

A visionary developer and an Enterprise Trustee, Jonathan Rose, has been immensely helpful to Enterprise on this subject. And a different-thinking small foundation, the Blue Moon Fund, helped Enterprise see what it could do.

It is one thing to say what I have; it is another thing to do it. Three years ago, Enterprise sat down with the U.S. Green Building Council, the Natural Resource Defense Council and Global Green U.S.A. and hammered out what we called the Green Communities Criteria, a cost-effective framework for energy-efficient, smartly sited, healthy, affordable homes. The Criteria are aligned with the U.S. Green Building Council's national green homes rating system. We put together over $555 million of funding for a national pilot program. Our objective was to have integrated green planning grants up front and keep capital costs within 3 percent of what they otherwise would be, and to pass operating savings to low-income residents. We wanted to engage the pioneers in the field, train groups, evaluate savings and change policy. We hoped over five years to achieve 8,500 green units.

In three years, we have more than 9,000 Green Communities units in the pipeline or done, and 26 states that have adopted some, or all, of our criteria. There is massive acceptance and readiness everywhere we go. Recently, we signed an accord with the Clinton Climate Initiative to accelerate our work. We are looking into many others areas. While Enterprise and the community development field are at the beginning, and much work remains, we need to think differently, engage more broadly, and understand the critical issues that shape the planet's future and ours.

Summary

If you take away anything out of this lecture, it should be that Rousean philosophy of thinking and acting boldly. Community development needs to more forcefully consider the economic changes sweeping our states, cities and regions; it needs to more strategically connect with other efforts, particularly around educational reform; it needs to find large funding sources, tens of billions of dollars annually, that can begin to reverse the critical shortage of affordable housing; it needs to push for policy reforms that build our society inclusively instead of exclusively; and finally, it needs to be part of the environmental solution, and use it as an opportunity to reach a broader constituency and combine different compatible movements like the environmental, social justice, smart growth, healthy housing and educational reform movements.

At its heart, the community development movement is about the soul and caring of our society. In my mind, its success is as important as the financial indexes of our country's economic success, because it tells us more about ourselves than those much more followed indicators ever can. To conclude, I have been moved in my work over my 23 years, by this 1968 quote from Robert Kennedy, a devoted American, who fully captures Jim Rouse's spirit:

> We will find neither national purpose nor personal satisfaction in a mere continuation of economic progress, in an endless amassing of worldly goods. We cannot measure national spirit by the Dow Jones Average, or national achievement by the gross national product. For the gross national product includes air pollution and advertising for cigarettes and ambulances to clear our highways of carnage. It counts special locks for our doors and jails for the people who break them. The gross national product includes the destruction of the redwoods, and the death of Lake Superior. It grows with the production of napalm and missiles and nuclear warheads. It includes Whitman's rifle and Speck's knife, and the broadcasting of television programs which glorify violence and sell goods to our children.
>
> And if the gross national product includes all this, there is much that it does not comprehend. It does not allow for the health of our families, the quality of their education or the joy of their play. It is indifferent to the decency of our factories and the safety of our streets alike. It does not include the beauty of our poetry or the integrity of public officials… the gross national product measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to country. It measures everything, in short, except that which makes life worthwhile; and it can tell us everything about America—except whether we are proud to be Americans.

Thank you!