

Milwaukee and Chicago sit a mere 90 miles apart on I-94. Growth in both metro regions has led to near-continuous development along that corridor, which is being expanded to handle the increasing traffic between the two regions. Amtrak links downtown Milwaukee with downtown Chicago in only 90 minutes, which is shorter than some Chicago commuter rail trips. The two cities share a lakefront heritage and similar industrial history.

Flying Too Close

by Aaron M. Renn

With their closeness and parallels, the idea that there's benefit for the two cities in mutual collaboration is almost obvious. This is particularly the case for Milwaukee as it looks to differentiate itself from peer cities. What does it have that those places don't? Chicago. This idea was even the subject of an entire conference called "Milwaukee's Future in the Chicago Megacity," sponsored by Marquette University Law School and the *Milwaukee Journal Sentinel*. This essay further explores Milwaukee's relationship to Chicago. ▶▶

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A futuristic, golden cityscape, resembling a dense cluster of skyscrapers and buildings, is shown floating in space. The city is viewed through a complex, blue and purple grid structure that resembles a space station or a futuristic architectural framework. The background is a deep blue and purple gradient. In the lower right, a smaller, more detailed cityscape is visible, appearing to be on a planet or moon with a blue ocean and white clouds. The overall scene is highly stylized and futuristic.

to the Sun?

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Is Proximity to Chicago a Positive?

In most discussions of the topic, the increasing integration of Chicago and Milwaukee is assumed to be a positive. But we should ask whether this is so. For other examples of close cities around the country suggest that perhaps a more cautious view should be adopted.

Indianapolis analyst Drew Klacik has suggested a reason to be skeptical about Chicago–Milwaukee. He promotes a model of the Midwest as a solar system with Chicago as the Sun. His idea is that Indianapolis is Earth—it’s the perfect distance from Chicago. A place like Cleveland is like Uranus—it’s too far away and doesn’t get enough heat and light. But in this model Milwaukee is like Mercury—it’s too close to the sun and gets burned up.

Of course, Klacik comes from Indianapolis. But is there something to this notion of being “too close to the sun”? Taking a look at other similarly situated cities suggests some indications that it isn’t always healthy to be located next to a megacity. Providence, R.I., about the same size as Milwaukee, sits just 50 miles from Boston, but shows little signs of life. Neither does New Haven, Conn., 80 miles from New York, or Springfield, Mass., 90 miles from Boston. But these post-industrial cities have struggled for reasons completely independent of megacity proximity.

A more positive example might be Philadelphia, which is 90 miles from New York and seems to be seeing a resurgence due to what we might dub the “Acela effect,” as runaway gentrification chases people from New York. Yet Philadelphia is also a near megacity in its own right. Various post-industrial cities such as Aurora, Elgin, and Joliet have seen new growth as Chicago enveloped them, but they are much closer and much smaller than Milwaukee, and in the same state as

Chicago. To the extent that they’ve benefited from being close to Chicago, it’s because Chicago has turned them into suburbs.

The key takeaway might be that Milwaukee’s proximity to Chicago is potentially either a pro or con. It is something that must be studied, and managed as well as possible, to both regions’ benefit. There is no choice to grow together or not grow together. The two regions are growing together as we speak, driven purely by market forces. It is happening on its own. The real question is what, if anything, should Milwaukee’s leaders do about it.

To show the double-edged sword of proximity, consider the case of General Mitchell International Airport. How is service at this airport, and thus for Milwaukee generally, affected by Chicago’s proximity? There are many ways. For example, to the extent that it is more convenient or has lower fares, Mitchell Airport can draw from the Northern Chicagoland region, becoming a de facto third airport for Chicago. This is a positive for Mitchell Airport and Milwaukee. However, to the extent that Chicago has better nonstop flight options, especially internationally, people may choose to drive from the Milwaukee region to O’Hare for a nonstop flight rather than connect. This potentially suppresses Milwaukee air traffic, particularly for international flights. Among metro areas with more than a million people, Milwaukee ranks only 41st in the United States in originating international air passengers per capita, according to Brookings Institution research. This is a negative for Milwaukee. But the flip side is that Milwaukeeans, by driving to O’Hare, have access to many nonstop flights that aren’t options for people in other small cities.

In short, the dynamics are complex and cut both ways. That’s why simple surface thinking will not suffice to manage this problem. It requires a lot of careful analysis and new types of thinking.

Milwaukee Must Go It Alone

Additionally, in its attempts to manage the increasing integration of Chicagoland with Milwaukee, Milwaukee should expect largely to have to go it alone. People from Chicago may come to the occasional conference, but it's unlikely that Milwaukee will capture much time and attention from Chicago's leadership. Milwaukee is much smaller. Chicago already has all the scale it needs to compete in its chosen global-city strategy. And Chicago and Illinois both have serious near-term problems that must urgently be addressed. The leadership of the Chicagoland region is mostly Chicago-focused. It can even be difficult to get Chicago and its suburbs to pay attention to each other or get on the same page—how much more so Chicago and Milwaukee. Thus the next key question to ask is this: What can Milwaukee do by itself for itself, without much help from its larger neighbor? What should Milwaukee do to try to shape its future in the Chicago megacity?

A Plan of Attack

Here are some potential ideas to explore.

1. Think “Different.”

Milwaukee is similar to Chicago but smaller; hence it can at times view itself as a little brother or “Mini-Me” version of the Windy City. But the approach of being like Chicago is not a positive for integration. Economic gains come from specialization and the division of labor. You can only take advantage of this to the extent that you are different. On a football team, not everybody can be a quarterback or a linebacker. Everybody has to know his role on the team. Milwaukee would be much better served to be a starting wide receiver to Chicago's quarterback than to settle for second-string QB.

Mike Doyle illustrated the downsides of thinking too much like Chicago in his critique of a local tourism campaign aimed at Chicagoans. One tagline from an outdoor ad was “Beer. Brats. If you had another hand, we'd go on.” But, as Doyle notes, Chicago is arguably already as good a beer and brat town as Milwaukee. Why would people make the trip for something they can already get at home?

Milwaukeeans instantly understand that you go to Chicago to get what you can't get at home. The city needs to invert that thinking to figure out what it is that you can get only in Milwaukee and not in Chicago. That is where you market your city.

Similarly, in thinking about the best way to relate to Chicago economically, Milwaukee should sort out how the two cities can have complementary specialties.

2. Promote an Expanded Labor Market.

Another area of integration is to better market the two cities as an extended labor market. This could take place in various ways. Naturally, making the sale to talent you are trying to attract to Milwaukee that Chicago is a piece of Milwaukee's value proposition is a given. There may also be people who want to live in Chicago but could potentially be attracted as employees in downtown Milwaukee. This is particularly true if a person needs to be on site only part-time, such as a software developer. Many people reverse commute from the city to the suburbs of Chicago on Metra. There's no reason they can't do it on Amtrak as well. Figuring out the addressable market and how to sell it on Milwaukee is the “to do” here.



Aaron Renn

3. Market Nearshore Outsourcing.

The move from Chicago to Milwaukee provides a steep cost gradient while maintaining good physical proximity in a way that provides opportunities for periodic face-to-face interactions. The globalized economy appears to be currently rewarding two

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models. The first is the “flat world” model of Tom Friedman in which work travels to wherever in the globe it can be produced most cheaply. The second is the “spikey world” model of Richard Florida in which intensive face-to-face collaboration is so valuable that it forces clustering of people and businesses in locations such as downtown Chicago.

Is there an intermediate model where reducing costs is important for certain activities, but face-to-face meetings are still valuable? If so, this is where Milwaukee–Chicago would have a very strong play. Examples may be various types of legal work or business-process outsourcing. For example, Walgreens maintains an operations center in Danville, Illinois, some 135 miles to the south of Chicago along the Indiana border. This is not only lower-cost than Chicago, but it allows executives from Deerfield to make day trips, enabling much better oversight and collaboration than an overseas location would, particularly with the time zone commonality. These types of applications would be something that could be highly beneficial for economic development in Milwaukee.

4. Eschew the Amenity Arms Race.

Many cities of the same general size as metro Milwaukee spend much of their time trying to produce amenities that prove they are a “big-league city.” For many of these—stadiums, hotels, convention centers, department stores, high-end restaurants—there is a sort of “nuclear arms race” between cities in which one city after another pumps large subsidies into bolstering these high-end sectors in order to try to distinguish itself from the pack.

For Milwaukee, proximity to Chicago reduces the ability of the city to attract and support these types of amenities. Consider one example: high-end department stores. An analysis by David Holmes discovered that Milwaukee had fewer high-end department stores than regional peer cities. He also noted that when plans for a Nordstrom in Milwaukee were announced, it was reported that the city was the largest in America without one.

This is unsurprising. The incredible wealth of high-end amenities in Chicago siphons off money from high-end consumers by shifting it south. This reduces the effective capacity of the Milwaukee region to support amenities. This might be seen as a negative. However, the situation holds two key positives that also should be mentioned. The first is that, again, Milwaukee can take advantage of everything Chicago has to offer, which is something other places can’t. This is vastly more than Milwaukee could ever support by itself. And, secondly, many other cities give a lot of subsidies in attempts to lure these types of amenities. That’s money Milwaukee can keep in its pocket.

5. Avoid Other Sectors Where Proximity to Chicago Is a Disadvantage.

Consider where Milwaukee’s proximity to Chicago is a disadvantage, and avoid those sectors. This is particularly true when solutions targeting these sectors are popular and thus tempting for Milwaukee to try. For example, both Indianapolis and Columbus have focused on building tons of bulk distribution space. But because of Chicago’s terrible traffic and Lake Michigan as a barrier to the east of Milwaukee, Milwaukee may not be as good a fit for that type of business, which is a low-wage industry in any case.

6. Improve Rail Connectivity Between the Cities.

The highway linkages between Chicago and Milwaukee are already being upgraded, but the rail system requires improvement. The cities are currently linked via Amtrak’s Hiawatha service, which is subsidized by the state of Wisconsin. As noted, it provides a 90-minute journey time with seven trips per day. This route has received little investment compared to similar types of corridors, such as the Keystone route linking Harrisburg, Pa., to Philadelphia and on to New York.

Unfortunately, the state and federal political climates are not favorable to significant rail upgrades at this time. Ideally, the route would have hourly frequencies and



shorter journey times (though true high-speed rail along the lines of that found in Europe is not needed). In the meantime, Milwaukee leaders should look to explore ways to better manage the existing service. Ideas include Metra-style boarding in Chicago instead of making passengers queue in a waiting room, variable pricing to better utilize and allocate capacity, and amenities such as Wi-Fi.

Milwaukee should also establish policies favorable to curbside bus operators such as Megabus that might provide additional connectivity to Chicago.

Milwaukee Is Blazing the Trail

There has been a lot written about so-called mega-regions, from people such as Richard Florida to the Regional Plan Association of New York. The concept is that cross-regional collaboration such as between Milwaukee and Chicago is the next level of regional economy that will become a basic competitive unit in the global economy.

There's just one problem: other than building high-speed rail in these mega-regions, there's a paucity of ideas about what one would actually do to make these mega-regions work. The public policy ideas for this are few.

Milwaukee and Chicago provide an excellent test bed for the mega-region concept. They are close enough together to be nearly an economic unit in formation already, but far enough apart to truly be two metro areas with two centers of gravity. If Chicago and Milwaukee can't figure out how to generate value from the mega-region concept, it's unlikely many other people will, apart from pure market forces.

This means Milwaukee has the exciting opportunity to be a trailblazer. Given that the regions continue to grow together day by day with no intervention from the outside, this is a challenge that is coming Milwaukee's way whether Milwaukee wants it or not. Chicago may be able to ignore it, but Milwaukee has no such luxury. ■