

EMERGING MEGACITY

Perspectives on the future of Chicago and Milwaukee

Illustrations by Jean-Francois Podevin



The future of the economy in Milwaukee and the broader region is a continuing interest of the public policy initiative of Marquette University Law School. In July 2012, the Law School and the *Milwaukee Journal Sentinel* sponsored a conference in Eckstein Hall, "Milwaukee's Future in the Chicago Megacity," with support from the Law School's Lubar Fund for Public Policy Research. Mike Gousha, distinguished fellow in law and public policy, led the Law School's work. The following three articles further explore the conference's subject. Lance Pressl, an advocate of regional cooperation, said, "What you [Marquette Law School] have done in taking a leadership role has set the bar high for the other parts of the region."

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Thinking and Acting *(and Flourishing?)*

An overview of prospects for regional cooperation on economic development

BY ALAN J. BORSUK

EXHIBIT 1: The Milwaukee Water Council, which aims to grow water-related businesses, changes its name to the Water Council. Trying to hide its connection to Milwaukee? No, say those involved—they just want to open the door wider to working with partners across the region, especially in Chicago. The council remains headquartered in Milwaukee, but its leaders believe that building business throughout the “megacity” that stretches along Lake Michigan from north of Milwaukee into northern Indiana will help everyone, including Milwaukee.

EXHIBIT 2: The federal government announces in late 2012 that a major center for research on battery technology will be based at the Argonne National Laboratory in suburban Chicago. From a Wisconsin standpoint, historically, such news would have been of no interest. This time, it receives significant attention in Milwaukee, with the angle that locally based Johnson Controls, a major player in the battery industry, will benefit.

EXHIBIT 3: The Alliance for Regional Development is launched in November 2012. Co-chaired by chiefs of major businesses in Indiana, Illinois, and Wisconsin, its goal is to promote a brighter economic future for the whole area, including changing the entrenched mindset of people who focus only on their immediate surroundings to one in which regional growth is the focus.

EXHIBIT 4: During a panel discussion at a conference at Marquette Law School’s Eckstein Hall, Milwaukee Mayor Tom Barrett and Toni Preckwinkle, president of the Cook County Board, both pledge their support to regional efforts to improve the economy in Chicago and Milwaukee—two cities that are so close to each other but so lacking in a history of cooperation. “I believe in the importance of regional cooperation,” Preckwinkle says.

EXHIBIT 5: A Milwaukee-area airline industry consultant proposes that people consider changing the name of Milwaukee’s Mitchell International Airport to something that includes northern Illinois, in order to attract more fliers from south of the state line and reflect the reality of who already uses the airport.

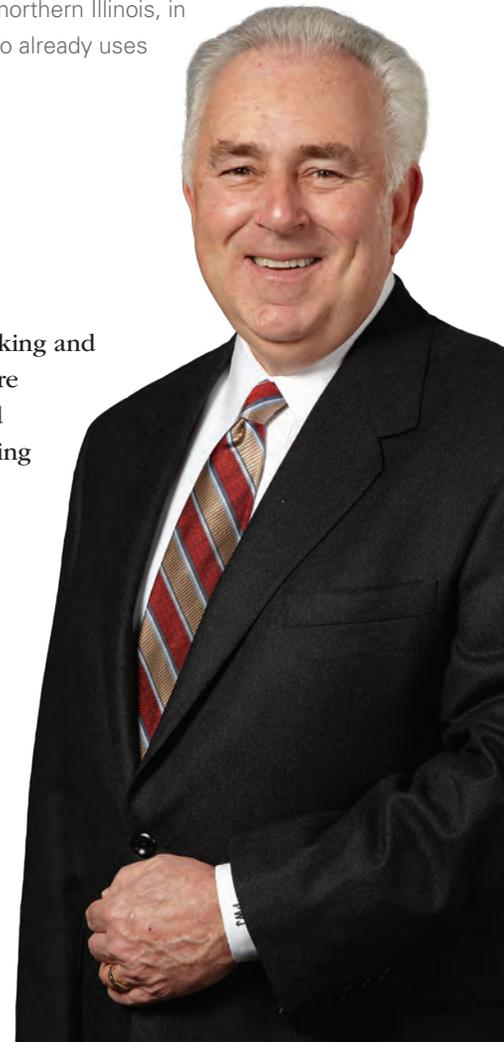
AS A REGION

These exhibits aren’t enough to make a conclusive case that regional thinking and cooperation are rising waves that will energize the economy in what some are now calling the tri-state Chicago region. But a determined group of civic and business leaders sees them as an important start. These individuals are pushing the idea that it is necessary to set aside a narrow sense of turf in favor of a broader, more united regional economic muscle-building.

“I think we’ve got a lot of momentum,” said Paul W. Jones, executive chairman of Milwaukee-based A. O. Smith Corporation, whose product line (once focused on automobile frames) includes hot water heaters and water purification equipment.

Jones is the Wisconsin chair of the regional development alliance. He has worked in Illinois and Indiana in the past and said that, in other economic development groups he has been part of, “It’s always been ‘How can we get them to build their plant here instead of across the state line?’” This time, he said, “We don’t worry about where the state line is.” The goal is for the entire region to flourish. ▶▶

Paul W. Jones



As any sports fans knows, momentum is valuable, but intangible and insufficient. Results on the playing field are what matter. To make the case that there *should* be continued development of a more regional approach to economic growth will require going beyond reports, commission appointments, conferences, proposals, and luncheon speeches.

It will require tangible wins.

The Report from Paris

The story of the new regionalism focuses in large part on a specific study. In 2005, Lance Pressl became president of the Chicagoland Chamber of Commerce Foundation. Pressl said that one starting point in the job was to compile data to see where the region stood economically. “I was amazed to find that we weren’t doing very well,” he said. Many Chicagoans assumed that the city was doing better than it really was. But one study by the Boston-based Beacon Hill Institute ranked Chicago last in competitiveness among 50 urban regions.

Pressl said he encountered a lot of resistance to the idea that change was needed in the approach to building Chicago’s economy. But, especially after the recession became intense in 2008, more people agreed that it was time to rethink things. Representatives of the Organisation for Economic Co-operation and Development (OECD), a prestigious Paris-based collaboration of 35 nations, proposed an examination of the Chicago region. The OECD study, funded in large part by the U.S. government, was the organization’s first analysis of an urban area in the United States.

There was reluctance, Pressl related, within the OECD team to include Milwaukee in the study. Was there really enough of a connection between the two? But advocates in both Chicago and Milwaukee

prevailed, and 6 southeastern Wisconsin counties (from Ozaukee and Washington Counties south) were included in the 21-county area that was the focus of the study.

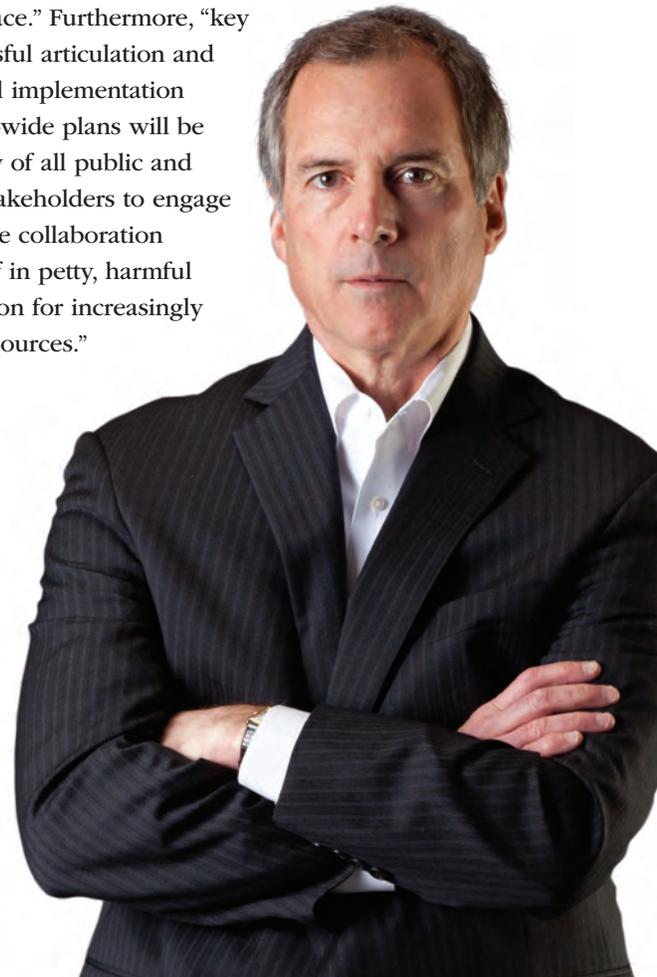
The overall theme of the 300-plus-page report, released with fanfare in Chicago in March 2012, is easy to summarize: The tri-state region has long been one of North America’s economic powerhouses. But recent growth has been among the slowest of comparable areas worldwide. That can be turned around—but only if people and institutions in the region work together.

“The reasons for the Chicago Tri State Metro-Region’s sluggish socio-economic performance are structural in nature, and linked to the lack of capacity of the region to adapt quickly to meet the imperatives of an economy in transition toward more knowledge-based, innovation-driven sectors needing to compete in the globalizing world,” the report concluded.

“It is clear that future growth will have to be focused on *region-wide* innovation systems that harness the region’s entire suite of strengths and assets, starting with its people,” the report said. The region must use its assets “in a way that recognizes that only the Tri-State Region [as opposed to subparts] will be able to compete effectively in a global marketplace.” Furthermore, “key to successful articulation and successful implementation of region-wide plans will be the ability of all public and private stakeholders to engage in genuine collaboration instead of in petty, harmful competition for increasingly scarce resources.”

“I was amazed to find that we weren’t doing very well.”

Lance Pressl



The report outlined at length an agenda for change, including these general principles:

- While the region is a commercial transit hub for all of North America, the vitality of infrastructure has slipped, and roads, rail systems, air capacity, and harbors must be improved.
- “Green” sectors of the economy offer paths to new growth. The growing concept of Milwaukee as a hub for water-based businesses was held up several times in the report as a model.
- Education and workforce development systems across the region must be coordinated and improved to become more responsive to what businesses and industries need and to avoid waste and duplication.
- And, hanging over the specific recommendations, all the parties involved in leading the region’s economy—government, the private sector, universities, and nonprofits—must learn to work together and let the big picture of what needs to be accomplished to guide them.

Reaction and Plans

So what needs to be done to build momentum for regional cooperation and pursuing the OECD recommendations? Interviews with key leaders and advocates focused on some important points.

The private sector will be the key. Don’t look to government to lead the charge. For one thing, politics are so, well, political and are inherently local. For another, business leaders are more likely to look beyond political boundaries in making plans and to see the region as a whole. As the OECD report put it, the private and nonprofit sectors in the tri-state region “are more advanced than are the federal, state, and local authorities in articulating, promoting, and pursuing a true, region-wide vision for innovation-led growth.”

Kelly O’Brien, a key advocate for pursuing regional cooperation, said, “It is imperative that this be led by the private sector.” O’Brien is senior vice president for economic development of the Chicagoland Chamber of Commerce. Milwaukee Mayor Tom Barrett similarly said in an interview, “The strength of this comes from the fact that it really is driven more from the private sector. Government certainly has a role to play, to be supportive, to complement it, to make sure that we are

always looking for opportunities.” But, he said, regional development will grow better as a natural economic process than by government direction.

Mary Lou Barrett, president of the Metropolitan Planning Council in Chicago (and no relation to Milwaukee’s mayor), said that companies look at the marketplace rather than at political boundaries. “When we get caught up on political boundaries is usually when we stumble,” she said. Barrett believes that nonprofit private organizations such as hers can help bring political and business leaders together.

The OECD report said that the tri-state region’s unusually complex maze of political jurisdictions is another reason to focus on business-sector initiative. It related that Greater Toronto has 28 local units of government, Greater London has 34, and the Paris metro region (“one of the most fragmented in the OECD”) has 1,400. The Chicago tri-state region has 1,700, the report said, which can contribute to “myopic” decision making. “A public-sector culture change is



Kelly O'Brien



Tom Barrett

required to ensure at a minimum a reduction in the ‘race-to-the-bottom’ style of competition among local and state authorities.”

Tom Guevara, deputy assistant secretary for regional affairs in the U.S. Department of Commerce’s Economic Development Administration and a strong supporter of pursuing the OECD recommendations, said that effective efforts by the private sector could overcome political resistance. “If the private sector is willing to send a strong signal about cooperation, then I think the political leaders will be more than happy to follow along with this,” he said. ▶▶

Where government involvement is clearly needed: improving transportation infrastructure. A great strength of the region's economy for decades has been as a crossroads for North America for transporting just about everything in just about every fashion—roads, railroads, ships, airplanes. But that strength has been slipping, the OECD warned, calling the absence of “tri-state multi-modal transportation planning” the biggest barrier to regional growth. Improvements need to be made soon on all fronts, the report said. “In the longer term, a regional institution may be needed to provide a convening role for key public and private sector actors to make difficult decisions across state lines on priorities for infrastructure investment.”

This is where government may have to play the most active role. It is government that builds and



Tom Guevara



Carmel Ruffolo

operates roads, airports, ports, and, for the most part, rail systems—although some involved in the new movement, such as A. O. Smith's Jones, say that it may be time for the private sector to take on meeting some of its own needs.

But transit issues trigger some of the most difficult political and cultural debates connected to regional planning, especially given the price tags on improvements. Witness the controversies over investing in passenger rail in the corridor between Milwaukee and Chicago. Or imagine a Wisconsin governor's favoring more federal spending in Illinois on road improvements because they would serve the greater good (or vice versa).

Carmel Ruffolo, director of corporate engagement and regional development at the University of Wisconsin–Milwaukee and University of Wisconsin–Parkside, said, “Transportation is an important economic development issue. It's the biggest nut to crack.”

Some early wins would help proponents. Developing successful ventures in aquaculture—such as farming of fish or aquatic plants in controlled situations—is one area that came up several times in interviews. Another: concrete steps to coordinate, across the region, workforce development and education systems related to training people for jobs and to deal with the “skills gap” mismatch in which thousands of people need jobs even as some industries have jobs going unfilled for lack of qualified people. “Other parts of the world do it better than we do,” Jones said of workforce training.

Jones also suggested coordinating effective use and improvement of the three harbors in the region: Milwaukee, Chicago, and northern Indiana's Burns Harbor. “What's wrong with a port authority that covers all three?” he asked.

Dean Amhaus, president and CEO of the Water Council in Milwaukee, said, “There's got to be one concrete piece where there is a project that everyone can say, I'm a part of that.” He suggested two possibilities: international marketing of the region and progress on transportation issues.

The region needs a new “brand.” Why? “So we don't get called the Rust Belt,” said Ruffolo. A native of Australia, she was named last fall to head the new Wisconsin Center for Commercialization Resources, a collaboration of Marquette University, the Milwaukee School of Engineering, and the University of Wisconsin schools at Whitewater, Milwaukee, and Parkside to provide resources to anyone who wants help turning an idea into a commercial product. Ruffolo said, “We know who the West Coast is, we know who the East Coast is. Who are we?”

Guevara, of the U.S. Department of Commerce, said, “I do think it's important for the private sector to look to creating a brand identity.” Such identities can have a strong impact not only in marketing a region but in giving people in the region a positive sense of the place where they live. Guevara said, “When people have a sense of identity, it's easier for them to become more invested in this and to create the kind of networks that allow for the sharing of information, solutions, creativity.”

Milwaukee's Mayor Barrett has put forward a candidate for the brand name that has attracted support: *The Fresh Coast*. “Whenever I hear the phrase ‘Rust Belt,’ it is like fingernails on a chalkboard,” Barrett said. “We have allowed this region of the country to be identified in a very negative connotation. Who likes

rust?” But *fresh coast* is “incredibly positive,” Barrett said. Lake Michigan is a common asset in the economic, cultural, and recreational life of the tri-state area and a great focus for identifying the area, he suggested.

The Long View

O’Brien said that one important step for the new tri-state alliance would be to win a planning grant from the U.S. Department of Commerce to support efforts to bring together key figures in the region to pursue the recommendations of the OECD report. But that may not be so simple. The Commerce Department’s Guevara said that the department very much supports the initiative and wants to see it become a model for other areas of the United States and globally. But, he said, the continuing struggle in Washington, D.C., over federal spending limits the department’s options.

What would Guevara like to see five years from now? Increased regional planning, he said. A role for the federal government that helps further such efforts while minimizing the bureaucracy involved in getting help in areas ranging from environmental permits to grants. An established broader identity for the region that will help lure investment and spur entrepreneurship and innovation. “All this can be achieved,” he said.

Can we really get past politics and rivalries? Guevara answered, “If the whole region wants to achieve the level of economic growth that is commensurate with its history, its resources, and its assets—and, implicitly, that means jobs—they’re going to have to.” He quoted the answer a Chicago civic leader gives to the question: “How’s the current behavior working for you?”

“Obviously, I’m always going to cheer for the University of Wisconsin in a Big Ten football game,” said Mayor Barrett. “I’m always going to be pulling for the home team, but I’m going to be pulling for the region, too.” You can do both, Barrett added. We have responsibilities to develop our own backyards, but we also need to have strong neighborhoods. “In a global sense, this tri-state region is our neighborhood,” he said.

Jones said that federal officials are tired of “state-by-state bickering.” They want regional cooperation and see the tri-state effort as a breath of fresh air. As for the alliance he co-chairs, “We’re looking at some bold ideas, but I don’t think they’re pie in the sky.”

Amhaus said, “The encouraging thing is that there is movement and there are conversations that are going on that carry the benefit of thinking like a tri-state region.”

Pressl said that implementation of what the OECD report envisions will take 15 to 20 years or more. There is no one organization to implement it, and no single step to try to take. “What we’re talking about here is connecting our assets in new and different ways to produce new and different kinds of value,” said Pressl, who is now senior policy fellow at the Institute for Work and the Economy, based in Chicago. “We have a lot to learn when it comes to doing cross-state collaboration.”

The OECD report said, “All key public and private stakeholders know what needs to be done and why it needs to be done if the region is to sustain its role as a driver of national growth and of global competitiveness.”

The issue, of course, is actually to do those things. The OECD struck an understated but encouraging note: “The Chicago-area 21-county region may be a functional area in the making.” ■

PUBLIC ATTITUDES

A large majority of Wisconsinites say that they would like to see the state’s leaders work with leaders in Illinois to promote economic development, according to results from the Marquette Law School Poll. In connection with the July 2012 conference, “Milwaukee’s Future in the Chicago Megacity,” the poll surveyed Wisconsin residents about cooperation between the two states.

Sixty-two percent said they favored political leaders cooperating, while 34 percent said Wisconsin leaders should look out for their own state first.

Asked whether they thought interstate cooperation is more likely to arise through the private sector or through public officials, 72 percent said the private sector, while 19 percent disagreed.

As to whether being close to Chicago brings opportunity for Milwaukee to benefit or poses a threat to drain business from Milwaukee, 65 percent said that it was opportunity and 23 percent said threat.

“The public attitudes are open to new innovation and efforts in this area,” said Professor Charles Franklin, director of the poll, in announcing the results. Franklin concluded that people are looking for leadership, especially from the private sector.

Additional results and details can be found at law.marquette.edu/poll.



MARQUETTE UNIVERSITY
LAW SCHOOL POLL



Rivalry, Resignation, and Regionalization

The Relationship of Milwaukee to Chicago Over Time

by John Gurda

When you fly into Milwaukee from the south—say, from Atlanta or perhaps Charlotte—the prescribed route takes you straight up the spine of Lake Michigan. If you're flying at night and lucky enough to have a window seat, the leading edge of Chicagoland appears long before you reach the lake. Somewhere over Indiana, the small towns and scattered farmsteads give way to the continuous Halloween glare of sodium-vapor lights shining up from subdivisions, shopping malls, and highways.

The glare intensifies through the Loop, which from 30,000 feet bears an odd resemblance to Legoland, and extends well into Lake County. Then a distinctive rhythm emerges: bands of relative darkness broken by pools of orange light in Kenosha, Racine, and the sprawling terminal cluster of Milwaukee. Beyond are only the randomly placed lights of rural Wisconsin set against the absolute darkness of the lake.

What you don't see from your window seat is borders. The foot of Lake Michigan appears as a gently curving necklace of four or five major settlements—grossly unequal in size but all distinct and each projecting its particular presence to the heavens.

If you had been able to take the same flight a century ago, in the early decades of electric lighting, the glare would have been a soft incandescent glow, barely perceptible from cruising altitude. The settlements would have been more distinct and the gaps between them much more pronounced.

If you could take the same flight a century from now, the gaps, I'm sure, would be all but gone. Our region would appear as one undifferentiated pool of light from north of Milwaukee down the broad bowl of Lake Michigan to South Bend and beyond.

My purpose here is to explore the region's progression from many to one, from individual clusters to a continuous corridor, with particular attention to the relationship between Chicago and Milwaukee. It's a story I'll tell largely from Milwaukee's point of view (I am, after all, a native son), and it's a story in three parts: rivalry, resignation, and regionalization. >>

John Gurda is the author of *The Making of Milwaukee* and numerous other books. This reflection is an edited version of his presentation at the conference held on July 17, 2012, by the Law School and the *Milwaukee Journal Sentinel*.



Bird's-eye view of Chicago, looking west from Lake Michigan, 1853. Created by George Robertson. Chicago History Museum (ICHi-38871).

It all begins with the lake, of course. Chicago and Milwaukee both came to life at the mouths of rivers with superior port potential at a time when everything traveled by water. Both settlements dreamed of prosperity as centers of commerce, exporting the farm products of their rich hinterlands and importing finished goods from the settled East. Both became, over the decades, strongholds of heavy industry as well, and they attracted a United Nations of industrial workers, from Germans and Poles in the nineteenth century to African Americans and Latinos in the twentieth. The two cities are peas of dissimilar size in the same regional pod.

Chicago and Milwaukee grew up as siblings, and they were locked in a fierce sibling rivalry that lasted for years. Both of these hopeful little settlements were after

settlers—the more the better—and whatever hindered one was believed to help the other. Chicago promoters lampooned their northern neighbor as a slow-growing, swamp-ridden outpost, and Milwaukeeans portrayed Chicago as a capital of cholera ruled by “swindlers and sharpers.”

Milwaukee had the early geographic advantage, thanks to its broader bay, deeper river, and a location 90 miles closer to the East Coast by water. For fifteen years, from 1835 to 1850, the lakeshore cities were roughly equal in size. When Byron Kilbourn became mayor in 1848, he declared that regional dominance was Milwaukee’s manifest destiny: “If New York has her Boston, so Milwaukee has her Chicago, in competition for the rich prize which nature awarded and designed to be hers.”

“Chicago and Milwaukee grew up as siblings, and they were locked in a fierce sibling rivalry that lasted for years.”



Bird's-eye view of Milwaukee, looking east toward Lake Michigan from a bluff, long since graded into a slope, at about 6th Street between Wisconsin Avenue and Michigan Street (modern-day names), ca. 1853. Created by George Robertson. Wisconsin Historical Society (WHI-6554).

Chicago begged to differ, naturally—and Chicago, soon enough, had railroads. As Lake Michigan forced overland traffic to its foot, the Windy City's marginal disadvantage in the Age of Sail became a huge advantage in the Age of Rail. The first train chugged into town from the east in 1852, and Chicago was on its way to becoming the rail hub of the entire continent.

Milwaukee was not about to cede Chicago's primacy—not yet, at least. There were repeated attempts to establish a line of “ferry steamers” between Milwaukee and Grand Haven, Michigan, a cross-lake service designed to bypass Chicago and put Milwaukee on the main-traveled route from east to west.

And Byron Kilbourn was determined to win a Wisconsin land grant for his Milwaukee-based railroad, a prize that rival rail magnates south of the border wanted every bit as badly. “Chicago has always looked upon our prosperity and progress with a sinister eye,” wrote the promoter in 1857, “and she cannot bear to see us hold such equal success with her in the contest for supremacy.” It's worth pointing out that Kilbourn, the most ethically flexible of Milwaukee's founders, was explaining why he had bribed the entire Wisconsin legislature in his quest for the grant.

Ferries did cross the lake, and Kilbourn did win the land grant, but Milwaukee finished second anyway. As

Chicago grew into its role as “Freight Handler to the Nation,” the community's population soared accordingly. Chicago was twice its early rival's size in 1860 and five times larger in 1890—roughly the same proportion that has prevailed ever since.

Although Milwaukee came in second, the would-be metropolis refused to wither in the deep shade of its neighbor. Expanding its own rail network and resisting links with Chicago's, the Cream City became the primary funnel for the agricultural wealth of Wisconsin and the farm districts near its borders. By the early 1860s, Milwaukee was the largest shipper of wheat on earth, surpassing, for a time, even Chicago.

The grain trade provided a platform for growth, a critical mass of capital and population that fueled Milwaukee's continuing economic evolution. Shipping farm products gave way to processing them—wheat into flour, barley into beer, hogs and cattle into meat and leather—and processing eventually yielded to manufacturing as the city's economic engine. Homegrown giants such as Allis-Chalmers, Harnischfeger, A. O. Smith, Allen-Bradley, Falk, Chain Belt, Kearney & Trecker, Nordberg, and Harley-Davidson made Milwaukee the self-styled “Machine Shop of the World.” As workers poured in from across the ocean to keep those factories humming, Milwaukee climbed through the ranks to

become America's sixteenth-largest city in 1890, with a population of just over 200,000.

As fast as Milwaukee was growing, Chicago was growing even faster. The Windy City's 1890 population was 1.1 million—enough people to overtake Philadelphia as the second-largest city in the country. America's "Second City" was obviously first in the Midwest, and realistic Milwaukeeans had already resigned themselves to the fact. "Milwaukee is not Chicago," wrote banker John Johnston in 1872, "but there are few cities like Chicago. Still, if Milwaukee be not Chicago, Milwaukee has grown at a rate surpassed by but a very limited number of cities in this whole Union."

As resignation replaced rivalry, Milwaukee became to Chicago what Canada was, and is, to the United States: a distinct and cohesive world of its own, but a world forever overshadowed by its gigantic neighbor to the south. Pierre Trudeau, the colorful French-Canadian who led his country in the 1970s, offered an analogy that could just as easily apply to the Chicago–Milwaukee corridor. Trudeau said that sharing a border with the United States was like "sleeping with an elephant." The beast is only vaguely aware of his smaller neighbor's presence, and when he turns over, there go the covers.

The real wonder, when you think about it, is that Milwaukee could share covers with the elephant at all. It seems surprising, even improbable, that one major

city could develop so close to an even larger metropolis. Traveling west from Chicago, there's no city of any size until you reach Des Moines, more than 300 miles away. Milwaukee lies only 90 miles north of Chicago but has three times the population of Des Moines. One looks in vain for comparable pairings anywhere in North America. Tampa–St. Petersburg, Minneapolis–St. Paul, and Dallas–Fort Worth are all conjoined twins that began under different historical conditions but function as single organisms with linked labor markets. Philadelphia–New York, Washington–Baltimore, and Boston–Providence are better comparisons, but those paired cities are located on different bodies of water and play different economic roles. Milwaukee and Chicago evolved at the same time, on the same lake, with similar ethnic groups and similar industries. Three infinitely arguable factors—the independent rail network of the mid-1800s, the explosive growth of manufacturing later in the century, and the simple fact that it was the commercial capital of a different state—enabled Milwaukee to thrive despite Chicago's proximity.

Milwaukee's relative independence should not be mistaken for autonomy. Sleeping with the elephant has had multiple impacts on the Cream City—some obvious and others less so, some positive and others not. Chicago was, first of all, an enormous market. Just as the United States has always been Canada's best customer, the Windy City absorbed a great deal of what Milwaukee



had to sell—industrial products, primarily, but also beer. Chicago had breweries as early as Milwaukee. Why did they fail to develop a national following? Because their productive capacity was destroyed in the Great Fire of 1871, and Milwaukee’s beer barons were only too happy to step into the breach. By 1887 those barons were producing five times more beer per capita than their Chicago counterparts. An average of 25 railroad cars filled with Milwaukee’s finest pulled up to Chicago’s loading docks every day of the week, and the city’s neighborhoods were dotted with saloons bearing the names of Schlitz, Miller, Pabst, and Blatz.

On the other hand, Chicago’s proximity meant that Milwaukee always came up short in the contest for regional headquarters. Just as the rich seem to get richer, tall cities tend to get taller. When public institutions such as the Federal Reserve Bank or private giants such as Prudential and John Hancock Insurance wanted to establish bases in the heartland, they naturally chose Chicago. Milwaukee didn’t get a first look, much less a second. The same dynamic applied to wholesale houses, notably the Merchandise Mart, and any number of distribution facilities. The lack of regional centers is one of the major reasons that Milwaukee has such an unassuming downtown for a metro area of 1.5 million people.

Chicago played a leading cultural role as well. For generations, Milwaukee’s performing arts scene—particularly in music and theater—was heavily German,

but the city’s reign as the *Deutsch-Athen* of America ended with the anti-German hysteria accompanying World War I. As the singing societies and theatrical troupes left the stage, culture-starved Milwaukeeans had to look south for sustenance. The Chicago Symphony Orchestra played an annual subscription series in Milwaukee that sold out for decades, and local residents flocked to performances by the Chicago Grand Opera and other visiting companies. It was not until the 1950s that Milwaukee developed an independent arts establishment commensurate with its size.

Another Chicago influence, and one that’s far less obvious, was demographic. Between 1910 and 1930, African Americans migrated from the rural South to the urban North by the hundreds of thousands, fleeing Jim Crow laws and seeking jobs. Like a gigantic sponge, Chicago absorbed the major share of the Great Migration to the upper Midwest; Milwaukee, lying squarely in the larger city’s shadow, attracted relatively few newcomers. The numbers are revealing: In 1920, African Americans made up over 4 percent of Chicago’s population and only 0.5 percent of Milwaukee’s. Thirty years later, the contrast was nearly as stark: black residents were 14 percent of Chicago’s population and just 3.4 percent of Milwaukee’s. Rapid growth would lift Milwaukee’s proportion to 14.7 percent by 1970, but its relatively late start helps explain why the city’s African-American community has found it so difficult to make economic headway. >>



“Regionalization, for better or worse, has upset the old relationships and muddied the old lines in recent decades. The evidence is everywhere.”

Of all the influences Chicago has had on Milwaukee—economic, cultural, and demographic—the most profound is probably psychological. The fact that such a huge metropolis lies only 90 miles away has encouraged a modesty bordering on meekness in its northern neighbor. Other metropolitan areas—Denver, St. Louis, and Minneapolis–St. Paul come to mind—stand alone in their regions, unchallenged for supremacy. Milwaukee gave up any dreams of supremacy more than a century ago, and the city’s subordinate status has become ingrained in its collective psyche. In the regional context, Milwaukee, like Canada, has taken on the peculiar invisibility that a younger sibling assumes in the presence of an older brother. Residents experience that status most acutely when they travel abroad. “Where are you from?” they’re asked. “From near Chicago,” they’ve learned to reply.

The result, depending on your point of view, is either an appealing groundedness—no one puts on airs in Brewtown—or a stubborn inferiority complex. Earlier I quoted banker John Johnston on Milwaukee’s secondary status in the region. Here’s the preface to that quote: “There is one thing we are deficient in here. We have not the necessary blow and brag. Not only have we not that, but we daily see men standing with their hands in their pockets whining about Milwaukee being a one-horse town, and such like talk. Such men are not worthy to live here.” In the very next sentence, Johnston identifies what he perceives as the root cause of the local angst: “Milwaukee is not Chicago, but there are few cities like Chicago.” The banker was writing in 1872, but his sentiments could have been expressed yesterday. One hundred and fifty years after Chicago passed Milwaukee by, local residents are still looking down at their shoes.

On the other hand, Chicago has long been the city that Milwaukeeans, and Wisconsinites generally, grow up loving to hate. The rivalry between the Packers and the Bears is only one expression of that attitude, and it’s perhaps the only one that’s truly reciprocal. Feelings north of the border go far beyond football. “They tell me you are wicked and I believe them,” Carl Sandburg

wrote of his adopted hometown. So do Wisconsinites. Consider this quote from the *Milwaukee Sentinel*: “We have frequently noticed that whenever any descent was made upon dens of infamy in Chicago—for the police there are subject to spasmodic action—a number of the routed scoundrels always come to Milwaukee, and crime here receives an impetus from their presence.” One such gang, the *Sentinel* surmised, was behind no fewer than 30 robberies. The article was written in 1857.

Even though they know better, even though many of them have friends or relatives living across the line, Wisconsinites tend to harbor a stereotype of Chicagoans as fast-driving, lane-changing marauders who clog the state’s highways every weekend and take over the beauty spots. If you throw in the occasional environmental lawsuit—over Chicago’s diversion of Lake Michigan water or the smog that wafts across the state line every summer—you have the makings of a durable resentment. “Flatlander” is one name Wisconsinites have for their neighbors to the south. “FIB” is a cruder epithet, and I need only mention that the “I” in the acronym stands for “Illinois.” It’s convenient, of course, to have a moral foil so close at hand. Anyone living north of the border has license to feel, by contrast with Chicago, more genuine, less tightly wound, and infinitely more honest—whatever the truth may or may not be.

The truth is that all comparisons, invidious and other, have become increasingly moot. Regionalization, for better or worse, has upset the old relationships and muddied the old lines in recent decades. The evidence is everywhere. Amtrak’s Hiawatha service has made the Milwaukee–Chicago route the sixth-busiest passenger rail corridor in the country, and the trains, with seven roundtrips daily, are busy in both directions. My wife competed for a few years in the Chicagoland Triathlon, which was held in Pleasant Prairie, Wisconsin. The lakefront marinas in Kenosha and Racine depend heavily on boaters from northern Illinois, and more than a few condos in downtown Milwaukee are owned by Chicagoans. The fact that Milwaukee lies

closer to Chicago's affluent North Shore than its grittier South Shore makes a significant difference. For Chicago residents with disposable income, Milwaukee offers a user-friendly airport, convenient access to Cubs games, and great festivals without the hassle of getting to Grant Park. Milwaukee's Irish Fest is able to bill itself as the world's largest Irish festival in part because roughly a third of its patrons come from Illinois.

But Interstate 94 is definitely a two-way corridor. Chicagoans drive up to Mitchell Field for domestic flights, and Milwaukeeans drive down to O'Hare to fly overseas. Chicagoans come to Summerfest, and Milwaukeeans go to Taste of Chicago and Ravinia Park. Chicagoans head north for a more leisurely pace and relief from congestion, while Milwaukeeans head south to experience a genuine big-city buzz. For 30 years, first as young parents and now as empty-nesters, my wife and I have taken the train south for an annual weekend in the Loop. For almost as long, I've pedaled on my own through a different section of the city every summer, using a wonderful book by Dominic Pacyga called *Chicago: City of Neighborhoods*. Chicago really is a great town to live 90 miles away from.

What I've learned from my excursions is that Chicago can be understood as Milwaukee times five. The successes are on a different scale, and so are the problems. The Loop is one of the grandest human creations on the planet, but you'll find sprawling tracts of derelict industrial land within sight of its gleaming towers. The lakefront is magnificent, but a few miles inland you'll encounter neighborhoods such as Englewood and Austin and South Chicago that seem to be hanging on by their fingernails. In demographic terms, Chicago is a majority-minority city surrounded by a ring of largely white suburbs. The identical patterns, adjusted for scale, are apparent in Milwaukee.

It is high time for Chicago and Milwaukee to recognize their similarities. It's time for the two cities to start acting more like siblings and less like strangers. Chicago needs to do a better job of acknowledging its little brother's existence, and prideful Milwaukee needs to acknowledge Chicago's place as head of the regional family. That does not mean that Brewtown has to surrender its cultural sovereignty. It does not mean installing a one-fifth replica of the Millennium Park "Bean" on the lakefront or giving Rahm Emanuel an office in city hall. It does mean taking strategic advantage of Milwaukee's location. It means, at a

minimum, improving transportation links between the two cities—a cause that was not helped when Wisconsin turned down \$810 million in high-speed rail funds. It means opening the door to new residents who work in Chicago. On a higher level, it means presenting whenever possible a united regional front in competition with other regions for employment and investment.

The relationship between Milwaukee and Chicago is, from Milwaukee's perspective, a story of rivalry, resignation, and regionalization. The cities' parallel histories have produced a family relationship and, like all family relationships, it's complicated. The frictions of the past are not going to vanish overnight, nor is the native human tendency to compete with those closest to



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us. Vivid polarities already exist between each city and its own suburbs, and between each metropolis and its own state. How much harder will it be to bridge the gap that circumstance and tradition have created between Milwaukee and Chicago?

The task may be daunting, but the time has come to look beyond borders. Any Milwaukeean who wants to return to the supposed glories of past independence is bound to be disappointed, and so is any Chicagoan who wants to resurrect the City of the Big Shoulders. For better or worse, the old order has ended: The walls are down, the world is flat, communication is instantaneous. Every resident of the Chicago–Milwaukee corridor lives at a particular address, but each also lives in a region that is growing smaller and more interconnected every year. As the bands of darkness between the cities disappear, as the southern end of Lake Michigan glows with a continuous light, it's time for everyone to take the view from 30,000 feet. ■

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. ▶▶

Aaron M. Renn, based in Providence, R.I., is an urban analyst whose writings appear at www.urbanophile.com and elsewhere.



to the Sun?

“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.”

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.



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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

“If Chicago and Milwaukee can’t figure out how to generate value from the mega-region concept, it’s unlikely many other people will”

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. ■