



# 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.

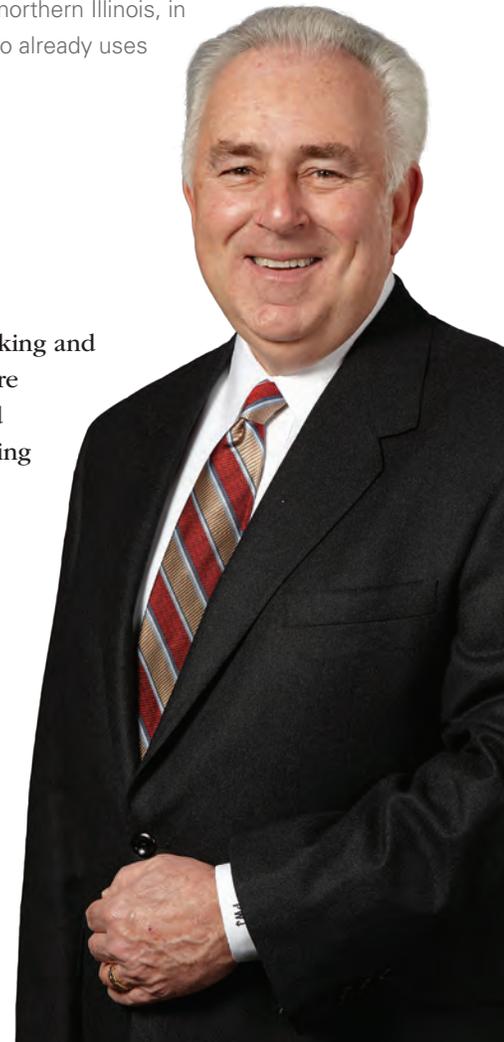
# AS A REGION

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.

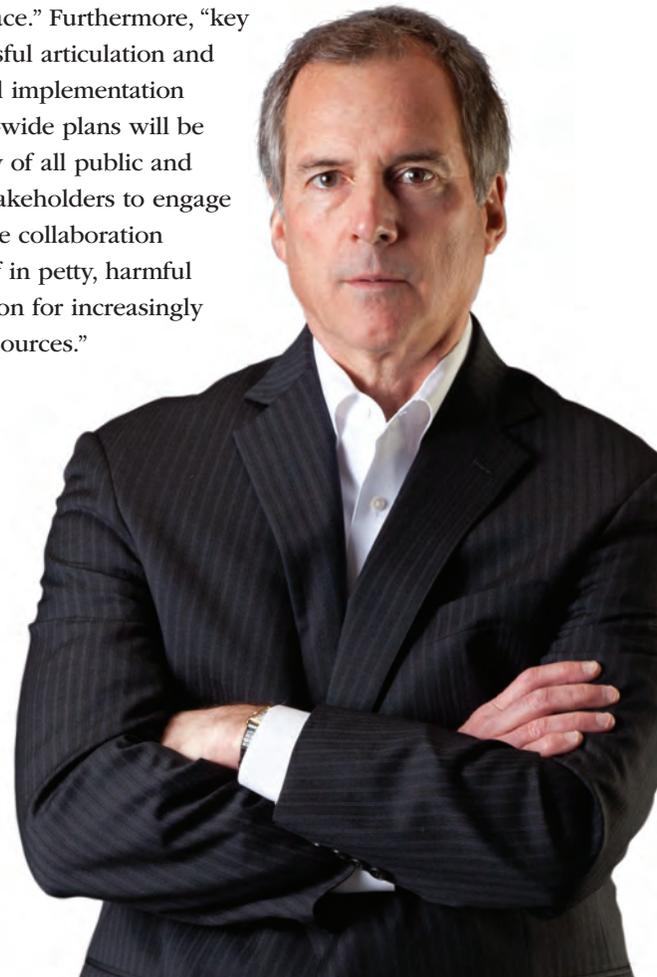
The overall theme of the 300-plus-page report, released with fanfare in Chicago in March 2012, is easy to summarize: The tri-state region has long been one of North America’s economic powerhouses. But recent growth has been among the slowest of comparable areas worldwide. That can be turned around—but 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](http://law.marquette.edu/poll).



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