

# Cultural Ecotourism: A New Model For Urban Economic Development in Milwaukee – A Case Study

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## Overview and Background

This paper will describe a new model for urban economic development utilizing the City of Milwaukee as a case study for the defense of this new model.

The literature in public administration abounds with various theories of urban economic development. Over the past 25 years many researchers have examined various models which they felt would adequately describe plans to improve the overall economic well being of the cities. In these theories, economic development has been described as a planned activity; one which is based on legislative action and the commitment of community leaders, both in business sectors as well as the political and public sectors.

The history of the implementation of urban economic development plans have been progressive, but generally the results have been mixed. In our review of the literature we will describe the various theories that have been utilized and implemented in the last 25 years as they relate to urban centers. We will also examine in some detail the overall impact of these theories.

Once we have examined the traditional methods of urban economic development, we will postulate a new model, one based not on legislative action or well-planned out commitments on the part of business and the public sector, but rather a process of natural selection, that is, the citizens of a given area have begun to change their lifestyle and in the process have changed the economic paradigm of an urban center. The idea that natural selection would occur in a positive way is new and innovative in and of itself.

The discussion, however, on whether or not this process of natural selection is one which can be used by city planners and other public sector planning officials for improving or developing new thoughts on economic development is also the basis of this paper. In the process of our discussion it would help to point out that by studying our case history for the City of Milwaukee, we will be in a better position to begin to understand that urban economic development may take on very different directions based on the needs of its citizens, reacting to those needs rather than to “forced” economic development in ways that may not best serve the community and will help us better understand the matching of urban economic development to the needs of the community.

#### Theories of Local Economic Development

In examining the regional development theory, we will make reference to the Arthur C. Nelson articles (2001) on theories of regional development as published by Bingham and Meyer. Nelson, in his development of various theories of regional development was able to codify the work of several of the important theoreticians for the mid 1980s developed the premise that regional development was really the only way that the urban centers of the northeast and the east would be able to provide a cohesive economic future for cities. It examines the integration of varied demographic populations and varied economic areas that form regions of economic development. In the course of Nelson’s development of regionalism as a basis for economic development, he was able to identify that the notion of political and economic integration of cities into the larger whole was not only necessary but imperative if regional areas were to improve economically, arguing that the decline of cities of the magnitudes of Boston, Philadelphia, Cleveland and/or Detroit would provide an economic drain of large and

perpetuated magnitude but the region itself would be stymied. So, to ignore the impact of cities such as Detroit or Cleveland in the overall economic impact of their metropolitan areas was to virtually condemn the economic policies and theories of these areas to a status quo as opposed to the potential for larger growth. It is clear that Nelson was attempting to develop the notion that cities were large enough to have economic impact, but not large enough any longer on their own if specific legislative action would not change or alter the course of the large urban areas as being able to be independent unto itself as providing its own potential solution. Citing the work of Friedman (1987) on regional development, Nelson was able to define regional development for our purposes as a sustainable economic policy which occurs through vertical and complementary linkages among both industry and public policy. These kinds of external relationships are critical for regional development. They will include trade, characterized as imports and exports of goods and services within the regional economic zone, migration of people to their capacities as both consumers and workers, and finally the migration of other factors, principally, capital for investment. In so doing, what Friedman and ultimately Nelson are able to do is to argue that these integrations and linkages must include cities and that what will occur is that by identifying the strengths and weaknesses of each element of the regional area, cities will have certain advantages and disadvantages which will in essence be utilized in a larger public policy of linkages that will provide us with the opportunity to address its weaknesses and to promote its strengths. In essence, it is taking the theory of free trade or capitalism and identifying it in a microeconomic theory for regional zones or areas.

In a James Markeson article (1987) that was cited by Nelson in 1987, the concept of linkages and/or integration can occur in two different ways. One is from above, the other from below. The “from above” school of regional economic theory indicates that strict public policy in defining the economic conditions for this microeconomic environment provides a basis for ensuring fair and equitable treatment of all segments within the region. It is proposing that either federal or state mandates will provide a basis for the region to function smoothly so that no one area is excluded from the opportunity to link positively in the overall equilibrium of the market. The second theory, “from below” indicates that the microeconomic theories of capitalism and free trade will occur without any type of public policy statements. As Markesan argued, the economic incentives of various areas to trade among themselves identify their strengths and weaknesses within the marketplace would provide a basis for constant equilibrium to occur, in that as cities such as Detroit or Cleveland need services from the suburban areas, they will in turn be able to provide other opportunities for the suburban areas such as access to investment capital and services. This tradeoff, it was argued will provide a basis for economic well being through natural market forces.

The theory of regional economic development took foothold in the United States in the periods from 1985 through 2000. During this period of time several experiments were conducted on a legislative basis in communities such as Boston, Philadelphia, Kansas City and Portland. In all cases, the idea of regionalism was taken to the point of providing regional government which provided efficiency of services to all areas within the SMSA. In addition, economic policies by these regional governmental authorities were developed in ways that allowed a new market dynamic to occur in which cities were

no longer seen as separate individual urban areas of economic development, but part of a larger whole. In essence, the lines were no longer drawn between suburban and city areas through legislation and rather the emphasis became the economic well being of the community as a whole.

In the analysis that Nelson carries out, he is able to provide us with some early glimpses of statistical information that would suggest that the results of regional economic development have indeed been mixed. In Table 1 it is clear that the impact of regional economic development is uneven. In taking into account the four largest experiments of regional interaction through public policy, one can see that the regional economic development that occurred in Boston was markedly different than that which occurred in Philadelphia. The Kansas City results indicate that the region as a whole prospered while the city of Kansas City itself actually declined during this period. Finally, in the case of the Portland regional experiment, it is clear that the city actually benefited from a number of legislative changes that stymied the growth of suburban areas, thereby providing an inconclusive understanding as to whether or not the economic equilibrium as promised in regional economic development was truly achieved.

A second theory is the high tech economic development theory. Here there have been five authors and academics who have provided an overall evaluation and characterization of this theory. Goldstein (1994), Lugar (1993), Kotz (1996), Massey (1995) and Beckman (1995) have all provided theoretical and academic research which helps to support the basis for this theory of economic development for urban areas.

As described earlier, the development of technology and high tech industry became a major political and economic force in the United States, beginning with the

advent of the personal computer in the early 1980s. High tech businesses began to take on a separate and distinct segment, independent of the service sector, light manufacturing and heavy manufacturing. High tech industry was characterized by highly educated, highly specialized workers who are working in fields that provided breakthrough in lifestyle as well as industry improvements. They can be characterized in the areas of health care, biomedical, information systems and information technology. These four segments provided the largest single growth rate in economic wealth for the United States of any other set of segments between the period of 1980 and 1985. As Massey pointed out in his work in 1995, the emergence of technology in and of itself as a segment provided the backdrop for a new economic paradigm but would forever shift a change the basis economic wealth in the United States, citing or identifying that the United States was moving away from the means of production to the industrial revolution to the development and ownership of intellectual property as the primary basis to wealth. He is able to cite the example of Microsoft vs. General Motors, in which Microsoft in a span of five years, from 1980 –1985, was able to accumulate as much economic wealth as General Motors had in the previous 75 years. This rapid development and change in the economic paradigm in the United States provided an opportunity, it was reasoned by both Goldstein and Lugar to provide a basis for a new economic city, a city based on high technology and biotechnics. By arguing that through economic incentives and predetermined public policy by cities they could attract these new industries to exist in the confines of what was at that point determined to be “rust belt cities” and replace it with a new “cleaner” industry which was much more productive and provided sustainability for economic growth . It is also argued that the attractiveness of high tech

businesses was that it would also not only improve the overall quality of life by changing the demographics of cities but provide a focal point for training and local area colleges, high schools and other community forms of education. But in essence, by directing public policy in cities towards high tech industries, all elements of public policy would be altered in order to feed or foster this new “golden goose”.

In Beckman’s research and literature on the subject, he also provides the theory that urban economic development can be enhanced by looking at cities as creative regions, that is, providing sustainable housing and tax incentives as a way of attracting new high technology businesses into urban areas that suburban areas could not, arguing that suburban areas had largely developed industrial parks that were thought of to be ideally suited for heavy and light manufacturing and that the attendant suburban citizens who had built homes and provided economic roots in these areas were largely tied to these industries. The argument was that the retrofitting of suburban areas for high technology would be just as difficult as it would be for cities and perhaps more so, given the investment of infrastructure in the 1970’s and 1980’s. Therefore, Beckman argues that by developing a creative region these urban areas such as Detroit, Cleveland, Boston, Philadelphia, Milwaukee, Chicago, Minneapolis-St. Paul would be able to suddenly provide an opportunity for high technology industries that suburban areas could not. In essence, they would provide a basis for economic development simply because this was the newest industry and that the commitment to this new industry would be easier than it would be in suburban areas.

Goldstein and Lugar in their article provide us with some early glimpses, however, of the issues related to the high technology economic development theory. (See

Table 2). In examining areas such as Boston, Philadelphia, Chicago, Houston and San Francisco, it is interesting to note that while all of these areas were very successful in attracting high technology and high tech related businesses, it is also important to note that these differences carry with them some economic “baggage”. These include the volatility and success rate of incubation businesses. The businesses turnover and they are more prone to bankruptcy and in point of fact, the economic redistribution of wealth of high technology businesses does not have the same trickle down impact that traditional manufacturing jobs have, that is, the means of production for high technology businesses rests with fewer and fewer numbers of people, therefore the amount of personal wealth that is generated by the average person in an incubation business is very large. Similarly, the failure rate can be equally as large and it therefore provides us with an example of the shallowness of high technology, which is a boom or bust industry. When it is successful, it is highly successful; when failure occurs, the failure rate is extreme. Also economic distribution does not occur largely through the community, but rather with small numbers of people. This reality provides a backdrop for the impact of economic development on a large scale for cities that have been identified in the chart. That is to say that each of the areas did in fact benefit from their public policy and high technology businesses, but the overall impact to these areas, particularly the cities, was actually relatively small. This important characterization indicates that while the theory is viable its overall impact is minimal.

The last theory is that of planned ecotourism and this is an economic theory which has gained prominence since 1995 to present. Academics have begun to understand that cities need to reinvent or redefine themselves within a larger regional or national



economic framework so that they are differentiated in a way that allows them to provide economic wealth, not necessarily solely from public sources through federal funding, but rather to provide the economic wealth from something other than their own ability to generate income with their existing demographic makeup. In trying to address the issue of declining federal funding in support of cities and the declining economic outlook for cities even within well planned regional policy, it is clear that one of the alternatives that is being examined is to look at cities as tourist destinations. In Dennis Judd's book on *The Infrastructure of Play* (2002), he provides us with a compendium of theorists who have examined the notion of planned ecotourism is in fact a viable economic alternative for large urban areas. Planned ecotourism as defined by Judd is an economic theory which rests on the redistribution of wealth in the United States by utilizing tourist dollars which are disposable dollars for entertainment, and redistributing those into urban areas. As the economic wealth of the United States increased in the 1990s, disposable income for leisure and entertainment increased appreciably. Judd cites statistics that the desire of the United States to devote money into leisure and entertainment led to the development of whole industries which did not have any economic impact as little as 20 years ago. The gaming industry would be a classic example of this. In addition, the impact of convention centers, hotels, and entertainment venues such as entertainment parks all grew in significance and importance in the 1980s. In his argument he believed that by changing public policy for urban areas in the northeast and the north, that the United States could begin to see salvation of cities and economic development by identifying itself as a center for leisure and entertainment and that by developing public policies to increase the infrastructure of cities to accommodate leisure and entertainment, it would

provide an external source of funding outside the scope of the central business district and in fact provide sustainable forms of economic impact and employment for the citizens within the region.

The ability for public policy makers, Judd argues, to identify this as a viable alternative for cities, will in large measure allow cities to have freedom and flexibility to determine how they want to characterize themselves as tourist destinations but at the same time provide an economic blueprint for the overall success of areas that will have no other means of developing economic strength short of direct federal and state intervention in providing sustainable payments over long periods of time.

It is interesting to note that in Judd's discussion of the overall economic impact of ecotourism, he cites specific academic work of theoreticians to help support the notion that planned ecotourism is in fact the most viable economic development solution for many areas that have experienced long term economic blight. Fredericks, Goodman, Feinstein and Gladstone (1999) provide economic research in each of these three cities which helps to support that the planned ecotourism commitment on the part of federal, state and local public policy makers resulted in economic impact that was significant and sustainable. However, of note is that these three are examples of success. In further research that was performed by Kisea, Thompson and Lyall (1998), other areas which embraced similar economic policies did not meet with similar results. These would include areas such as Detroit, Cleveland and Houston, all of which made similar economic commitments to public policy change, however, the results are very mixed. In addition, it is important to also note areas such as Atlantic City, New Jersey, Gary, Indiana and Biloxi, Mississippi, all of which also made significant expenditures for

gaming and other forms of entertainment centers in their communities and have seen an actual decline in the overall economic wealth of the areas as the entertainment industry has not provided the overall improvement in taxable revenue as well as jobs or employment. By putting Judd's analysis together, one can see that planned ecotourism, unlike the previous other economic theories, seems to have had significant impact in certain areas when infrastructure changes have been made and public policy has been directed over a sustainable period of time. However, the results are not universal, nor are they conclusive at this point in time.

In the section that follows, I want to build upon this most recent theory of urban development, ecotourism, and to look at a slightly different model which I believe advances this theory. The first change is the ability for cities within regions to naturally select a course of action which will allow it to sustain its economic equilibrium. That is, the forces that help to create suburban sprawl and growth may also be at work here to change or redefine the way that people view cities in the 21<sup>st</sup> century. Secondly, arts and culture are a primary magnet to attract people to live and spend money in an urban city setting.

### Cultural Ecotourism

In defining cultural ecotourism as an extension or model of ecotourism, that is, that cultural ecotourism is an economic model for viability for cities, and a microeconomic market which is open and available to most major metropolitan cities. What I am indicating, however, is that ecotourism can be defined in one of two ways. It can be defined either as entertainment and/or as culture. By my definition of entertainment, this would include the desire to provide entertainment sources that are

largely attractive to individuals who are outside of the SMSA. They are tourist attractions, in essence, they provide the natural course of a city's existence in a particular geographic location or through carefully planned programming are going to attract people who will come in from the areas outside the SMSA and are willing to leave significant dollars of disposable income into the community. In Dennis Judd's theory, he believes that ecotourism is defined this way, and therefore looks to cities to build in the infrastructure necessary to maximize this form of entertainment or "play". I will argue on a more modest basis that there is a cultural change which is occurring in the United States which is based on natural selection. We are seeing the aging of "baby boomers", "generation X" people marrying later in life, higher divorce rates, which all result in a much more transient and non-traditional form of families as well as nuclear units of existence for housing or dwelling units. This is a natural occurrence, whose profound impact has not really been studied, however, it is clear that it is beginning to alter or change the way that people look at their lifestyle. In addition, suburban and urban sprawl have led to a redefinition of a need for transportation amenities, largely increased highway funding, the need for access to petroleum and petroleum based products and the constant turnover of vehicles or automobiles. The rising cost of transportation for the suburban dwelling unit has increased faster than any other segment of cost for a family living in a suburban area. This fact alone also, I believe has helped to redefine the economic paradigm of suburban life. As a result, there has been a new process known as gentrification. Gentrification is the process of reclaiming areas within cities generally by people who are single, empty nesters or other alternative or small nuclear families who have chosen to live more proximate to areas where transportation costs are lower, where

housing costs per capita are lower, and in the process have begun to look at cities as viable alternatives to suburban areas or lifestyle changes. As Table 3 indicates, the process of gentrification in cities such as Milwaukee, Providence, Cincinnati, St. Paul and Omaha are just a few examples of a changing demographic profile which suggests that while people were more than willing to change their lifestyle in the 1960s and 1970s and begin to embrace the new suburbanism, there appears to be an equally powerful force emerging towards gentrification. The classic statistic that has been utilized in the last five years is that the city of Chicago, which has experienced the largest economic gentrification in the United States has seen the value of real estate in the City of Chicago emerge to the point where it is now as valuable as all of the suburban areas located in the Cook County vicinity. This one statistic alone suggests that gentrification is indeed a powerful economic force. The question that has not been addressed at this point, however, is what would cause people to move back beyond perhaps simple economic reality? Are there other factors present which may in fact be causing them to re-evaluate their lifestyle? To that extent I would offer Milwaukee as a case study in the analysis of gentrification and the impact as it relates to economic policy. I believe that what is occurring is a natural selection process, not a planned public policy direction that may provide insight for academics as well as public policy makers in the years ahead. As to the forces that may be beginning to shape the economic outlook for cities in a positive way.

#### Milwaukee: A Case Study

The City of Milwaukee is a classic example of a “rust belt” community which experienced the economic prosperity of the 1940s and 1950s as a large dominant

metropolitan area in and of itself. The City of Milwaukee provided the classic example of heavy industry being dominated by brewery and agricultural manufacturing which provided sustained per capita wage increases that made it one of the ten strongest cities to live in 1960. By 1980, the economic ravages of suburban sprawl, as well as changing economic realities moving away from heavy manufacturing in the service sector had rendered Milwaukee as only the 25<sup>th</sup> largest city in the United States and the 35<sup>th</sup> in terms of its economic impact (Dept of Commerce, 1980)

Throughout the 1980s and 1990s, the City of Milwaukee grappled with various economic policies in order to render itself more viable. These included greater dependence on federal subsidies for federal economic programs for housing, education, as well as job training. It also provided economic incentives for high tech businesses, trading several incubation centers for the development of high tech businesses. In addition, it is also aggressive in trying to pursue various solutions for rehabilitation of urban blight areas within the City of Milwaukee. In essence, it embraced many of the so-called public policy solutions that were popular throughout the 25 year period between 1975 and 1990, with very little success to show. Its pattern was much the same as we've discussed with other economic theories and other cities.

However, beginning in 1995 there began evidence of a significant economic shift in the viability of the City of Milwaukee. Statistics from the City of Milwaukee (1990) revealed that permits for new housing taking place on the east side of Milwaukee, an area just north of the downtown area known as Brewer's Hill, and also in an area known as "Third Ward" began to emerge with a pattern of new condominium housing units, restaurant development, and new, small service related businesses that were beginning to

develop such as advertising agencies, graphic design, computer programming, and photography. This change was noted by the Milwaukee Journal Sentinel in 1995 as a new pattern of alternative lifestyles to suburban living, and in fact a survey of people living in this region suggested that fully 65 percent of them were moving back to the city for two reasons. The first was that economically they felt they wanted to be closer to jobs. Secondly, they felt that they wanted to take advantage of the cultural amenities of the city without having to pay the heavy transportation costs of suburban areas. It is the second reason that began to draw some attention by many people in the community. In the first instance, it was understood that the City of Milwaukee had slowly migrated away from a pattern of being dependent on industrial jobs from companies such as Allis Chalmers, Miller Brewery, Schlitz Brewery which went out of business and other large manufacturers such as Rexnord, to greater dependence on service related jobs; law firms, advertising agencies, computer manufacturing companies and other service related companies had made the decision to remain in the City of Milwaukee and not to move, and through attrition became the largest employers in the area. Secondly, smaller businesses found that the cost of maintaining suburban locations had become must as expensive as it would be in the city, without having the access to amenities that were identified as being important and that is the basis of our discussion, which is the desire for people to identify culture or cultural activities as being pivotal or important to the overall lifestyle of an area.

In a survey performed in 1997 by the Milwaukee Journal Sentinel, there was an identification on the part of people within the City of Milwaukee specifically targeting those that had recently moved to the city in the last five years. In the course of the survey

it was identified that various cultural activities became more important in redefining their lifestyle that had previously been thought of. These included museums, symphony, theater and sports, all receiving equal importance to the people who were now living in the area. At the same time between 1995 and 2000, there was an explosion in the number of new restaurants and clubs in the City of Milwaukee. After seeing a steady decline in restaurant per capita spending from 1980 through 1995, the area experienced not only an increase in the number of establishments but in the per capita growth of restaurants. At the same time, museums in the area experienced the largest single increases in total attendance since the 1960s. Also interesting, total theater attendance among the city's six major theaters also was at its largest level ever. Clearly something was taking place that was different than before.

In preparing for the research for the case study of Milwaukee, we endeavored to gain access to two surveys that were completed by the two museums in the City of Milwaukee; the Milwaukee Art Museum in 2003 and the Milwaukee Public Museum in 2000. In trying to take a look at this new process that may be emerging for cultural ecotourism as an important tool for economic development, we were able to take statistical information gathered by the two museums to help better understand the impact that cultural institutions may be having on not only bringing tourism dollars as defined by Judd in his theory but also beginning to cause a change or shift in desirability of living directly in the city. By living directly in the city, the new and redefined citizens of this area are also beginning to spend more disposable dollars on culture and in and of itself create a magnet for economic development. As the survey information which was gathered in 2000 and 2003 would suggest, both institutions were interested in identifying



where various people were coming from to experience their new large exhibits.

Secondly, to measure the impact of advertising and marketing on people not only in the city but also outside the city and third, to determine whether or not the impact of the blockbuster would have a residual impact on the community as a whole.

As the combined summary Tables 4 and 5 indicates, the Milwaukee Public Museum engaged in a large exhibit and expansion of the Museum known as Butterflies Alive. This exhibit was intended to provide a new attraction to the Museum and was its first permanent addition in more than 25 years. The addition of the butterfly vivarium situated the Museum as a viable cultural entity with dominant impact within the community, with a total visitor base of 1.1 million, the third largest tourist attraction in Wisconsin. It was believed that the butterfly vivarium would like to highlight its dominance as a cultural institution in the area.

In 2003, the Milwaukee Art Museum developed its first traveling exhibit based on paintings from Michelangelo in eastern Europe. The development of this highly publicized art exhibition on Michelangelo was intended to position the newly formed Calatrava Art Museum building as a major destination culturally for the community and to provide a community icon on which the city could wrest its new cultural ecotourism.

Both entities maintained surveys which they shared with each other to identify whether or not the three goals that had been identified as strategically important were being met.

As the summary shows, it is important to recognize that cultural ecotourism is in fact a viable urban economic theory, at least based on the information as presented here.

As it suggests, the investment that was provided both by local sponsorship, the State of Wisconsin marketing dollars, as well as local city support, was in the neighborhood of approximately 3.5 million dollars for each exhibition. It is important to recognize that number because it provided for the backdrop in earlier charts on the large infusions that are necessary or at least identified within the parameters of regional, planned ecotourism and high technology economic models. In many cases the amount of economic investment is significantly larger with the return on investments either marginalized or more risky. In this particular instance, it is interesting to see that for the return on investment on the part of the state and local communities the overall impact was significant. In each of these cases the two most telling statistics are the amount of local support that was gathered within the SMSA. Largely, Milwaukee is not viewed as a national tourist destination, and in point of fact in both instances only 22 percent of the audiences that came to view the exhibits came from outside the SMSA. Only 10 percent of the audiences actually came from outside the state of Wisconsin. In this regard it is significant, therefore, to contrast that the cities such as Tampa, Baltimore, and Indianapolis in which the infrastructure of play was designed to provide more than 50 percent of the dollars coming from outside the community. Therefore, the economic success that was enjoyed by these exhibits was largely based on monies that were spent on leisure and entertainment within the SMSA and within the city and the statistics bear this out. It was important to note that in both cases the exhibit allowed a transfer from suburban areas to cities in terms of spending leisure and entertainment dollars. Both saw significant amounts of suburban visitors coming and as the survey indicates, were able to spend money either on hotels and/or restaurants in the area, making a day trip or a two

day trip of the experience into the City of Milwaukee. The economic impact as measured by the economic multiplier provided by the City of Milwaukee suggests that the overall impact of these exhibits was significant. Cultural ecotourism in and of itself is an important economic tool for urban development for cities. The other thing that is significant is the amount of spending that was done by city visitors. A further breakdown of this suggests that new residents in the areas identified by gentrification actually supported these cultural initiatives much more significantly than other areas. It is important to note therefore, that a primary magnet as suggested by the earlier Journal Sentinel sample was in fact verified by true economic statistics.

Why is this important? Cultural ecotourism in and of itself is a potential policy direction that may help communities that cannot provide the infrastructure dollars to support large scale changes in the city itself for external tourist dollars. Is it a viable alternative to regional development without having to make the large governmental expenditures to create these linkages and transfers? I believe the answer to these questions is “yes”.

I believe that a natural selection process may be occurring across the United States and Milwaukee may be a natural example of that. People are beginning to look at cities as an alternative for service sector employment. They are looking at these as areas where the costs of housing may be a “bargain”, much like suburbanites did forty years before. It may also be simply a question of people who have smaller families and differing needs maybe looking at cities as places for greater social well being. All of these factors clearly are working in favor of gentrification. The most telling statistic continues to be the growth in the City of Milwaukee of gentrified properties that are now

extending beyond the boundaries. Most recent statistics provided by the Milwaukee Area Home Builders Association suggest that the City of Milwaukee condominium developments as well as planned smaller homes in the City of Milwaukee is the second largest growth segment in the five county area, and this includes some very strong growth areas such as Ozaukee, Racine and Kenosha counties. This important statistic suggests that gentrification is occurring. If the statistical information gathered continues to hold, people are beginning to look at the cultural amenities and the need for a different lifestyle than was developed by traditional families in the 1960s. In essence, the changing lifestyle of America is pointing towards the desire or need to spend leisure and entertainment dollars in different forms. It is also suggesting that Milwaukee may be an example of this natural selection process. In the absence of strong leadership at the mayoral level, the county executive level, and largely unfocused public policy towards cities in the Governor Tommy Thompson era of the 1990s, the City of Milwaukee has actually gone through an evolutionary, not revolutionary change in its demographic makeup. This impact alone suggests that the natural selection process may be occurring without any defined public policy. It may also suggest a change in American lifestyle, a greater desire to experience the "European" city style, in which European cities have promoted culture through museums, orchestras and theaters as a basis for drawing into its communities people with higher incomes, higher educational backgrounds and ultimately greater stability in the overall makeup of its cities. Examples such as Rotterdam, Liverpool, and Copenhagen are just a few examples of cities which have been able to use culture in cultural ecotourism as a basis to developing sound economic models. Milwaukee, in fact may be such a case.

The larger and more important question of ecotourism as it relates to the City of Milwaukee and the impact that we have been able to identify in the surveys for two large identifiable blockbuster museum events is, what was the impact to the city as a whole of the cultural institutions carrying out an ecotourism event?

Again, statistical information gathered both by the City of Milwaukee, the Greater Milwaukee Convention Bureau and the institutions themselves when pieced together provide an interesting economic blueprint.

Largely speaking, the advantage of ecotourism as identified by Judd and through the City of Milwaukee example is that the need for matching services to sustain cultural institutions is perhaps a better match for many of the existing citizens that are residents in the cities that have these cultural institutions. That is to say that most of the jobs are service in nature, do not require highly specialized education or training, but rather are what is referred to as low impact training, such as customer service, or specialization that can be taught within this time frame of weeks, not years. Why is this important? In many large urban areas such as Milwaukee, the level of educational background is more limiting. The average person in the City of Milwaukee has a high school diploma, not a college degree. The level of highly specialized training required for high tech solutions, even regional development solutions, suggest that the amount of training dollars required to change or transform the city residents into acceptable users of these economic models is prohibitive. In cultural institutions where there is a need to provide customer service such as visitor assistance and/or people to direct an ancillary service such parking, admissions and other services that need to be performed, the matching of these service levels to citizen availability is much greater. The economic linkage that was referred to

earlier in our regional development theory is actually more expedited by cultural ecotourism than any of the other models that have been developed for regional economic theory. We believe this is an important characteristic that is often overlooked in much of the academic literature, which is to take a look at whether natural selection, that is, the availability of resource pools should be more clearly matched to the desire for an economic solution that is viable. By promoting cultural ecotourism we are getting a greater match between the availability of citizens' skills and the need for services to be performed to maximize the economic output by cultural institution. In point of fact the statistical information suggests that when combining all major cultural institutions together, more than 90 percent of their employment is actually occurring with people that are existing in neighborhoods in the City of Milwaukee, providing the greatest level of employment for people with high school diplomas or less, and providing the least amount of impact to governmental entities in terms of specialized training, training support or public policy dollars. This suggests a low impact solution to public policy makers, a higher economic impact to the community because while the average wages earned may be less than in high technology solutions or regional development solutions, they nonetheless reduce the level of unemployment. This is critical because unemployment in major urban areas has become a significant issue. It is not a question of simply providing a high paying job, it is providing any job at all. We have determined from previous statistical analysis that high unemployment leads to higher crime rates. The reduction in unemployment basis is likely to lead to lower crime and in fact, in the City of Milwaukee with greater emphasis in cultural ecotourism, we have found that crime rates have actually been reduced in the city over the last five to six years, thereby suggesting the

theory that greater matching of economic need to citizens' skill sets is providing a longer term viable solution than trying to restructure or reshape radical economic solutions.

The impact of government spending or expenditures in policy making with cultural ecotourism is also worth knowing. The impact of cultural ecotourism results in greater return on investment for government entities. As the case study in Milwaukee shows, the expenditures provided by the state through its GEM grants had an impact of nearly 400 percent on the overall response rate from the citizens within the state of Wisconsin. That is to say, the dollars expended by the State of Wisconsin on behalf of both museums returned nearly 400 percent in per capita income spending to these museums. This is an important element in looking at how government policy making can help to shape a positive impact for a community. In addition, the marketing dollars that were spent via the GEM grant had a multiplicative impact as provided by the Greater Milwaukee Convention Bureau. In looking at the analysis of impact of hotel and restaurant spending during the period of these exhibits, it is important to note that the far-ranging economic impact for the central business district in terms of retail sales, restaurant sales and hotel accommodations increased significantly enough to again provide additional return on the marketing dollars spent to the community.

The trickle down impact of expenditures on the GEM grants also had an impact on employment. Labor statistics provided by the City of Milwaukee during the run of both exhibits showed that the impact was both direct and indirect. Direct employment increased in inner city hiring via the museums' needs to have additional personnel for the period of six months to one year for the span of the exhibits. The economic wages raised provided not only increased tax base support but also provided expendable income back

into the community, something that was not evidenced by the high tech economic development model, nor in many cases the regional development models. In addition, the indirect impact is on hiring in the areas of infrastructure and ancillary businesses. In ancillary businesses the increase in retail traffic, restaurant and hotel accommodations resulted in increased hiring, again of central business district and City of Milwaukee residents. This important impact also had a multiplicative effect in that the wages spent remain in the city, thereby providing a double bump in terms of economic development.

It should also be pointed out that the economic expenditures are much smaller that are provided by state institutions or federal institutions for cultural ecotourism. Cultural institutions in central cities are underutilized resources in many instances. The availability of theater halls, symphony orchestra halls, and museum spaces have been well-established since the turn of the 20<sup>th</sup> century. As we embark on the 21<sup>st</sup> century, it should be noted that these institutions remain a viable part of the central business districts, but have not been thought of as being economic generators or economic catalysts. In point of fact, as the research data suggested for gentrification as the economic impact of GEM grants for these institutions indicate that cultural institutions do in fact become economic centers of economic growth and should be thought of as being an overall policy direction that the central business district, urban development planners and public policy makers at the state and federal levels should consider in terms of engaging in public policy economic development that would have a direct impact on urban centers.

### Conclusion



As we discussed, the case of Milwaukee and cultural ecotourism appears to be a case of evolutionary natural selection. The process of gentrification has been driven by changes in the needs of populations in standard metropolitan statistical areas, not through direct intervention on the part of prohibitively costly economic policies, but rather simply by the need in a microeconomic environment citizens have made the decision that the tipping point for living and transportation costs and a change in family units have created a need for a different form of living. Much like during the renaissance period in Italy in the 1600s, cities have now begun to be looked at as areas to be discovered for the cultural amenities they provide. Many suburbanites who find that the suburban lifestyle does not accommodate their needs for proximity to jobs in the service sector and the benefits of having cultural institutions close at hand are making decisions to form new forms of housing. The housing units are smaller, closer together and provide the social fabric that is materially different than social planners envisioned with suburbanization in the 1960s and 1970s.

Whereas the hidden element of this new natural selection process, however, appears to be the decision on many people's part to value culture and cultural ecotourism, as an important component in their decision making to migrate back into cities. The use of cultural ecotourism as differentiated from Judd's definition of entertainment ecotourism is that there is an important infrastructure investment question that many cities have to address. The decisions on the part of Baltimore or Indianapolis may be markedly different than decisions that are made in places like Omaha, Nebraska or Milwaukee, Wisconsin. When cities define themselves in a way that is different than being solely a tourist destination, they look at ecotourism as something that provides a

framework for linkages to its suburban neighbors and/or within the citizens of its community, it begins to see that culture is the linkage and an economic catalyst and not simply an appendage to the city.

As our two concrete examples suggest, the impact of cultural institutions such as an art museum or a natural history museum are significant. Their impact to employment, their effective utilization of government spending and ultimately their ability to provide a level of satisfaction to the people that live within the community, both in terms of employment as well as outright enjoyment of cultural amenities suggests that cultural ecotourism may in fact be one of the most effective methodologies for urban planning in the 21<sup>st</sup> century. Much like the cities of Genoa and Florence in the renaissance period, and places like Rotterdam and Copenhagen in Europe today, modern cultural ecotourism is helping to shape the destiny of northern tier cities. The impact force for northern and northeastern United States as well as Canadian cities should not be overlooked as a viable urban development planning tool.

As the statistics suggest in Milwaukee, cultural institutions are going to grow in their importance in terms of not only economic impact but also in the cultural mindset of people who are making a decision of where to live. It is expected that the migratory patterns that have begun to evidence themselves in the earliest time period of the 21<sup>st</sup> century will continue on. It is expected that as people live longer, as family units become smaller, and as people make decisions to provide new and alternative methods of family units, it is likely that cities and the gentrification process of cities will continue. It is also likely that in choosing and making a determination as to quality of life, things such as parks, recreation areas, cultural institutions such as the museums and symphony

orchestras will play a much greater role than whether or not a city possesses a casino or has convention centers and/or other amenities that might appeal to tourists from outside of the community.

It is also of note that tourism from external sources is much more dependent on the economic viability of the economy as a whole. In the early part of 2001 and 2002, dollars expended on people traveling to other communities dropped sharply, as there was an increase after September 11, 2001, in the cost of airplane transportation and/or in the cost of oil for transportation in automobiles. These types of impacts have been seen cyclically in the 1970s and 1980s and suggest that places like Indianapolis and Baltimore may have far more cyclical impacts in their economies than places like Milwaukee or other cities who choose to use cultural ecotourism as a public policy direction for the growth in its overall economic stability. Stability being achieved through the citizen utilization of these services as well as drawing from narrow and smaller areas proximate such as the SMSA suburban areas and/or out state locations like in the state of Wisconsin.

In presenting the paper today, my hope was to provide a contrast to the traditional methods of urban economic development planning and suggest that public policy does not always have to be radical, it can be evolutionary. Secondly, cities need to look at the resources available to them currently and decide how to best utilize human capital as well as physical capital in making decisions on which forms of economic development may in fact be most viable. Thirdly, to present the notion that cultural ecotourism is a viable economic urban development planning direction, that it has roots in the natural selection process of changing demographics in the United States and that cities, states and federal governments should be cognizant that it may provide a fertile basis for expenditure

planning and expenditure making in physical and human capital training and/or in marketing dollars which will provide the basis for economic stability and growth for regions such as Milwaukee and other cities of similar size and makeup.

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**Table 1**

**Economic Cycles of American Industrial Cities**  
**(Selected Department of Commerce, Bureau of Census Data)**

Cities	Population			Gross GNP			Gross Real Estate Value		
	1960	1980	2000	1960	1980	2000	1960	1980	2000
	( In millions)			(In Billions)			( In Billions)		
New York, NY									
Chicago, IL	3,396,808	2,783,726	2,916,787	41,135,345	33,710,922	35,322,291	24,966,539	20,460,386	21,438,384
Los Angeles, CA	2,504,277	3,009,907	3,485,398	30,326,794	36,449,974	42,208,170	18,406,436	22,122,816	25,617,675
Detroit, MI	1,603,452	1,027,974	1,005,049	19,417,804	12,448,765	12,171,143	11,785,372	7,555,609	7,387,110
Boston, MA	574,283	533,411	606,687	6,954,567	6,459,607	7,346,980	4,220,980	3,920,571	4,459,149
Houston, TX	1,216,743	1,630,553	1,709,609	14,734,758	19,745,997	20,703,365	8,943,061	11,984,565	12,565,626
Philadelphia, PA	1,610,965	1,585,577	1,622,426	19,508,786	19,201,337	19,647,579	11,840,593	11,653,991	11,924,831
Pittsburgh, PA	437,718	360,718	370,932	5,300,765	4,368,295	4,491,987	3,217,227	2,651,277	2,726,350
Minneapolis, MN	368,773	376,543	390,876	4,465,841	4,559,936	4,733,508	2,710,482	2,767,591	2,872,939
Milwaukee, WI	707,890	628,088	611,243	8,572,548	7,606,146	7,402,153	5,202,992	4,616,447	4,492,636
Indianapolis, IN	599,075	711,327	809,743	7,254,798	8,614,170	9,805,988	4,403,201	5,228,253	5,951,611
Baltimore, MD	859,102	736,014	756,431	10,403,725	8,913,130	9,160,379	6,314,400	5,409,703	5,559,768

Table 1A

**SMSA Trends for Selected Cities using Regional Development**

	<i>actual</i>		<i>in billions</i>				<i>actual</i>		<i>in billions</i>			
	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000
	CityPop	City Pop	Assessed Value	Assessed Value	City Tax Revenue	City Tax Revenue	SMSA Pop.	SMSA Pop.	Assessed Value	Assessed Value	SMSA Revenue	SMSA Revenue
Boston	53411	606687	12564	14675	9056	10554	3205894	3590322	42675	68943	17893	24894
Kansas City	422784	373843	6789	6632	3905	3807	1235785	1524754	19043	22894	9054	11903
Philadelphia	1585577	1622426	17894	17108	11094	10843	3609843	3819032	49774	61783	22904	24895
Portland	373894	511894	5098	5893	6022	7109	1053895	1346321	23894	26743	9432	10932



**Table 2**

***High Technology Public Policy Impacts***

(Selected Information from Department of Commerce Economic Information)

Cities	# of Tech Firms		(In Millions) Gross Revenues		( In Millions) Tax Revenues		Tech Employment		Employees from City		Training/Tax Incentives	
	1985	2000	1985	2000	1985	2000	1985	2000	1985	2000	1985	2000
Boston, MA	211	2809	65411	887091	907	12079	1751	23315	236	3146	803	31783
San Francisco, CA	424	4115	131144	972565	1823	17695	3519	34155	475	4609	409	26732
Houston, TX	92	1904	288743	698432	396	8187	764	15803	103	2132	71	14155
Detroit, MI	113	598	49021	188943	486	2571	938	4963	127	670	31	2022
Cleveland, OH	84	138	26732	68943	361	593	697	1145	94	155	11	103
Milwaukee, WI	44	203	13644	62553	189	873	365	1685	49	227	13	105

Table 3

**Survey Analysis of Citizens Reasons for Gentrification**

Cities	New Housing Starts		Total Real Estate \$		2002					
	1980	2002	1980	2002	Housing Value	Arts/Entertainment	Access to Job	Retail	Health Care	Transportation
<i>Chicago</i>	2478	9895	3,144,674	18,322,932	68%	61%	61%	51%	38%	22%
<i>Cleveland</i>	1557	6188	1,178,432	1,432,549	63%	62%	58%	44%	42%	39%
<i>Detroit</i>	319	1147	1,060,432	1,832,893	54%	42%	61%	19%	41%	33%
<i>St. Paul</i>	1784	7142	507,437	853,224	67%	65%	39%	51%	35%	32%
<i>Milwaukee</i>	288	3190	633,495	909,332	68%	62%	58%	27%	38%	44%
<i>Cincinnati</i>	477	3065	704,324	995,434	56%	55%	64%	41%	44%	50%
<i>Omaha</i>	515	2166	495,323	567,433	49%	40%	52%	44%	52%	51%
<i>Composite Average</i>					61%	60%	59%	43%	41%	39%

**Notes** The survey comes from the Dennis Judd edited text "Infrastructure of Play", ME Sharpe, 2003, pages 67-69. The survey data was performed for 50 cities and then compiled. It asked residents of less than 5 years to respond to the question "What was the top reason(s) you bought a home/condo in the City". A total of 15 choices were given for categories, we presnet only the top 5 choices. The N=418 per city surveyed.



**Table 4**  
**Survey Results for Cultural Events**  
**Visitor Survey**

	<b>MPM 2000</b>	<b>MAM 2003</b>
Where do you live?		
City of Milwaukee	24%	29%
Milwaukee County	14%	15%
Milwaukee SMSA	22%	21%
Wisconsin	20%	25%
Illinois	5%	4%
USA	13%	4%
Outside USA	2%	2%
Total	100%	100%

How long are you staying in the City of Milwaukee?		
One Day	67%	54%
Two Days	28%	40%
A Week	3%	3%
Longer	2%	3%
Total	100%	100%

How much have you spent at the Museum today?	\$38.21	\$43.47
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Were you satisfied with the exhibit and the Museum?		
Yes	98%	97%
No	2%	3%
Total	100%	100%

Will you return again to the Museum in the next year?		
Yes	63%	65%
No	37%	35%
Total	100%	100%

While in Milwaukee will do any of the other activities? (Those responding YES)		
Go to a Restaurant?	62%	64%
Stay in a Hotel?	22%	28%
Go to a Theater Play?	9%	10%
Sporting Event?	21%	23%
A Musical Event?	16%	19%

Notes: The survey was administered by members of the Greater Milwaukee Convention Bureau to attendees of the "Butterflies Alive" exhibit at the Milwaukee Public Museum and the "Michelangelo" exhibit at the Milwaukee Art Museum. A total of 438 surveys at MPM were taken and completed as visitors exited. One survey per family unit. The Milwaukee Art Museum took a total of 511 surveys which were completed as visitors exited. One survey was done per family unit. The results were made available to the respective Museums and prepared for information requested by the Department of Tourism for the State of Wisconsin

Table 5

**Survey Results for Cultural Events**  
**Economic Impact Survey**

	<b>MPM 2000</b>	<b>MAM 2003</b>
Total Visitors	311,000	208,000
Per Capita Spending	14.17	17.11
<b><u>Total Museum Visitor Impact</u></b>		
Private Support - Corporate	585,000	1,100,000
Private Support - Individuals	225,000	411,000
State Support		
County Support	Marketing (GEM) 55,000	38,000
City Support	Police, Parking) 121,000	111,000
City Support	Marketing 40,000	40,000
Total Private Support	810,000	1,511,000
Total Public Support	216,000	189,000
<b><u>Human Capital Impact</u></b>		
# of New Hires	63	61
Duration	1 Year	1 Year
Wages Paid	1,215,900	1,125,840
Average Wage	19,311	18,456
% City Residents	86%	82%
% SMSA Residents	14%	18%
<b><u>Key Statistics</u></b>		
Total Visitors	311,000	208,000
Total Gross Revenue	4,900,000	5,250,000
Total Expenses	3,540,000	4,125,000
Net Result to Museum	1,360,000	1,125,000
Total Expenditures for City of Milwaukee Companies	1,345,000	1,405,000

**Tax Impact**

Sales Tax Revenue	311,200	34
Employment Taxes	85,900	8
Parking Taxes	31,300	3
Hotel Taxes	14,200	1
Total Tax Impact	442,600	48
ROI of Public Support(Tax Only)	2.03	

**Secondary Economic Impact**

( Central Business District Only)

Retail Revenue	895,000	1,08
Hotel Revenue	199,800	30
Restaurant Revenue	568,000	7
Secondary Wage Hiring	506,000	60
Total	2,168,800	2,77
Economic Multiplier	3.55	
Total Secondary Impact	7,699,240	9,8

**Total Economic Impact**

Museum Gross Revenue	490,000	5,2
Payroll Direct	1,215,900	1,1
Tax Impact	442,600	48
Expenditures Impact	1,345,000	1,40
Secondary Impact	7,699,240	9,8
Total Economic Impact	11,192,740	18,0
ROI Public Support ( Total)	35.61	

Notes, the information was provided by the two museums from their financial statements. The tax information was provided by the City of Milwaukee and the Department of Revenue for the State of Wisconsin. The Multiplier for Economic activity was provided by the City of Milwaukee and the Greater Milwaukee Convention Bureau.