

Maximizing Speculative Urban Development:
An Empirical Analysis of Local Governance in Milwaukee

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Senior Honors Thesis
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Fall 2002-03

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After being awarded major league baseball's all-star game, the city of Milwaukee felt that the time was right to build a new stadium to take full advantage of this prestigious opportunity to showcase both their team and the city. The parties involved settled on a \$250 million retractable-roof facility as the ideal stadium for the future, a stadium that would be one of the finest in baseball. In the spring of 1996, the city of Milwaukee attempted to influence negotiations by offering to contribute \$100 million towards construction costs if the stadium was built in the downtown area. This was no surprise as the city had already invested over one billion dollars downtown to pursue a multitude of flagship projects including the Riverwalk, Grand Avenue Mall, and the Calvatrava addition to the art museum to inspire development in the region.

This was characteristic of cities in the early 1990s, when Milwaukee and most other North American cities were pursuing massive speculative developments with hopes that their investment would help to reinvent the region and inspire economic growth. These developments provided evidence for a reorientation of local policy that was identified as the emergence of 'entrepreneurial governance' (Harvey, 1989b). In this sense, the downtown proposal for the baseball stadium was the next flagship project for the city of Milwaukee to pursue with hopes of inspiring growth in the region and recouping their investment.

Unexpectedly, the downtown location for the stadium was eventually overturned for a multitude of reasons, including the following insight from the *Milwaukee State Journal*,

“One hundred million is a pretty hefty price tag to have it downtown. Has anyone analyzed whether that will result in a spin-off of \$100 million dollars in economic development? How many bars can Water St. hold?”

This decision represents another significant transition for Milwaukee’s local governance. The limits of flagship speculative developments had been reached and the city of Milwaukee was now left to find other ways to encourage growth.

This realization does not signify the end of entrepreneurial governance, but it does presuppose a change in the way agents of entrepreneurial governance operate. Current policymakers increasingly focus on maximizing the returns from previous speculative development as a guideline for pursuing catalytic projects with local implications. This trend is especially supported in a region like Milwaukee, which may have pursued speculative developments in the 1990s with implausible aspirations of attracting large influxes of global capital and is now left to maximize these investments at a very local scale.

Before conducting an empirical analysis of Milwaukee’s local governance to illustrate this concept, the following section will first provide context for the argument by addressing the relevant theoretical groundwork. This will include a reflection on the nature of capitalism, the crisis of Fordism, the post-Fordist debate, and the emergence of entrepreneurial governance supported by a case study of Baltimore.

A primary analysis of the fundamental theory

As depicted in Marxian theory, capitalism is an unstable economic system that is characterized by constant accumulation and reinvestment in production, while being propagated by the bourgeoisie exploiting lower classes. In layman's terms, the basic cycle of capitalism involves capital being invested in the means of production (both labor and infrastructure) to produce commodities that are then consumed, which renews the supply of capital, turns a profit, allows for reinvestment in the means of production and so on. For the purposes of this paper, a focus will be placed on the spatial aspects of capitalism rather than invoking arguments of class struggle or alternative means of accumulation. The Marxist geographer David Harvey interprets Marx's theories of capitalism and capital accumulation with respect to its spatial history, which makes for an indispensable resource for attempts at discussing the uneven development of the contemporary economy.

The following passage links capitalism with capital accumulation and cautiously introduces the power and fallacies of the system,

"Accumulation is the engine which powers growth under the capitalist mode of production. The capitalist system is therefore highly dynamic and inevitably expansionary; it forms a permanently revolutionary force which continuously and constantly reshapes the world we live in."

(Harvey, 1975,9)

Harvey continues to explain that the capitalist system is inherently unstable and requires constant accumulation to propagate itself, which results in a crisis of overaccumulation that must be dealt with through numerous 'spatial fixes' (Harvey, 1982). The most visible spatial fix is arguably the relocation of industry

to take advantage of cheap labor and the ensuing profits. Although this tactic might conjure images of expansive sprawl with factories extending towards the cheapest labor available regardless of location (i.e. foreign nations, rural areas, or the urban periphery), it is maintained that, "capital accumulation and the processes of urbanization go hand in hand" (Harvey, 1989a, 22).

Therefore, cities remain at the heart of the capitalist system because they serve as natural centers of accumulation for a range of goods like population, services, and of course capital,

"Urbanization has always been about the mobilization, production, appropriation, and absorption of economic surpluses. To the degree that capitalism is but a special version of that, we can reasonably argue that the urban process has more universal meaning than the specific analysis of any particular mode of production."

(Harvey, 1989a, 53)

Extending this passage to suggest that examining the processes of urbanization could facilitate an understanding of the dominant mode of production is not unthinkable. The prominence of cities on the economic landscape has even led to urban areas being conceptualized as 'growth machines', which further links processes of urbanization with capital accumulation (Molotch, 1976). The most recent dominant mode of capitalist production involves factories and an augmentation of mass-consumption, resulting in the formation of industrial cities along privileged transportation routes.

This era of capitalism is widely referred to as Fordism in academic literature, after taking its name from the automobile plants of Henry Ford, whose factories and industrial strategies best represent the dominant economic structure from the post-war boom period until the early 1970's. The transition to

Fordism after WWII was unsettling, not unlike the contemporary economic restructuring, but the industrial city eventually began to surface on the urban landscape,

“The rise of the industrial city signaled the penetration of capital circulation into the heart of immediate production and consumption. The shift from the appropriation of surpluses through trade, monopoly, and military control to the production of surpluses through command over labor processes in production was slowly wrought. Not all sectors were immediately captured, . . . But for those sectors subsumed, there was a dramatic transformation in the organization of the sociotechnical conditions of production and in the functioning of labor and commodity markets.”

(Harvey, 1989a, 28)

The ‘penetration’ that Harvey refers to is the intensification of industry and the complimentary ethic of mass consumption that characterized the Fordist system. These strategies became the dominant means of capital accumulation during the post-war boom period, driving a golden age of rising wages and growing prosperity.

Until the 1970s, Fordism successfully drove economic expansion despite being plagued with a structural overaccumulation problem that hindered the production capabilities of the system. In short, the demand for the mass-produced goods created by intensive industry had to remain high for the production process to continually inspire growth. This problem was initially counteracted by the Keynesian welfare system, which was a regulatory policy aimed at encouraging consumption by increasing the demand for mass produced goods. The Keynesian system temporarily regulated the Fordist production system but could not completely overcome the fact that ultimately, “the industrial city was an unstable configuration, both economically and politically, by virtue of the contradictory forces that created it” (Harvey, 1989a, 33).

The reduction of transportation barriers and the resulting increase in global competition proved to be too much for the Fordist economic structure to overcome. These processes of globalization led to the nation-state losing its stature as the prioritized scale in the economic structure, spurring the abandonment of the Keynesian mode of regulation and the ensuing crisis of Fordism,

“The revival of world trade through international capital flow led to a proliferation of the overaccumulation problem. Competition from Western Europe and Japan sharpened as the capacity to absorb further investments profitably fell.”

(Harvey, 1989a, 43-44)

The rise of international trade in the mass production industry stripped Fordism of its ability to create growth and drive the economy. Globalization has, therefore, been responsible for reconfiguring economies at all geographical scales, which results in an immediate disinvestment in the Fordist means of production and the emergence of an unstable internationally oriented economic structure (for an excellent and comprehensive overview of globalization processes see *Global Shift* (1998) by Peter Dicken).

The modern economic landscape is littered with patches of uneven development, impressive new areas of production, decaying old industrial structures, and many overlapping scales and systems of governance. For the purposes of this research effort, attention will be focused on formerly industrial cities and how they cope with restructuring, as opposed to areas that have profited from this transition. For the struggling ‘rustbelt’ cities to once again

become economically viable they must first deal with their embedded and obsolete Fordist infrastructure,

“That there had been and were serious problems of overaccumulation of assets in the built environment and of obligations in the field of social expenditures became apparent for all to see. Much of the investment was producing a low rate of return, if any at all. The problem was to try to rescue or trim as much of the investment as possible without massive devaluation of physical assets and destruction of services offered. The pressure to rationalize the urban process and render it more efficient and cost-effective was immense.”

(Harvey, 1989a, 44)

This insight clearly reveals that a prominent feature of rustbelt regions is a surplus of underutilized or abandoned industrial land. An analysis of efforts to redevelop these spaces is crucial to understanding how processes of urbanization are adjusting to new methods of production and the new economy.

As the curtains close on Fordism and intensive industry, it seems as if the door is opening for a new dominant means of production, which has theoretically been seized by a regime of flexible accumulation (Harvey and Scott, 1988). Put simply, this new regime of flexible accumulation begins with an initial disinvestment in Fordist areas of production and continues with an increasing proliferation of more flexible industrial spaces. The full implications of this transition have yet to be realized and are still a matter of considerable academic debate. The theoretical work relating to both capitalism and Fordism, which has been concisely summarized above, will now serve as the groundwork for the many efforts attempting to address the question of what happens next.

This paper will now echo the following challenge issued by David Harvey and Allen Scott, who wish to organize attempts at understanding the nature of the contemporary economy,

“What we are, in effect, calling for here, is a major theoretical effort that transcends the disconnected plethora of approaches and findings that have been generated these past few years in the course of trying to come to grips with the surface appearances of flexible accumulation. These approaches and findings, we submit, must either be synthesized and integrated into some more general theory of the spatial dynamics of capitalism, or be rejected as mere surface gestures and representations that mystify rather than clarify underlying meanings. This task must be pursued in the full recognition that regimes of accumulation do change over time, and that the arenas of accumulation shift around in geographical space.”

(1988, 223)

Post-Fordism answers this call. The post-Fordist debate serves as a context for the many theories attempting to explain the changes of the contemporary economy as well as predict where the economy will turn for the next period of production driven expansion.

By providing this unifying context, the concept of post-Fordism helps to organize the scattered tangents of the many fruitful theories regarding the state of today's economy into more coherent branches of an encompassing argument. Of post-Fordism's many arguments this essay will elaborate on flexible specialization, the neo-Schumpeterian approach, and regulation theory. These theories best represent the scope of the post-Fordist debate (Amin, 1994).

Flexible specialization as a paradigm of industrial production can be traced to the craft districts of Europe, which each contained a flexible industry that was exhibited at the regional level. The reemergence of the region can be drawn from developments,

“...in the early 1970s, as international competition increased and world markets fragmented, firms became more and more wary of long-term investments in product-specific machinery. The product’s market often disappeared before the machinery’s costs were recovered. The more volatile markets became, the more firms experimented with flexible forms of organization which permitted rapid shifts in output. As they did, they encouraged the reconsolidation of the region as an integrated unit of production”
(Sabel, 1994, 102-103)

The most significant strength of these regional industries is their ability to rapidly adjust to changing levels and preferences of demand. Outsourcing portions of the production process and cutting back on labor costs are two examples of how corporations are able to decrease investments towards infrastructure and become more flexible.

Advocates of flexible specialization propose that there are two basic paradigms of production – mass production and specialization. They continue to argue that we are currently experiencing a shift of emphasis among industry, government, and institutions away from mass production strategies towards flexible specialization as the answer to processes of globalization.

There are three major groups of industries that have arisen as areas of flexible production, (1) design intensive or craft industries that produce products ready for consumption, (2) high-tech industries and their posse of dependant suppliers and sub-contractors, and (3) a proliferation of service functions (Scott, 1988). Similar characteristics abound across comparisons of these three examples. These sectors all share the tendency to branch out aspects of the production process too less integrated pools of labor, which is facilitated by increasing spatial agglomeration of similar industries. This concept can be easily understood by directing attention to global cities that have been able to attract

and retain agglomerations of financial services (e.g. New York, Tokyo, London). The agglomeration of similar industries across flexible areas of production and the consequent linkages that result have come to be referred to as a 'global mosaic of regions' with each region characterized by a specialized industry (Scott and Storper, 1992).

The primary contribution of flexible specialization to the post-Fordism debate is signaling the emergence of flexible industries and the rise of regionalism. Flexible specialization is the least abstract of the arguments, which advocates site as a strong point of the theory, but it has drawn criticism from numerous sources. Not in the least from those who believe the dualistic logic of mass production versus flexible production unjustifiably reduces the greater argument to two concretely defined paradigms (Amin, 1994). The rise of regional economies, however, adds a theme that resonates throughout all branches of the post-Fordist debate.

Notions of regionalism have spread throughout the realms of academics and policy-makers who now strategically attempt to enhance the advantages of their region and minimize the deficiencies (Sabel, 1994). Prioritizing the region in this manner is especially relevant in industrial cities, which have experienced disinvestment in major areas of production and are now making attempts towards region-wide recovery. The apparent questions of which resources should a region develop and how can they ensure that these developments will be successful, however, are still matters of considerable debate.

In spite of this ambiguity, resources that contribute to the growth of knowledge-based industry and technological development have unquestionably become more important following the crisis of Fordism. Neo-Schumpeterian theorists point to the growth potential of computers and the Internet as the potential driving force behind new economic expansion. The argument behind neo-Schumpeterian theory evolves from Konratiev and his analysis of the 50-year boom and bust cycles present in the capitalist economies (Amin, 1994). Schumpeter continued work on this theme and came to the conclusion that advances in technology drove the 50-year cycles of prosperity. The Fordist era of capital accumulation is referred to as the fourth Konratiev wave and was driven primarily by mass production technologies. Therefore, the crisis of Fordism presupposes a technological advance that will drive the next long wave of economic expansion. According to neo-Schumpeterian theorists, the revolution in information technology and computers is a large enough breakthrough that it could sustain a fifth Konratiev wave of expansion.

The quintessential example of a region growing in the context of neo-Schumpeterian theory is Silicon Valley. A combination of institutional assistance, key actors, and a natural tendency towards industrial agglomeration resulted in the rapid development of the region directly south of San Francisco into one of the world's first 'technopoles' (Castells and Hall, 1994). Without delving too deeply into the history of the valley, there are many important theoretical concepts that can be drawn from this historical development. The fact

that technological innovation inspires distinct cultures and ways of enabling development is key to understanding the Silicon Valley story (Saxenian, 1994). Institutions and a social network of flexible workers with technological skills were important instigators of development. The impressive growth of Silicon Valley and other technopoles provides strong evidence that computers and information technology could indeed support the fifth Kondratiev wave of economic expansion.

The most prevalent critique of this argument is the fact that it creates a technologically determined 'tunnel vision' effect and does not allow theorization of the economy as a whole (Amin, 1994). Neo-Schumpeterian theory provides a valuable framework for regions exhibiting characteristics that overwhelmingly support the argument, but there are limitations to the argument that makes it difficult to apply this framework exclusively to a formerly industrial city like Milwaukee. Understanding the culture of technopoles is important, however, for regions that want to develop the necessary resources for inspiring technological growth.

Neo-Schumpeterian theory discusses agglomeration tendencies, which are characteristic of flexible specialization, but the theory goes beyond merely noting these developments and acknowledges the importance of social processes to facilitate and regulate technological growth. In this respect, neo-Schumpeterian theory comes to resemble regulation theory, which addresses the same issues from a broader perspective. Neo-Schumpeterian theorists argue that the largest

impediment to the full realization of the fifth Konratiev wave may be the remnants of the obsolete Fordist social structure. This could explain why technological development is considerably more advanced in regions that were not predominately Fordist. Looking beyond this technological focus, it is obvious that social processes have a larger role to play in the post-Fordist debate.

Social processes like governance and societization are at the heart of the final post-Fordist argument. Regulation theory advocates that understanding the process of regulating a production system is essential to establishing a regime of accumulation. This approach focuses on processes that are markedly different than those cited in flexible specialization or neo-Shumpeterian based literature,

“Perhaps the principle contribution of the regulation approach lies in the integration of the roles of political and social relations (state action and legislature, social institutions, behavioral norms and habits, political practices) – the so-called ‘*mode of social regulation*’ (MSR) – into the conception of capitalist reproduction and crisis. ... The *coupling* of an MSR with an accumulation system and their temporary *costabilization* is the linchpin of the regulationist research project.”

(Tickell and Peck, 1992, 192-193)

Basically, regulationists seek to understand how the capitalist system endures as a means of capital accumulation despite constant crises. This perspective introduces a new element to the post-Fordist debate by drawing attention to political and social relations instead of relying solely on economic determinism.

The regime of accumulation and MSR introduced above can be expanded into a broader framework involving the (1) labor process, (2) regime of accumulation, (3) mode of regulation, (4) and mode of societization (Jessop, 1992,1994). Beyond theorizing the after Fordist economy, this framework has

also been applied to analyzing the limitations of Fordism as a theoretical construct.

One important conclusion that can be drawn from this analysis is the fact that the concept of Fordism itself has many internal fallacies that must be addressed before it is possible to successfully theorize post-Fordism. From within the regulationist framework, Jessop (1994) goes as far as to argue that the terminology of Fordism and post-Fordism may be incorrect or misleading. For continuity's sake, this paper will continue to accept the concepts of Fordism and post-Fordism in the context that they have been described above.

This concern for analyzing the theoretical groundwork behind the otherwise accepted concepts of Fordism and post-Fordism is typical of regulation theory, which possesses a vast collection of literature addressing the gaps and fallacies in the regulation approach that is conspicuously missing from the other post-Fordist arguments (Jessop, 1992; Tickell and Peck, 1992; Jessop, 1994; Peck and Tickell, 1994; Hay, 1995; Hay and Jessop, 1995; Painter and Goodwin, 1995; Tickell and Peck, 1995; MacLeod, 1997). Resulting from these efforts, the regulation approach has come to primarily involve the analysis of political economy with an emphasis on the function of governance in regulating local economies. This is not the end result of regulation theory, however, as many theorists still believe that there is still much work to be done towards ironing out wrinkles in the approach and understanding the changes exhibited in governance, which calls for more attempts at case study research.

The regulationist argument has been critiqued as having no real theoretical basis and for leaning towards structuralism (Amin, 1994). These accusations have, in part, led theorists in the area to argue that “the regulationist project is more accurately viewed as a continuing research programme than a completed theoretical edifice” (Tickell and Peck, 1992, 213). This illustrates the true strength of regulation theory, which lies in the fact that it is not preoccupied with naming a post-Fordist era,

When analyzing the economy after Fordism, finding a mode of regulation for what is at best an arguable regime of accumulation is a difficult task with many potential deterrents. The rise of globalization and the increasing role of local governance have confounded this issue. For example, the rise of neo-liberalism as a mode of regulation for the regime of flexible accumulation was introduced and then dismissed as nothing more than a reaction and propagation of the crisis of Fordism (Tickell and Peck, 1995). There are many who believe that the economy is still miring in crisis, however, which makes an understanding of neo-liberal policy insightful when analyzing contemporary urbanization. Numerous alterations to the urban environment have surfaced following the adoption of neo-liberal policies in local governance.

This reorientation can be distinguished as a transition by policymakers in response to the economy’s structural change following the crisis of Fordism. Agents of governance no longer employ “managerial” policies to redistribute resources among their citizens; instead they utilize more “entrepreneurial”

policies in an attempt to attract capital to the region (Harvey, 1989b). This reorientation and some theoretical implications will be discussed below with reference to Baltimore, whose ambitious development of their underutilized industrial harbor has become a model for other cities attempting to combat the struggles accompanying deindustrialization.

David Harvey (1989b) puts forth three broad assertions regarding the emergence of entrepreneurial strategy in Baltimore that effectively characterize the greater argument. (1) Most significantly, at the center of this reorientation is the “public-private” partnership where local government joins with the business sector to pursue projects aiming to attract external sources of investment or bring new employment sources to the region. (2) When examining the public-private partnership, Harvey reveals that they are speculative in nature, which is a signature of the transition to entrepreneurial policy in local governance. In the majority of these relationships greater risk is assumed by the public sector while the private sector reaps the benefits. (3) Finally, there is a growing tendency to devote resources towards promoting a political economy of place rather than addressing social concerns. Governance seeks to upgrade images of their city at the cost of directly improving living and working conditions.

Harvey continues to explain that this reorientation in strategy results from a limited number of options for municipalities to pursue when making attempts at promoting economic development within their region. The four options for growth are outlined as follows: (1) compete within the international division of

labor, (2) increase tourism and improve the regions competitive position with regard to consumption, (3) assume control over key command and control functions, and (4) compete for the reallocation of funds available at the state or even federal level. Each path is difficult for most cities to follow, especially cities like Baltimore or Milwaukee.

Reflecting on each of these opportunities quickly reveals limits to their respective potential for success. The United States and most other Western nations simply can not match the cost efficient labor available in developing nations or China, which makes the first option appear to be nothing more than a temporary solution to economic malaise. Secondly, as will be made clear when more attention is given to Baltimore, there are limits to the benefits of tourism and the overall advantages of pursuing this strategy remain suspect. Thirdly, most command and control functions are already concentrating in established agglomerations (i.e. finance in New York, technology in Silicon Valley, or government in Washington) and are by their very nature difficult to break. Finally, reallocations from higher levels of government have been decreasing since the 1970's making efforts at attracting this source of funding less productive. Despite these potential deterrents, there has still been a proliferation of entrepreneurial policy aiming to attract a combination of these growing sectors.

Baltimore provides the paradigmatic case study necessary to support the entrepreneurial governance thesis, which is exemplified by the redevelopment of their derelict harbor into the pioneering commercial destination of Harborplace,

“The radical reconstruction of the image of Baltimore through the new waterfront and inner-harbor development is a good case in point. The redevelopment put Baltimore on the map in a new way, earned the city the title of “renaissance city” and put it on the front cover of Time Magazine, shedding its image of dreariness and impoverishment. It appeared as a dynamic go-getting city, ready to accommodate outside capital and to encourage the movement in of the “right” people.”

(Harvey, 1989b, 14)

Harvey follows by drawing attention to numerous studies that prove how this development was only beneficial to the city by providing this superficial image and actually, below the surface, contributes to increasing social decline. The resulting increase in tourism, however, dominated both media and political discourse and made Baltimore the envy of other rust belt cities.

The success of Baltimore’s Harborplace provides a template for other cities to follow in hopes of similarly attracting investment to their respective regions. Thus, the flexibility and mobility of capital will likely increase, resulting in the repetitive construction of either these consumer playgrounds or other similar attractions (Harvey, 1989b). These developments are further described as,

“...a stimulating if often destructive maelstrom of urban-based cultural, political, production, and consumption innovations. It is at this point that we can identify an albeit subterranean, but nonetheless vital connection between the rise of urban entrepreneurialism and the post-modern penchant for design of urban fragments rather than comprehensive urban planning, for ephemerality and eclecticism of fashion and style rather than the search for enduring values, for quotation and fiction rather than invention and function, and, finally, for medium over message and image over substance.”

(1989b, 12-13)

The economic guidelines of Fordism, such as the range of a good or mass consumption, have not become principles of the after Fordist economy. Instead, providing for a “good business climate” through entrepreneurial policy has begun to dominate the agenda of most local governments. The end result of this transition remains unknown.

Harvey (1989b) does draw some other implications from the Baltimore case, which he describes as the direct result of “inter-urban competition” for capital investment. Quite importantly, the rise of entrepreneurial governance and the ensuing policy may be facilitating the transition from a regime of Fordism to flexible accumulation signaled earlier. This occurs as a result of the increasingly speculative nature of public sector investment, which encourages the mobility of capital by offering subsidies or other developmental incentives. With these theoretical propositions and macro-economic allusions in hand, the next section will discuss contemporary versions of entrepreneurial governance in Milwaukee.

Reducing the entrepreneurial governance thesis to the local scale provides for the following concept drawn from the Baltimore case,

“Urban entrepreneurialism encourages the development of those kinds of activities and endeavours that have the strongest *localized* capacity to enhance property values, the tax base, the local circulation of revenues, and (most often as a hoped-for consequence of the preceding list) employment growth. Since increasing geographical mobility and rapidly changing technologies have rendered many forms of production of goods highly suspect, so the production of those kinds of services that are (a) highly localized and (b) characterized by rapid if not instantaneous turnover time appear as the most stable basis for urban entrepreneurial endeavour. The emphasis upon tourism, the production and consumption of spectacles, the promotion of ephemeral events within a given locale, bear all the signs of being favoured remedies for ailing urban economies.”

(Harvey, 1989b, 13)

The “localized” argument continues with references to the relative autonomy of the local state and the necessity of different approaches within entrepreneurial strategy among respective regions for the dynamic, experimental, and revolutionary characteristics of capitalism to endure. Slipping back into the regulationist school, one of these approaches may emerge as the mode of social regulation necessary to propagate a true post-Fordist regime of accumulation.

In this spirit, the essay will now turn to Milwaukee with hopes that an intensive case study of the localized entrepreneurial policy aiming to support speculative developments similar to Baltimore’s Harborplace can contribute to the entrepreneurial governance thesis by advancing new reflections and opening some avenues for further research. To facilitate this objective, a primary analysis of the prevailing economic and political conditions in Milwaukee will be presented, referencing the theories of flexible specialization, neo-Shumpeterianism, and regulation discussed above.

Bringing the post-Fordist debate to the city level

The following table (fig. 1) is meant to assist bringing the macro-level post-Fordist theories to the city level by briefly reviewing the theoretical arguments introduced above and introducing the ramifications for a city like Milwaukee to be presented below.

Figure 1: Post-Fordist arguments at the city level

Post-Fordist Theory	Argument	Urban Implications	Milwaukee
Flexible Specialization	Due to processes of globalization, industry is moving away from mass production towards a more flexible specialized industrial structure	An increasing importance of the region as a whole in attracting agglomerations of flexible industry	Suggestions for following a high-road strategy to combat the decentralization of industry and the deterioration of downtown
Neo-Schumpeterian	Computers and information technology are a large enough technological breakthrough to support a fifth Konratiev wave of economic expansion	Greater emphasis on knowledge-based industry and the rise of technopoles on the economic landscape	Struggles to attract high-tech agglomerations due to an embedded Fordist infrastructure
Regulation Theory	Advocates that understanding the processes that regulate a mode of production is key to establishing a regime of accumulation	Due to the controversial nature of the production process, there is an increase in local neo-liberal policy that prolongs the crisis of Fordism	An emergence of a market-based perspective among policymakers and a rise of New Urbanism strategies in planning

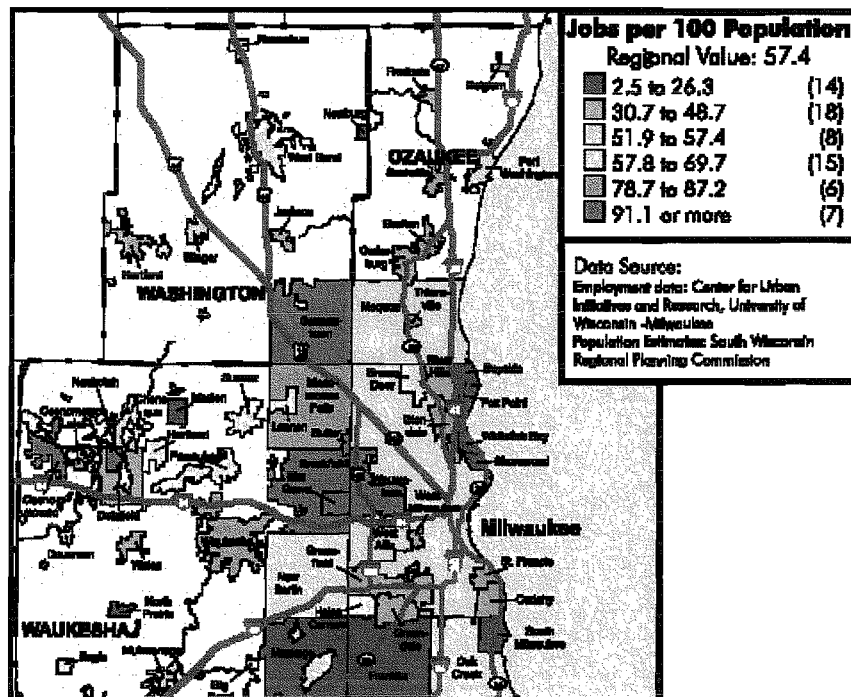
Source: *Author's interpretation*

The remainder of this section will expand these post-Fordist theoretical implications for Milwaukee to portray the economic and political conditions of the city and prepare for an analysis of localized entrepreneurial policy.

The crisis of Fordism was devastating to Milwaukee's industrial and manufacturing base, leaving behind derelict areas of underused infrastructure.

Examining the spatial break-up of industry and manufacturing in the Milwaukee region reveals that between 1979 and 1994 the central city lost 14,000 jobs to suburbia, while the inner-ring suburbs gained 4,800 jobs and the outer-ring suburbs gained 82,000 (Progressive Policy Institute, 2001), which is shown visually in the following map (fig. 2).

Figure 2: Spatial Patterns of Job Loss



Map Source: Center on Wisconsin Strategy
Milwaukee Metropatterns, 2000

The disproportionate distribution of jobs in the suburbs versus the central city creates numerous social problems and places a strain on the existing infrastructure. The Center on Wisconsin Strategy (COWS) believes that these changes in the employment sector characterize the overall decline of downtown Milwaukee, which can be observed by most visitors and residents through sites of notorious urban decay (Rogers et al, 2000). Space does not permit a

comprehensive analysis of Milwaukee's poverty conditions or other social problems, which ironically is similar to the political outlook of the organizations supporting speculative development in Milwaukee.

Nevertheless, members of the COWS organization argue that solutions for Milwaukee's economic struggles can be found through policy discussions at the regional level. This focus on the Milwaukee region as the prioritized scale for analysis rings true with the flexible specialization argument that a 'global mosaic of regions' comprises the contemporary economic landscape (Scott and Storper, 1992). According to flexible specialization theorists, to combat the decentralization of mass production municipalities must attract agglomerations of flexible production to remain economically viable. This objective is clearly outlined in the COWS high-road strategy.

The high-road strategy for Milwaukee involves reinvestment by the public sector in the dilapidated areas of downtown. Pursuing efforts at reviving old industrial areas, rehabilitating housing, and rebuilding infrastructure will allow Milwaukee to pursue and retain high-end employment sectors (Rogers et al, 2000). Focusing on creating quality jobs within the city rather than settling for readily available low-wage employment sectors will result in attracting the industrial agglomerations necessary to drive the economy. The high-road employment sectors include, among others, specialized manufacturing, knowledge-based industry, health and medical technology, and finance institutions. Entrepreneurial strategy in Baltimore has been ineffective in

attracting these sectors with a small exception being the advancement of insurance and banking markets in the area (Harvey, 1989b). Whether or not the localized entrepreneurial policy in Milwaukee will contribute significantly to the high-road strategy is debatable.

Exploring the high-road sector of knowledge-based technological development with respect to Milwaukee reveals a discouraging outlook for developing this sector in the region. If neo-Schumpeterian theorists are right and the next wave of economic expansion does result from growth in the information technology and computer-related sectors of the economy, then there may be no other criteria more important to the economic prospects of a city. The most successful neo-Schumpeterian cities are referred to as technopoles because they possess a distinct culture that encourages agglomeration of knowledge-based development (i.e. Silicon Valley, Route 128) through networks of industrial connections (Castells and Hall, 1994; Saxenian, 1994). There are distinct objectives that cities can pursue to improve their competitive position regarding technological development.

In 2001, the Progressive Policy Institute (PPI) compiled data on characteristics that they felt were the best available indicators for success in attracting and retaining knowledge-based industry. Similar to the neo-Schumpeterian thesis, the PPI believes that technological change is the driving force behind the 'new economy' that emerged following the collapse of Fordism and the rise of novel growth sectors like the Internet. By analyzing and ranking

the nations largest Consolidated Metropolitan Statistical Areas (CMSAs) with respect to their performance in the new economy, the PPI provides a comparative perspective for discerning where a region stands when competing for high-road technological agglomerations.

The PPI study utilizes 16 different indicators that each display aspects of new economic prowess, which are organized into the following five categories: knowledge jobs, globalization, economic dynamism and competition, the transformation to a digital economy, and technological innovation capacity (Atkinson and Gottlieb, 2001). To further explain these categories a representative sample from each will be briefly discussed. One measure of knowledge jobs in the economy can be drawn from the educational attainments of the regions existing pool of labor. When potential employees do not possess the skills necessary to qualify for employment in the technological sector the regions potential is significantly undercut. Secondly, globalization is difficult to measure, but this study focuses on the extent to which the economy is export oriented, resulting in manufacturing economies still scoring relatively well in this category. Thirdly, high numbers of fast growing companies and high rates of turnover time characterize areas with strong elements of economic dynamism. This concept of 'churning' within the local economy signifies fast growth and new economic success. Fourthly, the regions underlying Internet infrastructure can foretell the potential for transforming into a digital economy. In this sense, potential investors can now judge regions by looking at their on-line population

or bandwidth capacity. Finally, a measure of high technological innovation capacity can be drawn from the number of technological patents issued in a region or expenditures on research at a university. These categories are not all encompassing but do provide a comprehensive portrayal of the knowledge-based economic proficiency of the largest metropolitan regions.

The end result of the PPI study is a ranking of the nation's 50 largest CMSAs from (1) San Francisco to (50) Grand Rapids, MI. The chart below (fig. 3) represents a segment of these rankings to help explain the relative position of Milwaukee,

Figure 3: New Economy Metropolitan Rankings

Rank	City	Score	Rank	City	Score
1	San Francisco	95.6	36	Columbus	28.5
2	Austin	77.9	37	Pittsburgh	27.1
3	Seattle	68.0	38	New Orleans	27.0
4	Raleigh-Durham	61.4	39	Oklahoma City	27.0
5	San Diego	61.4	40	Milwaukee	26.5

Source: Progressive Policy Institute

The findings reveal that Milwaukee stands near the bottom of the ladder according to the criteria for evaluation utilized by the PPI. In an economic sector that exhibits strong agglomeration tendencies this does not inspire strong prospects for future development in the technological sector.

The preceding analysis of high-road strategy and knowledge-based employment provides some starting points for understanding the economic conditions of Milwaukee and some potential avenues for future growth. Both the flexible specialization and neo-Shumpeterian arguments offer some prescriptive solutions for the restructuring problems emerging after the crisis of Fordism. Attracting agglomerations of high quality employment sectors and technology-based growth is supported in both theory and by the analysis of policy-level implications reported by COWS and the PPI. Evidence shows that the pursuit of these objectives is more difficult in Milwaukee than most other urban areas, however. Keeping these economic obstacles in mind, analyzing Milwaukee's prevailing political environment will provide the final piece of background material necessary to allow for a critical examination of the local institutions supporting speculative development.

Over time, Milwaukee has earned a reputation for being notoriously conservative when implementing new policy. This makes sense coming from a region once known only for its hard-working labor unions, stable manufacturing base, and beer industry. Nonetheless, the nature of the contemporary political environment is changing, which can be best understood by portraying the political administration of Milwaukee's mayor John Norquist and his views on New Urbanism and market-based growth philosophies for cities.

Norquist is one of the most visible proponents of New Urbanism among city mayors across the nation. The New Urbanist philosophy involves

concentrating efforts on revitalizing downtown areas by pursuing mixed-use developments that are attractive at the pedestrian scale. Interstate highways and suburban sprawl are detrimental to this goal and have been discouraged by city policy efforts. Attempts at increasing the attractiveness of any city can range from superficial beautification efforts like planting trees to eliminating one-way streets to make an area more pedestrian friendly. For Milwaukee, this aspect of New Urbanism has been especially emphasized to draw residents and business back to the downtown area.

Another characteristic of the Norquist administration is the advocacy of a market-based policy outlook. Norquist advocates that cities can be stronger by refusing to rely on federal assistance, which he believes sends a negative signal to potential developers (Norquist, 1998). In this sense, market-based policy goes hand in hand with the entrepreneurial governance thesis, as both prioritize a healthy business climate. From within the post-Fordist debate, regulation theory describes these policy decisions as neo-liberal reactions to the crisis of Fordism (Tickell and Peck, 1995). In short, theorists believe that while the current forms of industrial production are relatively unstable, the resultant pursuit of a good business climate will become the chosen path for growth in the region despite uncertain outcomes. This market-based philosophy inspires a more flexible government that can choose where to invest funds and direct investment, which minimizes the risk placed on the public sector.

The Riverwalk project in downtown Milwaukee epitomizes both the New Urbanist and market-based philosophies. First, Riverwalk has inspired both residential and commercial development along the Milwaukee River creating a more attractive and lively downtown. Second, the utilization of public funds to create infrastructure that then becomes the site of private development is a prime example of how public-private partnerships operate in Milwaukee. The nature of these partnerships and the increasingly local objectives behind their implementation will be examined in the following section.

An empirical analysis of local governance

Entrepreneurial governance in Milwaukee in the early 1990s was characterized by flagship speculative developments that were meant to attract notoriety and investment to the region. Upon reaching the limitations for spin-off growth from these projects, there was a refocusing of policy towards encouraging growth at the local level to support the investments already made toward the construction of these speculative development. To illustrate this transition the paper will first outline the origins of Riverwalk, a speculative development similar to Harborplace, and follow with a discussion surrounding the transition to a more localized strategy and highlighting the roles of significant institutions.

Following the crisis of Fordism and the ensuing decentralization of industry, Milwaukee was desperate for new ways in which to inspire

development downtown. Like most other formerly industrial cities, they looked at Baltimore's Harborplace development and newfound 'renaissance city' status and tried to come up with similar ways of reinventing their own underused industrial landscape. Significant improvements were made to the shores of Lake Michigan during the late 1980s, including the development of the Summerfest grounds, which still support numerous concerts and events every summer. These developments on the lakefront showed progress but the city was still unsteady regarding future prospects. Conversations with a planner at the Department of City Development (DCD) reveal that,

"We brought a consultant in who used to be on the staff of Mayor Schaffer in Baltimore. She was the one who managed all of the development of the Baltimore Harbor, the rest of the waterfront, and the aquarium. So we said to her, here are some ideas because we think that the clean air, cultural and recreational tourism industries are going to be the next big thing that will occur. ... She came into town and our staff kept saying, the lakefront, what should we do about the lakefront? She kept saying it's the river. We went back and forth for six months like that. She kept saying focus on the river and the lake will take care of itself. The lake is okay right now. Focus on the river because the river is where you have all of these opportunities. It was only the backs of buildings located along there. No one was looking at the river as a resource, but what kind of sold people on the idea was when she said, 'what Walt Disney spent \$30 million dollars on to create a site for Disneyworld you have naturally here.'"

The city of Milwaukee listened to this advice and undertook a partnership with private investors to develop the river into a commercial attraction called Riverwalk,

"The Riverwalk area is privately owned and privately developed with a portion of it funded by the public sector to assist them in bearing some cost of construction in exchange for public access to the improvements. Public access is all we really want we don't want to own it and have our taxpayers citywide maintain it. The private property owners are the primary beneficiaries so they should pay for maintenance. In all, this project is costing us about \$13.8 million dollars. What we have realized in already constructed and planned investment is about \$128 million dollars."

Continuing to clarify the nature of the public-private partnership,

“All of this development is what we call fair market transactions – they are not subsidized. We will provide assistance for the installation of public improvements necessary for the Riverwalk. We are putting in new streets because the old streets are industrial in nature and have drainage problems. We tell developers that we will pay for 50% of the cost of the Riverwalk. They do the building and we pay them after it’s done. We are not providing loans or grants to the developers to pay for the costs of their construction. Everyone has to find a way to do it without our money involved. It makes the project stronger. The developer is more at risk so they feel motivated to do it right. This way, (the city) doesn’t get involved in compromising the competitive advantage of other developers who are doing it without our money. The developers say ‘you gave them money and you won’t give me money, what’s going on here?’ We don’t want to intervene in the private market if it is operating right. We shouldn’t intervene too much in these developments because if they collapse it will be on the backs of the tax-payers. If these developments don’t happen it is because the market doesn’t support them and when the market is ready it will happen. We don’t have to speed up the process for our own interests.”

The Riverwalk development is undoubtedly entrepreneurial in nature, being the result of a speculative public-private partnership, which relies on future returns from un-guaranteed investment for success. The resemblance to Baltimore’s Harborplace, in both style and scope, adds another example to the nationwide implementation of speculative policy and construction of flagship developments. Developing a commercial playground to replace underutilized industrial land is typical of the urban fragments being created by repetitive construction of grand entrepreneurial projects (Harvey, 1989b).

Beyond supporting the overall entrepreneurial governance thesis, two significant insights can be drawn from this instance of changing local strategy. First, the way in which an outside consultant was utilized to justify future development in a sense encourages the repetitive construction of flagship projects, instead of inspiring notions of inter-urban competition and cutthroat copycatting being responsible for these developments. The consultant from Baltimore was brought in simply because her projects inspired growth, not

because Milwaukee was looking for a way to attract capital investment at the expense of another locale. This description of the underlying circumstances behind the Riverwalk development reflects a sense of inter-urban compassion among cities having fallen on hard times and introduces the new objective of inspiring local growth to support a speculative project.

Secondly, the emphasis on promoting stable development and the measures taken to reduce the extent of public involvement have become central themes of the Riverwalk. By strictly adhering to a market-based development philosophy, the city of Milwaukee disregards any responsibility for “speeding up the process” and effectively turns away the high turnover rates and quick returns characteristic of other entrepreneurial developments. Another planner at the DCD emphatically states,

“If you cannot make money in Milwaukee then we don’t want you here. I don’t want you to go belly up in this town!”

Encouraging stable development is a characteristic of the COWS high road strategy discussed earlier. Again, this localized strategy employed in Milwaukee to support the speculative development of Riverwalk seems to address many of the warnings raised in the Baltimore case study, where speculative development is depicted as resulting in a proliferation of low-road service jobs. This conclusion is not meant to assert that growth in the low-road services related industry did not emerge in Milwaukee, just to suggest that local policy has heightened awareness and discouraged this path of development.

Riverwalk was one of many major downtown development projects occurring at this time, which inspired the city of Milwaukee to create significant new policy aiming to maximize the benefits of these large flagship developments. Policy makers created the first ever Downtown Plan in 1997 to provide a direction for future development in the area. The purpose of the plan is to continue creating value downtown by encouraging residential growth, private investment and the development of public space in a way that supports the ambitious revitalization started with speculative developments in the early 1990s. To achieve these objectives, the plan proposes several catalytic projects that will inspire further investment in the downtown area and build on investments of the past. Some proposed projects include the revitalization of Wisconsin Avenue, redeveloping the Park East freeway, and extending the Riverwalk.

The Downtown Plan was created following a research effort led by the Princeton based A. Nelessen Associates consulting firm, which worked in conjunction with the Department of City Development (DCD), the Wisconsin Center District (WCD), and the Milwaukee Redevelopment Corporation (MRC). By representing a commitment by the city of Milwaukee to implementing policy that supports and encourages the local benefits of speculative development, the institutions involved in creating this plan have become major actors in Milwaukee's localized version of continuing entrepreneurial governance. An analysis of these institutions will facilitate a deeper understanding of the

perspectives and processes behind maximizing speculative development in the downtown area.

The DCD is a city governmental organization that provides support for many different boards and commissions with a broad range of responsibilities including the management of housing, transportation, economic development, and historic preservation. Encouraging private investment is a major concern of the DCD, which supports a proliferation of public-private partnerships. The creation of private investment, jobs, and funding for the DCD are all presented in the following charts (fig.4, 4.1).

Figure 4: Results of DCD Spending

	2000 Experience	2001 Budget	2002 Projection
Private investment for every city dollar	\$7.82	\$8.00	\$8.00
Jobs Retained	4,653	2,300	2,300
Jobs Created	1,813	1,700	1,700

Source: DCD 2002 Executive Summary

Figure 4.1: DCD Funding Available

Funding by Source	2000 Experience	2001 Budget	2002 Projection
Operating Funds	\$2,648,496	\$1,943,989	\$1,877,343
Grant and Reimbursable	1,836,690	2,745,899	4,464,128
Capital Budget	8,187,653	23,850,000	17,500,000
Special Purpose Accts.	3,594,234	5,066,621	4,686,048
TOTAL:	\$16,267,073	\$33,606,509	\$28,527,519

Source: DCD 2002 Executive Summary

These DCD records were presented together to draw attention to a dramatic shift within the budget between the years 2000 and 2001. The two changes highlighted above (fig. 4, 4.1) show that the number of jobs being retained by DCD spending efforts decreases by half between 2000 and 2001, while funds designated for capital improvement receive an increase of more than \$15 million. Explanations for these changes can be drawn from the city of Milwaukee's preference for not influencing markets after initiating growth and a sharp increase in publicly sponsored catalytic projects.

Milwaukee's position on minimizing city investment in any public-private partnership was introduced through the analysis of Riverwalk and will be extended by the following discussion about residential development with a director at DCD,

"First of all you have to prove that it can be financially successful. (The city) made some strategic investments from the mid-1980s to the mid-1990s to promote downtown living. Those were financial investments made primarily through tax incremental financing districts. We made loans or investments to get some of that early downtown housing project going.... So, (the city) made strategic investments in that. We promoted downtown living; we helped with the successes that were happening, we made sure that the press was aware of it. When I would speak in public I would talk about this. We would try to get different media involved."

City assistance was only meant to go so far, however,

"A very important thing (the city) did was get the market to work and then get out of the financial end of it. We showed everybody that this was a marketplace they could be successful in and then we really took a hands-off approach. We didn't have to be involved in every transaction. The marketplace took over and became a much more conventional place to make investments and develop. When the government gets too actively involved in any one industry it tends to skew things. Then you either have to be involved in every transaction or none of them. We purposely pulled back and said, 'okay, we showed you that this could work. Now you have to make it work on your own.' We really stuck religiously to that. People do ask for subsidies and we have to tell them no. We are really strict on that."

This conversation reveals that the city of Milwaukee is still entrepreneurial in the sense that they will spend money to inspire development, but they do not want to be responsible for prolonging growth in the region. This market-based perspective and strategic spending by the city results in less funding for retaining jobs and more resources devoted to catalytic projects that support investment already embedded in the area, providing central themes for understanding the new roles of local entrepreneurial governance in Milwaukee.

The drastic increase in the DCD capital budget can be attributed to an increasing number of projects utilizing tax incremental financing (TIFs) to fund construction and infrastructure costs. TIFs were mentioned in the previous discussion regarding residential development and their role will be further defined through references to a conversation with a planning manager at DCD,

“Tax-incremental districts are interesting in that they are an economic tool. Essentially the city draws a boundary around a certain area knowing that we have a chance to get some development in there, but that it is only going to happen if we make some public sector improvements. We’re going to pay for those improvements up front, but the taxable incremental value of the land goes up resulting from the project. Then we take all of these taxes for a certain period of time, until our loan is paid back. Usually with a specified amount and time limit. It is a risk on the part of the city, but in (the Beerline B) case they paid it back in just a handful of years.”

The Beerline B is another project along the Milwaukee River where mixed-use development is encouraged to build off of the successes of Riverwalk,

“Beerline B happened so much faster than anyone anticipated. It was a \$60 million dollar investment. There was a tax-incremental finance district associated with the project and that district has already paid back all of the public improvements that were supposed to be paid for over a twenty to thirty year period. The increase in value has just occurred really fast.”

The Beerline B development represents the best-case scenario for the city of Milwaukee when undertaking TIF projects. Spending money on developing an

area with the assumption that value will increase and allow the city to recoup their investment unquestionably places greater risk on the public sector. Often, these developments rely on less than stable predictive indicators, like the recent success of downtown residential markets, which may only be a temporary phenomenon. The fortunate circumstances justifying current TIF developments are alluded to in the following DCD quote,

“The timing of the (downtown development) has been really good because, and this is true for all North American cities, downtowns are becoming more popular again. They are being discovered by young people, who grew up in the suburbs and are experiencing urban living for the first time and like it. Then the empty nesters who are in many ways rediscovering cities and urban areas as well. They may have had exposure to them in their youth, but the American dream then was to be chased outside of cities and now they are rediscovering that urban living can be part of that dream as well.”

Moving residents back into the central city is essential for Milwaukee to combat the sprawl occurring after deindustrialization and support the speculative development in their downtown area. Utilizing TIFs to accomplish this feat and others is a relatively new practice for planners, which contributes to more intensive public works projects, as illustrated by the funding summary above (fig. 4.1). TIFs are purely speculative in character aiming to revive local areas with projections for repayment often extending over 15, 20 or even 30 years, so the amount of investment that will realistically be reclaimed by the city remains unknown. To sum up the position of the DCD, there is an increasing focus on local development efforts in the city with the purpose of opening new markets for growth and maximizing the returns of past investments. Then, after a catalytic project is complete, the city takes a hands-off approach to further development in the area and relies on market support.

When compared with the DCD, the Wisconsin Center District (WCD) plays a side role in the larger practice of entrepreneurial governance in Milwaukee, but one that is increasing in importance and deserves mention. The WCD is a pseudo non-governmental organization created through legislature in 1994 to manage Milwaukee's emerging convention industry. There are close ties between the WCD and the city of Milwaukee, but the WCD receives no property taxes and is therefore somewhat independent of city government. The WCD receives funding from a special sales tax placed on hotel rooms, the food and beverage industry, car rentals, and other tourism related services.

The WCD really began to take action in 1996, following the groundbreaking of the Midwest Express Center in downtown Milwaukee, which would serve as the base for their operations. One of the first objectives of the WCD was to increase the allotment of hotel space downtown to maximize the convention and events related growth potential of Milwaukee. As seen in the following chart (fig.5), the WCD invested \$79.1 million dollars to increase the cities stock of hotel rooms by 30%, which seems to be an extremely ambitious investment. According to the WCD, however, in 2001 alone Milwaukee received more than \$91.5 million dollars in direct investment resulting from the convention business (WCD Annual Report, 2002).

Although this organization focuses on attracting convention visitors and primarily outside forms of capital investment there is still an emphasis on local

benefits when discussing positive results created from WCD investment.

According to a representative from the WCD,

“The money brought into Milwaukee from the convention business is especially valuable because it is spent twice in the community. Say a businessman visits Milwaukee to attend a convention. He goes out for dinner and drinks on the Riverwalk and his out-of-town money goes into the pocket of a local waitress. Then she spends that money on buying a new car, which helps the local economy. The city benefits twice from the out-of-town spending that comes with convention business.”

The WCD takes this spent twice philosophy raised in this quote a step further by estimating that the ripple effect created by convention spending indirectly

benefits Milwaukee by about \$275 million dollars annually (WCD Annual Report, 2002).

Figure 5: Hotel Development Around The Milwaukee River

	Rooms Before 1996	New Rooms After 1996	Development Cost (millions)	Percent Increase
Rooms West of the River	Hilton – 554 Hyatt – 484 Holiday Inn – 245 Hotel Wisconsin – 169 Ramada – 155 Total Rooms: 1607	Best Western – 100 Courtyard Marriott – 169 Hilton Expansion – 200 Howard Johnson – 101 Marriott Inn – 136 Total Rooms: 706	\$ 4.5 17.0 25.0 4.5 20.1 Total: \$71.1	44%
Rooms East of the River	Pfister – 307 Park East – 159 Knickerbocker – 100 Astor – 97 Plaza – 75 Wyndham – 221 County Claire – 31 Total Rooms: 990	Hotel Metro – 65 Total Rooms: 65	\$ 8.0 Total: \$8.0	7%
TOTAL:	2597	771	\$79.1	30%

Source: WCD Annual Report, 2002

Growth in the tourism and convention sectors seems to be a standard side effect of pursuing speculative development with entrepreneurial policy. The rise in conventions and the boom in hotel business in Baltimore is thus far the primary benefactor of developments like Harborplace or the National Aquarium (Harvey, 1989b). Milwaukee's reactive creation of the WCD appears to serve as a safety check against relying too much on growth in this sector. By managing hotel expansion with funds accumulated from visitor spending, there is protection against development going too far and leaving Milwaukee with an abundance of unused hotel space. The creation of the WCD could also be the result of the city wanting to focus resources exclusively on instigating local support for speculative development as opposed to counting on the convention market. The WCD performs a different role than either the DCD or MRC, but their function is still essential for managing and maximizing the returns from speculative development.

Of the three aforementioned institutions, the makeup and function of the Milwaukee Redevelopment Corporation (MRC) is the most ambiguous. After considerable searching, the MRC can be characterized as a council of Milwaukee's leading CEO's, developers, and investment firms with a dual purpose of organizing the scattered fragments of private investment around the city and taking difficult but viable projects and making them happen. The MRC is the epitome of a public-private partnership, working closely with the city to sponsor catalytic development. An empirical analysis of this institution

contributes another perspective to an understanding of contemporary entrepreneurial governance in Milwaukee.

The following discussion with a member of the MRC reveals the nature of the city from an investor's perspective,

"I look at the city when you come with a project like a bank. A banker can tell you 'no, I don't want to invest in this' and you either have to go to another bank or forget about it. In the case of the city, when you need their help you do have to forget about it when they say no. They are a bank in a sense. They have to make a judgment about what makes the most sense to them, in the interest of the taxpayer. If they choose to move forward, great, if they don't you can disagree with them but you can't go beat them up. You wouldn't beat up your banker for saying no. It's a business proposition. You can play politics and who knows who, which always plays a role to some extent. But when it comes down to it, it's just a business proposition."

That the investment community perceives the city as a bank overwhelmingly supports the entrepreneurial nature exhibited by the DCD in decisions made regarding when to pursue a catalytic project and how much funding they wish to allocate. Conversely, the same customs apply when potential projects are presented to the business community according to an executive at MRC, revealing the symbiotic nature of this relationship,

"Our approach is to take things that don't happen in the straight up conventional market and get them done. When there is something that our business community wants and the city wants, (the MRC) reaches out and tries to get creative with very difficult projects and tries to get it done. Those projects have all proved to be catalysts. That's our history and reason for being, so obviously we have to get along very well with the city or those things don't happen. We're good friends with the city. There are times that we bring something in that we think we'd like to do and think that it would be beneficial but it is not high enough on (the city's) priorities or they don't feel that they have the funding required at the moment and haven't been able to do it. I can name two or three of those. They have brought us things and said that we should figure out a way to do it and we'd like to, but sometimes we just can't figure it out. By and large over the years, the largest and most difficult projects in Milwaukee have been accomplished by our partnership."

This passage implies that a public-private partnership between the city and local business interests is essential to accomplish the catalytic projects that are necessary to inspire local growth in the Milwaukee region. Thus far, the analysis

of Milwaukee's public-private partnerships reveals a preoccupation with attracting development to the region with hopes of inspiring local growth, which maximizes the return on previous speculative developments in the city. Further analysis of the nature of the development that Milwaukee is successfully attracting will explain the local growth focus of policy in the region.

The following discussion with a member of the MRC reveals the overall nature of development in the Milwaukee region,

"We have always been much more than most communities an insular market. Most of our development growth comes from local investment. That's not to say that those developers don't sometimes get outside financing, but we have never been a recipient of the largest residential and commercial developers coming into town. We've always had some of that, Travelco came in for a while with residential and office in their heyday in the 1980s, but by and large when you go to some of the other cities and it's a period of time where there is a lot of investment going on versus backing off because vacancies are going way up, you'd see the major investment firms that I see at the Urban Land Institute."

Before going further, the Urban Land Institute (ULI) is an institution located in Washington, D.C. composed of the nations largest real estate developers and investment firms that take part in entrepreneurial redevelopment across the country. The MRC is a member of the ULI, which supports the scale at which speculations regarding Milwaukee's status as a site for flexible investment are presented,

"I am a trustee at the ULI and the people that sit on the board of trustees with me are very wealthy people who have either been involved in investments from insurance companies or pension funds or just investment firms and large developers. By and large, those same people show up in the Chicago's, New York's, and San Francisco's. There is a list of ten or fifteen cities that every time you go to a meeting, which is about three times a year (the ULI) shows you exactly what is going on in Dallas, New York, Chicago, all of their markets, industrial, residential, retail and they watch those because these investors are in and out of those like the stock market.... Instead of owning stocks you own real estate. All of that is going on, but you don't get much of that in Milwaukee. They don't say, 'well how is Milwaukee doing, let's set up by here.' That doesn't ever show up on their radar screens. They see it, they've got it, but it's down at 34 or 35, not where they spend a lot of money. So therefore, being pretty much an insular market, to be successful

here you have to understand (Milwaukee's) niches. Coming in from the outside you don't have the time to understand the niches and you need more margin for error, which means you need more demographic growth so that if you make a mistake it's not really a bad mistake. Milwaukee, if you come in from the outside, you don't get enough margin for error, so again you better hit it just right. That has always been our history with development. Thus, when you look around at doing projects it is almost always local investors. They understand it better, they are willing to take the risk because they think that they can hit it, whereas an outside investor can't spend enough time just on Milwaukee."

The insular nature of Milwaukee's economic environment has made it necessary to change entrepreneurial policy to focus on local growth efforts. There are still numerous opportunities for pursuing successful development in Milwaukee, despite low demographic growth that deters the developers that were originally targeted by the flagship speculative developments of the 1990s. The result has been a change in Milwaukee's entrepreneurial strategies, which now reflect an emphasis on local growth to maximize the potential of previous speculative development.

Final Thoughts

The empirical analysis presented in this paper is in full support of the entrepreneurial governance thesis drawn from flagship developments in Baltimore's harbor (Harvey, 1989b). Ten years later, however, attention needs to be given to the fact that although the nature of the entrepreneurial public-private partnership is relatively unchanged, the objectives behind the practice and implementation of this strategy are becoming more localized with little or no regard being given to inter-urban competition or the attraction of global investment. Milwaukee provides a good case in point by utilizing

entrepreneurial strategy to encourage local growth with hopes of maximizing the returns on speculative development in a predominately insular market.

In a sense, entrepreneurial governance has evolved along with the global economy to maximize the growth potential of the region despite obstacles deterring any potential outside investment. Upon reaching the limits of flagship speculative investments, Milwaukee created a comprehensive downtown plan and institutions reoriented their focus to use the same entrepreneurial principles with new goals of inspiring local development. Milwaukee cannot hope to compete with the New York's, the Chicago's or even the Silicon Valley's for investment, but entrepreneurial policy and strategic public-private partnerships are still an effective strategy for inspiring local growth and maximizing the returns on speculative development.

Acknowledgements

I would like to thank all members of the Department of City Development, Wisconsin Center District, and Milwaukee Redevelopment Corporation who were gracious enough to assist with research and allow for interviews. I am also in debt to Professor of Geography Jamie Peck at the University of Wisconsin-Madison for mentorship and inspiration throughout the research process. Finally, this research effort would not have been possible without monetary support from a Holstrom Undergraduate Research Grant.

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