

# 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

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



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 7766r7766r

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

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

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 can provide a sustainable economic blueprint for areas that have no other means of developing economic strength short of direct federal and state intervention in providing sustainable payments over long periods of time.

gaming and other forms of entertainment centers in their communities an



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 benefits.

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



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

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 itself is a potel39-0.



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



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

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



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

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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











**Survey Results for  
Visitor Survey**

Where do you live?

City of Milwaukee  
Milwaukee County  
Milwaukee SMSA  
Wisconsin  
Illinois  
USA  
Outside USA  
Total

How long are you staying in  
the City of Milwaukee?

One Day  
Two Days  
A Week  
Longer  
Total

How much have you spent at  
the Museum today?

Were you satisfied with the  
exhibit and the Museum?

Yes  
No  
Total

Will you return m10.1346 0 0 57.

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		
Marketing (GEM)	55,000	38,000
County Support		
Police, Parking)	121,00	

**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	1,000
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