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# The Economic State of Milwaukee's Inner City: 1970-2000

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**The Economic State of Milwaukee's Inner City:  
1970-2000**

A report prepared by:  
The University of Wisconsin-Milwaukee  
Center for Economic Development  
December 5, 2002

## **About This Report**

This report was produced at the University of Wisconsin-Milwaukee Center for Economic Development (UWMCED), a unit of the College of Letters and Science at the University of Wisconsin-Milwaukee. The College established UWMCED in 1990, with the assistance of a grant from the U.S. Department of Commerce, Economic Development Administration's "University Center" program, to provide university research and technical assistance to community organizations and units of government working to improve the Greater Milwaukee economy. In 2000, UWMCED also became part of UWM's "Milwaukee Idea," as one of the core units of the "Consortium for Economic Opportunity." The analysis and conclusions presented in this report are solely those of UWMCED and do not necessarily reflect the views and opinions of UW-Milwaukee or the U.S. Department of Commerce.

The author of this report is Dr. Marc V. Levine, director of UWMCED. Chieko Maene, a graduate assistant at the Center, provided extraordinarily diligent and timely research assistance.

UWMCED strongly believes that informed public debate is vital to the development of good public policy. The Center publishes briefing papers, detailed analyses of economic trends and policies, and "technical assistance" reports on issues of applied economic development. In these ways, as well as in conferences and public lectures sponsored by the Center, we hope to contribute to public discussion of economic development policy in Southeastern Wisconsin.

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## Executive Summary

Milwaukee's inner city has experienced a grim thirty-year period of economic decline since 1970. Despite the national economic boom of the 1990s, and some misleading research purporting to show a Milwaukee inner city economy "rich with opportunity," the problems of poverty, joblessness, and slowing business activity persisted through the 1990s. At the beginning of the 21<sup>st</sup> century, a cluster of daunting issues face policymakers seeking strategies to revive Milwaukee's inner city neighborhoods and improve economic opportunities for residents:

**Demographic Decline:** During the 1990s alone, the population in the city's "Enterprise Community" dropped by 24 percent. Between 1970-2000, it fell by 45.2 percent. In the 1990s, every single City of Milwaukee "NSP Area" experienced a decline in population;

**Unemployment and Labor Market Exclusion:** Manufacturing employed around 41 percent of inner city workers in 1970; by 2000, only 19 percent held industrial jobs. The inner city labor market has not recovered from this deindustrialization, and unemployment in the inner city in 2000 was four times the metro Milwaukee average. In the city's "Enterprise Community," 59 percent of the working age population was either unemployed or not in the labor force, twice the suburban average. In the census tracts around 27<sup>th</sup> Street and North Avenue—an important inner city redevelopment zone—54.9 percent of prime working age males (ages 25-54) were either unemployed or not in the labor force in 2000.

**Poverty:** The poverty rate in the city's "Enterprise Community" was 44.3 percent in 1999 (down from 57.1 percent in 1989, but higher than the rate twenty years ago). In neighborhoods such as King Drive, the poverty rate was 50 percent in 1999, *five times* the metro area average. Although poverty rates declined in inner city neighborhoods during the 1990s, this was due mainly to a massive out-migration of poor residents (and some gentrification). Many of these poor residents apparently moved to neighborhoods such as the Northwest Side and Lincoln Park, where poverty (as well as unemployment and labor market exclusion) increased in the 1990s. There was a spatial "rearranging" of poverty in

Milwaukee in the 1990s, rather than a meaningful reduction in poverty rates (the city-wide poverty rate declined only slightly, from 22.1 to 21.3 during the 1990s).

**Income:** Real median household income in the city's "Enterprise Community" fell 13.7 percent between 1979-99; by 1999, the income of the median inner city household in Milwaukee was less than 40 percent of the metro area median, and less than 30 percent of the median household in the suburbs. Real household income did increase during the 1990s in many inner city neighborhoods (such as King Drive) but again, mainly because of massive out-migration by poor households (and a smattering of gentrification). In other neighborhoods, such as the Northwest Side, incomes fell sharply in the 1990s as the number of poor residents increased and middle-class residents shrank. Consequently, real median household income for the city as a whole rose by only 1.5 percent during the "roaring 1990s" (compared to 12.1 percent growth in the suburbs).

**Stagnant Economic Activity:** At the peak of the national economic boom (between 1994-1999), the number of business establishments fell by 9.1 percent in Milwaukee's inner city, and the number of retail establishments declined by 14.0 percent. Other indicators, such as employment and annual payroll, registered very modest gains in the inner city during the late 1990s, but still lagged far behind the growth in business activity in the suburbs. City officials in Milwaukee tout the "competitive advantages" of the inner city, flowing from density and greater "purchasing power" than suburban communities. But, inner city purchasing power (measured by aggregate household income) has declined precipitously since the 1970s, while suburban income has skyrocketed. On every indicator of economic activity examined in this report, the gap between the inner city and Milwaukee's suburbs widened significantly in the late 1990s.

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## I.

### Introduction

There is little disagreement among serious urban researchers across the United States that the “inner cities” of urban America are in profound economic distress. William Julius Wilson, the distinguished Harvard sociologist, has written of “unprecedented” levels of joblessness in inner city neighborhoods, and the social consequences of “when work disappears.”<sup>1</sup> Paul Jargowsky has documented the growth in concentrated poverty, and in “the number of ghettos, barrios, and slums in the United States” since the 1970.<sup>2</sup> As Jargowsky has written: “Every large city in the United States, whether economically vibrant or withering, has areas of extreme poverty, physical decay, and increasing abandonment. Most city residents will go to great lengths to avoid living, working, or even driving through these areas.”<sup>3</sup>

In Milwaukee, by contrast, the rhetoric of city officials has been to dismiss such characterizations of the inner city as “urban legends.” As one researcher, partially funded by the city, put it: “This [the inner city] is an area where there are rich opportunities. You have this myth that people don’t work there and it’s not a place to do business.”<sup>4</sup> A series of recent reports, for example, have sought to dispel “urban myths” about the “economic well-being” of Milwaukee’s inner city, highlighting the “hidden assets” and “untapped purchasing power” of these neighborhoods.<sup>5</sup> These reports have even compared inner city income patterns favorably to trends in the suburbs, and argued that the more densely populated inner city offers a “competitive advantage” for business growth. A Milwaukee

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<sup>1</sup> William Julius Wilson, *When Work Disappears: The World of the New Urban Poor* (New York: Alfred A. Knopf, 1996).

<sup>2</sup> Paul Jargowsky, *Poverty and Place: Ghettos, Barrios, and the American City* (New York: The Russell Sage Foundation, 1997).

<sup>3</sup> *Ibid.*, p. 1.

<sup>4</sup> Cited in Joel Dresang, “Heart of city beats with opportunity,” *The Milwaukee Journal-Sentinel*, 16 January 2000.

<sup>5</sup> See UWM Employment and Training Institute, *The Milwaukee Neighborhood Indicators/Asset Mapping Project: Employment and Income Growth in Central City Milwaukee Neighborhoods*; John Pawasarat and Lois Quinn, “Exposing Urban Legends: The Real Purchasing Power of Central City Neighborhoods,” Brookings Institution, June 2001. We should note that we have yet to find a single scholarly analysis claiming that “no one works in inner city neighborhoods,” one of the “urban legends” that the ETI/City of Milwaukee studies seek to “expose.” This is simply a strawman.

*Journal-Sentinel* newspaper headline in 2000 perfectly captured the spin of city officials and the positive tone of these recent reports: “Heart of city beats with opportunity.”<sup>6</sup>

However, the most comprehensive and recent data available are at odds with this boosterish perspective. Despite the national economic boom of the 1990s –which brought considerable prosperity to the Milwaukee region<sup>7</sup>-- poverty and unemployment remain stubbornly high in the inner city. Despite the misleading analyses presented on inner city “purchasing power” as the potential linchpin of economic revival, aggregate income and business activity in inner city neighborhoods continued to fall further and further behind Milwaukee’s thriving suburbs. Most dramatically, the 1990s brought a new wave of demographic “hollowing out” in the inner city, in which thousands of residents left these neighborhoods –hardly a sign of economic vitality. Even in areas explicitly touted by the city as examples of an inner city “renaissance” – the commercial districts along King Drive and around 27<sup>th</sup> Street and North Avenue—economic indicators reveal astonishing levels of economic distress. Finally, signs were unmistakable that the inner city conditions were spreading to other city neighborhoods; in the 1990s, for example, incomes fell and poverty and unemployment rose sharply on the city’s Northwest Side.

This report, drawing on the most recent data from the decennial U.S. Census and *County Business Patterns*, offers a long-term perspective on the economic health of Milwaukee’s inner city, tracing trends in income, poverty, and employment since the 1970s. It is in this longer historical perspective that we can gain a clearer sense of the economic trajectory of Milwaukee’s inner city neighborhoods. Effective economic revitalization policies depend on an accurate appraisal of neighborhood economic conditions. The goal in this report to provide such an appraisal, so that policymakers and citizens may better understand the nature of the challenges facing Milwaukee’s inner city, and assess how well current policies are meeting those challenges. Ultimately, the purpose of this report is to permit policymakers and citizens to assess where we’ve been, where we are currently, and where we may be headed.

Before we present the data, for the purposes of clarity, let us define terms. This report uses the term “inner city” to refer to Milwaukee’s neighborhoods in which, historically,

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<sup>6</sup> Dresang, *op. cit.*



economic conditions have trailed the rest of the city and region.<sup>8</sup> We present data for these neighborhoods in four main ways. First, we present data on economic trends since 1970 in the 35 census tracts designated by the City of Milwaukee in 1994 as part of the city’s “Enterprise Community” – effectively, for the purposes of receiving federal aid, these were the tracts designated as Milwaukee’s “inner city.” Second, we present data since 1970 on the 17 neighborhoods designated, again by the City of Milwaukee, as “Neighborhood Strategic Planning Areas,” the core neighborhoods around which the city orients its community development block grant activity. Third, we examine census tracts along three commercial corridors of the city –the King Drive area, the 27<sup>th</sup> and North area, and the Fond du Lac Avenue corridor-- to more clearly examine whether the presumed advantages of “aggregate purchasing power” in the inner city are showing up in indicators of neighborhood socio-economic health. Finally, for data on economic trends in the 1990s –such as the number of businesses or retail trade establishments—we use “zip code” designations of city neighborhoods (because this data, extracted from *County Business Patterns*, is not available at the census tract level). The zip codes we use for the inner city in these tables are precisely the ones utilized in the ETI studies and City of Milwaukee presentations on the “economic well-being of the central city.” [These zip codes, as well as the precise census tracts making up each neighborhood analyzed in this report, can be found in the appendix].

## II.

### The “Hollowing-Out” of Milwaukee’s Inner City

It is often claimed that “demography is destiny,” and while that may not be literally true for neighborhoods, population trends are an important indicator of neighborhood economic dynamism. Population decline often goes hand in hand with economic distress; conversely, population growth is strongly associated with a thriving economy. Population

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<sup>7</sup> See the Center for Economic Development report, *Metropolitan Polarization in an Era of Affluence: Income Trends in Metropolitan Milwaukee During the 1990s* (Milwaukee: CED, January 2002).

<sup>8</sup> Sometimes, the label “central city” is used to describe these neighborhoods, as in the ETI reports and often in newspaper reports. But, since the Census Bureau defines “central city” as the (entire) city (as opposed to suburbs or metropolitan areas), most scholars use the label of “inner city” or “ghetto” to describe the troubled neighborhoods of the “urban core.” We shall follow the more accepted usage here, and refer to the neighborhoods of Milwaukee’s “inner city.”

loss means shrinking consumer markets and a smaller pool of employable workers – factors that contribute to economic stagnation. Moreover, in a devastating downward spiral, economic decline and associated social problems then induce more residents to leave a neighborhood in search of economic opportunity and better neighborhood conditions, and discourage others from moving into the neighborhood. This, in turn, promotes further population decline and economic distress.

Population trends since the 1970s have reflected essentially a demographic “hollowing-out” of Milwaukee’s inner city, a massive movement of residents out of neighborhoods in the heart of the city. Since 1970, the neighborhoods comprising the City’s currently designated “Enterprise Community” have lost 45.2 percent of their residents. The census tracts around King Drive and 27<sup>th</sup> and North Avenue, on Milwaukee’s North Side, contain *half* the number of residents and families in 2000 that they did in 1970. As Tables 1-6 illustrate, the bulk of the exodus from Milwaukee’s inner city has occurred in two waves: in the 1970s and in the 1990s. Despite the programs associated with the designation of the city’s “Enterprise Community” in the 1990s –as well as highly touted “market-driven” redevelopment projects along King Drive and the 27<sup>th</sup> and North Avenue community—these areas lost between 22.3 percent and 30.3 percent of their entire population during the 1990s. Of Milwaukee’s 17 “Neighborhood Strategic Planning Areas,” all but three experienced steep population declines during the 1990s, with seven “NSP” areas losing 20 percent of their population during the decade alone (and over 40 percent of their residents since 1970). In short, if the “heart of the city” was beating with opportunity in the 1990s, residents were missing the message and “voting with their feet” by exiting the inner city in droves.<sup>9</sup>

Where did these inner city outmigrants go? We know, given persistent segregation in metropolitan Milwaukee, that very few moved to the suburbs. As Table 1 shows, the Northwest Side –including census tracts on the far northwest part of the city—witnessed a substantial increase in population between 1970-2000 (including a solid gain in the 1990s). Given the economic changes on the Northwest Side we examine later, it seems clear that many of the poorer residents who exited the traditional “inner core” in

**Table 1:**  
**The Demographic “Hollowing-Out” of the Inner City I: Fewer People**  
**Population Change in Selected Inner City Neighborhoods Since 1970**

<b>Neighborhood</b>	<b>% change 1970-1980</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
City of Milwaukee Enterprise Community	-24.3	-4.8	-24.0	-45.2
Fond du Lac Corridor	-8.6	-1.8	-13.5	-22.4
King Drive District	-36.2	-4.9	-22.3	-52.8
27 <sup>th</sup> and North Area	-20.2	-9.3	-30.3	-49.6
Northwest Side (extended)	+11.6	+4.6	+4.1	+21.5
City (entire)	-11.3	-1.3	-5.0	-16.8

**Table 2:**  
**The Demographic “Hollowing-Out” of the Inner City II: Fewer People**  
**Population Change in City of Milwaukee “NSP” Areas Since 1970**

<b>NSP #</b>	<b>Neighborhood</b>	<b>% change 1970-1980</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
1	Parklawn	-6.3	+1.7	-10.1	-14.3
2	Northwest	-7.6	+3.8	-0.9	-5.1
3	Lincoln Park	-14.0	-4.4	-5.8	-22.5
4	United Community	-9.6	-6.8	-17.9	-30.9
5	Sherman Park	-5.9	+5.0	-0.6	-1.8
6	Harambee	-24.0	-5.2	-20.0	-42.4
7	Riverwest	-20.0	+2.3	-9.8	-26.2
8	Metcalf Park	-9.5	-3.2	-24.6	-34.0
9	Midtown	-18.2	-11.9	-31.3	-50.5
10	Waico/YMCA	-33.9	-12.2	-25.3	-56.6
11	Grandview/Walnut Hill	-15.1	+7.7	-20.6	-27.4
12	Mid-Town	-25.0	-6.3	-25.6	-47.7
13	Hillside/Lapham	-9.0	-0.1	-34.1	-40.1
14	West Side	-18.3	+6.5	-17.1	-27.8
15	Greater Clarke Square	-12.3	+5.1	+10.8	+2.1
16	Near South Side	-11.0	+11.1	+1.8	+0.6
17	Historic South Side	-15.9	+3.3	+7.6	-6.6

<sup>9</sup> Another possibility, of course, is that many low-income residents were “encouraged” to move out of inner city neighborhoods, as pockets of gentrification developed in the “Enterprise Community” (i.e. especially in areas such as Brewers Hill and Walkers Point). We will return to this possibility later in this report.

Milwaukee moved to the northwest. Finally, many inner city residents apparently left Milwaukee entirely during the 1990s, although we cannot pinpoint their destinations until more refined census data on migration becomes available in 2003.

But, whatever the destination of inner city outmigrants, the conclusion is unavoidable: Milwaukee’s inner city has undergone an extraordinary depopulation over the past thirty years, with massive demographic declines continuing in the 1990s. No matter the measure we use –total population, number of families, or number of households—the finding is the same: a massive demographic abandonment of the inner city. This is hardly a positive sign for the economic vitality of inner city neighborhoods.

**Table 3:**  
**The Demographic “Hollowing-Out” of the Inner City III: Fewer Families**  
**Change in the Number of Families Living in Selected**  
**Inner City Neighborhoods Since 1970**

<b>Neighborhood</b>	<b>% change 1970-1980</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
City of Milwaukee Enterprise Community	-21.1	-8.1	-26.4	-46.7
Fond du Lac Corridor	-11.9	-4.8	-15.0	-28.7
King Drive District	-32.1	-2.9	-22.1	-48.7
27 <sup>th</sup> and North Area	-17.8	-13.7	-30.5	-50.7
Northwest Side (extended)	+18.1	+1.4	-2.0	+17.4

**Table 4:**  
**The Demographic “Hollowing-Out” of the Inner City IV:**  
**Change in the Number of Families Living in City of Milwaukee “NSP” Areas Since 1970**

<b>NSP #</b>	<b>Neighborhood</b>	<b>% change 1970-1980</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
1	Parklawn	-8.7	-0.3	-17.3	-24.8
2	Northwest	-12.5	+1.9	-4.1	-14.5
3	Lincoln Park	-14.6	-3.2	-10.2	-25.8
4	United Community	-7.8	-6.2	-18.7	-29.8
5	Sherman Park	-12.9	-2.2	-3.2	-1.8
6	Harambee	-22.1	-3.7	-22.4	-41.8
7	Riverwest	-28.0	-3.5	-16.9	-42.2
8	Metcalf Park	-8.5	-8.5	-28.3	-40.0
9	Midtown	-15.2	-10.4	-34.0	-49.8
10	Waico/YMCA	-31.6	-13.6	-26.8	-56.6
11	Grandview/Walnut Hill	-15.8	-1.5	-21.8	-35.2
12	Mid-Town	-22.7	-6.6	-25.4	-46.1
13	Hillside/Lapham	-6.7	+1.3	-36.8	-40.2
14	West Side	-28.8	+8.2	-17.9	-36.8
15	Greater Clarke Square	-10.5	-1.4	-1.2	-12.7
16	Near South Side	-5.4	-1.0	-7.9	-13.8
17	Historic South Side	-15.9	-0.5	-3.3	-19.1

**Table 5:**  
**The Demographic “Hollowing-Out” of the Inner City V: Fewer Households**  
**Change in the Number of Households Living in Selected Inner City Neighborhoods Since 1980**

<b>Neighborhood</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
City of Milwaukee	-10.3	-20.7	-28.9
Enterprise Community			
Fond du Lac Corridor	-7.4	-11.5	-18.1
King Drive District	-7.2	-22.0	-27.6
27 <sup>th</sup> and North Area	-17.1	-26.4	-39.0
Northwest Side (extended)	+9.5	+0.8	+10.3

**Table 6:**  
**The Demographic “Hollowing-Out” of the Inner City VI: Fewer Households**  
**Change in the Number of Households Living in City of Milwaukee “NSP” Areas Since 1980**

<b>NSP #</b>	<b>Neighborhood</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
1	Parklawn	-5.1	-10.2	-14.8
2	Northwest	-1.5	-5.0	-6.4
3	Lincoln Park	+0.1	-5.0	-4.9
4	United Community	-5.8	-9.8	-15.0
5	Sherman Park	-2.7	-3.8	-6.4
6	Harambee	-6.2	-15.8	-21.1
7	Riverwest	+0.7	-5.8	-5.2
8	Metcalf Park	-13.6	-22.6	-32.6
9	Midtown	-14.2	-26.9	-37.3
10	Waico/YMCA	-17.2	-19.5	-26.4
11	Grandview/Walnut Hill	-11.9	-21.5	-30.9
12	Mid-Town	-8.6	-19.5	-33.3
13	Hillside/Lapham	+7.9	-27.5	-21.7
14	West Side	-8.1	-12.3	-19.4
15	Greater Clarke Square	-0.3	-5.1	-5.4
16	Near South Side	-1.7	-7.3	-8.9
17	Historic South Side	-0.5	-3.3	-0.1

### III.

#### **When Work Disappears: Milwaukee’s Inner City Labor Market Since 1970**

As William Julius Wilson has noted in his pathbreaking work on the inner city, “current levels of joblessness in some neighborhoods are unprecedented...For the first time in the twentieth century, most adults in many inner city ghetto neighborhoods are not working in a typical week.”<sup>10</sup> The impact of joblessness on inner city neighborhoods, as Wilson explains, is profound:

The consequences of high neighborhood joblessness are more devastating than those of high neighborhood poverty. A neighborhood in which people are poor but employed is different from a neighborhood in which people are poor and jobless. Many of today’s problems in the inner-city ghetto

<sup>10</sup> Wilson, *When Work Disappears*, p. xiii.

neighborhoods—crime, family dissolution, welfare, low levels of social organization, and so on—are fundamentally a consequence of the disappearance of work.<sup>11</sup>

Since the 1970s, Milwaukee’s inner city neighborhoods have witnessed a staggering growth in the proportion of residents who are “poor and jobless.” As Table 7 shows, official rates of unemployment *tripled* in the neighborhoods comprising the City of Milwaukee’s “Enterprise Community” between 1970-2000. By the 1990s, official unemployment rates exceeded 20 percent in the most troubled neighborhoods of the inner city (see Tables 7 and 8). The 1980s were a particularly devastating decade for inner city labor markets; in the census tracts around 27<sup>th</sup> Street and North Avenue, for example, unemployment reached 31.2 percent in 1990.

During the 1990s, there was some improvement in the unemployment situation in most inner city neighborhoods, although rates remained stubbornly high. In the city’s “Enterprise Community,” for example unemployment rates dropped from 27.8 percent to 22.2 percent during the “boom” decade. Unemployment declined in the census tracts around 27<sup>th</sup> and North from 31.2 to 22.3 percent between 1990-2000.

These improvements, however, may be less meaningful than they appear. First, the 2000 unemployment rate the “Enterprise Community,” for example, was over *four times* the metro Milwaukee unemployment rate; by contrast, in 1980 it was about 2.5 times greater than the metro area average. Thus, the unemployment gap separating the inner city from the rest of the regional economy remains much greater than twenty years ago. Whatever modest gains occurred in the 1990s, they were insufficient to bring the unemployment situation in the inner city back to even conditions of 1980.

Second, in a finding we will see repeated on a number of indicators, economic distress in the 1990s –this time in the form of unemployment—grew markedly in Milwaukee’s Northwest Side neighborhoods (see Table 7), as well as in neighborhoods such as Lincoln Park and Sherman Park (see Table 8). Overall, during the great national economic boom of the 1990s, the city of Milwaukee’s unemployment rate *rose* from 8.9 percent to 9.4 percent. In short, rather than representing any genuine gains in the inner city labor market, the “improved” unemployment rate in many inner city neighborhoods

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<sup>11</sup> *Ibid.*

**Table 7:**  
**Unemployment in Milwaukee's Inner City I: 1970-2000**  
**% of civilian labor force unemployed in selected neighborhoods**

<b>Neighborhood</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
City of Milwaukee Enterprise Community	7.8	15.7	27.8	22.2
Fond du Lac Corridor	5.1	9.1	16.5	13.3
King Drive District	10.6	16.8	28.0	24.9
27 <sup>th</sup> and North Area	9.0	14.1	31.2	22.3
Northwest Side (extended)	4.0	6.3	6.9	8.5
City of Milwaukee (entire)	4.1	6.9	8.9	9.4
Metro Milwaukee	3.2	6.1	5.6	5.2

**Table 8:**  
**Unemployment in Milwaukee's Inner City II: 1970-2000**  
**% of civilian labor force unemployed in NSP Areas**

<b>NSP #</b>	<b>Neighborhood</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
1	Parklawn	3.4	5.3	15.7	13.3
2	Northwest	3.7	8.4	11.8	13.6
3	Lincoln Park	2.5	9.4	8.9	13.5
4	United Community	6.7	13.4	17.1	19.3
5	Sherman Park	2.8	5.7	9.1	10.1
6	Harambee	7.4	16.3	22.2	22.0
7	Riverwest	4.5	8.1	10.8	9.1
8	Metcalf Park	6.4	14.1	22.9	20.9
9	Midtown	9.5	16.2	30.4	21.1
10	Waico/YMCA	7.5	14.6	28.6	25.0
11	Grandview/Walnut Hill	5.4	11.2	20.6	22.4
12	Mid-Town	10.4	16.0	34.1	24.9
13	Hillside/Lapham	7.6	23.8	40.8	23.2
14	West Side	5.8	10.0	15.9	15.3
15	Greater Clarke Square	5.3	6.7	9.0	13.0
16	Near South Side	4.8	10.9	16.1	13.7
17	Historic South Side	4.0	8.5	10.4	12.7



during the 1990s simply represented a geographic “rearranging” of unemployment, with a slight reduction in the traditional “inner core” and sharp increases in neighborhoods to the north and west. Symptomatic of this trend of the “expanding inner city” was the sharp deterioration in the employment situation in Lincoln Park where the unemployment rate climbed by 50 percent during the 1990s (rising from 8.9 to 13.5 percent).

Although the unemployment rate is a useful indicator of the labor market situation in inner city neighborhoods, it is flawed because it does not reveal the true extent to which work has disappeared from neighborhood life. For example, the unemployment rate does not include people who have stopped looking for work or are otherwise not in the civilian labor force. Thus, a better measure of the availability of work in Milwaukee’s inner city is the indicator known as “labor market exclusion.” This measure calculates the proportion of the working age population (over 16 years old) that is either unemployed or not in the civilian labor force (in school, not looking for work, disabled, or in prison).

As Tables 9-12 graphically illustrate, labor market exclusion has reached breathtaking proportions in Milwaukee’s inner city. 59.0 percent of the working age population in the city’s “Enterprise Community” was either unemployed or not in the civilian labor force in 2000. Four of the city’s “NSP” areas had exclusion rates above 60 percent in 2000. This may not reach the status of “no one works in these neighborhoods,” the strawman that the ETI reports seek to “expose” as an “urban myth,” but these are rates of “non-work” that bespeak an inner city in deep and continuing economic crisis. By contrast, the labor market exclusion rate for metro Milwaukee suburbs in 2000 was only 29.5 percent.

Tables 11-12 present labor market exclusion rates for *males* in inner city neighborhoods between 1970-2000. This breakdown enables us to more precisely analyze changes in inner city work opportunities since 1970 by controlling for increases in labor force participation by women that has occurred since then. The results are striking: in every neighborhood in the inner city, the percentage of the male working age population either unemployed or not in the civilian labor force has grown markedly since 1970. By 2000, over 56 percent of the working age males in Milwaukee’s “Enterprise Community” were either unemployed or not in the civilian labor force. This is *double* the rate in the

metro Milwaukee suburbs. In 2000, labor market exclusion rates for males exceeded 60 percent in three of the city’s “NSP” areas and were over 50 percent in five others. Even during the boom decade of the 1990s, labor market exclusion among males *increased* in 12 of the city’s 17 “NSP” areas. Along King Drive and around 27<sup>th</sup> St. and North Avenues – the two areas most often cited by city officials as examples of successful redevelopment in Milwaukee’s inner city—the vast majority of working age male residents in 2000 were either unemployed or not in the labor force (see Table 11).

**Table 9:**  
**Labor Market Exclusion in Milwaukee’s Inner  
City Neighborhoods: Both Sexes**

(% of working age population either unemployed or not  
in the civilian labor force, 1970-2000)

Neighborhood	1970	1980	1990	2000
City of Milwaukee Enterprise Community	47.5	55.3	64.6	59.0
Fond du Lac Corridor	45.7	44.4	47.0	48.5
27 <sup>th</sup> St. and North Avenue Area	48.0	53.4	65.8	61.5
King Drive District	48.5	56.9	67.4	61.4
Northwest Side (extended)	34.2	33.7	34.7	40.2
City of Milwaukee (entire)	40.7	41.2	41.8	42.2
Metro Milwaukee Suburbs	40.3	35.6	30.0	29.5

The figures on male labor market exclusion highlight not only the extent to which work has “disappeared” in the inner city since the 1970s, but the degree to which distressed inner city labor market conditions expanded geographically in Milwaukee during the 1990s. The percentage of working age males “not working” in neighborhoods such as the Northwest Side, Lincoln Park, and Sherman Park has grown in every decade since 1970, including the 1990s. By 2000, 48.2 percent of all working age males in Lincoln Park and the Northwest NSP Area--neighborhoods of stable, blue-collar, middle-class workers in the not-too-distant past—were out of work (table 12).<sup>12</sup> In short,

<sup>12</sup> The deteriorating labor market for residents of Lincoln Park is, once again, striking. In 1970, the rate of male labor market exclusion among Lincoln Park residents (20.9 %) was comparable to the rate in Milwaukee’s *suburbs* (19.8 %), and lower than the rate for the city as a whole (25.5 %). By 2000, the

whether we look at the “traditional” inner city (neighborhoods such as Metcalfe Park or Harambee) or the “new” inner city (neighborhoods such as Lincoln Park or the Northwest), the finding is the same: by 2000, after three decades of economic decline, unacceptable numbers of working age males in the inner city were “not working.”

**TABLE 10:**  
**Labor Market Exclusion in Milwaukee’s**  
**“NSP Areas”: Both Sexes**

(% of working age population either unemployed or not  
in the civilian labor force, 1970-2000)

NSP #	NEIGHBORHOOD	1970	1980	1990	2000
1	Parklawn	43.5	43.0	48.4	45.9
2	Northwest	40.4	39.7	39.6	46.4
3	Lincoln Park	37.4	42.0	38.3	47.4
4	United Community	40.4	46.3	50.8	57.1
5	Sherman Park	43.4	39.4	36.0	39.9
6	Harambee	45.4	54.2	59.4	56.7
7	Riverwest	41.9	40.8	39.7	36.2
8	Metcalfe Park	45.1	48.5	58.3	56.8
9	Midtown	47.6	54.1	65.0	60.8
10	WAICO/YMCA	44.3	56.2	63.4	62.0
11	Grandview/Walnut Hill	42.3	44.2	57.5	55.1
12	Mid-Town	52.1	56.4	66.2	62.1
13	Hillside/Lapham	65.3	70.7	81.5	63.7
14	West Side	45.0	51.4	55.0	48.9
15	Greater Clarke Square	42.8	44.1	44.2	49.7
16	Near South Side	44.5	49.8	52.4	47.9
17	Historic South Side	42.3	42.0	40.7	48.1

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Lincoln Park rate (48.2 %) was *double* the suburban rate (24.8 %), and nine percentage points higher than the city average.

**Table 11:**  
**Labor Market Exclusion in Milwaukee's Inner  
City Neighborhoods: Males**

(% of working age population either unemployed or not  
in the civilian labor force, 1970-2000)

<b>Neighborhood</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
City of Milwaukee Enterprise Community	33.9	47.2	57.6	56.4
Fond du Lac Corridor	29.6	37.0	44.1	49.4
27 <sup>th</sup> St. and North Avenue Area	33.1	45.7	60.1	61.1
King Drive District	36.0	52.5	62.8	58.1
Northwest Side (extended)	15.0	22.6	27.9	35.6
City of Milwaukee (entire)	25.5	32.1	35.8	39.7
Metro Milwaukee Suburbs	19.8	21.3	22.6	24.8

**Table 12:**  
**Labor Market Exclusion in Milwaukee's "NSP Areas": Males**

(% of working age population either unemployed or not  
in the civilian labor force, 1970-2000)

<b>NSP #</b>	<b>NEIGHBORHOOD</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
1	Parklawn	26.2	31.0	40.5	41.2
2	Northwest	23.6	30.9	35.5	48.2
3	Lincoln Park	20.9	31.6	35.4	48.2
4	United Community	28.7	41.5	47.6	59.1
5	Sherman Park	27.4	30.2	30.7	39.0
6	Harambee	31.6	45.9	53.1	54.7
7	Riverwest	28.5	32.6	34.4	34.6
8	Metcalfe Park	30.0	40.4	51.7	57.9
9	Midtown	32.7	46.7	62.3	58.9
10	WAICO/YMCA	33.2	51.1	56.5	60.7
11	Grandview/Walnut Hill	26.9	34.2	50.9	54.9
12	Mid-Town	37.1	48.7	62.3	60.7
13	Hillside/Lapham	60.6	69.7	81.6	69.1
14	West Side	39.7	45.7	50.8	49.1
15	Greater Clarke Square	26.7	30.4	35.2	44.1
16	Near South Side	29.6	38.3	42.3	38.6
17	Historic South Side	24.7	30.3	32.7	43.0

Table 13 offers perhaps the sharpest snapshot on the degree to which the inner city labor market had diverged from the rest of the Milwaukee region by 2000. This table attempts to control for variables that might influence rates shown in earlier tables, such as the number of potential workers in school or the growth of female labor force participation since the 1970s. Table 13 displays labor force exclusion rates among prime working age (between 25 to 54 years old) residents of two key inner city neighborhoods – King Drive and 27<sup>th</sup>/North—compared to the entire city of Milwaukee as well as the suburban communities of metropolitan Milwaukee.

**Table 13:**

**Labor Force Exclusion Among  
Prime Working Age Population in Selected  
Milwaukee Communities, 2000**

(% of residents ages 25-54 either unemployed or not in labor force)

<b>Place</b>	<b>Males</b>	<b>Both Sexes</b>
King Drive District	42.1	46.5
27 <sup>th</sup> Street and North Avenue Area	54.9	54.2
City of Milwaukee	25.6	28.2
Metro Milwaukee Suburbs	9.3	14.5

The disparity between the inner city and “mainstream” economies could hardly be wider. In 2000, the labor force exclusion rate among prime working age males in the 27<sup>th</sup> Street and North Avenue neighborhood was *six times* higher than the rate in the suburbs of Milwaukee, Waukesha, Washington, and Ozaukee counties; it was *double* the city-wide rate. Over half of the prime working age males living around 27<sup>th</sup> and North were either unemployed or not in the labor force in 2000; 42 percent of the males living in the vicinity of King Drive were similarly “outside” the world of work.

In short, the evidence is compelling and overwhelming. Inner city Milwaukee remains a place where the *majority* of working age males do not hold jobs (tables 11-12), and where, in two of the city’s most touted inner city redevelopment zones, well over 40 percent of the *prime working age males* are jobless. In light of these figures, it can only

be called a major distortion of labor market realities to characterize Milwaukee's inner city, in 2000, as brimming with economic opportunity.

Tables 14-17 complete the portrait of an inner city labor market in Milwaukee where joblessness persists in 2000 as a daily reality. As has been well established by Wilson and others, the deindustrialization of American cities has wreaked havoc on inner city economic opportunity.<sup>13</sup> Table 14 illustrates how a major factor causing the rise in joblessness in Milwaukee's inner city has been the steep decline in manufacturing employment since the 1970s. In most inner city neighborhoods, around 40 percent of employed residents in 1970 worked in manufacturing, a figure that exceeded the city-wide average (34.8 percent). In other words, to a greater extent than in other parts of Milwaukee, manufacturing constituted an integral part of the inner city employment base through the 1970s. Thus, inner city neighborhoods were disproportionately affected as Milwaukee deindustrialized between 1970 and 2000.

As Tables 14 and 15 show, deindustrialization has been dramatic –and unrelenting—in Milwaukee's inner city. Harambee is a typical inner city neighborhood in this regard, in which the percentage of employed residents working in manufacturing declined from 40.3 percent in 1970 to 15.8 percent in 2000. The raw figures are even more striking: between 1970-2000, the number of Harambee residents employed in manufacturing declined from 4,060 to only 765. Deindustrialization of a similar magnitude was registered throughout the inner city: in Metcalfe Park, for example, the number of residents employed in manufacturing declined from 2,949 to 496 between 1970-2000, while in Midtown the number of industrial workers fell from 1,718 to 250. In the census tracts along King Drive, where an American Motors plant once operated barely a mile away on Capitol Drive, only 198 residents worked in manufacturing in 2000 (down from 1,217 in 1979). Moreover, as the data on labor market exclusion already discussed makes abundantly clear, these lost manufacturing jobs have not been adequately replaced in inner city neighborhoods plagued by joblessness.

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<sup>13</sup> The seminal work is William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987).

**Table 14:**

**Deindustrialization and the Inner City Labor Market: I**

(% of employed residents working in manufacturing in selected neighborhoods)

<b>Neighborhood</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
City of Milwaukee Enterprise Community	40.8	35.3	24.2	19.2
Fond du Lac Corridor	33.9	32.4	21.9	16.1
27 <sup>th</sup> St. and North Avenue Area	40.8	32.5	24.4	18.5
King Drive District	39.2	31.1	17.8	17.4
Northwest Side (extended)	35.8	33.0	26.4	21.3
City of Milwaukee (entire)	34.8	31.7	22.2	18.5
Metro Milwaukee	35.0	31.7	24.0	20.3

**Table 15:**

**Deindustrialization and the Inner City Labor Market: II**

(% of employed residents working in manufacturing in “NSP” Areas)

<b>NSP #</b>	<b>Neighborhood</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
1	Parklawn	33.2	32.7	24.7	21.8
2	Northwest	37.5	38.3	27.0	19.0
3	Lincoln Park	34.5	33.5	24.9	20.2
4	United Community	41.5	40.9	24.9	16.9
5	Sherman Park	28.6	29.2	20.5	17.2
6	Harambee	40.3	32.4	19.1	15.8
7	Riverwest	39.7	28.5	17.2	11.0
8	Metcalfe Park	38.7	36.2	20.6	14.0
9	Midtown	41.0	34.1	24.3	15.6
10	Waico/YMCA	38.6	35.8	22.0	16.9
11	Grandview/Walnut Hill	38.0	33.9	21.8	18.1
12	Mid-Town	40.0	33.2	25.0	17.5
13	Hillside/Lapham	25.9	19.7	16.9	7.5
14	West Side	26.0	23.9	14.7	12.7
15	Greater Clarke Square	43.4	39.0	27.0	26.5
16	Near South Side	48.4	45.8	34.6	31.7
17	Historic South Side	44.0	38.7	26.4	25.6

**Table 16:**

**When Work AND Population Disappear I:**

**The declining number of employed residents living in  
Milwaukee’s Inner City Neighborhoods Since 1970**

(% change in number of employed residents, by neighborhood)

<b>Neighborhood</b>	<b>% change 1970-1980</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
City of Milwaukee Enterprise Community	-34.0	-27.5	-8.1	-56.0
Fond du Lac Corridor	-9.9	-9.2	-14.9	-30.4
King Drive District	-44.1	-30.1	-6.3	-63.4
27 <sup>th</sup> and North Area	-29.6	-37.7	-16.8	-63.5
Northwest Side (extended)	+31.9	+3.3	-11.4	+20.7

**Table 17:**

**When Work AND Population Disappear II:**

**The declining number of employed residents living in  
Milwaukee’s “NSP” Areas Since 1970**

(% change in number of employed residents, by neighborhood)

<b>NSP #</b>	<b>Neighborhood</b>	<b>% change 1970-1980</b>	<b>% change 1980-1990</b>	<b>% change 1990-2000</b>	<b>% change 1970-2000</b>
1	Parklawn	-4.5	-9.1	-16.0	-27.0
2	Northwest	-7.2	0.0	16.8	-22.8
3	Lincoln Park	-16.8	+4.2	-23.5	-33.6
4	United Community	-14.8	-13.0	-27.0	-45.9
5	Sherman Park	-4.2	+4.1	-10.5	-10.8
6	Harambee	-34.9	-14.9	-13.5	-52.1
7	Riverwest	-12.8	+1.2	-3.5	-14.9
8	Metcalfe Park	-21.2	-26.8	-19.1	-53.3
9	Midtown	-27.2	-34.7	-19.9	-61.9
10	Waico/YMCA	-43.6	-27.8	-20.8	-67.8
11	Grandview/Walnut Hill	-21.3	-30.3	-14.1	-52.9
12	Mid-Town	-30.7	-31.7	-10.2	-57.5
13	Hillside/Lapham	-11.0	-30.8	+32.3	-18.4
14	West Side	-27.3	-9.3	-5.0	-27.8
15	Greater Clarke Square	-7.8	-1.0	-2.5	-11.0
16	Near South Side	-8.3	+2.7	+18.5	-6.1
17	Historic South Side	-8.3	+2.7	-10.4	-15.5



Tables 16 and 17 show how the twin trends of demographic decline and job loss have undercut the place of work in Milwaukee's inner city. Between 1970-2000, the number of employed residents of Milwaukee's "Enterprise Community" fell by a staggering 56 percent; in neighborhoods such as 27<sup>th</sup> and North and King Drive (which are located within the "Enterprise Community"), the number of employed residents fell by over 63 during the same period. Even during the 1990s, as America enjoyed eight years of uninterrupted economic growth, most Milwaukee inner city neighborhoods experienced double-digit declines in the number of employed residents. Once again, the raw figures are stark. In the census tracts around 27<sup>th</sup> and North, for example, the number of employed residents dropped from 7,005 in 1970 to 2,557 in 2000; the number of employed males living in the neighborhood dropped from 4,121 to 1,081 (a mind-boggling 73.7 percent decline). Even during the 1990s, after having absorbed a huge decline (64.0 percent) between 1970-1990, the number of employed male residents in the 27<sup>th</sup> Street and North Avenue Area declined by another 27.1 percent. In short, the combination of demographic decline and shrinking levels of labor force participation has, in every decade since 1970, reduced the number of employed residents in Milwaukee's inner city.

#### IV.

##### **Income and Poverty in Milwaukee's Inner City**

Milwaukee's inner city neighborhoods, like such neighborhoods across the country, are the poorest areas of the city. Tables 18-21 provide data on trends in poverty in Milwaukee's inner city neighborhoods since 1969. Tables 18 and 19 show the proportion of all residents of inner city neighborhoods living in poverty between 1969-1999; tables 20 and 21 show the percentage of families living below the poverty line.

As the tables graphically reveal, no matter which measure is used, poverty has grown substantially in Milwaukee's inner city since 1970. Without question, the 1980s – when deindustrialization hit Milwaukee with full force and unemployment surged-- was a decade nothing short of economically devastating for Milwaukee's inner city. In the

census tracts constituting the city’s “Enterprise Community,” the poverty rate for individuals increased between 1979-1999 from 36.9 to 57.1 percent. By 1989, nine of the city’s “NSP” Areas had individual poverty rates above 40 percent (up from only one in 1979). Researchers generally use the “40 percent” threshold to identify “high poverty” areas.

**Table 18:**  
**Poverty in Milwaukee’s Inner City I: Individual Poverty**  
**% of persons in selected neighborhoods living below**  
**the federal poverty line, 1969-1999**

<b>Neighborhood</b>	<b>1969</b>	<b>1979</b>	<b>1989</b>	<b>1999</b>
City of Milwaukee Enterprise Community	29.3	36.9	57.1	44.3
Fond du Lac Corridor	15.0	21.1	33.6	29.7
King Drive District	33.8	39.3	58.6	50.0
27 <sup>th</sup> and North Area	24.2	39.1	56.7	47.6
Northwest Side (extended)	5.8	7.5	13.3	20.9
City of Milwaukee (entire)	11.2	13.4	22.1	21.3
Metro Milwaukee	12.7	8.1	11.6	10.6

**Table 19:**  
**Poverty in Milwaukee's Inner City II: Individual Poverty**  
 % of persons in "NSP" Areas living below  
 the federal poverty line, 1969-1999

NSP #	Neighborhood	1969	1979	1989	1999
1	Parklawn	16.8	14.4	28.0	36.1
2	Northwest	5.8	8.	22.5	25.9
3	Lincoln Park	4.4	11.5	19.5	20.9
4	United Community	16.5	23.5	35.1	33.9
5	Sherman Park	5.4	8.1	19.0	18.8
6	Harambee	25.6	35.4	50.3	42.5
7	Riverwest	14.0	14.2	25.8	24.9
8	Metcalfe Park	16.3	31.4	53.3	45.1
9	Midtown	25.7	35.8	52.6	50.1
10	Waico/YMCA	32.6	39.4	54.1	41.1
11	Grandview/Walnut Hill	14.0	29.4	56.1	48.3
12	Mid-Town	30.8	36.7	55.8	45.6
13	Hillside/Lapham	63.0	48.2	75.1	56.3
14	West Side	23.3	30.6	49.0	40.7
15	Greater Clarke Square	8.9	12.8	25.3	25.3
16	Near South Side	17.5	21.2	43.6	34.4
17	Historic South Side	10.0	12.9	20.6	26.8

**Table 20:**  
**Poverty in Milwaukee's Inner City III: Family Poverty**  
 % of families in selected neighborhoods living below  
 the federal poverty line, 1969-1999

Neighborhood	1969	1979	1989	1999
City of Milwaukee	25.7	35.4	55.0	40.2
Enterprise Community				
Fond du Lac Corridor	11.8	19.3	31.0	26.6
King Drive District	28.9	37.0	56.0	45.2
27 <sup>th</sup> and North Area	21.6	39.3	53.7	43.4
Northwest Side (extended)	5.1	6.5	11.6	18.0
City of Milwaukee (entire)	8.1	11.3	18.5	17.4
Metro Milwaukee	5.7	6.2	8.9	7.7

**Table 21:**  
**Poverty in Milwaukee’s Inner City IV: Family Poverty**  
**% of persons in “NSP” Areas living below**  
**the federal poverty line, 1969-1999**

NSP #	Neighborhood	1969	1979	1989	1999
1	Parklawn	14.7	14.3	31.6	33.9
2	Northwest	4.1	7.3	20.4	23.3
3	Lincoln Park	3.9	9.1	16.0	17.2
4	United Community	13.9	23.2	33.6	30.6
5	Sherman Park	3.6	7.2	17.9	16.6
6	Harambee	21.8	35.4	49.5	38.2
7	Riverwest	10.4	13.1	23.3	22.5
8	Metcalf Park	13.9	31.9	50.2	41.9
9	Midtown	23.5	35.9	49.3	47.9
10	Waico/YMCA	30.5	36.3	51.0	34.7
11	Grandview/Walnut Hill	11.0	27.2	52.2	45.6
12	Mid-Town	27.5	35.2	54.4	41.5
13	Hillside/Lapham	61.4	48.6	77.0	55.4
14	West Side	13.0	24.4	45.0	35.5
15	Greater Clarke Square	6.2	11.9	22.6	21.3
16	Near South Side	12.7	20.5	38.9	32.1
17	Historic South Side	8.0	10.8	19.6	23.1

During the 1990s, however, there was a marked improvement in poverty rates in Milwaukee’s inner city neighborhoods. The individual poverty rate fell in the city’s “Enterprise Community” from 57.1 to 44.3 percent during the decade (a 22 percent decline in the rate). Although poverty still remains unacceptably high in most inner city neighborhoods –seven of the city’s “NSP” areas still registered poverty rates above 40 percent in 1999-- in 12 of the city’s 17 NSP areas during the 1990s, poverty declined.

Nevertheless, as welcome as these reductions in poverty rates in the past decade have been, they unfortunately do not necessarily indicate major gains in economic opportunity for inner city residents during the 1990s. For example, as Table 18 reveals, while poverty declined in the “Enterprise Community” during the 1990s, it surged from 13.6 percent to 20.3 on Milwaukee’s Northwest Side, as “inner city-conditions” spread north and west from the old “inner core.” The number of poor residents also increased in

neighborhoods such as “NSP 17” (the Historic South Side) and “NSP 15 (Greater Clarke Square), as poor residents left “gentrifying” census tracts in Walker’s Point on the Near South Side. Moreover, an undetermined number of poor residents simply left the city entirely. Tellingly, despite the sharp fall in poverty in the “Enterprise Community” during the 1990s, in the city of Milwaukee as a whole, the individual poverty rate declined only slightly, from 22.1 to 21.3 percent. Thus, at least in part, the apparent decline in poverty in Milwaukee’s inner city in the 1990s represented more of a “geographical rearranging” of poverty in the city –a “displacement of the poor”-- than a lifting of many inner city residents out of poverty. Table 22 shows how the decrease in poverty in the “Enterprise Community” was accompanied by gains in poverty in other neighborhoods adjacent to the “original” inner city.

As Paul Jargowsky has documented,<sup>14</sup> poverty rates exploded in Milwaukee’s inner city between 1970-1990, in part because the outmigration of “non-poor” residents from many census tracts left a growing concentration of poor in an expanding “ghetto.” Many “borderline” census tracts near Milwaukee’s original north-side “ghetto,” for example, with poverty rates between 20-40 percent in 1980, saw their poverty rates zoom above 40 percent by 1990 as non-poor residents moved out, leaving behind high concentrations of poor residents and spatially expanding the inner city.

**Table 22**  
**The Changing Geography of Poverty in Milwaukee, 1990-2000**  
**Changes in the number of poor residents in selected neighborhoods**

Neighborhood	# of poor residents 1990	# of poor residents 2000	change in number of poor residents	% change in # of poor, 1990-2000
“Enterprise Community”	35,761	21,090	-14,671	-41.0 %
Northwest Side (extended)	6,965	11,391	+4,426	+63.5%
Historic South Side	5,645	7,900	+2,255	+39.9%
Greater Clarke Square	7,670	8,499	+829	+10.8 %
City of Milwaukee (entire)	135,585	123,664	-11,921	-8.8 %

<sup>14</sup> Jargowsky, *Poverty and Place*, pp. 49-57.

Between 1990-2000, however, Milwaukee's inner city expanded geographically in a different way. Poor residents began leaving the "extreme poverty" neighborhoods of the inner city, reducing the poverty rates in these neighborhoods, though not enough to change their character as high-poverty areas. The "Enterprise Community's poverty rate, for example, remained well above the high poverty threshold of 40 percent in 1999. However, the movement of these poor residents to *other* areas of Milwaukee spatially expanded "inner city" poverty. Thus, for example, the number of census tracts on the Northwest Side with poverty rates above 20 percent grew from three in 1990 to six in 1999. One tract on the Northwest Side registered a poverty rate of 47.8 percent in 1999.

Table 23 shows, for key neighborhoods, how population flows, more than an actual reduction in inner city poverty, may explain the lion's share of shifts in neighborhood poverty rates in Milwaukee during the 1990s. In general, if a neighborhood's poverty rate changes through the migration of poor people either in or out of the area, we would expect to observe roughly equal changes in the neighborhood's poor population and total population. Conversely, if the neighborhood poverty rate changes because people already living there become poorer (or less poor), the number of poor should change much more substantially than the population.<sup>15</sup>

There does appear to be a very close match between changes in the total population and changes in the "poor" population in the neighborhoods arrayed in Table 23. In the census tracts along King Drive, for example, the total population declined by 1,305 residents between 1990-2000, while the number of poor residents fell by 1,156. Put another way, the drop in the number of poor residents constituted over 88 percent (1156/1305) of the "net decline" of population along King Drive. The end-result of these net movements of people (the balance of in-migrants and out-migrants) was a slight reduction in the neighborhood's poverty rate (see table 18), although with a poverty rate of 50 percent in 1999, King Drive remains a "high poverty" neighborhood by any

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<sup>15</sup> There are limits to this approach. As Jargowsky points out, "[I]f the number of poor persons grew by one hundred in a census tract with a constant total population, the data do not indicate whether one hundred residents became poor or whether one hundred nonpoor persons left only to be replaced by an equal number of poor persons from elsewhere." Jargowsky, *Poverty and Place*, p. 51. Nevertheless, matching population movements and poverty trends—while not conclusive—does give us a hint regarding the sources of changes in neighborhood poverty rates.

definition. By contrast, on the Northwest Side during the 1990s, the number of poor residents grew by 4,426, while total population increased by 2,125. Although we cannot tell with precision from the census data, these figures suggest that the inner city is expanding to the Northwest Side through a combination of: a) in-migration of poor residents, b) out-migration of non-poor residents, and c) impoverishment some individuals already living there.

**Table 23:**  
**Population Change and Neighborhood Poverty in the 1990s:**  
**The role of inter-neighborhood migration in shaping neighborhood poverty rates**

<b>Neighborhood</b>	<b># of poor 1990</b>	<b># of poor 2000</b>	<b>Δ 1990-2000</b>	<b>% Δ 1990-2000</b>	<b>total pop. 1990</b>	<b>total pop. 2000</b>	<b>Δ 1990-2000</b>	<b>% Δ 1990-2000</b>
“Enterprise Community”	35,761	21,090	-14,671	-41.0 %	62,629	47,608	-15,021	-24.0 %
Fond du Lac Corridor	9,282	7,098	-2,184	-23.5 %	27,624	23,899	-3,725	-13.5 %
27 <sup>th</sup> St. and North Avenue	9,219	5,391	-3,828	-41.5 %	16,259	11,325	-4,934	-30.3 %
King Drive District	3,434	2,278	-1,156	-33.7 %	5,861	4,556	-1,305	-22.3 %
Northwest Side (extended)	6,965	11,391	+4,426	+41.6%	52,377	54,502	+2,125	+ 4.1 %

Tables 24-29 present data on household income trends in Milwaukee’s inner city since 1979.<sup>16</sup> Between 1979-1999, median household income, adjusted for inflation, declined precipitously in every inner city neighborhood in Milwaukee. Consequently, it is not surprising that real median household income for the city as a whole declined by 12.4 percent during this period. As we have seen with other economic indicators, the bottom fell out household income in the inner city during the 1980s, as deindustrialization, rising unemployment, and persistent economic segregation devastated the inner city economy. Real median household income dropped a staggering 34.2 in the census tracts that would be later designated Milwaukee’s “Enterprise Community.” As

<sup>16</sup> Unlike other indicators analyzed in this report, household income is available at the census tract level only back to the 1980 census. The 1970 census collected income data on “family income” and “per capita” income. Thus, for the purposes of data comparability, our analysis of household income trends extends back only to 1979.

table 28 shows, by 1989, median household income in the city’s “Enterprise Community” had fallen to under one-third (31.9 percent) of the metropolitan area’s median. Income rose sharply in the “Enterprise Community” during the 1990s (discussed below). Nevertheless, through 1999 median household income in this core area of Milwaukee’s inner city was only \$18,193, less than 40 percent of the metropolitan area’s median (*and less than 30 percent of the median household income in Milwaukee’s suburbs*).

Moreover, as we have seen with other indicators of economic well-being, precipitous real income declines occurred in neighborhoods such as the Northwest Side and Lincoln Park, including the “boom” decade of the 1990s, bringing “inner city” income-levels to these heretofore middle-class sections of Milwaukee. In 1979, median household income on the Northwest Side was almost identical to the metropolitan area median; by 1999, median household income on the Northwest Side had fallen to 74.6 percent of the metro area median (see table 28).

**Table 24:**  
**Real Median Household Income in Milwaukee’s Inner City I, 1979-1999**  
**Median household income in selected neighborhoods, in 1999 dollars**

<b>Neighborhood</b>	<b>1979</b>	<b>1989</b>	<b>1999</b>
City of Milwaukee Enterprise Community	\$21,090	\$13,868	\$18,193
Fond du Lac Corridor	\$31,753	\$27,348	\$28,197
King Drive District	19,341	13,187	18,543
27 <sup>th</sup> and North Area	21,160	15,398	19,344
Northwest Side (extended)	45,309	38,756	34,229
City of Milwaukee (entire)	36,781	31,744	32,216
Metropolitan Milwaukee	46,123	43,418	45,901
Milwaukee Suburbs	57,092	56,322	63,116



**Table 25:****Real Median Household Income in Milwaukee's Inner City II, 1979-1999**

Median household income in "NSP" areas, in 1999 dollars

NSP #	Neighborhood	1979	1989	1999
1	Parklawn	\$32,533	\$27,281	\$27,230
2	Northwest	36,921	28,999	27,343
3	Lincoln Park	36,392	31,089	29,746
4	United Community	31,209	22,700	23,741
5	Sherman Park	39,199	34,739	34,210
6	Harambee	22,844	16,556	20,420
7	Riverwest	31,202	25,703	28,228
8	Metcalf Park	26,247	17,378	20,177
9	Midtown	22,349	16,741	18,227
10	Waico/YMCA	21,457	15,274	17,348
11	Grandview/Walnut Hill	28,808	17,726	19,960
12	Mid-Town	20,724	13,207	18,116
13	Hillside/Lapham	11,560	9,960	9,586
14	West Side	19,628	13,751	15,728
15	Greater Clarke Square	33,545	26,355	28,324
16	Near South Side	28,477	18,937	23,772
17	Historic South Side	33,079	28,172	28,457

**Table 26:****Changes in Median Household Income in Milwaukee's Inner City I, 1979-1999**

(% change in median household income in selected inner city neighborhoods, in 1999 dollars)

Neighborhood	% change 1979-1989	% change 1989-1999	% change 1979-1999
City of Milwaukee Enterprise Community	-34.2	+31.2	-13.7
Fond du Lac Corridor	-13.9	+3.1	-11.1
King Drive District	-31.8	+40.6	-4.1
27 <sup>th</sup> and North Area	-27.2	+25.6	-8.6
Northwest Side (extended)	-14.5	-11.7	-24.4
City of Milwaukee (entire)	-13.7	+1.5	-12.4
Metropolitan Milwaukee	-5.9	+5.7	-0.5
Milwaukee Suburbs	-1.2	+12.1	+10.7

**Table 27:**  
**Changes in Median Household Income in Milwaukee's Inner City II, 1979-1999**

(% change in median household income "NSP" Areas, in 1999 dollars)

<b>NSP #</b>	<b>Neighborhood</b>	<b>1979-1989</b>	<b>1989-1999</b>	<b>1979-1999</b>
1	Parklawn	-16.1	-0.2	-16.3
2	Northwest	-21.5	-5.7	-25.9
3	Lincoln Park	-14.6	-4.3	-18.2
4	United Community	-27.3	+4.6	-23.9
5	Sherman Park	-11.4	-1.5	-12.7
6	Harambee	-27.5	+23.3	-10.6
7	Riverwest	-17.6	+9.8	-9.5
8	Metcalf Park	-33.8	+16.1	-23.1
9	Midtown	-25.1	+8.9	-18.4
10	Waico/YMCA	-28.8	+13.5	-19.1
11	Grandview/Walnut Hill	-40.0	+15.5	-30.7
12	Mid-Town	-36.2	+37.2	-12.5
13	Hillside/Lapham	-13.6	-4.0	-17.0
14	West Side	-29.9	+14.3	-19.9
15	Greater Clarke Square	-21.4	+7.5	-15.6
16	Near South Side	-33.5	+25.5	-16.5
17	Historic South Side	-14.8	+1.0	-14.0

**Table 28:**  
**Income in the Inner City Compared to the Rest of the Region I**  
**Median Household Income in selected areas as % of metropolitan Milwaukee median household income, 1979-1999**

<b>Neighborhood</b>	<b>1979</b>	<b>1989</b>	<b>1999</b>
Enterprise Community	45.8	31.9	39.6
Fond du Lac Corridor	68.8	63.0	61.4
King Drive District	41.9	30.3	40.4
27 <sup>th</sup> and North Area	45.9	35.5	42.1
Northwest Side (extended)	98.2	89.3	74.6

**Table 29:**  
**Income in the Inner City Compared to the Rest of the Region II**  
**Median Household Income in “NSP” Areas as % of metropolitan**  
**Milwaukee median household income, 1979-1999**

NSP #	Neighborhood	1979	1989	1999
1	Parklawn	70.5	62.8	59.3
2	Northwest	80.0	66.8	59.6
3	Lincoln Park	78.9	71.6	64.8
4	United Community	67.7	52.3	51.7
5	Sherman Park	85.0	80.0	74.5
6	Harambee	49.5	38.1	44.4
7	Riverwest	67.6	59.2	61.5
8	Metcalfe Park	56.9	40.0	44.0
9	Midtown	48.5	38.6	39.7
10	Waico/YMCA	46.5	35.2	37.8
11	Grandview/Walnut Hill	62.5	39.8	43.5
12	Mid-Town	44.9	30.4	39.5
13	Hillside/Lapham	25.0	23.0	20.9
14	West Side	42.6	31.7	34.3
15	Greater Clarke Square	72.7	60.7	61.7
16	Near South Side	61.7	43.6	51.7
17	Historic South Side	71.7	64.9	62.0

The income gains posted in many inner city neighborhoods during the 1990s appear, at first glance, to be impressive. Median household income, adjusted for inflation, rose 31.2 percent in the city’s “Enterprise Community,” 25.6 percent in the neighborhood around 27<sup>th</sup> Street and North Avenue, and a whopping 40.6 percent in the census tracts along King Drive. Eleven of the city’s “NSP” areas registered an increase in real median household income, led by a 37.2 surge in the Mid-Town neighborhood.

In the aftermath of the neighborhood income meltdown of the 1980s, *any* increase in neighborhood income is good news for Milwaukee –even if the gains by the end of the 1990s still left every inner city neighborhood in the city well behind income levels of 1979 (see tables 26-27). However, the inner city income gains of the 1990s are deceptive. After all, real household income grew by just 1.5 percent for the city of Milwaukee as a whole during the 1990s; thus, if income went up by 31.2 percent in the “Enterprise Zone” during the decade, it was crashing in other areas of the city. This was, in fact, the case, as median household income declined a substantial 11.7 percent –after

inflation—in the census tracts of the Northwest corner of Milwaukee. Rather than representing rising incomes for *poor residents* of Milwaukee’s inner city neighborhoods during the 1990s, rising median income figures in inner city neighborhoods more likely reflected the “geographical rearrangement” of poverty discussed earlier in this report. Median household income rose in inner city neighborhoods chiefly because many poor households left and a few more affluent households moved in. Conversely, in neighborhoods such as the Northwest Side, a heavy influx of poor households, and a modest out-migration of middle class households, caused real median household income to plummet in the 1990s. Put another way, the income gains of the “Enterprise Community” were matched by income declines on the Northwest Side, leaving the inner city as a whole with minimal income growth in the 1990s. The changing real income figures for Milwaukee’s inner city reflect more a “dispersal of poverty” in the city<sup>17</sup>, along with some pockets of gentrification in the inner city, as opposed to major improvements in economic opportunity for residents of the inner city.

Tables 30-34 show, for selected inner city neighborhoods, how the out-migration or in-migration of mainly low-income households, rather than broadly rising resident incomes, appears to account for the lion’s share of inner city neighborhood income shifts in Milwaukee during the 1990s. In the city’s “Enterprise Community,” for example, there was a net loss of 3,826 households during the 1990s – over one-fifth of the area’s households. Almost all of this net loss can be attributed to changes in the number of low-income households. Between 1989-1999 in “the Enterprise Community,” there was a net loss of 3,850 households with annual incomes below \$20,000 (in 1999 dollars) –slightly greater, even, than the net decline in the number of all households in the area.<sup>18</sup> The “Enterprise Community” also experienced gentrification around Brewers Hill and Walkers Point during the 1990s, and the growth of very small pockets of more affluent households in areas around 27<sup>th</sup> and North and along King Drive. During the 1990s, the “Enterprise Community” registered a net gain of 349 households with annual income above \$50,000 (with an increase of 263 households in the “over \$100,000” category

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<sup>17</sup> As noted earlier, an undetermined number of these poor households moved out of the city entirely.

<sup>18</sup> The same relationship between the decline in the number of low-income households and the decrease in the total number of households is apparent in neighborhoods such as King Drive and 27<sup>th</sup> St. and North Avenue, which are located within the “Enterprise Community.” See tables 31-32.

alone). While this gentrification certainly helped boost median household income during the 1990s in the “Enterprise Community,” the data strongly suggest that the most important cause of rising median income in the neighborhood was the massive out-migration of low-income households. Although some neighborhood residents undoubtedly saw their incomes increase during the 1990s<sup>19</sup>, the “displacement of the poor” –not a “rising tide” of income growth “lifting” all neighborhood households—was the primary cause of rising median income in Milwaukee’s “Enterprise Community.”

On the other hand, as table 34 strongly suggests, an influx of low-income households combined with an out-migration of middle-class households seems to have been at work in the 1990s in producing the sharp drop in median household income in the city’s sprawling Northwest Side neighborhoods. There was a net increase of 175 households on the Northwest Side during the 1990s; essentially, a gain of 935 low-income households, and 351 “moderate income” households,<sup>20</sup> was counterbalanced by a net drop of 1,111 households with annual income above \$50,000. But, the end-result of these two flows was to sharply bring down median income in the neighborhood and, as we have noted earlier, expand Milwaukee’s inner city economy to the northwest.

**Table 30:**  
**Net Household Movements and Neighborhood Income**  
**in the 1990s: The “Enterprise Community”**

(in 1999 constant dollars)

<b>Annual Household Income Ranges</b>	<b># of households 1989</b>	<b># of households 1999</b>	<b>change, 1989-1999</b>
<\$20,000	11,817	7,967	<b>-3,850</b>
\$20,000 to \$49,999	5,076	4,751	-325
\$50,000 to \$99,999	1,514	1,600	+86
>\$100,000	82	345	+263
<b>Total Households</b>	<b>18,489</b>	<b>14,663</b>	<b>-3,826</b>

<sup>19</sup> However, the data on labor force exclusion presented earlier, as well as other indicators suggest that such gains were probably very limited during the 1990s. According to HUD, Milwaukee was one of the few large cities in the United States (along with Buffalo, Cleveland, and Philadelphia) to actually lose jobs during the “roaring” 1990s (a net decline of 1804 jobs between 1991-1999). See the forthcoming report by the Center for Economic Development, *The Economic State of Milwaukee: The City and the Region, 2002*.

<sup>20</sup> The gain in “moderate income” households on the Northwest Side actually skews more toward the lower-end of the income range. The neighborhood had a net increase of 351 households in the \$20,000-\$49,999 range; 315 of these households had annual incomes of \$20,000-\$30,000.

**Table 31:**  
**Net Household Movements and Neighborhood Income**  
**in the 1990s: the 27<sup>th</sup> Street and North Avenue Area**

(in 1999 constant dollars)

<b>Annual Household Income Ranges</b>	<b># of households 1989</b>	<b># of households 1999</b>	<b>change, 1989-1999</b>
<\$20,000	2,452	1,628	<b>-824</b>
\$20,000 to \$49,999	1,467	1,030	-437
\$50,000 to \$99,999	361	422	+61
>\$100,000	6	76	+70
<b>Total Households</b>	<b>4,286</b>	<b>3,156</b>	<b>-1,130</b>

**Table 32:**  
**Net Household Movements and Neighborhood Income**  
**in the 1990s: the King Drive District**

(in 1999 constant dollars)

<b>Annual Household Income Ranges</b>	<b># of households 1989</b>	<b># of households 1999</b>	<b>change, 1989-1999</b>
<\$20,000	1,267	805	<b>-462</b>
\$20,000 to \$49,999	498	468	-30
\$50,000 to \$99,999	158	155	-3
>\$100,000	10	80	+70
<b>Total Households</b>	<b>1,933</b>	<b>1,508</b>	<b>-425</b>

**Table 33:**  
**Net Household Movements and Neighborhood Income**  
**in the 1990s: the Fond du Lac Avenue Corridor**

(in 1999 constant dollars)

<b>Annual Household Income Ranges</b>	<b># of households 1989</b>	<b># of households 1999</b>	<b>change, 1989-1999</b>
<\$20,000	3,445	2,921	<b>-524</b>
\$20,000 to \$49,999	3,637	3,089	-548
\$50,000 to \$99,999	1,727	1,594	-133
>\$100,000	186	354	+168
<b>Total Households</b>	<b>8,995</b>	<b>7,958</b>	<b>-1037</b>

**Table 34:**  
**Net Household Movements and Neighborhood Income**  
**in the 1990s: the Northwest Side (extended)**

(in 1999 constant dollars)

<b>Annual Household Income Ranges</b>	<b># of households 1989</b>	<b># of households 1999</b>	<b>change, 1989-1999</b>
<\$20,000	4,906	5,841	+935
\$20,000 to \$49,999	8,739	9,090	+351
\$50,000 to \$99,999	6,455	5,055	-1400
>\$100,000	612	901	+289
<b>Total Households</b>	<b>20,722</b>	<b>20,887</b>	<b>+175</b>

In sum, the data on income and poverty trends reveal nothing like the inner city “rich in opportunity” that Milwaukee city officials and flawed research reports have trumpeted in recent years. The 1980s were a particularly devastating decade for Milwaukee’s inner city, as incomes plummeted and poverty soared. But, despite some very modest gains during a decade of almost continuous national economic expansion (the 1990s), incomes remain low and poverty remains high in the inner city.<sup>21</sup> During the 1990s, there were sharp increases in income and declines in poverty in most neighborhoods of the inner city. But, as we examined, these improvements were less indicative of an inner city “renaissance” than of an “expanding inner city” as poor families and individuals dispersed to neighborhoods such as the Northwest Side. Consequently, notwithstanding the boom of the nineties, real income and poverty rates barely budged for the city of Milwaukee as a whole. Inner city income lags far behind the rest of metropolitan Milwaukee, and poverty remains significantly higher than elsewhere in the region. Pockets of gentrification did emerge in inner city census tracts during the 1990s, a positive and important economic development. But, on the whole, the indicators of income and poverty tell a story of continuing economic crisis in Milwaukee’s inner city.

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<sup>21</sup> One wonders, given these modest gains in the midst of an almost decade-long economic boom, what effect the 2000-2001 recession will have had on inner city incomes and poverty rates.

## V.

### **Creating Urban “Legends”: The Myth of Inner City Purchasing Power and “Untapped Markets”**

Despite the low incomes and high poverty in Milwaukee’s inner city, city officials and supportive researchers have argued vociferously in recent years that the inner city is ripe for economic development. Following Michael Porter’s influential work,<sup>22</sup> city officials maintain that although incomes may be relatively low in the inner city, the population density of inner city neighborhoods produces surprisingly high *aggregate* incomes and *aggregate* purchasing power. As a result, claim proponents of this argument, the inner city has a “competitive advantage” in attracting businesses, particularly retail establishments drawn to dense consumer markets. The City of Milwaukee now posts on its web site “purchasing power profiles” for inner city zip codes, prepared by the UWM Employment and Training Institute, detailing the aggregate purchasing power of inner city neighborhoods. The ETI tables also offer comparisons with selected Milwaukee suburbs, to “demonstrate” that the purchasing power in inner city neighborhoods is purportedly greater than in prosperous Milwaukee suburbs such as Brookfield or Franklin (and thus presumably we should infer that business development opportunities are superior in the inner city).

This analysis is misleading, conceptually and empirically. Declining real income coupled with the demographic “hollowing out” since the late 1970s has meant that real aggregate income and real aggregate purchasing power *have declined precipitously* over the past twenty years in the inner city. As table 35 shows, between 1979-1999, aggregate household income, adjusted for inflation, declined by 32.5 percent in the census tracts of the “Enterprise Community”; for most inner city neighborhoods, the decline since 1979 has been well above 20 percent. Thus, the “competitive advantage” argument is conceptually flawed on its face: aggregate purchasing power in the inner city was substantially higher in the 1970s than it is today, and population density was significantly greater. Yet disinvestment, retail decline, and commercial abandonment all *accelerated* in

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<sup>22</sup> See Porter’s seminal article, “The Competitive Advantage of the Inner City,” *Harvard Business Review* (May-June 1995): 55-71



the 1970s and 1980s. If aggregate purchasing power were a crucial factor in investment or development decisions, the inner city would have been a much more “competitive” place in 1979 than it is today, and would have had even greater advantages over suburbs than it does today. Manifestly, advantages in density and aggregate purchasing power did not generate a surge in inner city economic development in the 1970s or 1980s; why should those factors, all greatly reduced since the 1970s, result in a “competitive advantage” today? As Merrill Goozner puts it in his trenchant critique of “market-driven” inner city economic development: “If cities do have latent competitive advantages...the market has spectacularly failed to grasp them in recent years.”<sup>23</sup>

The decline in inner city real aggregate income slowed in the 1990s (chiefly because the out-migrants from the inner city were very poor and the in-migrants were

**Table 35:**  
**Trends in Aggregate Household Income in Milwaukee’s Inner City**

(% change in real aggregate household income in selected neighborhoods)

Neighborhood	% change 1979-1989	% change 1989-1999	% change 1979-1999
City of Milwaukee “Enterprise Community”	-33.9	+2.0	-32.5
Fond du Lac Corridor	-18.5	-1.0	-19.3
King Drive District	-27.7	+17.5	-15.0
27 <sup>th</sup> and North Area	35.3	+5.7	-31.6
Northwest Side (extended)	-2.2	-3.6	-5.8
City of Milwaukee (entire)	-18.9	+7.5	-12.8
Metropolitan Milwaukee	-2.5	+34.5	+31.1
Milwaukee Suburbs	+7.1	+48.8	+62.4

more affluent); in some neighborhoods, such as the “Enterprise Community,” there was a modest increase in real aggregate household income. Nevertheless, at the same time inner city aggregate income was plummeting in the 1980s and stagnating in the 1990s, real aggregate household income skyrocketed in Milwaukee suburbs (as population and household incomes soared). Even during the 1990s, when real aggregate household

<sup>23</sup> Merrill Goozner, “The Porter Prescription,” *The American Prospect*, 9:38 (May-June 1998): 60.

income in the “Enterprise Community” nudged upward by 2.0 percent, real income in the suburbs went up by 48.8 percent. Between 1979-99, as real aggregate income in the “Enterprise Community” plummeted by 32.5 percent, it surged by 62.4 percent in Milwaukee’s suburbs. Thus as tables 35-37 illustrate, real aggregate household income in Milwaukee’s inner city declined in both absolute and relative terms in the 1980s and 1990s, which doubly disadvantaged these neighborhoods in attracting businesses. Retailers, looking for the most robust and expanding consumer markets, will be drawn to “where the money is,” and that has been suburbia in metropolitan Milwaukee for at least the past quarter century. In Franklin, a suburb that the ETI “purchasing power profiles” compare unfavorably to Milwaukee’s inner city, real aggregate income rose 70.9 percent during the 1990s, compared to the 0.4 percent increase in all of Milwaukee’s 17 NSP Areas” combined (see table 37). Is it any surprise, therefore, that the number of retail

**Table 36:**  
**Trends in Aggregate Household Income in**  
**Milwaukee’s Inner City**

(% change in real aggregate household income in “NSP” Areas)

NSP #	NEIGHBORHOOD	% change 1979-89	% change 1989-99	% change 1979-1999
1	Parklawn	-20.7	-2.1	-21.6
2	Northwest	-16.7	-4.6	-20.5
3	Lincoln Park	-13.3	+4.2	-9.7
4	United Community	-25.6	-2.1	-27.1
5	Sherman Park	-11.3	-0.5	-11.7
6	Harambee	-20.5	-1.0	-21.2
7	Riverwest	-8.0	+1.6	-6.5
8	Metcalfe Park	-34.2	-0.6	-34.6
9	Midtown	-32.5	-2.6	-34.2
10	WAICO/YMCA	-37.0	-6.5	-41.1
11	Grandview/Walnut Hill	-35.1	-10.0	-41.6
12	Mid-Town	-37.6	+0.5	-37.2
13	Hillside/Lapham	-33.2	-3.8	-35.7
14	West Side	-24.2	-0.3	-24.4
15	Greater Clarke Square	-16.1	+5.7	-11.4
16	Near South Side	-28.5	+17.0	-16.5
17	Historic South Side	-7.3	+1.2	-6.1

**Table 37:**  
**The “Purchasing Power Advantage” of the Inner City?**

**Trends in Aggregate Household Income in Selected  
Metro Milwaukee Communities, 1979-1999**

(% change in real aggregate household income)

Community	% change, 1979-89	% change, 1989-99	% change, 1979-99
Brookfield	+29.8	+23.6	+60.7
Franklin	+41.2	+70.9	+141.3
Germantown	+45.0	+51.9	+120.3
Menomonee Falls	+6.1	+43.2	+51.9
New Berlin	+25.1	+38.5	+73.3
Oak Creek	+21.9	+72.9	+110.0
Enterprise Community	-33.9	+2.0	-32.5
All NSP Areas Combined	-20.5	+0.4	-20.2

establishments in Franklin grew by 16.1 percent between 1994-99, while declining by 14.0 percent in Milwaukee’s inner city? (See table 39).

Tables 38 and 39 graphically illustrate how these trends in income and purchasing power –as well as the other indicators examined in this study—translated into economic “performance measures” in the 1990s. If, as city officials and their research associates suggest, market-driven recognition of “untapped purchasing power” is driving an inner city economic revival, there is little evidence in the indicators arrayed here.

Table 39 is particularly revealing, in light of the explicit efforts by city officials and their research associates to tout the “purchasing power advantages” of the inner city over Milwaukee’s suburbs. On every indicator, this sampling of suburban communities exhibited much higher levels of economic dynamism in the late 1990s –as the national economic boom reached its apex—than did Milwaukee’s inner city. Business activity, measured by the number of business establishments, actually declined in the inner city during the height of the economic boom, while the number of retail establishments – supposedly drawn by the inner city’s “purchasing power”—fell by 14.0 percent between 1994-99. Employment remained essentially unchanged in the inner city, despite massive growth elsewhere, while payroll increases in inner city workplaces lagged far behind the suburban averages. What’s worse, this decline in business activity and employment

stagnation in the inner city occurred during the *peak* of the 1990s business cycle; in the aftermath of the 2000-2001 recession, one wonders what the economic data will reveal about the “competitive advantages” of the inner city economy.

**Table 38:**

**The Inner City in the Roaring Nineties, Snapshot I**

**Economic Indicators in the Inner City compared to the rest of Metro Milwaukee, 1994-1999**

Indicator	Inner City	Milwaukee County	Metro Milwaukee *	“WOW” Suburbs**
% change, # of business establishments	-9.1	-3.2	+3.8	+13.3
% change, # of retail establishments	-14.0	-8.8	-2.2	+10.0
% change, total employment	+0.2	+1.9	+9.0	+22.2
% change, annual payroll (constant 1999\$)	+4.9	+12.9	+21.1	+39.1

\*Four-county metropolitan area; \*\*Waukesha, Ozaukee, and Washington Cos.

**Table 39:**

**The Inner City in the Roaring Nineties, Snapshot II**

**Economic Indicators in the Inner City compared to selected other communities in metropolitan area, 1994-1999**

Indicator	Inner City	Brookfield	Franklin	German town	New Berlin	Oak Creek	Oconomowoc	Pewaukee
% change, # of business establishments	-9.1	+14.2	+23.5	+24.3	+9.8	+20.7	+12.0	+45.6
% change, # of retail establishments	-14.0	+20.3	+16.1	+38.6	+21.1	+11.0	-11.4	+60.9
% change, total employment	+0.2	+26.1	+54.0	+37.4	+18.6	+27.2	+27.4	+55.4
% change, annual payroll (constant 1999\$)	+4.9	+45.1	+71.0	+53.0	+23.6	+34.3	+41.8	+84.0

## VI. Conclusion

Those claiming to “expose urban legends” should be careful about creating new ones. The portrait of an inner city economy pulsing with opportunity may be good public relations for city hall, but it distorts the realities of neighborhood economic life in Milwaukee. As we have seen in this report, Milwaukee’s inner city has experienced a grim thirty-year period of economic decline since 1970, and, despite the national economic boom, the inner city economic problems persisted through the 1990s. As we begin the 21<sup>st</sup> century, a cluster of daunting issues face policymakers seeking strategies to revive inner city neighborhoods and improve economic opportunities for residents:

- A demographic “hollowing out,” in which, during the 1990s alone, the population in the city’s “Enterprise Community” dropped by 24 percent;
- A labor market in which disappearing industrial jobs have not been replaced, where unemployment remains four times higher than the metro area average, and where over half the working age male population is out of work;
- Persistent poverty, in which the poverty rate in neighborhoods such as King Drive remained *five times* the metro area average in 1999 (and declined in the 1990s only because of the massive out-migration of poor residents);
- Spreading poverty, in which “inner city conditions” expanded to neighborhoods such as the Northwest Side during the 1990s;
- Real median household income that remains, in the city’s “Enterprise Community,” 13.7 percent below its 1979 level, lags far behind the metro area average, and increased during the 1990s in certain neighborhoods (like King Drive) only because of massive out-migration by poor households. In other neighborhoods, such as the Northwest Side, incomes fell sharply in the 1990s as the number of poor residents increased;
- Declining indicators of economic activity, such as the number of business establishments or retail establishments, even during the peak of the national economic boom (1994-99). Other indicators, such as employment and annual

payroll, registered modest gains in the inner city during the late 1990s, but still lagged far behind the growth in business activity in the suburbs.

Effective public policy requires a solid research base on which to base decisions. An accurate appraisal of conditions in Milwaukee's inner city is a *sine qua non* to developing good strategies to meet the challenges facing these neighborhoods. The purpose of this report has been to provide a review of long-term trends in the inner city, to take particular stock of trends in the 1990s, and to offer some explanations behind the numbers. The economic challenges facing Milwaukee's inner city are daunting but not unsolvable, and clearly no issue is more important to the future of this city. If this report stimulates a comprehensive debate in the Milwaukee region about the state of the inner city and the need for new strategies for economic revitalization, it will have served its purpose.

## Appendix

Data was aggregated from the following census tracts to produce the neighborhood-level data presented for Milwaukee's inner city in this report:

- **City of Milwaukee “Enterprise Community”:** 70, 81, 82, 83, 84, 85, 86, 87, 88, 89, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 115, 116, 117, 118, 119, 120, 121, 122, 138, 139, 141, 142, 156, 157
- **Fond du Lac Avenue Corridor:** 38, 39, 48, 49, 63, 88, 99, 100, 101
- **27<sup>th</sup> Street and North Avenue Area:** 87, 88, 97, 98, 99, 119, 120
- **King Drive District:** 82, 83, 104, 105
- **Northwest Side (extended):** 1, 2, 4, 12, 13, 14, 15, 16, 17, 18, 19, 29, 30
- **NSP #1-Parklawn:** 27, 40
- **NSP #2-Northwest Side:** 20, 21, 24, 25, 26, 28, 41
- **NSP #3-Lincoln Park:** 22, 23
- **NSP#4-United Community:** 42, 43, 45, 46, 47, 63, 64, 65, 66, 67, 68
- **NSP#5-Sherman Park:** 37, 38, 39, 48, 49, 50, 59, 60, 61, 62
- **NSP#6-Harambee:** 44, 69, 70, 81, 82, 83, 104, 105, 106, 115
- **NSP#7-Riverwest:** 44, 71, 72, 79, 80
- **NSP#8-Metcalf Park:** 62, 88, 89, 90, 98, 99
- **NSP#9-Midtown:** 87, 88, 99, 100
- **NSP#10-WAICO/YMCA:** 84, 85, 86, 101, 102, 103, 117, 118
- **NSP#11-Grandview/Walnut Hill:** 90, 91, 92, 93, 94, 95, 96, 97, 122
- **NSP#12-Mid-Town:** 99, 100, 119, 120, 121, 138, 139, 140
- **NSP#13-Hillside/Lapham:** 116, 141
- **NSP#14-West Side:** 123, 133, 134, 135, 136, 137, 146, 147, 148, 149, 150
- **NSP#15-Greater Clarke Square:** 158, 159, 160, 161, 162, 163, 169, 170, 171
- **NSP#16-Near South Side:** 155, 156, 157, 164, 165, 166, 167, 168
- **NSP#17-Historic South Side::** 173, 174, 175, 176, 177, 178, 179, 180.01, 180.02, 186, 187, 188

Data was gathered on the following zip codes as inner city zip codes: 53204, 53205, 53206, 5308, 53210, 53212, 53216, 53218, 53233