

A dream derailed

THE MILWAUKEE JOURNAL SENTINEL

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Frank Thompson came from Alabama in 1965 to work at the industrial flagships A.O. Smith and Allis-Chalmers, until the plants shut down. Now, he owns a housing rehabilitation business, Thompson Vision 2000 Inc.

SPECIAL REPORT: The region's economy has been stunted and its future imperiled by a job loss worse than the

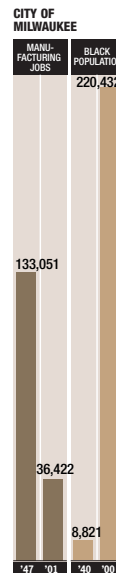
Hit by a Great Depression in Milwaukee's urban center. global train

By JOHN SCHMID
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No major urban center in America has suffered as much as Milwaukee's from the economic upheaval of a globalizing economy, an exhaustive analysis by the Journal Sentinel has found. No other African-American community worked as intensively at manufacturing products that are no longer made here, or was less prepared for a historic shift from unskilled labor.

In little more than a generation, Milwaukee has morphed from an El Dorado of unrivaled opportunity for African-Americans — and a beacon for their middle-class aspirations — to a locus of downward mobility without equal among other big U.S. cities.

The result: A depression in the region's urban core far more severe than the Great Depression of the 1930s.



Please see **ECONOMY, 25**



ABOUT THE SERIES

For years, folks in Milwaukee have blamed one another for the region's racial disparity and the growing gap between rich and poor. Yet, a generation ago, Milwaukee offered hope, opportunity and jobs to people of all races. What changed?

A special, in-depth report by the Journal Sentinel examines that question over the next three days.

ON JSONLINE.COM

PART 1 Hit by a global train

An analysis of a half-century of data for the nation's largest cities shows that no urban center fell as far, as fast, as hard as Milwaukee from the upheaval of a globalizing economy. Nor was any city's black work force less prepared for the shift from unskilled labor.

PART 2 A dream derailed

The Milwaukee Road literally encircled the perimeter of Milwaukee's black community, defining where they lived and worked. When it derailed, so did the dreams of a whole community. But now, there are signs the urban core is getting back on track.

PART 3 Emerging markets

A new generation of leaders is advancing market-driven 21st-century solutions for poor neighborhoods. Promise is seen in the city's central location, low transportation costs, cheap land and proximity to universities and the ideas they incubate.

Go to www.jsonline.com/links/brown to read previous stories in the yearlong Journal Sentinel series, "Still Separate and Unequal."

**MANUFACTURING JOBS
THE RAPID RISE AND
FALL OF THE BLACK
BLUE COLLAR
WORKER
IN MILWAUKEE**

Milwaukee's economy, which prospered as a world-class industrial powerhouse, changed radically in little more than a single generation, and few felt the changes as acutely as its African-American laborers.

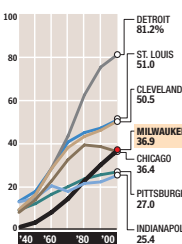


Source: U.S. Census Bureau



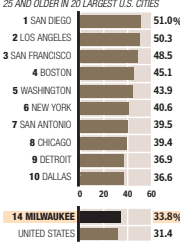
The black migration to Milwaukee came significantly later than in other Midwest cities ...

BLACK POPULATION IN MILWAUKEE AND OTHER MIDWEST CITIES, 1940 TO 2000 AS A PERCENTAGE OF TOTAL POPULATION



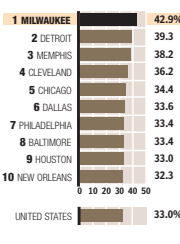
... and the blacks who moved here were not as well-educated as those in many other major U.S. cities...

BLACK ADULTS WITH AT LEAST A HIGH SCHOOL DIPLOMA, 1970 AS A PERCENTAGE OF ALL BLACKS 25 AND OLDER IN 20 LARGEST U.S. CITIES



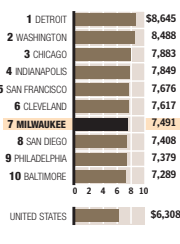
... many blacks in Milwaukee took jobs in manufacturing, more than in any other major city in the United States ...

BLACKS IN BLUE COLLAR JOBS FOR 20 LARGEST U.S. CITIES, 1970 AS A PERCENTAGE OF BLACK LABOR FORCE



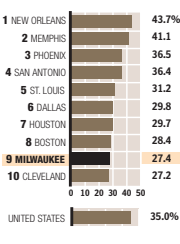
... because manufacturing was booming, median family income among Milwaukee blacks was nearly 19% higher than the national average ...

MEAN FAMILY INCOME OF BLACKS IN 20 LARGEST U.S. CITIES, 1970 IN 1970 DOLLARS



... and black poverty was significantly lower than the national average ...

BLACK POVERTY RATE IN 20 LARGEST U.S. CITIES, 1970 AS A PERCENTAGE OF BLACK POPULATION



ALFREO ELICIERTO/aelicier@journal.sentinell.com

Change magnified in city

ECONOMY, From 1S

In fact, Milwaukee's working-age black men have suffered almost twice the drop in employment that the nation endured in the Depression. The city's black male employment rate plummeted by 21 percentage points from the peak of America's industrial might in 1970 to the most recent census in 2000 — nearly double the 13 percentage point decline in the national employment rate from 1929 to the Dust Bowl trough of 1933.

In this 50th anniversary year of the U.S. Supreme Court's Brown vs. Board of Education desegregation ruling, as communities across the country undergo a self-examination of their racial progress, a fresh analysis of a half-century of census reports and economic data for the nation's largest cities reveals that none of their urban centers fell as far, as fast, as hard.

Visitors familiar only with Milwaukee's graceful downtown architecture, shoreline parks and clean thoroughfares might not guess that the city harbors racial disparities that exceed those in Detroit, Philadelphia and other archetypes of American urban blight. Despite its roots as a progressive Northern city that once lured laborers of all races with a bounty of family-supporting jobs, modern Milwaukee falls to the bottom of nearly every index of social distress.

■ In 1970, at the city's industrial peak, the black poverty rate in Milwaukee was 22% lower than the U.S. black average. That turned around by 2000, when the black poverty rate was 34% higher than the national figure. Among the nation's 20 most populous cities in 2000, Milwaukee had the highest rate of black poverty.

■ In 1970, the median family income for African-Americans in Milwaukee was 19% higher than the U.S. median income for black families. By 2000, the black family income in Milwaukee was 23% lower than the national figure. In the 2000 census, Milwaukee fell to 46th among the nation's 50 largest metro areas in racial disparities in income.

■ Milwaukee had the highest black unemployment rate of the major cities surveyed in 2002 by the Bureau of Labor Statistics. The bureau also found that 59% of Milwaukee's black males 16 and older were idle, and that the city's black unemployment rate was more than three times its white unemployment rate.

■ In 2003, an estimated 48% of Mil-



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Children eat lunch in the cafeteria at Lee Elementary School, 921 W. Meinecke Ave., where 95% are served free or reduced-rate lunches, making it one of the 20 poorest public elementary schools in the city of Milwaukee.

waukee black children under age 5 lived in poverty. Nationally, the Census Bureau estimated that 39% of all black children under 5 were living below the poverty level.

■ Wisconsin — where three of every four African-Americans live in Milwaukee — has the nation's highest rates of black teenage births and black incarceration, according to the Kaiser Family Foundation and U.S. Justice Department, respectively.

A growing school of sociologists traces direct links between the wholesale obliteration of blue collar opportunity and a chain reaction of collapsing social structures.

These sociologists are not measur-

“When you deindustrialize white towns, you see the same phenomenon. Earnings fall. Marriage rates go down. Out-of-wedlock birthrates rise. You see the same behavior as you would in what we normally attribute as the urban underclass.”

Andrew Sum, director of the Center for Labor Market Studies at Northeastern University in Boston

ing issues of race, bigotry or welfare culture, which have long been blamed for Milwaukee's social ills.

They use the clean, empirical metrics of economics.

What sets Milwaukee apart, they say, is the force and pace of economic change.

“I don't need arguments of racial

discrimination or integration to explain why Milwaukee does as badly,” said Andrew Sum, director of the Center for Labor Market Studies at Northeastern University in Boston.

In an age of relentless global competition, Sum says, Milwaukee's African-Americans have experienced more acutely the same dislocation that small factory towns undergo

when they abruptly lose their industry.

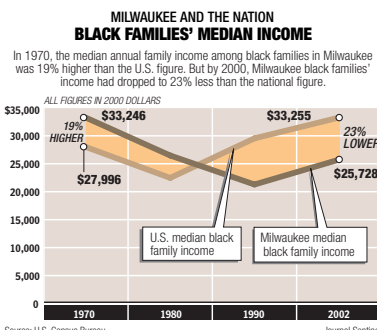
“When you deindustrialize white towns, you see the same phenomenon,” Sum said. “Earnings fall. Marriage rates go down. Out-of-wedlock birthrates rise. You see the same behavior as you would in what we normally attribute as the urban underclass.”

Before he agreed to be interviewed, Sum independently analyzed Milwaukee's census data in his own computerized “regression model” that compared the city's demographic, educational, economic and labor-market variables with those of the nation's 30

Please see **ECONOMY, 3S**

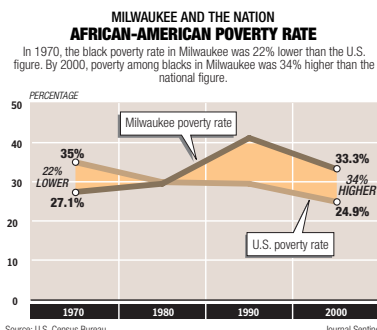


Helen Fifer (left), who lives across the street from Lee School, came with her parents from Alabama to Milwaukee as they followed the lure of good factory jobs. Bessie Sumlin came in 1955 from Arkansas for the same reason. Both have seen the city in its boom years and bust years.



Source: U.S. Census Bureau

Journal Sentinel



Source: U.S. Census Bureau

Journal Sentinel

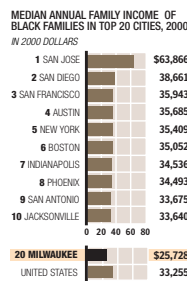
... but starting in 1967, Milwaukee lost nearly 83,000 manufacturing jobs, a 69% decline ...



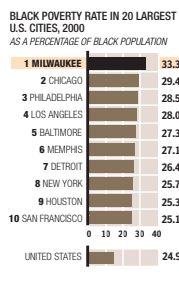
Source: U.S. Census Bureau



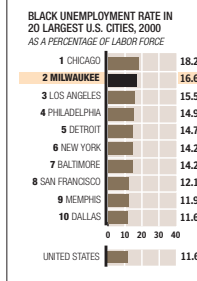
... and by 2000, the income of blacks in Milwaukee dropped to the lowest of the major U.S. cities ...



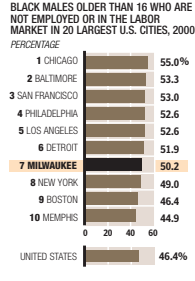
... before long, Milwaukee's blacks had the highest poverty rate among major U.S. cities ...



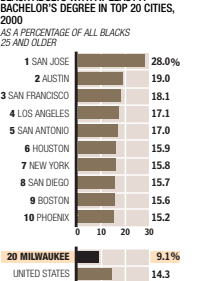
... the second highest unemployment rate in the nation ...



... and one of the highest percentages of black men without jobs ...



... meanwhile, blacks in Milwaukee continue to lag behind those in other major cities and the U.S. in education.



ALFRED ELUCIERTO/alfelucier@journal-sentinel.com

ECONOMY, From 2S

biggest cities. "If you had anything like that in the rest of the country, you would call that a massive depression," Sum said.

It is not just a black problem, said Harvard University professor Michael E. Porter, a globalization economist who founded the Initiative for a Competitive Inner City, a Boston-based non-profit corporation that advises distressed cities in the United States and Britain.

Lazy traffic and a profusion of "For Lease" signs downtown reveal more at stake than the lives of those who live only a few miles away in concentrated poverty and fractured families. The crisis in the central city stunts growth across the entire region, warding off investment, keeping visitors at bay, draining the tax base, diverting resources, rendering broad swaths of the city's commercial real estate unused and its labor force idle and unproductive.

"I can tell you quite categorically: Unless Milwaukee is able to create a vital inner-city economy, it will not have a vital regional economy," said Porter, speaking last year to Milwaukee's business and political leaders.

Reliance on low-skill labor

The Journal Sentinel's economic portrait shows that black Milwaukeeans were dazed with unprecedented force because they relied more on low-skill labor than African-Americans in any other American city, North or South. They had come north from a Southern agricultural society, and many hadn't finished high school. A large number were sharecroppers. Yet they could find an abundance of work in a smokestack-and-brewery city once known as the "toolbox of the world."

By 1970, 43% of black Milwaukeeans drew paychecks as industrial laborers — punch press operators, riveters, assembly-line workers, fork-lift drivers. The work was unglamorous but paid the mortgage and, on occasion, the children's college tuition, as well. Only Detroit, with 39%, came close to Milwaukee's blue collar bonanza for black workers.

Milwaukee was a phenomenal job machine. Cleveland, the 34th most populous city and Milwaukee's closest peer today in terms of economic disparities in its urban core, didn't employ as large a share of its black population in its industrial heyday.

Thousands of black Milwaukeeans, many just out of the Army, worked their way toward the middle class in the decades that followed World War II. They held jobs at blue chip stalwarts such as Allis-Chalmers, Briggs & Stratton, Schlitz Brewing, A.O. Smith and American Motors.

In the 1980s, however, the boom gave way to a scorched-earth bust.



Vel Moore (left) said she always manages to find work even without a high school diploma. Her two brothers, including Eddie Moore, are unemployed. Among black communities in America's largest urban centers, Milwaukee's has endured more fallout from a rapid loss of factories.

Milwaukee lost more than two out of every three factory jobs it had in 1970 — a disappearance of more than 80,000 jobs. The number of lost jobs amounts to more than one-third of the city's current black population.

Today, retired laborers struggle to perpetuate the vision that carried them to the universities. Those first-generation laborers see their sons and grandsons in a different world — more than half of the city's working-age black men are idle — without work, not looking for work, disabled, retraining or behind bars.

Men who cannot put dinner on the table also cannot be role models, fathers or husbands, said Sum, at the Center for Labor Market Studies. The crucial years when a young man leaves home, makes a living and gets married are postponed indefinitely. Men are more likely to live at home, less likely to get married and more likely to associate in local groups of similarly idle working-age men.

More success for women

Black women in Milwaukee historically have relied to a lesser degree than men on manual labor and managed a more successful transition into today's economy. As a result, black men operate in a labor market statistically distinct from women,

"Black men came here with no education, from out of the fields, and worked in the tanneries until they closed their doors. And then they were left with no job and no education. . . . Everyone I know who came from the South is struggling."

Bessie Sumlin, who worked for five years in a Milwaukee tannery. Her husband, James Sumlin, worked at Blackhawk Leather Ltd. for 32 years before the plant shut down four years ago.

even within the same city. For every seven black Milwaukee men who hold a job, there are 10 black women with work. It's the most lopsided man-to-woman employment ratio for the black population of any big city in the nation, according to Sum's analysis of 2000 census data.

"I can always find work, and I don't have a high school diploma," said Vel Moore, 46.

She relies on temporary agencies to help cover medical costs incurred by her 15-year-old son, Marcel, who was struck by a car and has needed three brain operations. Moore herself suffered a stroke and has had heart surgery. And yet neither of her two older brothers, who had more education

than she did, holds a job. The extended family lives together with its 73-year-old mother on the northwest side and shares the same bus pass.

Her brother Edgar refuses to give up. His résumé is polished, touting recent training in Microsoft skills and an employment history assembling hydraulic parts (1997-2000) and working at a Golden Chicken restaurant (1976-1983). As Vel Moore speaks on a recent November day, Edgar hustles out of the house to catch the bus for a job interview. He walks with a cane because of leg and spinal injuries from a 1996 accident.

Her other brother, Eddie, meanwhile, cuts a neighbor's lawn.

College-educated African-Americans bemoan the lack of opportunity and hurry to leave Milwaukee as soon as they're old enough, said Margaret Henningsen, co-founder of Legacy Bank Corp., a black-owned central city bank.

"Economically, this is not a good place for blacks," Henningsen, 57, said. "It's a perception and a reality. I'm the oldest of 10 kids, and the rest couldn't wait to get out of here."

The Great Migration that carried millions from the rural South to the industrial North began early in the last century. By a quirk of history, however, African-Americans began to arrive in Milwaukee in large numbers only decades later. Their arrival mostly coincided with the 1946-1973

ABOUT THE STATISTICS

The statistics included in this story and the accompanying graphics come from a variety of federal and state reports released since 1960 on the social and economic conditions in Milwaukee, other major cities and the United States. In developing this report, Journal Sentinel database editor Mark Maley analyzed data on jobs, income, education, poverty and other areas from the U.S. Census Bureau, the Bureau of Labor Statistics, the Wisconsin Department of Workforce Development and other government agencies.

Golden Era of the American economy, defined by economists as the post-World War II period of unprecedented prosperity. Migrants who found work in Pittsburgh, Chicago or Detroit during the first half of the century had decades of steady work to secure homeownership and get their children educated before the nation began hemorrhaging heavy industry.

The "Late Migration," as local historians call Milwaukee's influx, meant blacks needed to bridge the cultural chasm from sharecropping to a new era of perpetual economic change with exceptional speed. Few were fast enough. "Unfortunately in Milwaukee, that transition didn't occur," said Cory L. Nettles, the state's commerce secretary. "Many kids got jobs that were more similar than dissimilar to their parents'."

The later the arrival, the tougher the circumstances. "Black men came here with no education, from out of the fields, and worked in the tanneries until they closed their doors. And then they were left with no job and no education," said Bessie Sumlin, who worked for five years in a Milwaukee tannery.

Her husband, James Sumlin, also ended up on the short end of the late migration. A native of Charleston, Miss., James Sumlin arrived in 1968 without a high school education. He landed a job at Blackhawk Leather Ltd., where he worked for 32 years until it shut down four years ago.

Blackhawk, like dozens of other tanneries, couldn't compete with cheaper Chinese rivals that are nearer to the world's biggest footwear factories. Bessie and James Sumlin raised four children in Milwaukee. "Everyone I know who came from the South is struggling," Bessie Sumlin said.

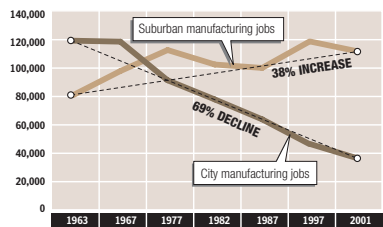
In the commemorative year of the 1954 desegregation ruling, most attention has fallen on schools, not economics. The attention on education is natural: Without schooling, chances are slim of succeeding in a First World economy.

That helps explain why the notion

Please see **ECONOMY, 4S**

MILWAUKEE AND SUBURBS SHIFT IN MANUFACTURING JOBS

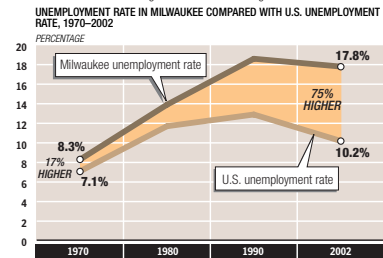
From 1963 to 2001, the city of Milwaukee lost nearly 83,000 manufacturing jobs while the suburbs gained more than 30,000.



Source: U.S. Census Bureau

MILWAUKEE AND THE NATION AFRICAN-AMERICAN JOBLESS RATE

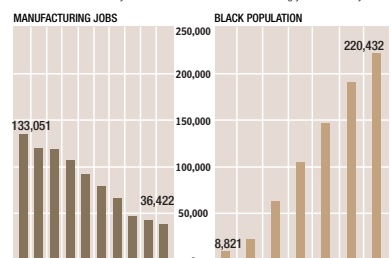
In 1970, the unemployment rate among African-Americans in Milwaukee was 17% higher than the U.S. rate. By 2002, black unemployment in Milwaukee was 75% higher than the national figure.



Source: U.S. Census Bureau; Bureau of Labor Statistics

AFRICAN-AMERICANS AND MANUFACTURING POPULATION NOW OUTNUMBERS JOBS

In the late 1940s, manufacturing jobs in Milwaukee outnumbered the city's black population by about 15 times. By 2000, the numbers had reversed — there were five times as many blacks as there were manufacturing jobs in the city.



Source: U.S. Census Bureau

Journal Sentinel

"Economically, this is not a good place for blacks. It's a perception and a reality. I'm the oldest of 10 kids, and the rest couldn't wait to get out of here."

Margaret Henningsen, co-founder of Legacy Bank Corp., a black-owned central city bank

Sociologists see a domino effect from job loss

ECONOMY, From 3S

of using economics to understand Milwaukee's racial inequalities remains novel.

"Many liberal explanations of social inequality cite race to the exclusion of other structural variables," argues Harvard University sociologist William Julius Wilson, one of the first scholars to link globalization with the economics of the nation's inner cities.

Sociologists such as Wilson assert that economic evolution and rapid-fire deindustrialization set in motion a domino effect.

It starts as one household after another loses income and cannot patronize neighborhood merchants, who go out of business. Storefronts become vacant and unlighted, inviting crime. Housing prices plunge, or stay depressed, leaving owners without inheritance or equity for loans. In the U.S., those who lose their jobs also lose their medical insurance. "We die from more preventable and treatable conditions," said state Rep. Barbara Toles, a Milwaukee Democrat, echoing statistics from the Washington-based National Institutes of Health.

Chronic financial uncertainty brings family tension. Families go into economic survival mode. Medical care, dental care, schoolwork, social activities fall by the wayside.

Children who hear gunshots or fierce arguments at night have trouble concentrating in school the next day. Life-and-death distractions pose an acute factor in Milwaukee, where the per-capita homicide rate is almost 2½ times that of New York City.

Affecting outlook

The uncertainty of living with day-to-day risk takes a toll of its own. The National Bureau of Economic Research concluded in March that poor urban African-Americans, mindful of their statistical life expectancy, lose the incentive to invest in their own education or physical well-being. They become nihilistic.

"You tend to underinvest in yourself," Sum said. "You get this fatalistic view on life. There's a perception among some young inner-city guys that it doesn't make sense to stay in school because they don't expect to be around long."

And then there's a final twist: Children who fail to get degrees can't even get the menial, low-skill jobs that lured their ancestors north.

"Poverty is the biggest influence in student achievement," said Deb Lindsey, director of assessment and accountability for Milwaukee Public Schools. Citing decades of consistent findings from a spectrum of national think tanks and local school boards, Lindsey added, "It's not a notion, but a fact."

In his book "When Work Disappears: The World of the New Urban Poor," Wilson argues, "Many of today's problems in the inner-city ghetto neighborhoods — crime, family dissolution, welfare, low levels of social organization, and so on — are fundamentally a consequence of the disappearance of work."

Economic upheaval also intensifies pre-existing urban ills, such as racial segregation, said William Frey, a research fellow at the Center on Urban and Metropolitan Policy at the Brookings Institution in Washington.

A reflection of the world

Milwaukee's urban center lies at the forefront of a historic shift that is reshaping the global economy, widening income gaps and fostering a state of permanent insecurity.

The city became a blue collar boomtown because it was once a hotbed of industrial innovation, a sort of heavy-manufacturing version of Silicon Valley. But when the industrial combines went out of business, the Midwest economy splintered into a spectrum of smaller, more agile high-skill firms that no longer rely on migrant or immigrant labor.

Gov. Jim Doyle, laying out his economic vision, implies the state's firms to "compete on the high end" of technology, trade and global sophistication.

Some of those jobs percolate downtown. But mostly they flourish in suburban office parks built on green spaces with ample parking near freeway bypasses. Suburban counties registered a 200% job expansion during the 1970-2000 period of the city's deindustrialization.

By 2001, according to the Census Bureau, 75% of all manufacturing jobs in the four-county metropolitan area were in Milwaukee's suburbs, which represents a reversal from 1963, when 60% of all manufacturing jobs were inside the city limits.

In theory, unemployed blacks simply need to uproot from the city and follow the trail of opportunity. Yet



A ballet class rehearses at the Lapham Park Social Center on W. Walnut St. In this 1940s photograph, the social center served as a hub for many Milwaukeeans as they settled into the area. Shops and nightclubs featuring national jazz acts once lined the street.



The Lapham Park Social Center provided a place for socials and other activities that reflected the growing affluence of the black community in the 1940s and '50s. The stretch of W. Walnut St. from what was N. 3rd St., now N. King Drive, to N. 10th St. used to be the cultural heart of Milwaukee's black community.



An orchestra poses for a photo before rehearsal at the Lapham Park center, one of many activities in the once-vibrant neighborhood.



Many groups living around Walnut St. gathered at the social center, now Metropolitan High School. Students there have found many historical photographs.

BOOM YEARS IN BRONZEVILLE

It was a period of unprecedented prosperity. Economists define the Golden Age of the American economy as the post-World War II boom years of 1947 to 1973. They were also the peak years for workers in Milwaukee's industrial urban heart.

A cultural enclave emerged on the north side with a legend that has long outlived the prosperity, the nightclubs and the jazz. It was a time, residents recall, when children commonly carried musical instruments to school and attended Saturday music programs.

Strolling through the commercial bustle and farmers markets of Bronzeville, as black Milwaukeeans proudly called its entertainment district, was a popular pastime.

few have left the city because they lack the education, skills, income and, in many cases, means of commuter transportation.

Globalization is hastening a polarization into two distinct labor markets: A First World market of skilled and white collar positions is concentrated in downtown high-rises and suburban business parks, while a 20th-century urban work force competes for jobs with Chinese peasants willing to work for as little as 25 cents an hour. "It leads to cultural and economic isolation," said Nettles, the commerce secretary.

American jobs in the 21st century increasingly demand a college degree or other high skill set. Only 39% of black men in the U.S. without a high school diploma had a job in 2000; of those who had a college degree, 79% had a job.

In Milwaukee, only 8.4% of the adult black men hold a four-year college degree — the lowest rate among major U.S. cities.

Educational barriers don't stop there. About one-third of the city's black adults are high school dropouts — an estimated 35,000 people. Milwaukee's percentage of African-

Americans without diplomas is the second-highest among the 20 largest U.S. cities. And Wisconsin last year recorded the highest percentage of black eighth-graders who fell into the lowest category of reading and math performance, boding poorly for their future.

Jobs of a different sort

"The character and quality of American job creation is changing before our very eyes," argues Stephen S. Roach, chief economist for the Morgan Stanley investment banking group.

The transformation manifests itself in the abundance of low-end jobs that the current recovery has created, Roach found. With the 2001 recession decimating both professional and manufacturing jobs, a disproportionate number of the emergent jobs in the recovery lies in restaurants, temporary service agencies, courier services, hotels and social work agencies.

"The great American job machine is not even close to generating the surge of the high-powered jobs that is typically the driving force behind greater incomes and consumer demand," Roach found.

Milwaukee's urban center, in par-

ticular, remains vulnerable to further restructuring. As recently as 2000, Milwaukee retained the highest percentage of black residents employed in blue collar jobs among the 20 largest cities.

The central city isn't alone. The Milwaukee region lags behind the rest of the nation in the metamorphosis to a high-skill, post-industrial economy. The Progressive Policy Institute in Washington ranked metro Milwaukee No. 40 among 50 U.S. cities in its broad Metropolitan New Economy Index, which measures the overall number of technology jobs, scientists, engineers, patents, schools and venture capital. It trails Chicago (19), St. Louis (27), Detroit (28) and Cleveland (33). Meanwhile, the California-based Milken Institute last month reported that the Milwaukee-area economy slid to No. 163 among 200 cities in an annual job-creation ranking of best-performing cities.

Even Alan Greenspan, chairman of the U.S. Federal Reserve Bank in Washington, sounds worried. The central banker, perhaps one of the last to raise alarms about poverty, sees a worsening nationwide labor-market mismatch. "The effect of increasing concentration of incomes is

not desirable in a democratic society," Greenspan told a congressional panel in July.

It's a challenging environment for a new generation of civic leaders. One thing that unites the new leadership is a general awareness that the old models of urban rehabilitation don't work.

"When you start to look at several generations relying on welfare, it's safe to say that welfare is not a viable option or solution for helping people climb out of poverty," said Nettles, who calls himself "a poor black kid from Milwaukee," but one who earned a law degree.

In an age of record federal deficits, few expect relief from taxpayer-funded programs. And with an abundance of cheap labor in Mexico and China, no one expects to lure major new factories to Milwaukee and recreate the old model of big industrial combines.

More than ever before, America's urban communities are left to their own devices in a global economy that rewards the strong and agile at the expense of those who stand still.

In this hypercompetitive environment, the seeds for Milwaukee's rejuvenation are being sown.

Ain't you heard | The boogie-woogie rumble | Of a dream deferred?

Excerpt from "Dream Boogie," a poem by Langston Hughes, 1951



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Tracks of the former Milwaukee Road lead from what was Allis-Chalmers Corp., bankrupt since the '80s. Milwaukee's freight trains ran around the clock to power America's economy.

The once-mighty Milwaukee Road delivered raw materials and laborers to the city's thriving industries. No institution better tells the story of the city's working class, particularly the tens of thousands of African-Americans who rode the rails to new lives here just before the manufacturers were running . . .

Out of steam

By JOHN SCHMID
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Back in the 1940s, Julius Foster left his farm in Tennessee, uprooted to Milwaukee and joined an 8 million-strong grass-roots diaspora out of the rural South. "He didn't sell for years," recalls his daughter, Sharon Adams. "My father loved that land so much."

Mass migrations have shaped history since the slaves of Egypt sought a promised land of milk and honey.

And in the middle of the 20th century, word was out across the South: For the working man, Milwaukee was a promised land of opportunity.

Like the penniless Italians, Irish and Poles who arrived decades before them, blacks ended up with the hot, tiring and dangerous work. In return, they got the best paycheck most had ever seen and aspiration toward a black middle class

Please see **BEER LINE, 6S**

R.I.P. TO:

ALLIS-CHALMERS
11,500 JOBS

AMERICAN MOTORS
4,000 JOBS

SCHLITZ BREWING
2,800 JOBS

PABST BREWING
2,600 JOBS

These four companies were among Milwaukee's 10 top employers in 1970. They no longer exist. For a snapshot of the top 10 employers then and now, see Page **9S**



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Canadian Pacific Railway now operates the old Milwaukee Road line and makes one run a day to serve its last two customers on the North Line: Miller Brewing Co. (above) and Tower Automotive.

Line carried goods of a hundred industries

BEER LINE, From 5S

that flourished, if only briefly, in a self-sufficient community that became Milwaukee's jazz-driven version of Harlem.

Foster worked in the vast switching yards of the once-mighty Milwaukee Road. The hometown railroad carried Southern laborers on the last leg of their northbound trek and often gave them bottom-rung jobs once they arrived. If the railroad didn't have an opening, the breweries, foundries and auto works relied on fresh waves of African-American recruits to keep pace with a prolonged post-war economic expansion.

Perhaps no Milwaukee institution tells the story of the city's African-American working class and its side-tracked dreams better than its namesake railroad. The cast-iron icon epitomizes the enormity of what the city lost, how rapidly its economic virility drained away, and gives an insight into why this progressive Northern community bears a greater concentration of urban ills for African-Americans than any other major American city.

The Milwaukee Road grew up with this smokstack city since their joint inception, and one kept the other humming. Milwaukee produced enough freight in the boom after World War II to spawn the fifth-biggest railway in North America, covering 16 states, spanning the Rocky Mountains and reaching the Pacific shipping ports of Puget Sound.

"If it weren't for the Milwaukee Road, Milwaukee as a city would never have reached the industrial prominence that it did," said Jim Scribbins, a retired Milwaukee Road executive and author of five books about the city's eponymous railway.

Strange as it may seem in the 21st century, Milwaukee anchored its economic foundations on a 19th-century railroad. Yet no one argued with the city's economic model in its heyday. More than Chicago, New York or even Detroit, a bigger share of Milwaukee's African-Americans found blue collar jobs during the nation's post-World War II industrial peak than blacks did in any other American city, U.S. census figures show.

That cornucopia of low-skill opportunity proved both a blessing and a curse.

The railroad, like the laborers who powered it, was among the first to feel the winds of change. Starting in the 1970s and gathering force in the '80s, most of the companies that built Milwaukee's economy left town or went out of business, casualties of fast-paced economic Darwinism and the dawn of globalization.

The city's rails, which once shone like the dreams of its migrants, linger as rusting remnants. Many are decommissioned or ripped out. Those still in use convey only a fraction of the traffic they once did. The 160 acres of rail shops where Julius Foster once worked are gone; as a corporate entity, the Milwaukee Road itself is extinct.



Julius Foster (left) and brother-in-law Carlton Gulce, shown in Milwaukee about 1950, left Tennessee in the '40s. Foster worked at the Milwaukee Road; his brother retired from industrial giant A.O. Smith after 35 years.

In the time it takes for scrubby bushes to grow like weeds between rail ties, Milwaukee lost its status as a city of unrivaled opportunity. An analysis by the Journal Sentinel, based on a half-century of census reports and other data, found that the whiplash downsizing hit Milwaukee's black workers with unprecedented force because they relied more on sweat-and-muscle labor than blacks in any other American city.

"They had almost no chance to adapt," said the daughter of the railroad worker. Life in Milwaukee's urban core requires vision to see beyond the ravages of a fast-changing economy, said Adams, who grew up when beer neighborhoods pulsated with economic self-sufficiency. Several years ago, she moved into her girlhood home on N. 17th St., leaving a job in Rochester, N.Y., and joined a new generation of civic leaders who are planting the seeds of the city's rebirth.

For a migration borne largely by rail, the Milwaukee Road tells another story, as well. Sojourners from the South arrived in Milwaukee decades after black laborers began settling in other Northern cities.

The "Late Migration," unique to Milwaukee, still haunts the inner city. It compressed the time for its migrants to adjust to a new economic paradigm even as they struggled with the loss of the old one.

A railroad flowing in beer

Foster's adoptive city may not have been dripping literally with milk and honey.

But it was swimming lustily in beer.

Back when Milwaukee was America's uncontested brewing capital, the Milwaukee Road freighted cold libations around the clock to a thirsty nation that reveled in its post-World War II industrial supremacy. Of the railroad's 10,000 miles of cross-country track, the busiest branch covered



Sharon Adams as a child, sitting on the knee of her father, Julius Foster, at a Thanksgiving dinner in the late 1940s. Her mother, Hattie, is at the head of the table.

little more than 10 miles on the city's north side, and it served four of the country's biggest breweries.

Those who worked on the railroad simply called it the Beer Line. Its cargo defined the town in its heyday: It ferried Schlitz, "The Beer That Made Milwaukee Famous"; the venerable Pabst Blue Ribbon; blue collar Blatz; and Miller High Life, the "Champagne of Beers."

Prosperity careened through the city with a rumble that shook the pavement. At the peak of summer beer-drinking season, the north side freight line dispatched as many as 270 boxcars each day to carry nothing but kegs and bottles. Inbound carriages hauled a steady procession of hops, barley and empties.

At mid-century, Jos. Schlitz Brewing Co. towered as the world's biggest brewer. Schlitz's private rail yards, just a few blocks from the heart of downtown, became the starting point for the fabled Beer Line.

Beer alone didn't drive this one-time railroad town. From Schlitz, locomotives trailing 60 boxcars snaked north along the Milwaukee River, where sidings curled off the main track to serve over 100 other industries. It linked foundries, machine-tool shops, lumberyards, leather tanneries and makers of engines, castings, shoes, cardboard, aluminum cans, soap, batteries, furniture and sausages.

A motor city in its own right

Milwaukee at the time was like a smaller version of Detroit. Trains on the Beer Line stopped continuously at the sprawling auto works of American Motors, General Motors and Delco Electronics. Beer trains ran directly through the 148-acre campus of A.O. Smith factories — which in Foster's day welded undercarriages for nearly every American-made passenger car.

The Beer Line began life as a separate six-mile railroad in 1854. It se-

soon connected with the five-mile North Line, jointly forming a continuous corridor of industry that arced across the north side and into the rail yards in the Menomonee River valley, and from there to the rest of the nation. Breweries and factories settled along the combined freight track the way that frontier towns used to grow up along rivers and later along the interstate.

As ceaseless as the Beer Line was, it was only a single freight artery in a profusion of branch lines and sidings that fanned across the city like arteries. A separate spur line extended several miles westward to Allis-Chalmers Corp. and its cluster of cathedral-sized factories. Before its 1980s bankruptcy, the maker of heavy machinery employed blacks by the thousands.

From the smoky heart of the rail network, in the industrial Menomonee River valley, Julius Foster shuttled freight locomotives as if they were the city's economic lifeblood.

Co-workers said Foster wasn't an imposingly large or muscular man. But as a farmer, he was no stranger to physical labor. He refueled locomotives, serviced their brakes and switched them in the yards.

"He had a limited formal education, but he insisted that his children be educated," said Sharon Adams. "He never missed a parent-teacher meeting. In college, he came up on parents' weekend."

"I don't remember him missing a day of work," said Aquine Jackson, who worked with Foster during the '60s. "Instead of taking vacation, he'd take the pay instead."

In the rail yards in Foster's day, labor often was black. Porters and cooks were black. "Conductors were white. Engineers were white. But behind the scenes, to make it work, everyone was African-American," Jackson said.

The same was true in the breweries and factories. African-Americans col-

lectively became the city's "industrial proletariat," in the words of Joe William Trotter Jr., head of the history department at Carnegie Mellon University and author of "Black Milwaukee: The Making of an Industrial Proletariat." At the city's foundries, where the work force predominantly was black, the story was the same. "They fed the blast furnaces and performed the most tedious operations in rolling mills that made rails for the railroads," Trotter wrote.

"I don't want to romanticize the manufacturing jobs," Sharon Adams said. "They were hard, they were physically challenging, they really didn't encourage much intellectual stimulation."

The leather tanning trade, a by-product of Milwaukee's meatpacking legacy, hired African-American laborers who were willing to work over pools of caustic lime that stripped the hair off rawhides. Rubber gloves, boots and aprons didn't always prevent lime burns. Inside the tanneries, the stench was nearly intolerable. Railroad workers, who hauled hazardous chemicals in and out of the tanneries, called them "stink houses."

"The tanneries took anyone," said Bessie Stumlin, who worked for five years in a Milwaukee tannery. From 1950 to 1960, Milwaukee registered the most feverish influx of African-Americans among any big city in that decade, tripling its black population from 21,772 to 62,458. Migrants arrived fresh from military service in Asia or Europe. Black sleeping-car porters carried newspapers from Northern cities and distributed "help wanted" sections across the rural South.

"There was no such thing as not getting a job," recalls Walter Wharton, 56. His stepfather, William Graham, like hundreds of other black migrants, worked at American Motors

From 1950 to 1960, Milwaukee registered the most feverish influx of blacks among any big city in that decade, **tripling its African-American population from 21,772 to 62,458.**

BEER LINE, From 6S

just off Capitol Drive for decades. Graham's labor helped pay for Wharton's college engineering degree.

The Beer Line did more than keep the north side factories humming. It literally encircled the perimeter of Milwaukee's black community. Like an economic circle of covered wagons, the Beer Line defined where they lived and worked. And at the heart of that rail-inscribed community was Walnut St., Milwaukee's own Harlem in its renaissance.

Workers exited the factory gates at Schlitz, crossed the street and walked directly into the throngs on Walnut St., a succession of hotels, restaurants, record stores, jewelers, tailors, cleaners, law firms, barbershops and beauty parlors. The Regal Theater, a movie palace, took its place in a street-long string of black-owned businesses.

But the hottest and most lucrative venues were jazz clubs. The names were incantatory — the Moon Glow, the Savoy, the Flame, the Congo Room, the Pelican Room, the Bamboo Club, Cab Calloway, Miles Davis, B.B. King and Duke Ellington played them. And the jazz giants came just as often to hear local musicians who nurtured a jazz-and-blues genre of Milwaukee's own. Musicians' Local No. 587 existed for decades, and black jazz musicians, guarantee their health benefits and keep the cabarets hopping.

Locals called them "black and tan" nightclubs — meaning black and white jazz aficionados from all corners of the city frequented the black-owned cabarets long before the rest of Milwaukee extended a welcome to black patrons.

A neighborhood for families

Julius Foster chose this community to raise his family. Many called it Bronzeville. "The commercial strips were incredibly vibrant," Adams recalls. She admits, though, that blacks had little choice where they lived. When the black migration began, Milwaukee homeowners enshrined their ethnic homogeneity with property deeds that prohibited black ownership. Most of the city and its suburbs were off limits to its new laborers.

But the Central European Jews, who lived near Walnut St. before the blacks arrived, didn't bother with segregationist covenants. "We lived together like brothers and sisters. We respected their faith, and they respected our faith," said Reuben Harpole, a civic activist who is Catholic and black.

"At night, the beat of the music filled the air, and many living in this area felt their future held promise," according to "Work'n in the Promised Land," an exhibit at the Wisconsin Black Historical Society.

Diplomas were optional.

"There always were dropouts, but the system absorbed them, society absorbed them," said Aquine Jackson, a Milwaukee Public Schools administrator who paid his way through college by working in the switching yards. "When those jobs dried up and left the city, those people who drop out now become a burden on society."

Milwaukee's factory foremen hired so many Southern scoundrels that the city's reputation long outlived the reality.

By the '70s, the era of decline had begun. What started gradually turned into an economic train wreck: Migrants piled into the city in search of ever-more scarce entry-level labor. They arrived even as a new era of economic globalization rendered the remaining jobs obsolete at an ever-increasing pace.

Driving down Walnut St. today, it's impossible to visualize the economic self-sufficiency that once existed. It's a nondescript avenue. Not a single one of the jazz venues exists. The Regal Theater is a parking lot.

City planners plowed under much of the neighborhood and many of its black businesses to make room for the I-43 through-town expressway.

The demolitions of first-generation black entrepreneurship took only a few months, but it handicapped generations to come. Think tanks that study the phenomenon of entrepreneurialism all come to the same conclusion: Children who grow up in the home of business owners are most likely to start businesses themselves one day. When the freeway obliterated a wide swath of Walnut St., it left little legacy of business acumen. Modern Milwaukee lags at 48th place among the nation's 50 biggest cities in the number of black-owned businesses, according to U.S. census figures.

But the wounded spirit of entrepreneurialism only compounded a broader generational rupture. Black men who came to Milwaukee expressly to work see their sons and grandsons living in a different world today. Seven out of every 10 black working-age men in the old Bronzeville neighborhood are either unemployed,

not looking for work, disabled or in prison. Those figures, from the four census tracts that constituted the area in 2000, are probably optimistic: The government collected the 2000 data at the height of an economic boom, before the latest recession drove another wave of industries out of business.

Like the city's industrial heart, the freight railroads began to die as industry began moving to sprawling suburban sites near the interstate. Non-union competition from the South and from Mexico, China and other Third World countries gnawed at Northern union towns. Automation replaced manual labor. Digital commerce supplanted 50-ton boxcars with information highways.

End of the line

In 1977, the Milwaukee Road declared itself bankrupt. "Our business in Milwaukee became almost nonexistent," Scribbins said.

Today, most of the tracks lead nowhere. Abandoned sidings snake through dormant factory yards and industrial ghost towns. Many Eastern European cities, still recovering from decades of Stalinist communism, appear in better shape.

The Beer Line no longer reaches Schlitz. By the early '80s, the towering Schlitz complex became an idle and parched symbol of industrial fragility. All it took was the death in 1976 of Robert Uihlein Jr., fourth-generation brewing scion of the founding family. The new management switched to a cheaper fermentation process that clouded the beer with unfermented particles. Customers bolted.

The Beer Line's new owners ripped out four miles of track and jaggedly sawed them off in a rubble-strewn lot adjacent to the Lacey Love Lounge, which in turn lies just south of a factory-sized Wal-Mart superstore.

Wal-Mart built the store on the foundations of the old American Motors plant, where AMC once worked on Ramblers and Pacers. In the 1960s, AMC's 10,000 autoworkers made it one of the biggest factories in southeast Wisconsin and a major employer of African-Americans. The United Auto Workers set wages and benefits. AMC kept the railroad busy with five trainloads each day. The plant was closed when Chrysler acquired AMC in 1987.

Wal-Mart brought work and commercial bustle to the long-idle manufacturing site. After years of locating stores in small towns and growing suburban communities, Wal-Mart's move into Milwaukee's urban center showed that it saw a vital marketplace in an area long ignored by other retailers.

Still, an AMC worker made the equivalent of \$25 an hour in 1970, after adjustments for inflation. Wal-Mart said its national average hourly wage for full-time employees is \$9.98, with some hourly workers making under \$7. The retailer, which ranks as the nation's largest private-sector employer, has no unions. On a recent visit by a reporter, most of the staff working at the Wal-Mart was black.

"There's nothing that conforms to the notion of them being upwardly mobile," said Michael Rosen, chairman of the economics department at Milwaukee Area Technical College.

The Wisconsin & Southern sends one freight train a day down the remaining two-mile stump of the Beer Line, trailing four rattling boxcars on a recent run. It lumbers at 5 mph, making two stops before connecting with Wisconsin & Southern's upstate network.

The Canadian Pacific Railway, meanwhile, snapped up what was left of the Milwaukee Road, closing the deal in 1985 and rechristening its former rival the Soo Line. The Canadian Pacific, which wanted the Milwaukee Road's long-haul routes, ended up with the North Line, the other half of the north side freight loop.

Not much business is left there, either. Steeltech Manufacturing Inc., a short-lived effort by the city's civic leaders to re-create heavy industry jobs for the city's minorities, shut its doors in 1999.

That leaves only two other North Line freight stops. One is Miller Brewing Co., the last brewer of size in Milwaukee. With 1,800 workers, and an African-American employment rate of 13%, even Miller no longer appears on the top 10 list of the biggest employers in the metropolitan re-

REBUILDING A SHATTERED NEIGHBORHOOD



Larry and Sharon Adams articulate a vision of an emerging new Milwaukee; they founded the Walnut Way Conservation Corp., dedicated to the rebirth of the historic urban heart. They raise bees as a pastime, keeping alive the original vision that drew Southern migrants to Milwaukee as a promised land of milk and honey, offering economic opportunity.



The block of N. 17th St. just south of W. North Ave. has been targeted by the Walnut Way Conservation Corp. for renovation. The organization is working on rehabilitating several homes in the neighborhood.



Clyde Adams and Dwayne Khaton hang drywall for the Walnut Way Conservation Corp. in what will become a new cultural center on N. 17th St. The 1907 building had been a boarding house for Southern migrants and deteriorated into a drug house. In its next life, it will house a library, archives, literacy center, computer lab and a pottery kiln.



A lush garden, shown at its peak in August, is run by the Walnut Way Conservation Corp. on N. 17th St. south of W. North Ave. It helps to fund projects undertaken by the organization to help renovate the neighborhood.

FREIGHT RAILS THAT HAULED MILWAUKEE'S BLUE COLLAR DREAM INTO THE 1970S

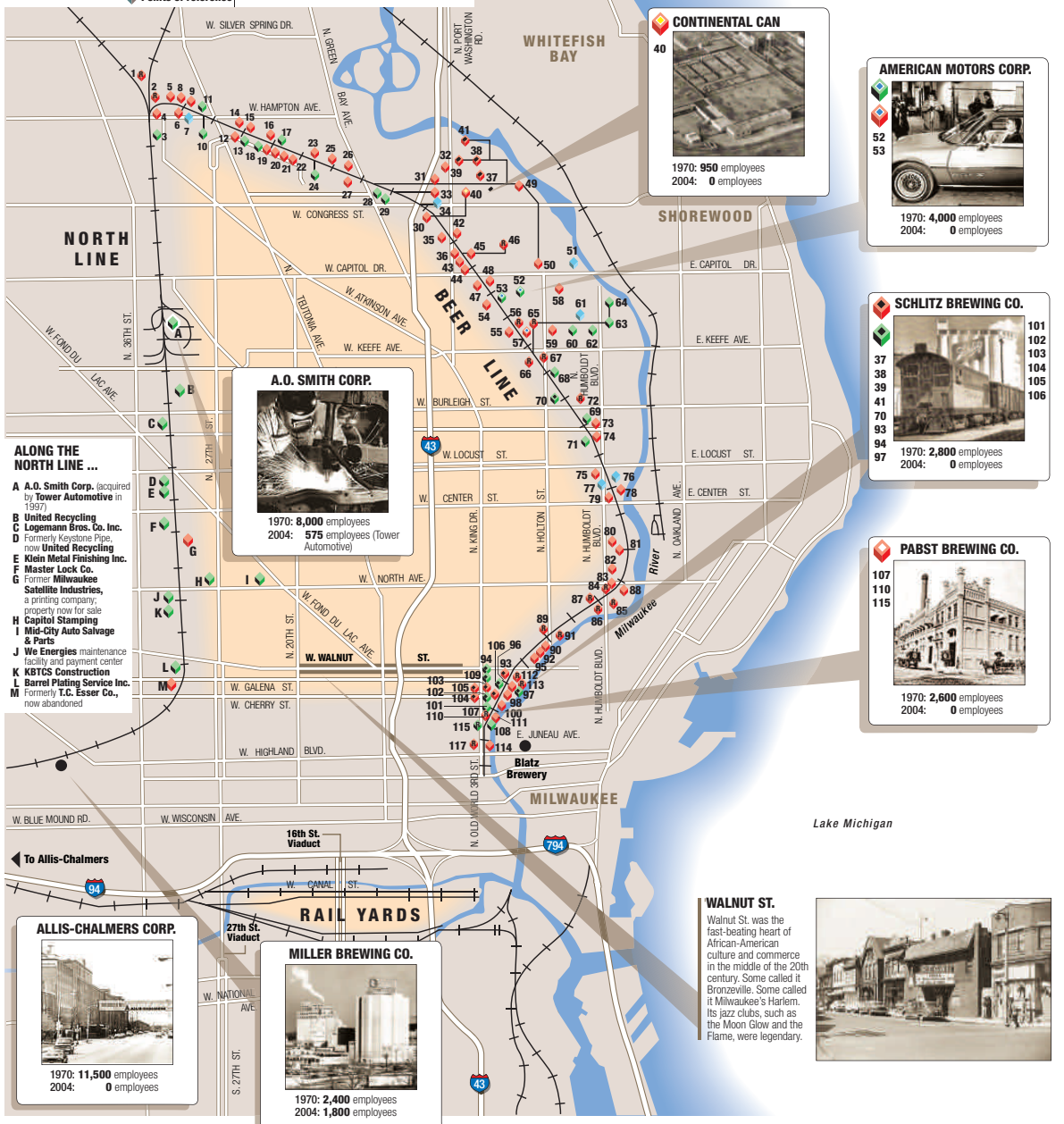
The once-mighty Milwaukee Road spanned 16 states with 10,000 miles of track and boasted some of the most avant-garde streamlined passenger cars of the railroad era. But its busiest branch was the Beer Line, a freight track that served all the big breweries and many of the city's industrial champions. The Beer Line encircled the city's black community with a corridor of industry. Like the railroad, the factories relied on African-American labor. And, like the railroad, many of the factories went out of business.

THEN	NOW	THEN	NOW	THEN	NOW
1 North Milwaukee depot		21 Nabisco warehouse	Closed	41 Old power house for Schlitz terminal	Closed
2 North Milwaukee tower		22 Cunningham Ortmayer (heavy machinery)	Closed	42 E.R. Godfrey food distributor	Closed
3 Warehouse, "Sink House" tannery	Owned by Holy Redeemer	23 Glendale Supply Co.	Closed	43 Delco warehouse	Closed
4 Power house for tannery	Closed	24 A. George Schultz Corrugated Box Co.	Rock-Tenn Co.	44 Capitol Lumber	Out of business since the 1950s
5 Asphalt distributor	Closed	25 Ladwig Ready-Mix Cement	Closed	45 Weiden-Alten steel fabrication plant	Closed
6 Hansver Soap Co.	Closed	26 Wisconsin Face Brick	Closed	46 CSNW Capitol Drive Yard	Closed
7 Not served by rail tracks		27 Westinghouse warehouse	Closed	47 Gross-Calloway Fuel Oil	Closed
8 Milwaukee Gas & Light pipe yard	Closed	28 Best Lumber	Best Lumber	48 Wells Badger Co.	Closed
9 Paulson Lumber	Closed	29 Dwight Paper	North American Clutch Corp.	49 Milprint Corp.	Closed
10 Phoenix Manufacturing	Janco Industries	30 URTX shops	Closed	50 Telesmith Engineering	Closed
11 Stroeder Oil Co.	Became Benz Oil	31 Harrison Oil Co.	Closed	51 WTMJ Radio/TV station	WTMJ Radio/TV station
12 Behrke Lumber	Closed	32 American Lace Paper	Closed	52 American Motors body plant	Wal-Mart
13 Standard Tar Products	Standard Tar Products	33 Pfizer Corp.	Closed	53 American Motors parts warehouse	Wal-Mart
14 Carson Pirie Scott warehouse	Closed	34 Not served by rail tracks		54 Downing Box Co.	Closed
15 Steel fabricating company	Closed	35 Electronics supply firm	Closed	55 Heider & Bött Co.	Closed
16 Lumber dealer's supply firm	Closed	36 GM parts plant	Closed	56 Gibson Yard Offices	Closed
17 F.J. Christiansen Roofing Co.	F.J. Christiansen Roofing Co.	37 Schlitz elevator	Closed	57 Cleaver Brooks Boiler Co.	Compo Steel Products Inc.
18 Steel sales	Arco Building Systems	38 Schlitz warehouse building	Closed	58 Sealtest dairy	Sealtest dairy
19 Columbian Art Works	Closed	39 Schlitz Terminal building	Closed	59 Steinman Lumber	Moved out in early 1960s
20 Kraft Foods warehouse	Closed	40 Continental Can	Closed	60 Plastic distributor	Semco Laboratories Inc.

Factories, breweries and other industries that were served by the rail lines in the 1970s

- OPEN (Green diamond)
- CLOSED (Red diamond)
- Railroad property (Blue diamond)
- Points of reference (Blue diamond)

Rail lines formed a loop that defined the hub of African-American life and work throughout the post-World War II economic expansion



THEN	NOW	THEN	NOW	THEN	NOW
61 Not served by rail tracks		81 Milwaukee Lace Paper	Closed	101 Schlitz grains plant	Closed
62 Inland Box Co.	Tulip Corp.	82 Tevs Lime & Cement	Closed	102 Schlitz brew house	Brown Bottle Pub (Closed in 2004)
63 Globe Union, became Johnson Controls	C&D Technologies Inc.	83 Pipkorn Cement	Closed	103 Schlitz general offices	Closed
64 Huebsch Co.	Mattech	84 Engine tracks		104 Schlitz elevator (corn chips, dark malt)	Closed
65 "Snake" track		85 Humboldt yard office		105 Schlitz power plant	Assurant Health
66 Scale		86 Commerce St. team tracks		106 Schlitz former bottle house	Parking lot
67 Team rack		87 Humboldt Yard		107 Pabst Shipping Center No. 30	Time Warner Cable
68 White Pearl Macaroni	Safeway Industries Inc. office	88 Maumee Coal		108 Commerce St. Power Plant	WPS Insurance
69 Steel Forms Inc.	Sup Design Ltd.	89 "Roller Coaster"		109 Schlitz keg-brewing facility	Closed
70 Schlitz Brewery complex	Sup Design Ltd.	90 Schuster's Department Store warehouse	Closed	110 Commerce St. Yard, used by Pabst	
71 Warehouse	Hermia Movers Inc. headquarters	91 Coal yard	Closed	111 Warehouse	
72 Team track		92 Trosnel Tannery	Closed	112 Track installed in "C" house for keg beer	
73 Bliffert Lumber	Closed	93 Schlitz wash house and icing facility	Closed	113 Loading tracks inside "C"	
74 Admiral appliance distribution center	Closed	94 Schlitz keg beer facility prior to 1970	Milwaukee Education Center	114 Site of original depot and freight house	
75 Ma Baersch Foods	Closed	95 Leads to Schlitz "C" house	Closed	115 Commerce St. team tracks, used by Pabst	
76 Gordon Park and pool		96 Beer loading facility	Closed	116 Lincoln Warehouse	
77 Gordon Park footbridge		97 Schlitz "C" house bottling plant	Aurora Health Center	117 Juneau Ave. team tracks used by Blatz	Closed
78 Center St. siding		98 Truck loading area	Closed		
79 Capitol Liquor	Closed	99 Cullett (broken glass) loading chute	Closed		
80 Shadbot & Boyd warehouse	Closed	100 Pabst elevator (3 tracks)	Closed		

Closed means that facility is no longer operational, although the company still may be in existence elsewhere.



MILWAUKEE AREA 10 LARGEST EMPLOYERS THEN AND NOW

	COMPANY	TYPE OF BUSINESS	LOCAL EMPLOYEES
1970	Allis-Chalmers	Manufacturing	11,500
	A. O. Smith	Manufacturing	8,000
	Briggs & Stratton Corp.	Manufacturing	7,400
	Allen-Bradley	Manufacturing	6,500
	AC Electronics	Manufacturing	5,000
	Harnischfeger Corp.	Manufacturing	4,450
	American Motors Co.	Manufacturing	4,000
	Schlitz Brewing	Brewery	2,800
	Pabst Brewing	Brewery	2,600
	Miller Brewing	Brewery	2,400
2004	Aurora Health Care	Health care	15,500
	Covenant Health Care Systems	Health care	9,250
	Roundy's Inc.	Grocery	7,400
	M&I Corp.	Banking	6,800
	WE Energies	Utility	6,000
	GE Healthcare	Health care	5,800
	Columbia-St. Mary's Hospital	Health care	5,600
	Quad/Graphics	Printing	5,300
Kohl's Corp.	Retail	5,500	
Northwestern Mutual Life	Insurance	4,600	

Source: Wisconsin Manufacturers and Commerce, Journal Sentinel research
Journal Sentinel

Earl Ingram Jr. is among the small work force left at Tower Automotive. There are 500 workers now; he expects there will be 150 next year. A.O. Smith, the company's predecessor, employed 8,000 people in 1970.



Earl Ingram Sr., retired from A.O. Smith 15 years ago. His son, Earl Jr., followed in his father's footsteps at A.O. Smith in 1972. Eventually, carmakers moved away from A.O. Smith's heavy frames, and the ailing company was sold to Tower Automotive seven years ago. One of Tower's last remaining contracts is expected to move to Mexico next year.

GARY PORTER / GPORTER@JOURNALSENTINEL.COM

One way of life ends; another begins

BEER LINE, From 7S

gion. White collar banks and health care providers dominate the list. In 1970, the rankings looked entirely different: It was all brewers and heavy industry. Miller ships a trickle of its beer output over the rails — at most 3% — and puts the rest on semitrailer trucks.

The only other holdout on the North Line is the old A.O. Smith auto works, founded by one of Milwaukee's first railroad migrants.

Fresh off the boat from Britain in 1854, Charles Jeremiah Smith went to work for the newly formed Milwaukee Road as a machinist. When Smith arrived, Milwaukee was a hotbed of industrial innovation, fostering a Silicon Valley-like climate that created blue collar jobs for well over a century to come. Smith quit the railroad to start his own welding and bicycle-frame shop. His start-up expanded until his son, Arthur Oliver Smith, presided over the nation's largest supplier of automobile undercarriages.

A.O. Smith grew to become the city's second-largest employer. A sprawl of factories that it built in 1909 handled orders for General Motors, Ford and Chrysler. By 1979, a third of its 8,000 employees were black. A.O. Smith management had promoted blacks to foremen. Starting in 1970, the Smith Steel Workers elected two consecutive African-Americans as union presidents, Timothy Long and Paul Blackman.

But Detroit's need for lighter, more fuel-efficient cars that belched less pollution and competed better with Japanese models dramatically reduced demand for Smith's heavy welded frames. Tower Automotive Inc. acquired the plant seven years ago as A.O. Smith abandoned the undercarriage business. Today, after years of layoffs, Tower keeps on about 500 workers, a third of them black. Next year, Tower shifts production of Dodge Ram frames to Mexico and will leave fewer than 150 jobs in Milwaukee.

"It's over," Earl Ingram Jr., a late-shift Tower worker, said matter of factly. "What hope is there if there are only 150 guys?"

Ingram started at A.O. Smith in 1972, right out of high school. "You almost didn't need a high school education," he said. One of his first jobs was loading finished frames

onto flatbed rail cars, which moved through the factories "24 hours a day, seven days a week."

"Those rails used to stay hot all day and all night."

He sits in the 1954-era Smith Steel Workers union hall, where footsteps echo in the hallways, gesturing out the window at the red-brick hulks outside. "Some guys who just retired are going without health insurance," Ingram said.

His soft-spoken father, Earl Ingram Sr., sits beside him. Earl Sr. was born in Arkansas and moved to Milwaukee in 1948 after a tour of duty in Japan and the Philippines. The elder Ingram, who retired from A.O. Smith after 39 years, raised 12 children on his union wages.

Nine of Earl Ingram Sr.'s children made it through college, squeezing through his generation's window of opportunity before it began to close.

In Milwaukee, that window opened and shut faster than it did in any other big Northern industrial city.

One of the first African-Americans to work for the Milwaukee Road was Sylvester Jackson, a sharecropper from Pine Bluff, Ark. To get hired, the 18-year-old with a sixth-grade education defied the odds. When Jackson arrived in Milwaukee in 1920, the city was 99.5% white. According to a census taken in the year he arrived, more Southern blacks had settled in Chicago by 1920 than had settled in Milwaukee by 1970.

But someone had to take the dirty jobs. At the end of a shift, steam locomotives pulled into rail yards with a cast-iron furnace scorching with glowing red coal. Jackson was paid to "drop the fire into a pit" and then service the ovenlike engine, according to his children.

Sylvester Jackson arrived early enough to buy a car, own a house in Bronzeville and send three of his six children to college. He retired after 43 years at the railroad, well before its demise.

On the other end of the city's migration was Willie Hines Sr., one of the last black men to work for the Milwaukee Road. Hines, a sharecropper from rural Arkansas, didn't arrive until December 1955.

His son, Willie Jr., used to wonder at the scars burned into his dad's arms and chest. As a boy, Willie Jr. came to learn that they were the price his father paid to provide for



Ariena Willis (right), 4, bonds with her grandmother Donita Johnson at the 16th annual Walnut St. Social Gathering Club picnic in August at Carver Park. Former residents from the neighborhood, the cultural heart of the black community through the 1960s, return yearly for the weekend block party.

his family, earn a measure of self-esteem and allow him "to walk in his manhood."

Willie Sr. was a "boxcar cutter" in the rail yards, a common job for African-Americans. He used an acetylene torch to rip apart rickety boxcars so that skilled tradesmen could rebuild them and send them back into service. Glowing red shards of metal floated off the carriage stanchions and occasionally drifted down Willie Sr.'s open collar.

"He'd press it against his chest until it burned out," and then keep working, said Willie Jr. "He had burn marks everywhere."

Physical sacrifice, however, didn't save his job. The bankrupt Milwaukee Road cut him loose in 1985 with a "vacation check" at age 47, after 22 years on the job. The elder Hines, with an eighth-grade education, had to cut grass and take odd jobs to help feed his 10 children.

"Many didn't get a proper education because they didn't have time to find their footing," said Willie Jr., who grew up in the Walnut St. community, which he now represents as president of the Milwaukee Common Council. "The foundation

Sylvester Jackson and a 36-year veteran of Milwaukee Public Schools. Schools city-wide harbor 1,370 homeless students, according to official data. "The number is grossly underreported because people don't want to admit they're homeless," Jackson said.

Living in the city with the highest concentration of black urban poverty imposes priorities different from those that Jackson knew as a boy. "Survival of the family is paramount, more important than school," said Jackson, who directs the MPS Office of Neighborhood Schools. "There's a hierarchy of needs in terms of food and shelter."

For some, the American dream is forgotten. Sociologists commonly talk about a "reverse migration" of blacks to the South or the Sun Belt, where they reckon they stand a better chance of finding jobs.

Others never lost faith.

Sharon Adams, the daughter of Julius Foster, belongs to a new generation of civic leaders who see untapped promise in the city but not through the urban renewal strategies of the last century. The resurrection of Walnut St. depends more than anything else on the rebirth of its own entrepreneurial spirit, she says.

Asked several times in a series of interviews to describe life in the most impoverished urban center in big-city America, she routinely changes tack. Adams speaks often of "vision." She is soft-spoken and widely read. She admires Bill Gates. What she laments is the loss of "intergenerational entrepreneurship" — of the start-up spirit of Walnut St.

"My father always exposed me to his work," she said. When times were tight, he started his own janitorial service and once even opened a bar. "He raised the family in an entrepreneurial spirit."

Preparing the way for renewal

Adams and her husband, Larry, founded the Walnut Way Conservation Corp., aimed at the commercial and spiritual renewal of Milwaukee's oldest African-American community. New opportunity will come calling, they reckon, if investors recognize the urban center as a strategic asset and not a liability, one near highways, airports and downtown, near the universities, one with flowering community gardens, walkable mixed-use urban spaces and the syncretism of jazz clubs. "The entre-

preneurial spirit, when it's working well, ties to a creative passion," Adams said.

Larry Adams, drill and hammer in hand, is busy salvaging condemned houses. His current project — the 48th derelict house he's helped save from demolition — is just a rehab away from becoming the new heart of Walnut St.

New life for an old house

Larry gives a tour of the sawdust-strewn 1907 structure. It started in a Jewish neighborhood as a "welcoming house" for Southern migrants — a mission that offered cheap shelter until newcomers found a job and sent for their families. Later it deteriorated into a drug house, fated for condemnation.

It's being reborn as a community center.

A library and archives will move into the first floor, housing oral histories and historical maps that go back to the 1940s, showing each property. The basement gets a literacy center and computer lab, with a pottery kiln in the back. To preserve the building's heritage as safe passage in the Great Migration, the second floor will have an affordable apartment. The derelict plot next door will grow an apple orchard. On the other side of the house is a community vegetable garden, one of several abandoned lots that now grow organic produce.

Architects from the University of Wisconsin-Milwaukee, where Adams runs a community outreach institute, already rebuilt the entire 30-block streetscape, albeit under Plexiglas-enclosed scale models. Plans are under way for a nearby jazz nightclub and artists' colony, the seeds of cultural rebirth.

Every summer, former residents return for a grand reunion, arriving from California, New York and Texas.

Official assessed residential property values shot up 10% in the ward last year, suggesting an upswing is under way. It's also prompted Walnut Way Conservation to plan for "the very real threat" of displacing poor residents. "If you project outward another 10 years, you and I couldn't afford to live there," said Rick Norris, who grew up nearby on welfare but today runs his own start-up engineering design firm.

And Larry and Sharon Adams, faithful to Julius Foster's vision of milk and honey, keep honeybees in their backyard as a pastime.

"I've been called a black George Bailey."

Margaret Henningsen, co-founder of Legacy Bank



GARY PORTER / @PORTER@JOURNALSSENTINEL.COM

Margaret Henningsen, a founder and vice president of Legacy Bank, has a vision of what it will take to rebuild Milwaukee's inner city. Legacy is the nation's only bank founded by black women. Henningsen is among a new generation of civic leaders who want to revive the urban core through entrepreneurialism and market-driven investment in untapped assets such as available land and central location.

A new generation of business and civic leaders aims to rebuild Milwaukee's core competitiveness

Sowing jobs



By JOHN SCHMID
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The last time Milwaukee launched a conspicuous rescue effort in an economically stricken neighborhood, it spared few expenses and emptied the toolbox of 20th-century urban renewal strategies.

Steeltech Manufacturing Inc. opened in the early 1990s. In Metcalfe Park, one of Milwaukee's poorest neighborhoods, parks and houses were cleared to make way for a gleaming \$32 million steel refinishing plant.

Civic and business leaders were hoping to replicate the old model of factory job creation for a Northern industrial city. Steeltech trained the unemployed as welders. Minority

Please see **A NEW MODEL, 16A**

Letting the market drive turnaround

A NEW MODEL, From 1A

managers received majority stakes. The plant began life with a \$66 million federal contract, five forms of state and federal funds, loans from six banks, its own special tax district and 42 lawyers.

It failed spectacularly.

Steeltech declared bankruptcy in 1999, eight years after its inception, leaving an empty factory inexplicably riddled with bullet holes and discrediting for many the old urban policy mix.

Steeltech's demise hastened a 180-degree ideological turn among Milwaukee's next generation of civic and business leaders. To plant the seeds of economic rebirth in Milwaukee's urban core, in an age of unprecedented global competition, Milwaukee in the past two years has moved to the forefront in accepting a new paradigm of market-driven urban change.

In the process, the city's free-enterprise policy proponents are helping change the tone and tenor of the nation's big-city urban renewal debate.

"What we've been doing for 50 years isn't working," said Art Smith, who heads the Initiative for a Competitive Milwaukee.

Smith's organization is young, small and upbeat, like the companies it envisions amid the shuttered factories and storefront churches of the urban core. Rather than track the known deficits of the inner city — poverty, drugs and crime — the initiative aims to persuade corporate America that Milwaukee boasts more untapped competitive advantages than many might guess.

The initiative highlights an urban nexus of central locations, low transportation costs, cheap land and proximity to universities and the ideas they incubate. Initiative backers scorn zoning red tape and other regulations that handicap the industrial heart of the city in competition with sprawling business parks built on bulldozed farmland.

Just as boardroom elite aspire to the Fortune 500, Milwaukee's nascent entrepreneurs strive for a listing in Inc. magazine's "Inner City 100" — an annual ranking of high-growth companies based in distressed central cities. The IC-100 carries prestige. Few firms can boast the red-hot growth rates that qualify for a listing.

Starting up companies

Cockley-Tech LLC, a 5-year-old, \$12 million start-up, is one Milwaukee company willing to open its books and take a shot at the list. President Chris Illman feels at home in the "retro look" of a rehabbed industrial plant on the west side that churns out custom orders of DVDs, CDs and print-on-demand books. Illman holds down his labor costs: "We're able to pay competitively, but at a proper inner city rate."

Another urban entrepreneur, Rick Norris, said he is "trying to grow a company and leave a legacy." Norris, 47, was "born and raised in the Hillside housing projects on welfare." A high school math teacher helped him into Marquette University, where he earned a civil engineering degree in 1980.

But Norris needed to leave Milwaukee to experience first-hand a vibrant black entrepreneurial culture. His first job took him to Polytech Engineers Inc., a black firm in Cleveland, which opened his eyes to "an abundance of African-American entrepreneurs, which I'd never seen before."

Norris moved back and runs a 14-person consulting firm on the west side — Norris & Associates Inc. "You rarely see old black wealth here," he said. "When you go to other cities, you see the legacy of old black wealth continuing to perpetuate the culture of enterprise."

Smith agreed. "We have got to drive entrepreneurship; we have got to drive it in a major, major way," said the 56-year-old African-American

BRINGING NEW LIFE TO OLD BUILDINGS



Correy Jefferson stamps out steel sleds at Capitol Stamping, where he has been employed since August. Capitol moved into the Steeltech building at 2700 W. North Ave., vacated when Steeltech declared bankruptcy.



Press operator Richard Gray stamps out go-cart sprockets at Capitol Stamping, where he has been working for about a year.



Roger Otto works at reconditioning an old train car in what was an Allis-Chalmers shipping building, where turbines were loaded onto train cars. Otto used to work for Allis-Chalmers, which was one of Milwaukee's largest employers, and now works in the same building for Avalon Rail, which restores and customizes rail cars in West Allis.

who runs his own travel agency. Before Smith became an entrepreneur, he began his career in Chicago at the McDonald's Corp., where he met one of his early mentors, Ray A. Kroc, who founded McDonald's at age 53.

Aware that Milwaukee needs a come-from-behind strategy, initiative staffers have begun to assemble a new urban revitalization toolbox meant to catalyze the incubators of free enterprise, regardless of the entrepreneur's race, while supporting existing companies in the urban core.

Experts from Boston's Initiative for a Competitive Inner City, founded by one of Harvard's leading economic theo-

rists, have flown to Milwaukee to draft long-term strategies. Last year, they published a 60-page prospectus that maps out business opportunities. The prospectus lists four sectors that hold the most promise in Milwaukee's urban core: back-office service firms to support the region's strong financial and insurance industries; health services, which feed off the city's cluster of medical technology industries; manufacturing, a Milwaukee mainstay that still employs one in five central-city workers in the city; and construction, which can capitalize on a big slate of planned public-works projects.

Local entrepreneur awards

have emerged, in part to goad companies toward the national IC-100 rankings, as have local enterprise coaches who preach risk. The Milwaukee Initiative is coordinating efforts with venture capital fund managers to launch Midcities Investment Management, a privately managed fund that targets high-growth firms in Milwaukee's urban core. Manpower Inc., a world leader in flexible labor markets, is lending researchers to map out a strategy to lure firms that offer back-office outsourcing services.

The University of Wisconsin-Milwaukee and Marquette University have provided urban policy experts and are con-

touring curriculum into "advancement tracks." Eager to breathe life back into unused urban land, for example, Marquette is training minority students to find a new life for old commercial real estate. Milwaukee Area Technical College wants to develop fast-track courses in construction management.

Government is expected to take a back seat while the private sector takes the lead. "Anything else is going back to the old paradigm," said Smith, a past president of the Public Policy Forum.

The initiative also has spent much of its initial energy conducting first-ever "competitive assessments" of the economic

life that still ticks inside the city's urban heart.

"I think you'd be surprised to find that there are some 5,000 businesses in the inner city of Milwaukee, employing 120,000 people," said Katherine M. Hudson, former chief executive of Milwaukee-based Brady Corp. and one of the initiative's most passionate backers.

The "competitive strategy" model of urban rebirth refuses to see the urban core in isolation from the regional Midwestern economy or the global economy.

Hudson, who dramatically increased Brady's global presence in the '90s, sees inner-city Milwaukee as a "magnet for investment by foreign firms who are globalizing themselves."

"Consider the inner city as the final frontier for the U.S. in the age of globalization," she said. The percolation of profitable businesses remains more a reality than a reality. Even Smith, who runs the initiative, chose last year to move the headquarters for his travel-service firm out of the old Schlitz brewery complex, where he leased space in one of 11 ZIP codes used to define distressed urban areas. Keystone Travel purchased office property in suburban New Berlin. "I'm still committed to the city," he said.

Competitor: The world

At the heart of the initiative is a recognition that the city's place in the world economy continues to change rapidly. "We're competing with Shanghai, we're competing with Bangalore," said Rajan Shukla, program director at the initiative.

America's big cities have few options apart from their own innovation and vision. Mexico and China are expected to continue to win the competition to lure new factories. In an age of record deficits, few expect Congress to lavish taxpayer money on new urban programs.

"There's tons of literature and research on how to start businesses in Third World countries. There's very little on how to start and grow a business in the inner city," said initiative general counsel and business development officer Christopher E. Warren.

Ware, 36, left Quarles & Brady, one of the city's elite law firms, to work for the initiative.

The Milken Institute, an economic think tank in California, has begun referring to America's urban centers as "domestic emerging markets," just as the transition economies of eastern Europe and vast regions of Asia and Latin America are considered global emerging markets.

"We need to think of them as asset classes and investment targets and not as wastelands," said Betsy Zeidman, director of the Center for Emerging Domestic Markets at Milken. Zeidman is watching Milwaukee as a bellwether of urban change. "You want to be in markets that no one else is in, or before they are saturated," she said.

Nationally, 12.7 million jobs are within America's inner cities, representing 8% of the total private-sector workforce, according to a study released last month by the Initiative for a Competitive Inner City, which also advises urban activists in nearly 20 other cities in the United States and Britain.

"Many people have thought that the inner city was some kind of economic dinosaur — that the global economy was passing it by, that all the growth inevitably had to be in the suburbs," said Harvard professor Michael E. Porter, 57, who founded the Initiative for a Competitive Inner City. He has spent his career studying how nations, regions and corporations survive in an era of perpetual global competition.

Porter was at the city at 26 as one of the youngest professors in Harvard's history and has ties to the World Economic

"The social policy prescriptions have not really helped families break out of poverty. We should model what has worked for countless other ethnic minorities, which is entrepreneurialism."

State Commerce Secretary **Cory L. Nettles**, who grew up as a "poor black kid from Milwaukee."



A NEW MODEL, From 16A

Forum, the prestigious body that hosts a summit of finance ministers and multinational chief executives each January in Davos, Switzerland. He travels perpetually.

He has found himself drawn to Milwaukee as a laboratory of urban change. Porter freely admits that crime and unskilled labor throw up big hurdles to growth. Still, he said, "We shouldn't be bashful about profit and the market economy because that's the only sustainable way of addressing most of these problems."

Beyond the safety net

Porter says social safety nets are necessary for individuals but that welfare programs cannot alleviate poverty, create jobs or even stall the city's economic erosion.

Anne Habiby, co-executive director in Boston for the Initiative for a Competitive Inner City, said Milwaukee stands apart from the nearly 20 other cities her group has worked with nationally. Milwaukee, she said, has rallied a broader spectrum of civic, academic, business and government leadership behind the framework. Other cities, by comparison, are looking at only pieces of the puzzle while Milwaukee is looking at the whole puzzle, she said.

"Milwaukee is very different," Habiby said. "Based on where they are economically, they have to work a lot harder."

"I just don't think social service programs were doing it," said Margaret Henningsen, co-founder of Legacy Bank, at Fond du Lac and North avenues on the north side, the nation's only fully accredited lending institution owned by African-American women.

Legacy Bank epitomizes the new economic paradigm in all its promise and limitations.

As a federally insured commercial bank in the heart of the black community, it exists to inject capital into expansion-minded businesses and central-city start-ups. Legacy Bank began five years ago when it acquired a colonnaded 1928 bank edifice with a marble-festooned lobby that sparkles today with a fresh \$2.9 million renovation.

Opportunity measured in dollars

In the past two years, Legacy Bank doubled its assets to \$80 million — proof, Henningsen said, of bona fide opportunity in an area that other banks have ignored. It boasts a low rate of loan defaults.

Legacy Bank often finds itself working with the building blocks of basic enterprise: mom-and-pop businesses, filling stations, restaurants and construction firms. Innovative, knowledge-driven black firms are harder to find. More of its deposits come from outside the city and even outside the state than from its immediate surroundings in the heart of Milwaukee's oldest black community, once called Bronzeville.

"I remember this neighborhood when it was thriving," several decades ago, Henningsen said. She grew up nearby and admired the corner bank building her whole life. "I always wanted to be at this intersection because it's the heart of the city," she said.

"I've been called a black George Bailey," she said, referring to the 1946 film, "It's a Wonderful Life" in which the character heads a tiny savings cooperative that struggles to provide home and small business loans to the immigrants and poor in a small town.

Robert E. Litan, vice president for research at the Kansas City-based Kauffman Foundation, a policy think-tank that studies entrepreneurship, says Milwaukee has found itself in a "vicious cycle" because it lacks an entrepreneurial tradition.

"The most important predictor is if someone in your family is an entrepreneur and if they have worked in the family business," said Litan, one of the nation's leading researchers on the character of American entrepreneurialism. "It's not in your genes; it's in your environment." In Milwaukee, he said, "not enough kids grow up living in an entrepreneurial family. They are already behind the eight ball."

According to U.S. Census

TAKING A CHANCE, AND SAVING A BUSINESS

Keith Bailey is the owner of Bailey's Dry Cleaning & Laundry Service at 4700 N. Hopkins St. Legacy Bank lent Bailey money to buy his dry cleaning shop when three other banks, which noted his previous lack of business experience, turned him down. Born and raised in Milwaukee, Bailey saw an opportunity when the previous owner planned to close the business. He has doubled his annual revenue in four years.

Bailey (below) loads dry cleaning at his business.



GARY PORTER / GPORTER@JOURNALSENTINEL.COM

Bureau data, the city lags at 48th place among the nation's 50 biggest metropolitan areas in the number of black-owned businesses per 1,000 black residents. That puts Milwaukee at the extreme of a national anomaly that finds only 4% of all U.S. entrepreneurs are African-American.

Litan says new urban revitalization strategies can compensate for a lack of mentors. "They need coaching," Litan said.

Keith Bailey, 37, was raised by his mother in the central city. He finished high school, joined the Army and learned the dry cleaning trade as an apprentice. In 2000, he heard that an elderly north side shop owner planned to close an established dry cleaning shop, and Bailey saw an opportunity. But, like so many other Milwaukee blacks, he had no history running businesses. Three banks denied him a loan.

But Legacy Bank didn't reject Bailey. Four years later, Bailey's Dry Cleaning & Laundry Service has doubled its annual revenue to \$120,000. "This service is a ministry and a mission for my community," Bailey said.

Wisconsin's 1996 welfare-to-work reforms spawned Robert Carroll's basement tech start-up — Rhythms Software Systems. Carroll, 56, a database techie by inclination, noticed a proliferation of street-corner day care centers in his Sherman Park neighborhood. He wrote a program to manage high-volume centers tailored to central-city needs: It weeds job applicants who don't meet child care qualifications and tracks as many as four adult custodians who have clearance to pick up a single child.

"It has to be very economical because there are lots of mom-and-pop day care centers," he said.

Milwaukee's nascent enterprise culture hamstrung Steeltech, which was designed to cultivate minority entrepreneurialism. "What we wanted to do with Steeltech was take them out of the working-for-someone-else routine and make them part owners," said Fred G. Luber, chairman of Supersteel Products Corp., who helped conceive and fund Steeltech with his own capital.

City officials later conceded that Steeltech's inexperienced managers seldom hustled for contracts. Luber said sloppy

bookkeeping caused the loss of a major government contract that could have kept it in business. Rather than accept personal financial risk, like most entrepreneurs, Steeltech's managers borrowed funds under a low-risk arrangement that simply let them forfeit shares in a default. The absence rate for hourly workers at Steeltech ran as high as 12%.

"Our dream of doing something great for Milwaukee ended up crashing," said Luber, 79. His firm, Supersteel, had stood to gain if Steeltech had survived as a qualified minority subcontractor for the larger company's Defense Department contracts. Instead, Supersteel lost \$6.5 million in the venture.

"It was a pigsty," said Paul Cadorin, chief executive of Capitol Stamping Corp., which acquired the 190,000-square-foot plant after Steeltech failed.

Shop-floor employees randomly fired guns for reasons that Cadorin cannot guess. After Cadorin purchased the plant in 2001, he hired a crew to patch roof leaks. "They gathered over 200 bullets and patched over 300 bullet holes," Cadorin said. Forklifts on the shop floor had been rammed into the walls and left holes "big enough to poke your head through," he said.

Letting the market help

State Commerce Secretary Cory L. Nettles said the city's African-Americans made "a late crossover from the industrial to the professional economy."

Nettles, 34, grew up as a "poor black kid from Milwaukee." Some of his playground pals never finished high school, ended up in jail or on drugs. Nettles graduated magna laude from Lawrence

University, earned a law degree at UW-Madison and worked at Quarles & Brady before Gov. Jim Doyle appointed him commerce secretary at age 32.

A stalwart Democrat, Nettles disavows old welfare models as an economic remedy. "The social policy prescriptions have not really helped families break out of poverty," he said. "We should model what has worked for countless other ethnic minorities, which is entrepreneurialism."

Other cities are rediscovering free-market economics. The Kauffman Foundation launched a project in October to cultivate urban start-ups in Atlanta, Cincinnati, Cleveland, Jacksonville and Kansas City. A small number of for-profit black venture capital firms have sprung into existence.

The Brookings Institution in Washington, shifting its attention from rates of social distress to rates of economic growth, is fine-tuning data-banks that for the first time track consumer and economic growth trends in the nation's inner cities.

Inc. Magazine compiles its annual Inner City 100 rankings in cooperation with the Initiative for a Competitive Inner City.

"Our readers are exclusively people who own and run their own companies, and they are very fascinated in the success stories of people like them," said Inc. Executive Editor Mike Hofman. Entrepreneurs and investors, he said, track an elite class of small businesses called gazelles — companies that grow 20% each year for at least five straight years, a level of growth never reached by 15 of every 16 companies in the United States.

Only gazelles make the Inner City 100. IC-100 companies must have headquarters in an "economically distressed urban area" and \$1 million minimum in annual sales.

ABOUT THE SERIES

For years, folks in Milwaukee have blamed one another for the region's racial disparity and the growing gap between rich and poor. Yet, a generation ago, Milwaukee offered hope, opportunity and jobs to people of all races. What changed?

A special, in-depth report by the Journal Sentinel examines that question over three days.

SUNDAY

Hit by a global train

An analysis of a half-century of data for the nation's largest cities shows that no urban center fell as far, as fast, as hard as Milwaukee from the upheaval of a globalizing economy. Nor was any city's black work force less prepared for the shift from unskilled labor.

MONDAY

A dream derailed

The Milwaukee Road literally encircled the perimeter of Milwaukee's black community, defining where they lived and worked. When it derailed, so did the dreams of a whole community. But now, there are signs the urban core is getting back on track.

TODAY

Emerging markets

A new generation of leaders is advancing market-driven 21st-century solutions for poor neighborhoods. Promise is seen in the city's central location, low transportation costs, cheap land and proximity to universities and the ideas they incubate.

ON JSONLINE.COM

Go to www.jsonline.com/links/brown to read previous stories in the yearlong Journal Sentinel series, "Still Separate and Unequal."

Average growth rates of the current 100 clock in at 87% over the past five years. This year's No. 1 company was 180's, a Baltimore maker of gloves and eyeglasses that boasted 9,669% sales growth from 1996 to 2002. "That suggests that the theory that there are unique competitive advantages to the inner city is true," Hofman said.

29 in the running

Milwaukee has been absent from the Inner City 100 since 2000, when Smith's travel agency ranked No. 95. Although Smith disqualified his firm by moving to the suburbs, he is determined to get Milwaukee companies onto the list. He cajoled 29 local firms this year to undergo the exhaustive application. Smith won't release the names of nominated Milwaukee companies, saying the process is confidential. Winners are to be announced at a banquet in Boston in April and published in the June magazine issue.

Milwaukee's biggest challenge, Porter said, is what he called an "inferiority complex."

"We've got to put aside any notions that Milwaukee is in some sense in a bad set of industries," he said.

Porter compared Milwaukee to Finland: "It's cold. It's dark. They drink."

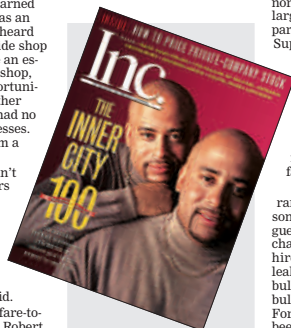
For all the economic pain Milwaukee has suffered from losing manufacturing jobs, it was spared the worst of what Finland endured.

The Soviet Union smothered Finland throughout the Cold War with war reparations and market domination. When communism collapsed, Finland lost its biggest market.

Yet Finland turned its evident disadvantages — vast unpopulated expanses — into an asset. It became a world leader in wireless communications that don't require expensive fixed land-based phone lines. Its paper companies have used research and development to become fierce competitors in the global market, purchasing many companies in Wisconsin, America's largest paper producer.

"What every region fights is cynicism and fatalism — the sense that nothing will ever change, that the region cannot be successful," Porter said.

For the past two years, the World Economic Forum in Geneva has ranked Finland as the world's most competitive economy.



PRESTIGE FOR THE CENTRAL CITY

Just as boardroom elite aspire to the Fortune 500, Milwaukee's nascent entrepreneurs strive for a listing in Inc. magazine's "Inner City 100" — an annual ranking of high-growth companies based in distressed central cities. Started in 1999, the IC-100 carries prestige: Few firms can boast the red-hot growth rates that qualify for a listing.