Lessons from... Canada and the United States Ontario and Michigan Toronto and Detroit

By Don Macke

An Important Message to Our Readers and Listeners...

Whenever we undertake comparative analysis among countries, regions (e.g., states in the United States and providences in Canada) and communities, one can interpret that we are picking **winners** and **losers**. In some cases, our narrative may seem **insensitive** or **judgmental**.

Let us be clear, this is not our intent. In some cases, as with our **Ord Story Capture** project, we do not identify its peer community out of sensitivity to this peer community that is struggling to find its future.

The United States, Canada, Michigan, Ontario, Detroit and Toronto – the focus of this **comparative analysis** – are complex communities with a diversity of residents and corresponding views. When we complete comparative analysis too often we have to generalize in ways that dilutes this complexity. Understand that our intent is to be both sensitive and direct in our analysis.

In all these communities that are the focus of this analysis there are residents, organizations, governments and movements that work against and for racism, advocate for and against immigration; embrace municipal autonomy and regional integration; and passionately advocate for venture relocation abatements and incentives as essential and just as passionately oppose them as wasteful. We recognize that when reviewing our analysis, it is possible to view it as too critical of the United States, Michigan and Detroit and too positive with respect to Canada, Ontario and Toronto. However, given how development has played out over time, this natural experiment demonstrates that there is divergence and the four drivers first flagged in the 2009 Jacobs' Study and affirmed in our analysis are foundational factors.

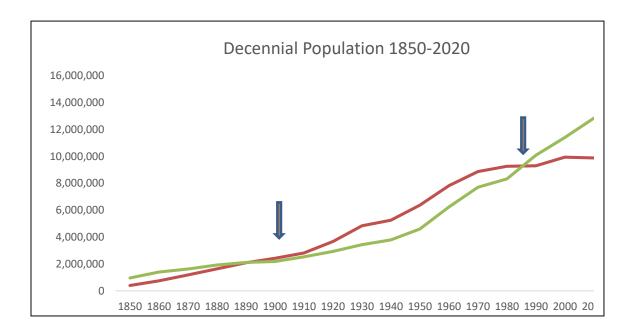
We have worked in Michigan and Ontario over the years. We appreciate there are passionate persons and organizations working hard to improve their communities. Michigan is a leader in many areas including is historic leadership in the community foundation movement. In Detroit, despite all its challenges, there are remarkable community efforts in community building that are re-inventing this community. We also recognize that all is not perfect in Ontario and Toronto. These communities also have deep challenges that must be addressed.

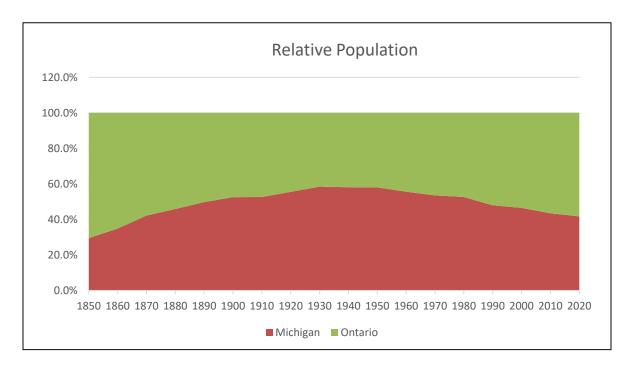
Donald W. Macke



Infographic Executive Summary

European rooted settlement became established in what became Michigan in the United States and Ontario in Canada in the 1850s. Between 1850 and 1900 both of these geographies experienced comparable development and population growth. Between 1900 and 1980 Michigan experienced strong development as illustrated by greater population growth. But with the 1980 Census, Ontario experienced stronger growth. **This paper explores why.**







Rarely do we have the opportunity to compare two landscapes that have such similar development histories that over time diverged with some clarity as to the causes for these changes. The comparative analysis for United States and Canada, Michigan and Ontario, and Toronto and Detroit offers us a once in a lifetime chance to study long-term community economic development change rooted in cultural and policy differences.

Background and Introduction

In 2010 I ran across a Research and Practice paper by A. J. Jacobs titled:

The Impacts of Variations in Development – Context on Employment Growth: Michigan and Ontario, 1980-2006

I was struck by the findings in this analysis. Jacobs' work provides a compelling comparison of two very different places today – Michigan and Detroit in the United States and Ontario and Toronto in Canada. This kind of longer-term comparative socio-economic performance is unique and so valuable to the field of community economic development. The lessons learned are powerful and have application today for both urban and rural North America. The following is the Abstract from this 2009 research paper:

Abstract

"This study compares post-1980 central city employment trends in the state of Michigan and the province of Ontario, similar sized, closely linked by trade, and situated within the same natural region but in different federalist nations. Guided by interviews with 124 development officials, the study describes how variations in Michigan's and Ontario's central cities' employment mix, "state" approach to development, framework for local authority, and sociodemographic dynamics (e.g., interracial relations, racial distribution, and others) have been among several embedded or contextual factors fostering divergent employment trends in their respective central cities. The study's findings also demonstrate how state/provincial embeddedness has remained especially influential. To help bridge the gap between theory and concrete public policy making, the article's conclusion offers a set of factors to be considered by scholars and practitioners in their efforts to understand and compare growth trends in urban areas. As a group, these elements are called the *contextualized model of urban-regional development."*

U.S. Sensitivity to Charges of Racism and Class

The United States is a divided nation. These values, views and cultural differences were laid bare during the Trump Administration era. One narrative in the United States asserts that racism and class are not powerful forces despite the overwhelming evidence. Some voices in the United States position that racism and classism do not exist. White Nationalism has made a powerful resurgence in this country and socio-economic mobility (an indicator of classism) is relatively low by international standards. In 2020 the Global Social Mobility Index ranked the United States 27th internationally with a score of 70.4 compared to Denmark ranked first in 2020 with a score of 85.2. Racism and class are hugely important and undermine enlightened community economic development.



In this paper we attempt to update Jacob's work acknowledging that 15 years of additional development history has occurred.

2009 Jacob's Study...

The A.J. Jacobs study was first published in August 21, 2009 **Economic Development Quarterly** by Sage Publishing (www.edq.sagepub.com). We encourage our readers and listeners to review the 2009 original study as you spend time with our e2 work.

This is intellectually protected property. e2 is seeking permission to share this study publically. When permission is granted we will hyperlink to the **2009 Jacob's Study** at **2009 Study**. Additionally, we have reached out to Professor Jacobs to be our guest on *Pathways to Rural Prosperity Podcast*.

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The 2021 Nobel Prize for Economics was awarded to David Card (University of California at Berkley), Joshua A. Angrist (Massachusetts Institution of Technology at Cambridge) and Guido W. Imbens (Stanford University). While the central theme with this year's economics award focuses on labor markets, the underlying economic theory innovation was the use of natural experiments. The Royal Swedish Academy of Sciences in in their October 11, 2021 press release states:

"However, this year's Laureates have shown that it is possible to answer these and similar questions using *natural experiments*. The key is to use situations in which chance events or policy changes result in groups of people being treated differently, in a way that resembles clinical trials in medicine."

The Jacobs 2010 study and our analysis are rooted in a **natural experiments** approach to socio-economic analysis. Comparing socio-economic performance with Michigan and Ontario, and Detroit and Toronto over this 1980 to 2021 time-frame allows us to harvest strategically important insights.

Key Insights

Four factors surface as critically important in explaining the socio-economic divergence between Ontario and Michigan, and lead cities Toronto and Detroit. Figure 1 illustrates these four driving forces for differential change.

Figure 1. Change Drivers - Ontario and Michigan - Toronto and Detroit

Racism

Michigan and Detroit were embroiled in intense racism that in turn marginalized human talent, fostering white nationalism, driving urban sprawl and generating cultural conflict that challenged progress. Conversely, racism was and is less of a force impacting the development of Ontario and Toronto.

Immigration

Both the United States and Canada have embraced and struggled with immigration. While the USA has been unable to modernize immigration policy, Canada has empowered "smart" immigration driving innovation, development, and community success. Michigan's embedded racism coupled with U.S. immigration policy failures has denied it this source of talent.

Urban Sprawl

Canadian law limits municipal autonomy and has limited urban sprawl resulting in more integrated cities like Toronto. Conversely, municipal powers in the USA are greater and have been used to empower socio-economic segregation driven by both race and class considerations.

Abatements

Tax abatement and other government policy-enabled incentives are widely used by states and communities to move industries and businesses from one corner of the USA to other places. In Canada the use of government abatements for relocated ventures is restricted driving core investments into workforce, infrastructure and other universal improvements.



Let's explore each of these four drivers in greater detail.

Use of the Term "America"

Both Canada and the United States are part of the "Americas" including North, Central and South America. However, over time, the United States as a dominate world power when compared to Canada or Mexico is often referred to as "America". In our e2 writings we have used "America" and/or "Americans" to refer to the United States and citizens of the United States. However, we are committed to end this naming convention out of respect to other peoples and nations in the Americas.

Racism and Immigration

When we read the "history sections" in Wikipedia's write-ups on Michigan, Detroit or the Detroit Metropolitan Area there was an absence of racism as a driving force in the development of these two parts of the USA. Just as immigration has been a driving force in the development of the United States, racism is a powerful and continuing development force. Some would argue, and we would agree, racism is a primary factor as to the inability of the U.S. Federal Government to adopt smart and enlightened immigration reform policy.

Four Powerful Reads

In our other e2 writings we have often referenced four books that provide foundational insight into our USA tragic racist culture and the resulting inequalities based on race and ethnicity. Once again we recommend our readers and listeners turn to these four sources for deeper insights into these dynamics that are marginalizing human talent and holding communities back:

- The Warmth of Other Suns The Epic Story of America's Great Migration by Isabel Wilkerson. 2010.
- Caste The Origins of Our Discontents by Isabel Wilkerson. 2020.
- The Color of Wealth The Story Behind the U.S. Racial Wealth Divide by Meizhu Lui, et. al. 2007.
- The Color of Law A Forgotten History of How Our Government Segregated America (U.S.) by Richard Rothstein. 2017.

The human talent and workforce shortage in the USA is growing. In my home state of Nebraska, the State Chamber of Commerce estimates there are currently 1.8 open jobs for every available worker. This is a striking statistic. Our economy is creating more jobs than our society is creating workers. This challenge is largely universal across the USA. Historically, refugees, legal immigrants and illegal immigration have offset the inability of our domestic population to meet our human talent and workforce needs. Trump (Trump Presidency – January 2017 through January 2021) era policies clamped down on immigration as did the Global COVID-19 World Health Pandemic, which dramatically reduced immigration, deepening the pre-existing human talent and workforce gap. Canada has embraced immigration reform embracing a "smart" policy allowing immigration necessary to meet workforce and human talent needs not being met domestically.

Ontario and Toronto have benefited greatly from these policies while Michigan and Detroit have suffered from the lack of enlightened U.S. immigration policy. *More on Canadian and U.S. immigration policy later in this paper.*



Racism and Community Fragmentation or Integration

Many U.S communities have used redlining (refusing to loan money to or insure in neighborhoods deemed to be high risk) and other federal, state and local policies to force people of color and certain ethnic groups to live in less desirable and segregated neighborhoods.

Lincoln ... My Historical Legacy

I moved to Lincoln, Nebraska in 1974 following graduation from Ogallala High School in western Nebraska. My journey to Lincoln, the state capital of Nebraska, was rooted in my enrollment at the University of Nebraska. Lincoln became my final of three hometowns. Lincoln is a progressive and dynamic small sized metro area anchored in the larger Omaha-Council Bluffs-Lincoln metroplex. This year the City of Lincoln is updating its long-term vision and plan for development. Part of this process has reopened the question of historic redlining and segregation empowered by housing policies and neighborhood legal covenants. These policies forced African Americans into two neighborhoods — Malone and Clinton. Other policies restricted neighborhoods to Whites (except for servants) in neighborhoods like Sheridan Boulevard and prohibited Jews from living in the Piedmont Neighborhoods. While these formal segregation policies are gone the legacies of socio-economic inequality remain explaining the 20-year lifespan difference between Lincoln's poorest and most affluent neighborhoods.

Unlike Canada, in the United States we have very liberal policies relating to the formation of new communities. On the surface these liberal policies can be viewed positively creating the opportunities to establish new communities addressing the wants and desires of new residents. However, there is a very dark rationale for these policies and the formation of suburban and ex-urban communities — racism and the desire for class and race/ethnic segregation.

As U.S. cities grew, prospered and diversified there was also suburban and ex-urban community development. A central driver in this transition was "white flight" rooted in both racism and class motivations. In the USA these landscape trends led to geographically vast and socio-economically segregated communities. These patterns are clearly at work historically and presently in Michigan and Detroit. Conversely, Canadian policies limit municipal authority and encourage regionalism. U.S. and state policies allow and encourage urban sprawl and urban fragmentation. Conversely, Canada and Ontario limit urban sprawl and encourage urban integration. Consider the following Toronto and Detroit comparative analysis:

Community	Population	Area	Population Density
City of Toronto	2,731,571	243 square miles	11,241
Greater Toronto Metro	6,417,516	2,280	2,815
Toronto/Metro	43%	11%	
			Residents/Square Mile
City of Detroit	639,111	143 square miles	4,469
Detroit Metro	4,392,041	3,913	1,122
Detroit/Metro	15%	4%	



The Detroit Metro has 68% of the population compared to the Toronto Metro. But the Detroit Metro area is nearly 72% larger when compared to the Toronto Metro. The population density of the City of Toronto (i.e., 11,241 residents per square mile) is 2.5 time denser when compared to the City of Detroit (i.e., 4,469 residents per square mile). Despite its vast size, the Greater Toronto Metropolitan Area (2,815 residents per square mile) has 2.5 times great population density when compared to the Detroit Metropolitan Area (1,122 residents per square mile). More densely populated and less fragmented urban areas have at least two major development implications:

- Socio-Economic Segregation. Toronto when compared to Detroit is far less socio-economically segregated based on class and race/ethnicity. Toronto is a much more integrated community where a wide diversity of residents based on economic class and race/ethnicity share common interests in neighborhood economic opportunities, civic amenities, education, health care, crime, housing, etc.. Conversely, within the Detroit metro communities are greatly segregated based on economic class and race/ethnicity. This environment and culture results in disinvestment in poor and diverse communities when compared to richer "White" or even diverse communities. Residents with great suburban public schools have very little interest in failing public schools in poor communities of color.
- 2. Community Efficiency. Denser urban communities also create landscape efficiencies with respect to provision of public services ranging from public transit to health care. Low density urban landscapes create more space for residents (e.g., single family homes with yards versus city apartment high rise buildings) but cost more to service. Funds wasted servicing lower density communities reduce available resources for higher quality public transit, health care, arts and education for example.

Sharing common concerns across race, ethnicity and wealth status creates more integrated and thriving communities. With strong shared interests, disparity is reduced. In the USA, increased enforcement of civil rights drove white flight empowered by liberal suburban community policies. "Immigrant fear" has also driven white and affluent residents from denser urban communities to suburban, ex-urban and even rural communities. The illustration from my home state of Nebraska highlights this destructive trend:

Lessons from Lexington, Nebraska

Lexington, Nebraska (population of just over 10,000 residents) is located in Central Nebraska along Interstate 80. Lexington at one time hosted a major farm machinery manufacturing plant. The community lost this corporate employer and recruited a major cattle slaughtering operation. The new workforce was from Mexico and Central America. Soon this community's public schools became minority majority. Long-term white residents moved to neighboring rural Gosper County. Gosper County thrived with the influx of white families. Support for public schools shifted from Lexington to Gosper County. Today, this community has embraced its diversity as more of an asset than a threat. But the landscape has changed never the less.



Government Funded Abatements

Greg LeRoy in his 2005 book The Great Job Scam – Corporate Tax Dodging and the Myth of Job Creating cites studies that estimate business relocation tax incentives and abatement costs \$50 billion annually in the USA. This is a huge deployment of state and local government discretionary budget tax spending. Conversely, Canada through the early 2000s Municipal Act restricts municipal authority and prohibits the use of government funds for abatements and incentives central to relocating industry and businesses across geographies.

At e2 we believe the \$50 billion abatement estimate is old and conservative. Some analysis we have reviewed would place this taxpayer cost at 10 times the \$50 billion estimate or one-half trillion dollars. Other analysis would support the estimate of \$1 trillion annually. Unfortunately, there is not precise accounting of state and local government incentive and abatement spending. There are compelling motivations to cloud these estimates.

Playing Favorites Distortion

Whenever government intervenes into free-market economies it has the potential to pick favorites and distort markets. Addressing issues of competition, monopolies, corruption, corporate stock transparency, etc. are essential and generally beneficial interventions. However, relocation incentives and tax abatements tend to benefit larger businesses and those that are footloose (e.g., willing to relocate for incentives) to the disadvantage of rooted and smaller ventures.

A growing group of U.S. community economic developers and leaders argue that relocation tax abatements and incentives are a zero sum game where industry and businesses are moved from one state and locality to another within the country. This practice does not increase economic activity, productivity, innovation or jobs, but simply creates a perverse environment where companies that are relocating for rational reasons exploit states and local governments hungry for banner headlines that advance the careers of governors and mayors.

In Canada where federal policy restricts the use of tax supported abatements and incentives to relocate industry and businesses from one part of the country to another part, there appears to be greater investments into universal business climate and quality of life amenities. Provincial governments like Ontario and cities like Toronto are using public funds to invest in workforce skill development, infrastructure, education, community building, quality of life amenities (e.g., arts, humanities, recreation, green space, etc.) and housing for example.

Conversely, in the U.S. relocation competition and wars drive states and local governments to create financial incentives and tax abatements to lure industry and business from one part of the county to the next. Michigan is fully engaged in relocation competition. Check out the *Michigan Economic Development Corporation's* website (www.michiganbusiness.org) to explore the full range of incentives and tax abatements available to relocating businesses.



Recommended Reads...

To learn more about the use of government incentives and tax abatements to retain or relocate industry, businesses and employees we recommend the following three reads:

- <u>The Great American Jobs Scam Corporate Tax Dodging and the Myths of Job Creation</u> by Greg LeRoy. Berrett-Koehle Publishers. 2005.
- Who Moved My Smokestack? America's Failure to Protect Our Jobs and Stop the Erosion of the American Dream by Don A. Holbrook. Xlibris Corporation. 2008.
- <u>Take This Job and Ship It How Corporate Greed and Brain-Dead Politics Are Selling Out America</u> by Senator Byron L. Dorgan. Thomas Dunne Books and St. Martin's Press. 2006.

Implications for Rural Community Economic Development

This comparative analysis offers many interesting insights foundational to community economic development policy and strategy. The following are most relevant for rural community economic development:

- 1. Importance of Human Talent. The differentiated development between Ontario and Michigan relates to embracing the diversity of human talent that in turn empowers a more dynamic economy and rich community. Racism and anti-immigration policies and cultures in the USA are undermining the optimization of the diversity of human talent and undermining potential development.
- 2. Becoming a Welcoming Community. Racism and anti-immigration attitudes limit a community's potential for new residents. For rural communities to thrive they must become genuinely welcoming, embracing as assets the fullest diversity including not only people of color and different ethnicities, but new residents with different faiths, younger and older residents, new residents, women and those with different gender identities.
- **3. Investment versus Abatements.** Barring U.S. federal legislation changes, states and localities in the United States must moderate the use of business relocation abatements and incentives, and use these funds to invest in venture climate and community betterment such as infrastructure and workforce.
- **4. Immigration Reform.** Developed countries like the USA and Canada have critical workforce gaps as domestic birth rates continue to moderate. Embracing smart international immigration is key to meeting current and future human talent and workforce needs.
- **5. Regional Development.** Finally, economies and societies are regional. Political subdivision fragmentation in the USA. is limiting smart development. Embracing regional development mechanism is foundational to the future of rural communities.



At e2 and the national Center for Rural Entrepreneurship before it we have for over a quarter century monitored contributions to the field of community economic development. One of the resources we have regularly tracked is **Economic Development Quarterly** (EDQ). In 2010 we discovered an EDQ piece by A.J. Jacobs with East Carolina University. It caught our attention as a powerful comparative analysis with significant insights into factors influencing community economic development. Over a decade ago I committed to updating this analysis and finally we are doing just that.

Key 2009 Jacobs' Insights

The author of the 2009 Ontario/Michigan and Toronto/Detroit study offers the following major insight with respect to the divergent development in both regions and cities. The author writes (page 253):

"Integrating these responses with the general themes discussed in the scholarly literature on urban development processes, especially in Michigan and Ontario, suggested that variations in the following embedded factors seemed to explain much about Michigan and Ontario's divergent central city employment paths over the past 25 years (e.g., 1980 through 2005):

- 1. The diversified employment based of Ontario's central cities provided them with an advantage over Michigan's central cities, which were too over concentrated in one sector: auto production.
- 2. Whereas the state of Michigan's hands-off ad hoc approach favoring local and private-led development, tax abatements, and suburban growth has negatively affected its central cities, Ontario's interventionist and relatively integrated approach, emphasizing subregional development planning, has supported its strong central cities (this item has been closely related to Item 1).
- 3. Whereas Michigan's context for local authority has fostered municipal fragmentation and expansive suburban autonomy and has helped funnel employment away from its central cities, Ontario's limited local authority and promotion of municipal consolidations have allowed its central cities to reincorporate some of their suburban growth (this has been closely linked to Item 2).
- 4. Divergent sociodemographic dynamics, including a long history of intense biracial relations and hyper-segregation in Michigan, in contrast to Canada's racial-ethnic mosaic and extensive post-1980s foreign immigration, have provoked suburban job flight in the former as compared with central city vibrancy in the latter (this has been closely linked with Items 2 and 3)."

City Centric, But...

This analysis is city centric but its lessons are powerful for more rural regions and places. We are working on a similar comparative analysis for a collection of rural and micropolitan communities and regions with a proposed release in late 2022. The drivers influencing the divergence development patterns between Ontario and Michigan are relevant to much of rural North America.



These findings from the 2009 Jacob's study are rooted in key interview findings summarized as follows:

Michigan Ontario 1. A history of intense interracial relations and 1. The Municipal Act, which has restricted local related residential segregation. authority and prohibited tax abatements. 2. State laws governing municipal incorporations 2. Provincial development policies, such as the promoting political fragmentation and expansive Planning Act, that have promoted subregional local autonomy. planning and maintaining of strong central cities. 3. Superior government policies promoting fierce 3. The relative diverse employment base interlocal competition and tax abatements, which composition of most major cities in Ontario. have favored suburban growth over center city revitalization. 4. Canada's racial-ethnic mosaic ethic. 4. No state or federal incentives encouraging 5. Foreign immigration, which has fueled population regional planning. and employment growth. 5. The economies of Michigan's central cities rendered vulnerable because of their overconcentration in auto production activities.

A central take away from Jacob's 2009 Study is the powerful role of human talent in this part of the 21st Century and community economic development. Human talent, rooted in the knowledge economy, is foundational. Societies and economies with substantial and developing human talent do better. Racism and barriers to smart immigration deny our communities and regions access to human talent. Suburbanization and abatements create perverse influences marginalizing human talent further eroding the very force essential for community and economic building.

Richard Florida and the Creative Class

Richard L. Florida is a well-recognized futurist and theorist. His innovative work focusing on what he calls the **creative class** has contributed greatly to the field of community economic development. Florida leads the Martin Prosperity Institute at the Rotman School of Management at the University of Toronto. He is also a Distinguished Fellow at New York University's School of Professional Studies.

One could argue that Canada, Ontario and Toronto's more enlighten racial and immigration policies and



culture embraces all human talent as an asset when compared to the USA Michigan and Detroit. To learn more about Richard Florida and his work check out www.creativeclass.com.

Our next stop is a review of the comparative demographic performance of these places.



There are many indicators we can employ to conduct comparative performance analysis. Historically, population change is possibly the most available and universal performance indicator. Into the future population change will not serve us well as we pursue socio-environmental sustainability. With respect to this comparative analysis demographic change is a useful performance indicator.

Demographic Performance

There are many indicators of how a region and community are performing. For historical analysis one of the most reliable and important bottom line socio-economic indicators is population change. Figure 3 provides the comparative population changes for Ontario and Michigan, Figure 4 provides the comparative population changes for the cities of Toronto and Detroit, and Figure 5 provides the comparative population changes for the Toronto and Detroit Metropolitan Areas.

Year Michigan Ontario Difference % D **Notes** 1850 397,654 952,004 -554,350 -139.4% **Ontario More Populated** 749,113 -646,978 1860 1,396,091 -86.4% 1870 1,184,059 1,620,851 -436,792 -36.9% 1880 1,926,922 -289,985 -17.7% 1,636,937 1890 2,093,890 2,114,321 -20,431 -1.0% 1900 2,420,982 2,182,947 238,035 9.8% Pivot - MI More Populated 1910 2,810,173 2,527,292 282,881 10.1% 1920 3,668,412 2,933,662 734,750 20.0% 1930 4,842,325 3,431,683 1,410,642 29.1% 1940 5,256,106 3,787,655 1,468,451 27.9% 1950 6,371,768 4,597,542 1,774,226 27.8% 1960 7,823,194 6,236,092 1,587,102 20.3% 1970 8,875,083 7,703,105 1,171,978 13.2% 1980 9,262,078 936,971 8,325,107 10.1% 1990 9,295,297 10,084,885 -789,588 -8.5% Pivot - Ontario More Populated 2000 9,938,444 11,410,046 -1,471,602 -14.8% 2010 9,883,640 12,851,821 -2,968,181 -30.0% 2020 10,077,331 14,048,273 -3,970,942 -39.4% **Major Divergence**

Figure 3. Michigan and Ontario, Comparative Population Changes

1850 to 1900 Analysis. In 1850 Ontario had a population of nearly one million residents or 2.4 times more residents when compared to Michigan. Rapid industrialization of Michigan with associated population growth resulted in Michigan posting a larger population by 1900 (i.e., 2.4 versus 2.2 million residents) than Ontario.



1900 to 1980 Analysis. Between 1900 and 1980 when the Jacob's study period began, both Michigan and Ontario experienced very strong economic and population growth with Michigan boasting nearly one million more residents (i.e., 9.3 versus 8.3 million residents) in 1980. Over this remarkable eight-decade-long period (i.e., 1900 to 1980) both Michigan and Ontario posted nearly a 300% gain in population. Both had become economic power houses in the United States and Canada respectively.

1980 to Present Analysis. By 1990 Ontario began to outperform Michigan reflecting fundamental policy changes driving differentiated growth. In 1990 Ontario had nearly 800,000 more residents than Michigan. Between 1980 and present the following population changes emerged:

•	Ontario	2021 Population = 14,789,778	1980 to 2021 Growth Rate = 78%
•	Michigan	2020 Population = 10,078,331	1980 to 2020 Growth Rate = 8.8%

During this four-decade-long contemporary period, Ontario grew at nearly nine times faster when compared to Michigan. While Michigan did add population over this 40-year period, the annualized rate of change was just 0.22% per year compared to Ontario's 1.9% per year on average population change.

Figure 4. Cities of Detroit and Toronto, Comparative Population Changes

Year	Detroit	Toronto	Difference	% D	Notes
1830	2,222	9,252	-7,030	-316.4%	Toronto More Populated
1840	9,102	14,249	-5,147	-56.5%	
1850	21,019	30,776	-9,757	-46.4%	
1860	45,619	44,821	798	1.7%	Pivot - Detroit More Populated
1870	79,577	56,092	23,485	29.5%	
1880	116,340	86,415	29,925	25.7%	
1890	205,876	144,023	61,853	30.0%	
1900	285,704	238,080	47,624	16.7%	
1910	465,766	381,383	84,383	18.1%	
1920	993,678	521,893	471,785	47.5%	
1930	1,568,662	856,955	711,707	45.4%	
1940	1,623,452	951,549	671,903	41.4%	
1950	1,849,568	1,176,622	672,946	36.4%	
1960	1,670,144	1,824,481	-154,337	-9.2%	Pivot - Toronto More Populated
1970	1,514,063	2,089,729	-575,666	-38.0%	
1980	1,203,368	2,137,395	-934,027	-77.6%	
1990	1,027,974	2,275,771	-1,247,797	-121.4%	
2000	951,270	2,481,494	-1,530,224	-160.9%	
2010	713,777	2,615,060	-1,901,283	-266.4%	Major Divergence
2020	670,731	2,731,571	-2,060,840	-307.3%	



1830 to 1950 Analysis. Detroit and Toronto eventually became the lead cities in both Michigan and Ontario. Both communities have similar development origins and histories. In 1860 Detroit and Toronto had similar and modest populations in the mid 40,000s. By 1950 Detroit had grown to 1.8 million residents (e.g., 40 times increase over the 1850 population). During this period Detroit became the fifth largest city in the United State following New York, Chicago, Philadelphia and Los Angeles. Toronto experienced explosive growth as well increasing to 1.2 million residents by 1950 or by 254%! But Detroit was outgrowing Toronto by over 670,000 residents in 1950.

1950 – 1960 Pivot Years. In 1950 the City of Detroit was larger than Toronto. In less than a decade by 1960 Toronto posted a larger population – 1,824,481 to 1,670,144 residents. The City of Detroit peaked in 1950 and has been hemorrhaging residents ever since. Conversely, the City of Toronto has continued to grow.

1950 to Present Analysis. Over the intervening seven decades the Cities of Detroit and Toronto have diverged dramatically as illustrated with the following comparisons:

• 1950 City (not metros) Populations:

Detroit 1,849,568Toronto 1,176,622

• 2020/2021 City Populations:

Detroit 670,731Toronto 2,731,571

• 1950 to Present Population Change:

○ Detroit -64%
 ○ Toronto +132%

The change in the populations for the cities of Detroit and Toronto are even more dramatic in their divergence than with Ontario and Michigan.

Cities and Metro Areas

For much of North America's history there were cities, towns, villages and countryside or rural areas. The concept of metropolitan areas is relatively new and a post-World War II concept. Improvements in road systems (and personal automobiles) and mass transit (particularly commuter rail) empowered suburban and ex-urban development. Often times the boundaries of cities remained geographically constant where much of the urban growth occurred outside of city limits. Clearly, central to the differential growth between the cities of Toronto and Detroit related to not only the emergence of metro areas, but how each region handled urbanization trends. There is a case to be made that in the United States urban sprawl as reflected in ever larger metro regions than in Canada.



Figure 5. Cities of Detroit and Toronto, Comparative Population Changes

Year	Detroit	Toronto	Difference	% D	Notes
1950	3,016,197	1,068,000	1,948,197	64.6%	Detroit - 3x More Population
1960	3,762,360	1,744,000	2,018,360	53.6%	
1970	4,307,470	2,535,000	1,772,470	41.1%	
1980	4,353,365	3,008,000	1,345,365	30.9%	
1990	4,482,299	3,807,000	675,299	15.1%	
2000	4,752,557	4,607,000	145,557	3.1%	Near Equal Metro Populations
2010	5,196,250	5,499,000	-302,750	-5.8%	
2020	5,325,219	6,139,000	-813,781	-15.3%	

Central to the decline of the City of Detroit was its hollowing out through the development of suburban and ex-urban communities extending for miles north, west and south of the City of Detroit. In 1950 the Detroit Metropolitan Area (MSA) was nearly three times larger in population when compared to the Greater Toronto MSA (i.e., 3 to 1 million residents). Fifty years later by 2000 the two metros had roughly the same populations nearing five million residents each. A decade later the Toronto MSA posted nearly 300,000 more residents and by 2020 its MSA exceeded the Detroit MSA by over 800,000 residents.

This demographic analysis with the obvious divergence occurring between Ontario and Toronto and Michigan and Detroit begs the question: why these dramatic trend line changes? Analysis is in the Key Insights section beginning on page 4.

Resident Diversification

Population change is one comparative measure. Another, central to this comparative analysis, is diversity based at a minimum on race and ethnicity. Ontario is more diverse (28.3% non-White – 2011 Canadian Census) compared to Michigan (21.6% non-White). Ontario has become more diverse over the past decade while Michigan is experiencing relatively slow racial and ethnic diversity. Both Toronto and Detroit are more diverse than Michigan.

200 Distinct Ethnic Groups Call Toronto Home!

For example, current data on Toronto finds that about 50% of its population can be classified as minority. Within this minority majority community an estimated 200 distinct ethnic groups call Toronto home. In a global society and economy, resident diversity is hugely important creating connections through the world enhancing network and socio-economic relevance and competitiveness. Powerful groups in Michigan foster a racism culture and opposition to new international migration. Lack of smart U.S. immigration policies inhibits the ability of states like Michigan with regard to workforce, entrepreneur and human talent shortage to attract the motivated and best from the world.

Our next stop is a quick review of each of these comparative geographies.



Somewhere throughout the world there are regions and communities that have solved critical development challenges and are exploiting cutting edge opportunities. While we cannot necessarily replicate development strategies that evolve in one community in other communities, we can learn from their experiences. Lessons learned and innovations can be adapted and deployed in other communities contributing to smarter and accelerating community economic development.

Geographies Defined

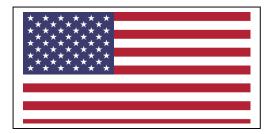
When we consider solutions and strategies from other regions and communities it is important to understand their **context**. Context matters! A rural community with strong quality of life amenities adjacent to a growing metro area is very different when compared to a more isolated rural community in the Great Basin in the Western United States. Nevertheless, even communities like Detroit and Toronto that are so unlike most rural communities in North America can provide development insights worth considering. This is particularly true when we are considering national, state/provincial and local development policies. The following provides quick profiles for:

- Canada and the United States
- Ontario and Michigan
- Toronto and Detroit

Canada and the United States



Canada and the Unites States are neighbors and along with Mexico are the leading countries in North America. Both nations have similar development histories.



But in this part of the 21st Century huge differences have deepened, rooted in world super power status, population and economic size, racism and views on immigration. Of all the Canadian providences, Ontario in 1980s was the most comparable to the U.S. state of Michigan making this comparative analysis so powerful. There are other comparative places worth study including British Columbia and Vancouver, and the state of Washington and Seattle.

Canada and the USA are similar in geographic size. However, much of Canada is in the Artic with very sparse population and economic activity. The United States has roughly 10 times more population and economic activity compared to Canada. Household incomes are comparable particularly when differences in the social safety net (e.g., access to health care for example) are considered. The USA has significantly higher income and wealth inequality (i.e., Gini Coefficient) when compared to Canada.



Figure 6. Canada and the United States – Quick Profile

Canada

- Confederation 1867
- Land Mass 3.9 million square miles
- Population 38 million
- Gross Domestic Product \$2.0 trillion
- Per Capita Income \$52,791
- Gini Coefficient 30.3 Medium

United States

- Confederation 1781
- Land Mass 3.8 million square miles
- Population 331 million
- Gross Domestic Product \$23 trillion
- Per Capita Income \$69,375
- Gini Coefficient 48.5 High

Ontario and Michigan



Ontario is significantly larger geographically compared to Michigan. But most of Ontario's territory is in the Artic with limited population and economic activity. Ontario now has a larger population and economy. Per capita incomes are higher in Ontario compared to Michigan.



Figure 7. Ontario and Michigan - Quick Profile

Ontario

- Confederation 1867
- Land Mass 415,598 square miles
- Population 14.8 million
- Gross Domestic Product \$763 billion
- Per Capita Income \$58,879

Michigan

- Statehood 1837
- Land Mass 97,716 square miles
- Population 10.1 million
- Gross Domestic Product \$446 billion
- Per Capita Income \$53,259

Ontario continues to be the most populous and the economic powerhouse in Canada. Michigan at one time ranked among the top five U.S. states. Today Michigan is the 10th most populous states and posts the 14th largest economy measured in Gross Domestic Product in 2020. While Michigan continues to be very important economically, it has lost ground while Ontario has further cemented its role as the leading economic province in Canada.



Toronto and Detroit

Greater Toronto Metro Area



Detroit Metropolitan Area



In the early days the cities of Toronto and Detroit were comparable in both population and economy. Beginning in 1950 Detroit and Toronto began to diverge. The city of Detroit contracted demographically and hollowed out economically while the city of Toronto continued to grow. Both metros grew significantly in population and land area. But the Detroit metro has experienced materially greater urban sprawl and municipal fragmentation when compared to the Toronto metro.

Figure 8. Toronto and Detroit Metros-Quick Profile

Toronto

Current Population:

- City of Toronto 2,731,571
- Greater Toronto Metro 6,139,000

Land Mass:

- City of Toronto 243 square miles
- Toronto Metro 2,280 square miles

Detroit

Current Population:

- City of Detroit 670,731
- Detroit Metro 5,325,219

Land Mass:

- City of Detroit 143 square miles
- Detroit Metro 3,913 square miles

Next let's review the development chronology for these comparative places.



At e2 we employ **development chronologies** as a way to help communities and our team in understanding the development journey of a particularly place or region and support comparative analysis. Development chronologies are not intended to be comprehensive or academic. Rather they provide an important context for where a community or region is today with respect to its development opportunities and challenges. Our communities are a product of their unique development journeys.

Development Chronology

A community and region's development occurs over a span of time. It is so rare to be able to compare two historically similar communities and regions gaining insights on how certain decisions contributed to both development and decline. The following development chronology provides the long view for the regions of Ontario in Canada and Michigan in the United States, and the lead cities of Toronto and Detroit.

Figure 9. Development Chronology for Ontario, Michigan, Toronto and Detroit

The Long History

Pre-1600s – The Age of Indigenous Peoples. From the 1600s backward this part of North America was the domain of Indigenous Peoples anchored in Native nations, tribes and clans. We must always remember that before there were European settlers this country was the home of a rich diversity of Indigenous cultures rooted in the land.

1600s – **European Explorers.** Beginning in the early 1600s there was a progression of French and English explorers followed by nascent European settlement resulting in these lands being claimed for both France and England. Ultimately France was displaced by England, just as European nations displaced Indigenous Peoples. Ultimately, Ontario became part of the British Empire and then the Country of Canada as a province. Michigan transitioned from the British Empire to the United States following the War of 1812.

1700s – Natives' Displacement, Genocide and Marginalization. At first Indigenous Peoples were displaced by European American settlement. Native Peoples were forced to physically relocate often creating displacement of other Native Peoples occupying these lands. Disease and violence created genocide or the unintentional and too often intentional destruction of Natives, their communities and cultures. Some Native populations survived the genocide period but were marginalized until more contemporary renewal.

New France holds a weak control of Ontario and what became Toronto.	1700s	
French and Indian War was a conflict between New France and the British Empire with corresponding allied Native American Tribes.	1754-1763	Also referred to as the Seven Years War , this conflict was fought in what became Canada and the United States. Upon conclusion, this war resulted in New France ceding to the British Empire.
Treaty of Paris	1763	Ends the French and Indian War



Start of the American Revolution	1776	War stretches from 1776 into the early 1780s
The 13 Colonies in what becomes the United States become free of the British Empire and begin what becomes the 50 United States.	1783	The Treaty of Paris finalizes the American Revolutionary War separating the American Colonies from Great Britain.
Loyalist Migration to Canada Revolting Colonists engaged in economic retribution, property annexation, cultural shunning and even violence against British Loyalists.	1770s & 1780s	Significant numbers of British citizens residing in the 13 American Colonies chose or were forced to relocate to Canada during the period following the American Revolutionary War. This migration of new residents was material.
Michigan and Detroit were part of the geography included in the Northwest Ordinance and the subsequent European American settlement of this region.	1787	The Northwest Ordinance was created by the Congress of Confederation of the United States creating the Northwest Territory as part of the United States including Michigan and Detroit.

Northwest Ordinance

Following the American Revolutionary War and the 1783 Treaty of Paris separating the newly minted United States from British colony status, the Northwest Ordinance was enacted in 1787 (just five years following the peace treaty.) The Ordinance added the future states of Ohio, Indiana, Illinois, Michigan, Wisconsin and portions of Minnesota to the USA and opened up nonnative settlement and development. These policies fueled the development of Michigan and its lead city of Detroit. Another outcome of the Revolutionary War was the retention of Canada including Ontario and Toronto as part of the British Empire. While political boundaries separated these two physically adjacent regions and cities, shared economic development created a more integrated socio-economic landscape and culture.



Town of York Established First Capital of Upper Canada	1793	Merges into Toronto
War of 1812 York Sacked and Burned by the USA. York became part of Toronto U.S. Capital Sacked by the British In part retribution for burning York	1812	The War of 1812 effectively ended U.S. attempts to bring Canada into the United States by either proposal or conquest. U.S. attempts to win parts of Canada by war failed as Canadian residents and British troops blocked conquest.
	1837	Michigan Statehood
Ontario population of 952,004	1851	
Detroit and Toronto	1860	Have comparable populations in the mid-40,000s



African American Escape to Canada Slavery was illegal in Canada and there was greater social tolerance for people of color. Prior to the Civil War escaped slaves sought freedom in Canada.	Pre-Civil War	Canada never had plantation type production agriculture requiring slaved-based economies. Both France and England adopted anti-slavery policies before the USA creating different cultures in Canada, its provinces and cities.
American Civil War	1861-1865	Slavery is technically ended in the USA
Canadian Confederation		Michigan celebrates 30 years of
Ontario Created as a Province	1867	statehood and post-Civil War period
Toronto reaches nearly 56,000 residents	1870s	Detroit reaches 80,000 residents
Toronto reaches over 86,000 residents	1880s	Detroit reaches over 116,000 residents
Ontario and Michigan		Between 1890 and 1950 Michigan grows faster
Have near identical populations:	1890	than Ontario posting a nearly 1.8 million larger
2,114,321 vs. 2,093,890		population than Ontario.
During this period both Ontario and		During these decades Detroit grew from 466,000
Michigan experienced massive		residents in 1910 to nearly 1.6 million in 1930.
industrialization and population growth.	1900s	Toronto grew more slowly but increased from
The Second Industrial Revolution (1870 to	1910s	381,000 to 867,000 residents over the same
1914) was in full swing.		period.

World War I – July 1914 to November 11, 1918

The first world war was won by the Allies including the British Commonwealth of which Canada at the time was a foundational part. Canada contributed to the war effort materially and with troops. The USA later joined the war effort with Canada, England and France. In addition to all the similarities between Canada and the USA, they have been military allies and cooperators dating back to before the Great War. Following World War I both the USA and Canada received refugees and increased immigration from Europe associated with the post-war hard times including starvation and poverty in parts of Europe heavily impacted by the war and post-war peace.

Toronto reaches 238,000 residents	1910	Detroit reaches 286,000 residents	
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U.S. Prohibition - 1920 through 1933

U.S. prohibition enacted by the federal government outlawed alcohol production and consumption but accomplished neither. The U.S. Prohibition Act created a massive black market. Toronto and Ontario were already well established producers of whisky and other alcoholic products. U.S. prohibition created massive demand for black market importation of Canadian alcoholic products growing the Ontario and Toronto distillery industries.

Toronto reaches 522,000 residents	1920	Detroit reaches 994,000 residents
Both Ontario and Michigan experienced the "good times" of the Roaring 20s.	1920s	During this period there was massive economic, social and government change.
Toronto reaches 857,000 residents	1930	Detroit reaches 1.6 million residents
Great Depression Years	1930s	Impacting Canada and the United States



Great Depression - 1929 into the 1930s Until World War II

The Great Recession was a global economic crisis adversely impacting both the United States and Canada. Both Ontario and Michigan were particularly hard hit with contraction in heavy industry foundational to both economies at this time in history.

Toronto reaches 951,000 residents	1940	Detroit reaches 1.6 million residents

World War II - 1939 through 1945

The British Empire, including Canada as part of the Commonwealth, entered World War II in 1939 when Nazi Germany and Soviet Union invaded Poland. The USA entered World War II following the December 7, 1941 attack on Pearl Harbor by the Empire of Japan. Once again Canada and the USA were allies during the major world war. World War II drove massive industrialization in both countries. Michigan and Ontario as centers of industry and agriculture experienced expansive development and growth. Both became epicenters of support for the war effort.

Rapid industrialization	1940s	Rapid population growth
Growth accelerates in Ontario Ontario – 4.6 million residents Toronto – 1.2 million	1950	Growth slows in Michigan Michigan – 6.4 million residents Detroit – 1.8 million
Auto industry growth	1950s	Strong metropolitan growth
City of Detroit begins losing population	1960s	City of Toronto continues to grow

Vietnam War - 1955 into 1975

Early in the Vietnam War there was an international coalition opposing Vietnamese nationalism and eventually communism. As the war progresses it becomes a "U.S." war. Canada becomes a refuge for war objectors seeking to escape the draft and protest the war. There was a modest in-migration of U.S. talent into the Canada associated with this dynamic.

U.S. auto industry struggles with international competition. Michigan and Detroit struggle.	1970s	Ontario also struggles with auto competition. But Ontario and particularly Toronto begin to diversify both through immigration and economic change.
		economic change.

1980 - Starting Year for the Jacobs' Study

2009 Study Timeframe 1980 through 2005 – e2 Study Timeframe 1980 through 2021

Ontario – 8,325,107 residents City of Toronto – 2.1 million Toronto Metro -	1980	Michigan – 9,262,297 Resident City of Detroit – 1.2 million Detroit Metro -
Ontario and Toronto continue to grow	1980s	Michigan and Detroit continues to struggle



1980-1990 Tipping Point

Over this decade long period from 1980 to 1990 growth accelerated in Ontario and stagnated in Michigan resulting in differentiate socio-economic performance documents in more current statistics.

Urban Sprawl

The City of Detroit hollows out and there is increasing urban sprawl driven by racism and socio-economic class drivers. Liberal U.S. and Michigan municipality policies empowered rapid urban sprawl and fragmentation. Conversely, Canada and Ontario adopt policies fostering regionalism and metro area integration and governance.

	T	T
Ontario – 10,084,885 Residents City of Toronto – 2.3 million	1990	Michigan – 9,295,297 Residents City of Detroit – 1.0 million
Ontario and Toronto development intensifies	1990s	Michigan and Detroit continue to stagnate and struggle
Ontario has 1.5 million more residents when compared to Michigan.	2000	The City of Toronto has 1.5 million more residents when compared to the City of Detroit.
Divergence continues	2000s	Immigrants increase Ontario's and Toronto's population, workforce, human talent and entrepreneurship pool.
Ontario now has nearly 3 million more residents when compared to Michigan.	2010	The City of Toronto now has 1.9 million more residents than the City of Detroit.

9-11 (2001), Dot.Com Bubble (1995) and Great Recession (2007-2010)

The decade of 2000 to 2010 was action packed with the 9-11 Terrorist attack on the USA followed by extended wars in Afghanistan and Iraq. The 1995 Dot.Com bubble creating a minor economic recession. Finally, there was the Great Recession associated with the U.S. financial system crash. The events impacted both sides of the Canadian/U.S. border but played out differently. For example, banking regulations in Canada protected it from the worst of the financial crash that devastated the United States.

Divergence accelerates	2010s	American democracy becomes gridlocked

COVID-19 - The World Health Pandemic

The COVID-19 World Health Pandemic has reminded the world that we are all very inter-connected. Political boundaries become less significant in this age of rapid international travel where an illness caused by a virus can spread quickly and gravely impact both the health an economies of communities throughout the world. This international crisis reminds us that Canada and the USA, Ontario and Michigan, and Toronto and Detroit have more in common than not and cross border regional collaboration is foundational to success today and into the future.

Ontario – 14,048,273 Residents	2020	Michigan – 10,077,331 Residents
City of Toronto – 2,731,571	Populations	City of Detroit – 670,731
Metropolitan Toronto – 6,139,000		Metropolitan Detroit – 5,325,219



The Present - 2020/2021

Ontario now has nearly 4 million more residents when compared to Michigan. The City of Detroit, between its peak population in 1950 with 1.8 million residents has since lost 1.2 million or nearly 64% of its residents over the past 70 years. Conversely, the City of Toronto has grown from 1.2 million in 1950 to over 2.7 million in 2020. The respective metro areas are more comparable in 2020 with Detroit metro posting a population of 5.3 million and the Toronto metro hosting a population of 6.1 million. Even here, there is significant divergence reflecting the changing fortunes of these two communities.

The Future?

As we enter the 2020s decade there is uncertainty. Mega issues of climate change, global terrorism, nationalist movements, etc. are core shapers of our future. But humanity is resilient and with each new generation new ideas, innovation and change comes. The future success of Ontario and its communities and Michigan and its communities is not destiny but will be found in how community builders in these places commit and act. Hopefully, younger researchers will pick up this analysis in 10 or 20 years and update and even enrich it so that we can continue to learn from how this natural experiment plays out. Hopefully, both of the geographies will thrive creating opportunity and hope for all of us.

Cross Border Collaborators

At e2 we are looking for cross border collaborators to not only update the qualitative causal research pioneered by Professor Jacobs in the 2009 Study, but expand its scope to consider how the more rural regions and communities of Ontario and Michigan have performed. If you are interested in collaborating with e2 in this comparative analysis work contact Don Macke at don@e2mail.org.

Time for wrap up and conclusion.



Community economic development is a 24-7-365 forever undertaking. The commitment and process of growing great communities, regions and nations is never ending. Transformative development takes time and often generations. It is hard to track change over a year or even a few years. Our e2 field work demonstrates that indicators of transformative change are possible within a decade. Employing natural experiments with comparative analysis is a powerful way we can gain insight into how policy and development choices can influence a community's or region's trend lines.

Conclusion – Other Comparative Analysis

At e2 we are committed to undertaking and completing more natural experiences employing comparative analysis. We believe this kind of analysis can help a wide range of communities and regions better understand the keys to successful and sustainable community economic development.

Our first comparative analysis is the **Ord Story Collection** providing deep analysis of Ord, Valley County and its region in rural Nebraska with both a peer community and peer regions. Our **Ord Learning Resource**, papers, stories and podcasts provide access to the remarkable development lessons learned by this rural community.

Our next comparative analysis targets are the Tri-Cities in Central Nebraska (Kearney, Grand Island and Hastings). We have observed these communities and their respective development for decades. Once we complete this analysis our intent is to move on to the Tri-Cities comparative development analysis.

We encourage others to employ natural experiment opportunities to conduct comparative development analysis. e2 is prepared to share our approaches and methodologies without cost and work collaborative with others willing to undertaken his important work.

Please reach out by contacting Don Macke at don@e2mail.org.

