

Detroit's bankruptcy has had little cross-border impact, but Windsor, Ontario shares Detroit's broader economic challenges.

In July the city of Detroit filed for bankruptcy, the largest American city ever to do so. Just across the Detroit River lies the Canadian city of Windsor, Ontario, which has historically shared a similar reliance on automotive manufacturing, and yet has not suffered as sharp an economic downturn. Bill Anderson looks at the close links between the two cities, writing that while Windsor may have performed better economically, like Detroit, it can no longer rely on the automotive industry to guarantee long term growth and employment and must diversify its interests.

News of Detroit's filing for bankruptcy did not come as a surprise to the residents of neighbouring Windsor, Ontario, Canada. The fiscal collapse has been well covered in the local media and on the Detroit television stations that many Windsorites watch. In fact the prevailing attitude seems to be that it's about time, and maybe now Detroit can make a fresh start. The immediate impacts on Windsor are minor. But the bankruptcy is but one episode in a much broader Detroit economic transformation that has profound impacts on the Canadian side of the Detroit River.

Say "Detroit" and you may be referring to any one of three different things. The first is the City of Detroit, the beleaguered and now bankrupt central city. The second is the Detroit metropolitan area, an urban region with a population of 4.3 million, of which City residents make up only about 16 per cent. Finally, when US business media refers to Detroit it generally means the US automotive industry, or more specifically the "Detroit three" companies, General Motors, Ford and Chrysler.

Windsor is tightly linked to all three Detroits. A city of 211,000 with an additional 121,000 in surrounding

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metro communities, Windsor is the southernmost of Canada's major urban areas. Most Canadians are aware of Windsor for its reputation as the "automotive capital of Canada" (a distinction to which Oshawa, Ontario has a comparable claim) and as the location of the privately owned Ambassador Bridge, the most important transport link in the gigantic Canada-US bilateral trade. The bridge is [frequently in the news these days](#) as its owner battles construction of a government-owned rival span.

Downtown Windsor is located directly across the river from downtown Detroit, connected by an automobile tunnel of which each city owns one end. (As a nice piece of geography trivia, you actually travel south to pass from the US to Canada here.). Windsorites frequently go across to take in big-time sports games or other attractions such as a world-class art institute, auto show and jazz festival, or to dine in one of the classic American restaurants that survive in Detroit's otherwise bleak core. Thousands of Windsor residents even find employment in the City of Detroit, especially in the two huge medical centres located there. The City's negatives – especially its reputation for violent crime – don't seem to spill over into Windsor, which is [safe even by Canadian standards](#).

But when Windsorites cross the border, it is more often to locations in metropolitan Detroit outside the City, especially to the giant shopping malls and outlet centres in suburban locations, where they are enticed by lower prices and the recent strength of the Canadian dollar. Detroit Metro Airport in suburban Romulus is also a great attraction. Family and cultural ties draw people across the border, but here again they are mostly outside the City. Both Windsor and metropolitan Detroit are magnets for Arabic-speaking immigrants, but on the US side they are far more likely to settle in the nearby City of Dearborn than in Detroit proper.

Not all the traffic is in one direction. Ontario allows drinking at a younger age than does Michigan, ensuring a surge of 19 to 21 year olds across the border on weekend evenings. Windsor's flashy casino was largely dependent on American customers when it opened in 1994, although it has become more domestically oriented since Detroit opened its own casinos. Security measures in place since the 9/11 make some people (especially Americans) reluctant to cross the border.

The most immediate impact of the bankruptcy is to create uncertainty about the future of the Detroit-Windsor Tunnel, which is on the short list of assets likely to be sold under the bankruptcy. Detroit's end is on a long-term lease to a private operator that coincidentally (or perhaps not) filed for its own bankruptcy just a week after the City did. Anxious to maintain the downtown-to-downtown link, and to keep it out of the hands of the owners of the Ambassador Bridge, Windsor's mayor has expressed an interest in buying Detroit's half. This, along with the fact that [Canada will front Michigan's share of the cost](#) of a new Detroit River bridge, may be part of an emerging trend. If Canadians want to maintain critical transportation links with the US, it seems they have to pay for the infrastructure themselves.

Otherwise the main impact of the bankruptcy may be reputational. While the filing is just an episode in a long story of decline, it has brought Detroit's fiscal problems to the attention of the world. The City of Windsor, whose books are in order, may yet be vulnerable to guilt by association.

Windsor's most profound cross-border link is with the automotive complex that is centred in metropolitan Detroit but extends into other Great Lakes states and beyond. It also extends into Ontario, not just to neighbouring Windsor but also as far as the General Motors assembly plants in Oshawa, over 400 kilometres from Detroit. Ontario has benefitted from large investments in assembly plants by Toyota and Honda, but these non-union facilities choose to locate away from traditional automotive centres like Windsor.

Windsor has a huge assembly plant producing Chrysler minivans and two large plants producing Ford engines plus dozens of smaller plants making automotive components. [All of these plants are tightly integrated with American facilities](#). For example, the van plant requires parts deliveries from hundreds of trucks that cross the Ambassador Bridge every day and the great majority of the Ford engines produced in Windsor are shipped to assembly plants on the US side.

The crisis of 2008-9 was felt as severely in Windsor as in Detroit, with layoffs, cancelled shifts and plant shutdowns, some of them permanent. Yet today you could get the impression that the auto business had never been better, with plants operating at three shifts and machine shops complaining about a shortage of skilled labour. This reflects two factors. First, there was a significant winnowing out of firms in the parts sector, so those that have survived are busier. Second, the North American car market is now in a classic post-recession rebound period as consumers finally come back into the dealerships. The first factor is part of a process of decline while the second is transitory. Despite healthy growth in recent years, [Windsor has yet to recover all the jobs it lost during the crisis](#). Automotive employment may never recover its pre-crisis level.

Windsor's leadership is under no illusions that an automotive rebound will solve its economic problems. The local development corporation and a globetrotting mayor have succeeded in attracting new employers ranging from call centres to a Korean-based wind turbine factory. The future is clearly a case of running hard to avoid losing ground. As the economy diversifies the strength of association with Detroit may decline somewhat. But Windsor will no doubt continue to be a city with its face, rather than its back, to the US border.

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