

University of Windsor

Scholarship at UWindsor

Odette School of Business Publications

Odette School of Business

Summer 6-8-2013

The Detroit River International Crossing Bridge: A Stakeholder Analysis Of How One Wealthy Individual Could Exercise His Will Against Many

Kent Walker
University of Windsor

Follow this and additional works at: <https://scholar.uwindsor.ca/odettepub>



Part of the [Business Commons](#)

Recommended Citation

Walker, Kent. (2013). The Detroit River International Crossing Bridge: A Stakeholder Analysis Of How One Wealthy Individual Could Exercise His Will Against Many. *Administrative Sciences of Canada Conference*. <https://scholar.uwindsor.ca/odettepub/71>

This Conference Proceeding is brought to you for free and open access by the Odette School of Business at Scholarship at UWindsor. It has been accepted for inclusion in Odette School of Business Publications by an authorized administrator of Scholarship at UWindsor. For more information, please contact scholarship@uwindsor.ca.

THE DETROIT RIVER INTERNATIONAL CROSSING BRIDGE: A STAKEHOLDER ANALYSIS OF HOW ONE WEALTHY INDIVIDUAL COULD EXERCISE HIS WILL AGAINST MANY

This case discusses the only privately owned bridge between Canada and the United States and the legacy of the billionaire owner, Matty Moroun, who engaged in a number of unethical and ethical tactics to stop construction of a competing publicly owned bridge. Over the last 10 years Matty Moroun did everything within his power to stall and stop construction of a new bridge, maintaining his near monopoly on the busiest border crossing in North America. With a crucial vote on the fate of the public bridge the night of the presidential election in 2012, with the vote favouring the public bridge, it is now very likely the new bridge will be built. The case begins and ends with Moroun contemplating his legacy, and wondering if a number of his tactics crossed the line between protecting his own self-interest at the cost of his personal character and integrity, and how others might now perceive him.

INTRODUCTION

On Tuesday Nov 6, 2012, the day the United States decided to elect Barack Obama for a second term, Matty Moroun learned that his latest attempt to stop construction of a new bridge between the busiest international crossing in North America had failed. The majority of voters voted against Proposition 6, which would have blocked construction of the proposed new bridge and required a referendum vote whenever a new international bridge was planned. Moroun had done everything in his power to stop construction of the bridge, something that was originally proposed 10 years ago (see the timeline in Appendix A). Today, it looked as though he finally lost the fight.

Moroun was the billionaire owner of the current bridge between Windsor, Ontario and Detroit, Michigan. The Ambassador Bridge was the only private bridge in North America, and it happened to be on the busiest crossing. With a monopoly on truck transport (semi-trailers could not use the underground tunnel which was the only other crossing between Windsor and Detroit) Moroun made an estimated \$100 million per year in revenue from tolls, gas and the duty free shop (Muller, 2012). The latest defeat was particularly devastating for Moroun who spent a state record, \$35 million, in advertising and campaign promotion in a bid to win votes. Interestingly, that sum exceeded the \$30 million Moroun paid to buy the Ambassador Bridge in 1979 not adjusting for inflation (Battagello, 2012).

At 85 years of age Moroun was weary of the 10-year battle. Having thrown all his resources into stopping construction of a new competing bridge it seemed as though the time had come to throw in the towel. Moroun was reflective as he sat in his office, thinking of what the fight had cost him. Despite spending millions of dollars, Moroun wondered about the greater costs including how this might tarnish the legacy of the self-made billionaire who had given so much to the surrounding communities in Canada and the United States. He thought of the many breaches of ethical conduct he and his company had been accused of throughout this long fight. He thought of the lowest point in his life when he and the CEO of his bridge company were locked in a jail cell together for 30 hours. While they had to wear the same green jumpsuits as other prisoners, they were mercifully permitted to order in dinner from the Detroit Athletic Club.

Looking out over the Detroit River, a River that had been so lucrative to Moroun, part of him felt satisfied knowing that he had given everything he had to protect his monopoly, and everything he did was, in his mind, within his legal right. Yet another, quieter part wondered if he had gone too far. He wondered whether he had gotten carried away in protecting his own self-interest at the cost of his personal character and integrity, and how others might perceive him now.

MATTY MOROUN: SELF-MADE BILLIONAIRE

Matty Moroun, whose given name was Manuel, was of Lebanese descent - his grandfather came from Lebanon and his dad was born in Buenos Aires, Argentina. His grandfather moved the family from Argentina to Quebec, and then to Windsor (Muller, 2012). The family settled in Detroit after World War I. His parents, Tufick (who went by Thomas) and Jamal, were married in Detroit where Matty was born, on June 5, 1927. Growing up on Detroit's east side with his three sisters, Moroun attended Our Lady of Help elementary school, graduating from the University of Detroit Jesuit High School, where he was among the few Arab-American students and one of the poorest (Berfield, 2012). He went on to graduate from the University of Notre Dame, where in 1949 he earned a Bachelor of Science degree in chemistry.

As a teenager he worked at his father's gas stations. Moroun recalled:

I always worked for my dad. I pumped gas for him at his gas station on Congress and I pumped gas at the station on Trumbull. I did whatever a gas station pumper did. I checked the oil, checked the tires, checked out the back seat, the front seat. The buses would come in, park, drop off the passengers [at Cadillac Square's bus depot] and come to my dad's gas station. I would sweep out the buses. They had more crud in them than you can imagine because they had just ridden in from Chicago. We would clean the windshields and fill the buses full of oil and gasoline, and check the tires. I worked all the time (Voyles, 2009).

In 1946, during Moroun's sophomore year, his dad bought the Central Cartage Company, a struggling trucking company that owed him back rent. The company went through several acquisitions, expanding into Canada after the U.S. and eventually became known by its current name, Central Transport, headquartered in Warren, Michigan. Central Transport was a privately owned transportation provider offering supply chain solutions across North America. It was part of the privately held CenTra, Inc., a Forbes 500 group of transportation-related companies (now owned by Moroun and his son, Matthew).

After graduating from Notre Dame in 1949, Moroun returned to Detroit to work for his father. However, Moroun always dreamed of becoming a doctor, and while he enrolled at the University of Michigan he never succeeded in gaining admittance to medical school. Accordingly, in 1951 he left school to join his father at Central Cartage full time.

By the 1970s, Moroun had taken control of the family company, CenTra. He was a regular customer of the Ambassador Bridge and knew that the Detroit International Bridge Company (DIBC) was very profitable. In 1976 its margins were higher than those of any company listed in the Dow Jones industrial average. Moroun, who'd been purchasing its stock since 1972, wasn't the only one who noticed. When the company appeared open to a takeover, Warren Buffett and his partner, Charlie Munger, began buying shares. By 1977 Buffett had acquired his 25% stake in the bridge for \$20 a share. Moroun, 40 at the time and "a little brash" by his own account, amassed his own 25% stake by the end of 1978 and paid Buffett \$24 a share, later buying the rest. Moroun claimed title to the bridge on July 31, 1979. The \$30 million price was 30% less than the

inflation-adjusted cost of building it 50 years earlier (Muller, 2012). Moroun was soon caught up in two legal fights with Canada over his company's ownership of the bridge and maintenance of the Canadian customs facilities. It wasn't until the early 1990s that the cases were settled, with Moroun agreeing to pay for new customs buildings and improvements to the bridge.

Although Moroun had never been as generous with his money as other billionaires such as Bill Gates and Warren Buffet, with the threat of a new competing bridge he increased his philanthropy. In 2011, for the first time, the family sponsored 10 Arab American and Chaldean Council scholarships for \$1,000 each designated for high school students headed to college (Angel, 2011). A significant increase from one scholarship in the previous year, according to Bob Ghannam, director of public relations for the Arab American and Chaldean Council. In the same year, Moroun's bridge company was a sponsor at February's Motown Winter Blast in Detroit and was one of River Days' 19 corporate sponsors. In 2010, the company donated \$204,000 to the Community Health and Social Services Center in southwest Detroit and gave \$1 million to endow a merit scholarship fund at University Liggett School in Grosse Pointe Woods (Welch, 2010; Angel, 2011). Others on the receiving end of their giving included the University of Detroit Jesuit High School and Academy, Detroit Cristo Rey High School and Cesar Chavez Academy. Social services groups also benefitted from this newfound generosity. For example, as stated by the Rev. Faith Fowler, executive director of Cass Community Social Services: "This past Thanksgiving was the first time we benefitted from their generosity". Furthermore, the company was working to create a fun run that the Morouns hoped would become an annual event in southwest Detroit to raise money for charity.

Matty's wife, Nora Moroun, claimed the family increased their giving in response to the many hardships in the community (Angel, 2011): "When you feel as though in some way you can make a little difference or you're given opportunities to put a smile on faces, it's the best gift you can receive". To help in this effort, in 2011 the family incorporated a foundation, the Moroun Family Foundation, which would give grants related to education. Nora Moroun was on the foundation's board along with Anne Moroun, her sister-in-law, and Lindsay Moroun, her daughter-in-law: "The Moroun women are championing the foundation," she said proudly (Angel, 2011).

Although many welcomed this sudden increase in the Moroun family's charitable giving, others were skeptical wondering about their true motive. Many others criticized the Morouns for failing to maintain other properties they owned in Detroit. Critics warned that thousands of dollars spent on philanthropy should not divert attention from dilapidated property, including the empty Michigan Central train depot owned by the Morouns. The train depot near downtown Detroit closed in 1988. Vandals have since smashed windows and painted graffiti inside and outside the building. Critics such as the Good Jobs Coalition, a community group, said the Morouns need to concentrate on fixing and maintaining their properties: "Why not fix the properties he owns in the city of Detroit - do that," said JoMeca Thomas, one of the group's organizers. State Rep. Rashida Tlaib who lives in southwest Detroit said: "I think it's commendable that they've started a foundation. It's long overdue." She said the Morouns also must do something to lessen the negative impact of noise and pollution from truck traffic through southwest Detroit neighborhoods. Steve Tobocman, a former state representative, said of the Morouns' philanthropy: "Regardless of the reason it should still be welcomed...That doesn't mean because somebody does philanthropic work that we can ignore examples of bad corporate citizenship". Regardless of the motives for the recent spat of philanthropy, one thing no one was arguing was the increasing trade between Canada and the U.S., and in particular, trade that crossed between Windsor and Detroit.

CANADA AND U.S. TRADE

Canada and the U.S. share the greatest bilateral trading relationship in the world (Department of Homeland Security, 2011). Since the enactment of the 1989 U.S.-Canada Free Trade Agreement (FTA) and the subsequent North American Free Trade Agreement (NAFTA), trade between the U.S. and Canada has grown by more than 245 percent; from \$243 billion in 1994 to \$596.9 billion in 2008. With an estimated \$402 billion in exports and \$373 billion in imports in 2011, Canada is the largest trading partner of the US (Bureau of Economic Analysis, 2012).

Such extensive trade has led to strong employment. Most recently, U.S./Canadian trade supports over eight million U.S. jobs: Approximately 237,000 Michigan jobs and one in three Canadian jobs (Presidential Permit Application - NITC, 2012). Michigan is the single largest trading state with Canada, accounting for \$62.4 billion (12 percent of all U.S./Canada trade) (Presidential Permit Application - NITC, 2012). Moreover, Michigan border crossings play a significant role in moving other state's trade goods across the U.S./Canadian border. For Canada, Michigan serves as the main land portal for its access to the rest of the U.S (Spencer et al., 2011).

Trade between Ontario and Michigan consists of the three high-volume international border crossings - the Ambassador Bridge, the Detroit-Windsor tunnel, and the Blue Water Bridge in the Port Huron - Sarnia region. In addition, it also includes the Detroit-Windsor Truck Ferry, Canadian Pacific Railway Tunnel, the Canada National Rail Tunnel in Port Huron and the St. Clair River Ferries. The Detroit-Windsor gateway is the busiest commercial land border crossings in North America and has historically handled over 28 percent of all U.S.-Canada border crossing traffic (Wilbur Smith Associates, 2010). The U.S. did almost as much business across the border in the Detroit-Windsor area as it did in total with Great Britain (\$100.5 billion) and more than it did with South Korea (\$89.4 billion) (Presidential Permit Application - NITC, 2012). In 2010, more exports to Canada traveled through Detroit on a truck (\$55.1 billion) than total U.S. exports to all the OPEC nations (\$54.6 billion) or Germany (\$48.6 billion). Indeed, fifty-seven percent (\$297 billion) of the U.S.-Canada trade moved by truck. Approximately 30.8 percent of truck transported trade (\$91.4 billion) between the U.S. and Canada passed through the Detroit River area and reached markets across the nation. In addition to U.S./Canada trade, the Detroit/Windsor trade corridor also handled \$3.8 billion of U.S. merchandise trade with the rest of the world that was transshipped through Canada by truck in 2010 (Presidential Permit Application - NITC, 2012).

THE AMBASSADOR BRIDGE

The Ambassador Bridge is the single busiest trade border crossing between Canada and the U.S (see Appendix B for other "Quick Facts" about this case). Uniquely, it was privately financed and owned, and it was the first span across the river to Ontario linking the U.S. and Canada (Berfield, 2012; Muller, 2012). It spanned the Detroit River, connecting Detroit with Windsor. Approval for the Ambassador Bridge was granted by acts from both the U.S. Congress and Canada's Parliament. The bridge originally owned by a palm reader turned financier, Joseph A. Bower, cost \$23.5 million to construct and was completed on Nov. 11, 1929 (Berfield, 2012; Meyer, 2012; Muller, 2012). The bridge architect was the McClintic - Marshall company, a noted Pittsburgh engineering firm. At 7,490 feet (2,283 meters) it was at the time the world's longest suspension bridge, exceeding by 100 feet the Philadelphia-Camden Bridge completed in 1926, a title it would hold until 1931 (<http://www.ambassadorbridge.com>). During construction, the bridge was originally referred to as the 'Detroit River Bridge'. Joseph Bower felt this was too impersonal. He turned down recommendations to have it named the 'Bower Bridge' and suggested instead, that it be called the 'Ambassador Bridge' (Zacharias, 2012). During the Great Depression, Bower's

DIBC came close to bankruptcy. The bridge became publicly held in 1939 when Bower issued stock on the New York Stock Exchange as part of a reorganization to get out of debt. When Bower stepped down as chairman of the Ambassador Bridge Company Board of Directors in 1939, he turned the reins over to his son Robert. In the late 1970s the sage investor Warren Buffett acquired 25% of the stock, emboldening Moroun to act. In 1979, Moroun used his small trucking company's credit line to buy out Buffett and acquire the rest of the company for a total of \$30 million. Thus, it became the only privately owned major U.S.-Canada crossing (Berfield, 2012; Muller, 2012).

The Ambassador Bridge is worth an estimated 1.5 to 3 billion dollars (Iverson & Battagello, 2010). Nearly one-quarter of the \$689 billion in trade between Canada and the United States in 2011 passed over the Ambassador Bridge (Pepper, 2012). The bridge carries an average of approximately 7,400 commercial vehicles per day and in 2010 for example, over seven million vehicles crossed the Bridge (Meyer, 2012).

The four-lane bridge operates with one designated lane for commercial vehicles in each direction and with no lane restrictions for automobile traffic. The bridge currently operates as a tolled crossing with toll collection occurring on the U.S. side of the facility for each direction of travel. The commercial vehicle inspection facilities are located on-site for U.S.-bound traffic on the U.S. side, while a secondary facility on the Canadian side for Canada-bound commercial vehicle traffic. Due in part to the restrictions on commercial vehicles at the tunnel crossing (which was constructed underneath the Detroit River), the Ambassador Bridge services more than 95 percent of the commercial traffic crossing the border in the Detroit-Windsor area.

The Ambassador Bridge is the only freight crossing between Detroit and Windsor, with the next closest 60 miles to the north at the Blue Water Bridge, which crosses near Port Huron in Sarnia, Ontario. While trade between the two countries has grown tremendously over the years, infrastructure connecting them has not. The ability of the 83-year-old Ambassador Bridge to handle current and future demands is increasingly being questioned. A key and particularly damning argument has been that it is undercutting the region's ability to compete in the global marketplace hurting the economies of both Canada and the United States. Delays on the bridge range from 20 minutes to approximately 2 hours for commercial vehicles (Andrea & Smith, 2002; Spencer et al., 2011). Moreover, the forecasted growth of commercial and passenger cross-border traffic has been projected to exceed the capacity of the existing crossing as early as 2015. To add insult to injury, the bridge recently increased its toll rates by 19 percent, from \$4.00 to \$4.75. This increase makes it the most expensive bridge crossing between Canada and the U.S. In fact, the passenger vehicle tolls on the Ambassador Bridge are almost 50 percent higher than crossings outside of the Detroit-Windsor corridor. This 19 percent increase in automobile tolls is estimated to net the Moroun family an additional \$3.46 million per year (based on 2011 traffic) (Szczeny, 2012). The Ambassador Bridge also charges the highest rates for commercial vehicles and is one of the few bridges to charge trucks by both the number of axles and by weight. According to New International Trade Crossing Coalition, which supports the construction of the new bridge, "this increase is a lesson in economics as the monopoly bridge owner increases his rates to spend additional dollars to keep out the competition" (Szczeny, 2012).

THE NEED FOR A SECOND BRIDGE

Over the past 33 years, U.S./Canada bilateral trade in goods and services has grown a total of 716 percent and has grown faster than the U.S. GDP, i.e. at an average annual rate of approximately 6.7 percent per year (Presidential Permit Application - NITC, 2012). A report by Global Insight (2008) forecasts that bi-national commerce will grow 250 percent in the next 20 years

(Presidential Permit Application - NITC, 2012). With such extensive growth, current U.S. and Canadian customs processing facilities are expected to reach capacity in five to ten years.

A number of recent studies delineate the costs of having a single bridge, and the potential long-term savings and job creation from a new bridge (Anderson, n.d.; Moens and Gabler, 2012; Hill et al., 2012). This includes a recent study by Moens and Gabler (2012) of the Fraser Institute that examined the costs in lost productivity from having only a single bridge. The study argued that "border thickening" costs the Canadian public \$19 billion annually, which is 1.5% of its GDP. Such costs are a result of border delays, extensive border security screenings and traffic congestion. The study strongly recommended that the U.S. and Canadian governments take measures for specific border infrastructure improvements in order to ensure lower border crossing costs for Canadian and American businesses engaged in cross border trade, as well as individual travellers. Furthermore, the study supports the proposed Detroit River International Crossing (DRIC) Bridge by stating that the proposed bridge "should have a very positive impact on the future costs of crossing the border in this industrial hub" (Moens & Gabler, 2012: 3) (see pictures I-III in Appendix C that display the DRIC).

Likewise, according to Bill Anderson, Chairman of border research at the University of Windsor, nearly 80% of Ontario's exports go to the United States. Accordingly, the economic prosperity of Canada's most populace province is heavily reliant on an efficient and effective crossing between Windsor and Detroit. Not surprisingly, a single bridge creates significant bottlenecks. The Ambassador Bridge has only two lanes in each direction and has proven unable to face the growing demand for fast, efficient and reliable cross-border movement (Wilbur Smith Associates, 2010; U.S. Department of Transportation, Federal Highway Administration and Michigan Department of Transportation, 2008). Also of concern is the ability of the current infrastructure to mitigate the potential impacts of an interruption caused by an event such as an accident, a failed safety inspection, or a terrorist attack. Not surprisingly then, Anderson strongly supports the need for a new DRIC Bridge. In his report (n.d.) he states that the DRIC Bridge "provides an opportunity to create the most technologically advanced border crossing in the world" (p. 42). According to Anderson, the cost of a truck sitting in traffic is estimated to be about \$75 per hour, including the cost of wasted labour and fuel, and the opportunity cost of tying up the truck. In a just-in-time system, however, a truck stuck in traffic could prevent the delivery of key components, thus shutting down a production line. According to Ford Canada, its trucks involved in cross-border transfers of parts wait one hour on average at the border, amounting to an average cost of \$200 per truck (Ibbitson, 2011).

Regarding employment, arguably the most pressing political and economic issue in both Canada and the U.S., a recent study by Hill et al., 2012 of the Center for Automotive Research estimates that construction of the DRIC bridge would result in more than 10,000 jobs. Once complete, it is estimated that the bridge will create approximately 6,000 jobs in Michigan during the first two years, and an average of 5,100 jobs during the final two years of construction. The report further estimates that construction of the bridge will contribute nearly \$1.5 billion to Michigan's Gross State Product (GSP) and a total of \$2.5 billion to the U.S. GDP over the four-year construction period. Furthermore, the federal investment of \$2.2 billion matching funds on roadway maintenance and construction over the same four years of bridge construction is estimated to support an average of 6,600 jobs per year throughout the state. The report further estimates that the bridge will create nearly 1,400 permanent jobs including 775 employees for bridge and plaza operations. All these jobs are expected to contribute more than \$130 million to Michigan's GSP every year (Hill et al., 2012). In addition, the bridge will attract new jobs and investment into the immediate local community because of new activity enabled by the bridge. This change in accessibility associated with the new bridge will create more than 6,800 jobs in Michigan alone.

On the Canadian side, it is projected that 12,000 jobs will be created during construction of the Windsor-Essex parkway and job creation from the DRIC Bridge is predicted to be similar to that on the American side (Macaluso, 2008).

The Ontario Government is a key supporter of the DRIC project. Their commitment is most evident in the \$1.4 billion Windsor Essex Parkway development, jointly funded by Canada and Ontario and described as the most expensive as well as the most significant single highway investment made in Ontario history (Hall, 2008). Already under construction, the Parkway project is projected to be complete in 2014 and will link Ontario's main highway (the 401) to the new bridge. Once complete, the parkway will speed traffic flow to the new bridge (Office of the Premier, 2012).

The biggest opponent of the DRIC project is the Moroun family itself: 85-year-old Matty, his wife Nora, and son Matthew argue that the new bridge is unnecessary, a waste of taxpayer money, and perhaps least convincingly, unfair to them (Berfield, 2012). The Morouns have spent millions in a non-stop campaign to stop the DRIC project. A group launched by Moroun and his company, called The People Should Decide, gathered more than 600,000 signatures in support of the petition for the referendum that put the bridge question on the ballot in November elections. According to the group's website, "Michigan residents have the right to decide for themselves whether it is a wise use of taxpayer money to design, build, operate, and maintain a government bridge and all of the roads, ramps, and infrastructure connected to it". Matthew Moroun, the 38-year-old vice chairman of DIBC criticized the Michigan government's claim that the DRIC project would create "no new debt for the state and no new taxes for Michigan taxpayers" (Turner, 2011). He in fact argued that the proposed project would be a waste of 'billions of dollars of taxpayer money' to fulfill an 'ideological dream' of certain politicians of not having a privately owned bridge (Turner, 2011).

Moroun questioned the validity of a public bridge project by arguing that his family has maintaining 'one of the most important and the most efficiently run border crossings on our nation's border' where no taxpayer resources or government resources have been used (Turner, 2011). Accordingly, he questioned why the Snyder government would put a burden on the Michigan and Ontario taxpayers by building a new bridge. Similarly, Nora Moroun stated that "they want to destroy our family business and [have] government take it over. My husband is battling two countries and two governments. Is this the end of the American dream?" Matthew Moroun argued that a new public bridge would likely put the Ambassador Bridge out of business, and he and his family have instead proposed that they built a new bridge adjacent to the current one.

THE DETROIT RIVER INTERNATIONAL CROSSING

The DRIC process first began in 2000, when the US-Canada-Michigan-Ontario Border Transportation partnership (consisting of the Michigan Department of Transportation (MDOT), the US Federal Highway Administration, Transport Canada, and the Ontario Ministry of Transportation) was formed to address and develop long-term solutions to accommodate the expected traffic growth and remedy the increasing congestion problem at the Windsor-Detroit border crossings. In January 2004, the Partnership produced a final Planning/Need and Feasibility (P/NF) Study Report, identifying a long-term strategy to meet the needs of the transportation network serving the border between Southeastern Michigan and Southwestern Ontario. By 2009 both the U.S. and Canada had received all required environmental approvals for the DRIC project. On June 15, 2012 Canadian Prime Minister Stephen Harper and Michigan Governor Rick

Snyder signed a historic bi-national agreement to build the DRIC Bridge connecting Windsor and Detroit.

Construction of the bridge is expected to take four to five years. The bridge will directly connect the Canadian Highway 401 with Interstate 75 and Interstate 96 in Michigan, bypassing Windsor's surface streets and reducing congestion. The length of the crossing from end-to-end is expected to be around 2.5 kilometers, while the span over the Detroit River will be about 850 meters. The connection to Highway 401 on the Canadian side will be made through the construction of the Windsor-Essex Parkway Project, which is expected to be open by 2014. The DRIC will be a cable-stay bridge design comprised of six lanes and will include customs and toll lanes designed for frequent and trusted travellers. If built, it will be the largest cable-stay span in North America (Spencer et al., 2011).

According to the MDOT, the proposed bridge will cost \$2.2 billion. However, Spencer et al., 2011 estimate that the total cost of the bridge could be anywhere between \$2.1 billion to \$4.7 billion, if factors such as cost overruns and overestimates are taken into consideration. Initial funding for the project would be provided by several sources including the Canadian government, the US General Service Administration, and bonds issued by the Crossing authority, a Canadian corporation to be established in the future. Bridge tolls and rents collected from Duty Free shops would be revenue sources for bond repayment and could be increased to make payments. Perhaps most importantly, the Canadian government has offered to provide \$550 million to cover what would be Michigan's share of the up-front costs and assume all financial risk (Spencer et al., 2011; Chase and Keenan, 2012; Spangler and Yung, 2012). The Canadian loan includes funds to build an I-75 connection and the U.S. Toll Plaza. The U.S. federal government has agreed that this \$550 million might be used to obtain federal matching funds, potentially giving Michigan up to \$2.2 billion in federal funds for highway maintenance and building. Canada's initial loan of \$550 million would be repaid with project revenues and contributions (i.e. tolls). These funds can only be repaid once other obligations (e.g. revenue bonds) have been fully repaid. In this way interest-bearing expenses for the project are paid first before Canada's loan is repaid. Furthermore, Senate Bill 410 states that the Michigan taxpayers are not to be responsible for repaying Canada's \$550 million contribution, paying bonds, or financing the bridge in any way other than those using the bridge and paying tolls. Senate Bill 410 further states that the State of Michigan will not back the bonds for the DRIC. If revenues are insufficient to pay obligations, the Canadian government or the lending institution is responsible for ensuring that the project continues as planned.

THE DETROIT THREE AUTOMAKERS

The Detroit Three automakers (General Motors (GM), Ford and Chrysler) are among the most vocal supporters of the DRIC Bridge. The CEOs of Ford, GM and Chrysler have all stated that a new bridge is essential. For example, Bill Clay Ford Jr., executive chairman of Ford Motor Co., stated that the new bridge "will make our business run a lot smoother" (Macaluso, 2012). The Detroit Three employs a significant amount of people in both Michigan and Ontario. For example, GM Canada employs about 10,000 people at its Ontario-based operations, Chrysler Group employs about 9000 people in Ontario, and Ford employs about 7,300 people in its 4 major manufacturing facilities in Ontario (Canadian Press, 2012; Letter of Support: Ford Motor Company, 2011; Office of the Premier, 2011).

In Michigan, Ford employs more than 38,000 people and has 16 major manufacturing facilities (Letter of Support: Ford Motor Company, 2011). Like the other auto manufacturers and suppliers of the region, the border crossing plays a key role in Ford's business operations, for example,

Ford estimates that on a typical day, 600 of its trucks carrying components, engines and completed vehicles cross the border between Ontario and Michigan. Bill Ford Jr. strongly supports the urgent need for a new crossing saying that 'if anything were to happen to stop or disrupt traffic for any extended period of time on the current Ambassador Bridge, the economic effects for Ford, its suppliers and the hundreds of other businesses that depend on the crossing, would be devastating" (Letter of Support: Ford Motor Company, 2011). To Bill, a new bridge would minimize the risk of disruption of cross border traffic by improving traffic flow and reducing or eliminating congestion. Going even further, Bill Storves, Ford's Supply Chain Manager for North America argued that building the new bridge was critical in order for Ford Motor Co. to remain competitive (Hall, 2012).

Similarly, Sergio Marchionne, CEO of Chrysler Group, stated, "a new crossing represents a tremendous opportunity to further strengthen the economies of the U.S. and Canada, the future of our company and many other businesses" (Trudell and Christoff, 2012). Reid Bigland, President and CEO of Chrysler Canada, justified his company's support for the new bridge by saying that the DRIC would minimize risks associated with the unpredictable nature of going across the age-old Ambassador Bridge (Macaluso, 2012). To Bigland, because of the unpredictability associated with going across the old bridge, for example idling trucks waiting to get across, his company is now forced to carry surplus inventory that it wouldn't normally carry, driving significant costs into its operations (Macaluso, 2012). Bigland further contends that Chrysler moves over 1,300 component shipments and 2,000 cars and trucks each day that rely on just-in-time inventory delivery, a necessity with the sole Ambassador Bridge (Anderson, n.d.).

Lastly Mark Reuss, President of GM North America, strongly voiced his company's support to the DRIC project by arguing that "greater traffic flow and border crossing capacity gives our U.S. and Canadian manufacturing operations more flexibility to meet the needs of U.S. consumers". (Michigan Government, 2011).

THE CITIZENS FOR RESPONSIBILITY AND ETHICS IN WASHINGTON (CREW)

The Citizens for Responsibility and Ethics in Washington is a highly acclaimed watchdog group based in Washington D.C., that has been particularly vocal about Moroun and his tactics. They have alleged that Moroun and his family launched an expensive influence campaign with an effort to stop construction of the DRIC Bridge. In a recently published report, titled " Troubled Crossing", the group accused Moroun of being part of a "pay-to-play scandal" involving donations of nearly \$500,000 to U.S. federal politicians in an effort to stop construction of a rival bridge (Battagello, 2012). The report described Moroun as a 'single determined billionaire who can wield disproportionate influence over the public agenda' (p.01). The report criticized Moroun for spending millions of dollars in political campaign, public relations and lobbying with an effort to stall the DRIC. The report alleged that from the date when the report was written in the 2012 election cycle, members of Moroun's family, and key executives at his companies had contributed \$495,900 to federal candidates in an attempt to win more support for his fight against the DRIC project. The list of recipients of contributions from Moroun, his family, and company executives for the 2008 and 2010 election cycles and the 2012 election cycle included Rep. Tim Walberg (R-MI), with \$82,700 former Reps. Carolyn Cheeks Kilpatrick (D-MI), with \$78,700, and Joe Knollenberg (R-MI), with \$61,400, Rep. Thaddeus McCotter (R-MI) with \$44,400, Rep. Eric Cantor (R-VA) received \$25,000, and Rep. Candice Miller (R-MI) had taken in \$23,500. Not surprisingly, nearly all the top recipients have, at some point, taken action or voiced opposition against the DRIC bridge, most in letters to the U.S. Department of Transportation (Battagello, 2012). For example, Rep. Miller sent a letter on April 28, 2008 to then U.S. Department of Transportation Secretary asking that a study on the new bridge be put on hold

indefinitely. Similar letters were sent by Reps. Kilpatrick, Walberg, Knollenberg and McCotter, all calling for the indefinite postponement of any plans to build the new bridge (Gallagher, 2012).

The CREW report also noted a 56% increase in lobbying between 2010 and 2011, from \$160,000 to \$250,000, after the company first began lobbying to stop federal funding for a study looking at the viability of a new international bridge. In addition, Moroun's company spent millions in public relations. For example, in 2011 the company spent at least \$4.7 million on television advertisements portraying a new bridge as an expensive burden for taxpayers. Moroun's other public relations efforts included: (1) hiring the former political strategist and FOX News commentator Dick Morris as a spokesman for his campaign against the bridge; (2) releasing video and radio advertisements with misleading and in many cases incorrect information attacking the project; (3) alleged ties to the Americans for Prosperity (AFP) campaign in which AFP distributed fake eviction notices in one area of Detroit near the proposed bridge site; and, (4) playing on concerns that the new bridge would destroy certain neighborhoods.

"Mr. Moroun has pulled out all the stops to maintain his monopoly," stated CREW Executive Director Melanie Sloan (CREW Press Release, 2012). While applauding Michigan Gov. Rick Snyder for pushing to get the DRIC bridge built, Sloan further commented that:

Members of Congress appear to be making decisions involving the proposed \$1 billion DRIC bridge based on campaign contributions from Moroun rather than smart public policy. Such actions are common in Washington politics, but nearly always by major corporations, such as drug companies, and not individuals such as Moroun. What's also rare is this is an easy one for anyone to get. This is a clear example of how billionaires get better laws – and at the expense of the masses. I can't imagine how many people are impacted by this. We are talking about one guy versus all of Michigan, the U.S. and Canada...Michigan's governor, Canadian officials, businesses, and the public have all lined up behind the public bridge. If Mr. Moroun didn't have such deep pockets, the new bridge would be a done deal. This is exactly the sort of pay-to-play scheme designed to assist special interests at the expense of the public interest.

THE PEOPLE SHOULD DECIDE

The People Should Decide formed in April, 2012. It was supported by the Moroun family and brought the petition for the referendum requiring a vote on future international bridge and tunnel crossings (Berfield, 2012). According to the group's website, they were a 'statewide ballot initiative seeking to give the people of Michigan a voice in the debate.' The group through its website asked Michiganders: "Do you believe that you, as a Michigan taxpayer, should have the chance to vote on a new government-funded international bridge to Canada? We do." In 2012 the group successfully collected more than 600,000 signatures from Michigan citizens to put the bridge issue on the November ballot. Consequently, the Michigan Supreme Court ruled that the fate of the DRIC Windsor-Detroit Bridge would be decided by a statewide vote in the November election. The Supreme Court decision was seen as a major victory for the group: as stated by Mickey Blashfield overseer of the group's initiative: "Today's decision is a victory for the more than 600,000 voters who signed our petition and for all Michiganders who want a say in how public money is spent on international crossings." (Oosting, 2012). The group strongly criticized Governor Snyder for claiming that the new bridge would be free and argued that Michigan taxpayers could end up footing the bill for the multi-billion dollar bridge at a time when money should be invested in jobs and schools. Furthermore, according to the group the original costs for the bridge would skyrocket and other "hidden costs" would saddle Michigan taxpayers with

unwanted expenses for the next 50 years. A summary of the key arguments of the group were as follows (<http://thepeopleshoulddecide.com>):

- The new customs plaza could cost federal taxpayers more than \$263 million.
- A PricewaterhouseCoopers report estimated the new bridge's costs to be anywhere from \$1.9 to 6 billion.
- A study by Conway MacKenzie estimated that the total Net Cash Flow Loss attributable to the US and/or Michigan as a result of the project to total approximately \$1.5 billion from 2016 through 2035.
- With the proposed \$550 million loan from the Canadian government Michigan would not be able to collect toll revenues generated from the bridge until the debt was paid. In addition, they would be required to pay Canada interest effectively putting Michigan in debt to Canada for decades to come.
- Michigan Department of Transportation had already spent over \$41 million in taxpayer money just to do a study of the bridge.
- The new bridge would draw a substantial amount of traffic from the other crossings, thereby reducing tax revenues from tolls at those crossings.
- The Crossing Agreement stated that the International Authority would select contractors for construction, and since the Authority was made up of some Canadian and some Michigan bodies, Michigan companies and workers were not guaranteed construction jobs.

Despite their massive budget and earlier success in having the Michigan Supreme Court rule that the decision to build a new bridge would go to voters, the majority of voters voted against the Proposition, and it now appeared that the DRIC would proceed.

INFLUENCE TACTICS UTILIZED BY MOROUN

Whether or not people agreed with Moroun's stance on stalling the DRIC project, he was successful in hindering construction. How was it that a single financially wealthy stakeholder was able to exert such self-interested influence on a public project?

Moroun and his proponents exercised a number of influence tactics. Arguably the most unethical occurred in 2011 when opponents to the DRIC posted bogus eviction notices on homes in Detroit's Delray district as a tactic to pressure state lawmakers to vote against the project. As shown in Appendix D, the flyers featured the words Eviction Notice in large, capital letters, with smaller print warning residents of the Delray neighborhood that they could lose their homes as the Michigan Department of Transportation could take the property for the new bridge (Gallagher, 2011). In smaller print, the flyers said they were the work of Americans for Prosperity (AFP), a group also behind controversial radio ads and mailings against the DRIC project (CREW, 2012). The flyers, distributed by AFP, asked residents to call or email state Sen. Coleman Young II to reject a bill supporting the proposed public/private bridge.

The tactic sparked outrage in southwest Detroit - residents and a state legislator denounced the flyers as a scare tactic. State Rep. Rashida Tlaib, who represented the area in the state House, called the notices an act of desperation by the owners of the Ambassador Bridge, who were trying to kill the DRIC project. According to Scott Brines of the Southwest Detroit Community Benefits Coalition, the fake eviction notices, circulated widely in the Delray neighborhood by AFP, were meant to frighten homeowners into believing their homes could be taken away without compensation. Although AFP refused to say whether its campaign received funding from the

Ambassador bridge company, it was widely believed that they did and that Moroun's bridge company supported the action. Questioned about his family's link to the AFP campaign, Matthew Moroun acknowledged the family had contributed to the group, though he denied any involvement in the eviction notices (CREW, 2012).

Other misleading (and false) media propaganda included a number of television, video and radio advertisements. The advertisements most often tried to portray the DRIC Bridge as an expensive burden for taxpayers. As claimed by Michigan Truth Squad, a non-partisan watchdog organization, Moroun spent more than \$4.6 million in 2012 on a propaganda campaign opposing the bridge. This included flooding the airwaves with incessant commercials that the Michigan Truth Squad said were "flagrantly foul," its toughest verdict against the bridge company. The group characterized a flagrant foul as a "statement that distorts or incorrectly states a fact." These included statements like the following: "The bridge to Canada: \$500 million just in interest payments, and with hidden costs - up to \$8 billion". In one of its many anti-DRIC TV ads the People Should Decide committee claimed the new bridge would end up costing \$8 billion - nearly four times the official estimate - and force Michigan to lay off police and teachers and even tap senior citizen pensions to cover the cost. According to Michigan Truth Squad, People Should decide spent nearly \$40 million on campaigns opposing the DRIC project.

Moroun also used his vast wealth to pressure stakeholders to allow him to build his twin bridge (see picture IV in Appendix C). The most dramatic example occurred in historic Olde Sandwich Towne, and area of Windsor where DIBC purchased and then boarded up more than 112 homes (Schmidt, 2012). In support of Moroun's efforts to bulldoze the homes, Hilary Payne formed a citizens group called the Boarded-Up Houses Demolition Action Group (BUHDAG) in 2009. BUHDAG's main goal had been to run campaigns opposing the various city bylaws preventing the demolition of the boarded up homes near the Ambassador Bridge. By 2010, while still active with BUHDAG, Payne went on to become a city councillor. It was widely believed but had never been publicly acknowledged that Hilary Payne and BUHDAG were supported by DIBC (Schmidt, 2010). Payne and BUHDAG filed two appeals to the Ontario Municipal Board in a petition against the Sandwich Heritage Conservation Plan, a community improvement project, and an interim control bylaw that prevented the demolition of buildings in Olde Sandwich Towne. The measures were meant to protect buildings of heritage value, but Payne and his supporters argued that it promoted urban blight, negatively affecting property values and residents' quality of life. BUHDAG's lawyer, Raymond Colautti, told the superior court that the boarded-up homes were creating a slum in the west end that had already reduced property values, created havens for vermin, and attracted vandals and arsonists. The group wanted the bylaws and the heritage plan quashed on the grounds that the city only passed them to prevent Moroun from building a second span (CBC News, 2011).

In September, 2012 Justice Richard Gates, of Ontario's Superior Court of Justice ordered the owners of the Ambassador Bridge, Councillor Hilary Payne and Lawrence Leigh, another Windsor homeowner, to pay legal costs totalling more than \$1.2 million after losing their joint lawsuits against the City of Windsor, Mayor Eddie Francis and the other nine members of the 2010 city council. The Ontario Municipal Board and the courts sided with the city, and Justice Gates reserved some harsh words for Canadian Transit Company (CTC) (The Ambassador bridge's Canadian arm), saying the approximately 112 homes it acquired were deliberately allowed to fall into disrepair, creating a neighbourhood blight. The CTC's legal action had been "arguably, an abuse of process," Justice Gates also wrote in his decision.

Yet not all of Moroun's tactics contained misleading or false information. For example, Moroun made contributions to charities, forged strong relationships with policy-makers, and made

campaign contributions and political donations. He also very effectively used the legal system by either filing or threatening legal action aimed at halting or delaying decisions related to the DRIC. Correspondingly, it appeared that Moroun's tactics were both unethical and ethical, and he frequently resided in the gray area, where the ethicalness of his tactics were a matter of opinion. It was with this subjectivity that Moroun now struggled with as he wondered what his legacy would be.

THE LEGACY OF THE BILLIONAIRE OWNER OF THE ONLY PRIVATELY HELD INTERNATIONALLY CROSSING IN NORTH AMERICA

Looking out at the blue-green water of the Detroit River, Moroun thought how personally lucrative this crossing had been for him. Yet the murkiness of the water reflected the murkiness of the self-made billionaire's legacy. Would he be remembered as a pioneering businessman who created an empire for himself and cared deeply about his community, or a selfish and greedy man who would stop at nothing to get what he wanted? He loved that he was a part of a capitalistic system built on individual effort, a system that allowed him to work hard and receive the benefits from his labor. While some may have argued that his extended influence was a corruption of democracy, Moroun saw it as part of the democratic system. He did not see anything wrong with a system that allowed a single wealthy stakeholder to force his will on millions of other people. After all, it was his hard earned money and he could spend it how he wanted. He was most concerned with having to throw in the towel, something he was not used to in his life, and now that things had come to this point, in hindsight, he wondered if he had gone too far to protect his self-interest.

Looking up from the water and at his bridge Moroun saw dozens of cars and trucks crossing, each representing money in his pocket. He shuddered thinking that one day he might see a second competing bridge, stealing money that was rightfully his. He had done everything in his power to stop this, and now, his legacy would be judged by the ethicalness of his tactics.

QUESTIONS

1. Evaluate the ethicalness of Matty Moroun's influence tactics. Which tactics do you consider ethical, and which do you consider unethical (if any)? If you were Moroun, would you have used the same tactics to protect your near monopoly on the busiest international crossing in North America, or would you have drawn the line earlier than him?
2. Was Moroun's ability to delay construction of the new bridge that almost all other stakeholders wanted built a corruption of our democratic system or simply a part of the system?
3. Should essential public needs, such as a bridge, be privately held? What are the pros and cons of private versus public ownership?
4. Do you feel that a second bridge is needed? If you were a voter in Michigan, would you have voted against Proposition 6 as they did? Would you rather Moroun be permitted to build the twin bridge already under construction?
5. Did the Ontario government offer too much to the Michigan government to encourage the cash-strapped state to move forward with the DRIC project?

REFERENCES

- Anderson, B. (n.d.). The Border and the Ontario Economy. *The Cross Border Transportation Centre, University of Windsor*.
- Andrea, D. J., & Smith, B. C. 2002. The Canada–U.S. Border: An Automotive Case Study. *Altarum Institute, Center for Automotive Research*, January 2002.
- Angel, C. 2011. Moroun family steps up its donations amid controversy. *Detroit Free Press*, June 27, 2011.
- Battagello, D. 2012. Bridge prep may start within months. *The Windsor Star*, November 08, 2012.
- Battegello, D. 2012. U.S. groups pressure Obama to approve DRIC bride. *The Windsor Star*, December 10, 2012.
- Battegello, D. 2012. Ambassador Bridge owner Moroun ripped in Washington by watchdog group. *The Windsor Star*, Jun 06, 2012
- Berfield, S. 2012. Matty Moroun, Detroit's border baron. *Bloomberg BusinessWeek*, May 03, 2012
- Berfield, S. 2012. A double crossing from Canada to Detroit? *Bloomberg BusinessWeek*, June 15, 2012
- Bureau of Economic Analysis, Table 12. 2012. U.S. International Transactions, by Area - Canada. *The Bureau of Economic Analysis (BEA), U.S. Department of Commerce*.
- Canadian Press. 2012. GM Canada to invest \$850-million in R&D at Oshawa facility. *Financial Post*, July 24, 2012.
- CBC News. 2011. Boarded-up buildings should be demolished: group. *CBC News*, Jun 1, 2011
- Chase, S., & Keenan, G. 2012. Iron, steel for new Windsor bridge must come from Canada or U.S. *The Globe and Mail*, June 15, 2012.
- CREW Press Release. 2012. CREW Releases Report Revealing Motor City Pay-to-Play Scandal. *Citizens for Responsibility and Ethics in Washington*, June 06, 2012.
- CREW. 2012. Troubled crossing. *Citizens for Responsibility and Ethics in Washington*, June 06, 2012.
- Department of Homeland Security. 2011. Fact sheet: Beyond the border United States–Canada economic relationship. *Official website of the Department of Homeland Security*, December 6, 2011
- Gallagher, J. 2012. Report highlights heavy Moroun donations in Washington. *Detroit Free Press*, June 6, 2012

- Gallagher, J. 2011. Bridge foes post fake eviction notices to make point. *Detroit Free Press*, June 7, 2011
- Hall, D. 2012. New bridge will generate thousands of jobs in Windsor-Detroit area. *The Windsor Star*, Jun 14, 2012.
- Hill, K., Wallace, R., Menk, D. M., & Cregger, J. 2012. Analysis of the economic contribution of constructing the new international trade crossing: A new bridge linking Detroit and Windsor. *Center for Automotive Research*. June 2012.
- Hall, D. 2008. McGuinty defends DRIC at Queen's Park. *The Windsor Star*, September 23, 2008
- Ibbitson, J. 2011. Deal to smooth US border woes inches closer to reality. *The Globe and Mail*, July 6, 2011.
- Iverson, J., & Battagello, D.. 2012. Ottawa mulls buying Windsor-Detroit Ambassador Bridge. *Canwest News Service*, February 08, 2010.
- Ford Motor Company: Letter of Support: February 8, 2011.
http://buildthedricnow.files.wordpress.com/2010/06/fordmotorcompany_supportletter.pdf
- Macaluso, G. 2012. Automakers optimistic bridge to ease delays: Crossing will make business 'run smoother'. *The Windsor Star*, June 16, 2012
- Macaluso, G. 2012. Auto execs optimistic new bridge will ease delays Crossing will make business 'run smoother'. *The Windsor Star*, June 15, 2012.
- Macaluso, G. 2008. Finding jobs for the future. *The Windsor Star*, December 26, 2008.
- Meyer, Z. 2012. This week in Michigan history: Ambassador Bridge is completed. *Detroit Free Press*, November 11, 2012
- Michigan Government. 2011. Michigan's auto industry unites in strong support for New International Trade Crossing project. *State of Michigan*, February 10, 2011.
- Moens, A., & Gabler, N. 2012. Measuring the costs of the Canada-US border. *The Fraser Institute*, August 2012.
- Muller, J. 2012. The billionaire vs. the nerd: Who gets to control international trade with Canada? *Forbes.com LLC*, June 22, 2012.
- Muller, J. 2012. Why one rich man shouldn't own an international bridge. *Forbes.com LLC*, January 12, 2012.
- Office of the Premier. 2011. Ontario's investment in Chrysler pays off for families.
<http://www.premier.gov.on.ca/news/event.php?ItemID=18171>
- Office of the Premier. 2012. Bridge agreement means more jobs for Ontario, June 15, 2012.
<https://www.premier.gov.on.ca/news/event.php?ItemID=21325&Lang=EN>

- Oosting, J. 2012. Anti-bridge proposal heads to ballot; Moroun-backed group hails ruling as victory for voters. *Michigan Live LLC*, September 05, 2012
- Pepper, J.P. 2012, STATE: Canada will bear cost of new Detroit River crossing. *The News-Herald*, September 23, 2012.
- Presidential Permit Application - New International Trade Crossing (NITC). 2012. *U.S. Department of State*, June 18, 2012. <http://www.state.gov/documents/organization/194997.pdf>
- Schmidt, D. 2012. Ambassador Bridge company abandons appeal. *The Windsor Star*, Aug 13, 2012.
- Schmidt, D. 2010. Tear down these homes. *The Windsor Star*, April 30, 2010.
- Spangler, T., & Yung, K. 2012. New international bridge to bring huge boost to both sides of border. *Detroit Free Pres.*, June 17, 2012.
- Spencer, C.W., Sallee, C.M., & Rosaen, A.L. 2011. Building a new bridge in Detroit: A study evaluating the options. *Anderson Economic Group, LLC*, September 20, 2011.
- Szczesny, J. 2012. Ambassador Bridge tolls raised 19 percent for traffic entering Canada. *The Oakland Press*, July 05, 2012
- Trudell, C., & Christoff, C. 2012. Michigan, Canada strike \$3.4 billion Detroit bridge deal. *Bloomberg BusinessWeek*, June 15, 2012
- Turner, M. 2011. Matthew Moroun speaks out against a new Bridge: Leave crossings to the private sector, son of Ambassador Bridge owner urges. *Corp Magazine. Corp. Publishing, LLC*, Sept. 8, 2011
- U.S. Department of Transportation, Federal Highway Administration and Michigan Department of Transportation. 2008. Final environmental impact statement (FEIS) and final section 4(f) evaluation: The Detroit River International Crossing study. www.Partnershipborderstudy.com, December 2008.
- Voyles, S. 2009. The man behind the bridge - Matty Moroun talks about Detroit, business and being sentimental. *Corp Magazine. Corp. Publishing, LLC*, May/June 2009
- Wilbur Smith Associates. 2010. Preliminary results of the comprehensive traffic and toll revenue study for the Detroit River International Crossing project forecast refresh and update. *Michigan Department of Transportation*, May 2010.
- Welch, S. 2010. Moroun family donates \$1 million for University Liggett scholarship. *Crain Communications Inc*, December 02, 2010
- Zacharias, P. 2012. The building of the Ambassador Bridge. *The Detroit News*, January 21, 2002

APPENDIX A - TIMELINE

2000 A cross border traffic survey study is carried out by the Ontario Ministry of Transportation (MTO), Transport Canada (TC), Michigan Department of Transportation (MDOT) and the U.S. Federal Highway Administration (FHWA) to collect origin-destination patterns of cross-border trips. Their findings support the development of baseline information for the subsequent Planning Need and Feasibility (PN/F) Study. The initial meeting of TC, FHWA, MTO and MDOT led to the subsequent creation of the Canada-U.S.-Ontario-Michigan Border Transportation Partnership (the Partnership).

2002 In September, then-Prime Minister Jean Chrétien and the Premier of Ontario Ernie Eves visit Windsor. They each pledge \$150 million for border and infrastructure improvements in the area, and a joint federal-provincial committee is set up to look into solutions, including a new bridge.

2004 In January, the Partnership produces a final P/NF Study Report. The study recommends construction of a new or expanded international crossing or crossings connecting the interstate freeway system in Michigan to the provincial highway system in Ontario.

2004 The Michigan Department of Transportation (MDOT) signs a contract with Moroun's Detroit International Bridge Company (DIBC) to build the \$230 million "Gateway Project", which is intended to reduce traffic congestion, air pollution and noise from bridge truck traffic on local surface streets in southwest Detroit. Originally scheduled for completion in 2008, the project is to include an elevated ramp for trucks over 23rd Street

2005 The DRIC study is formally launched in Canada and the U.S. by the Partnership. Under consideration are 15 possible river crossings, 13 possible Canadian inspection plazas and alternative access routes connecting the inspection plaza to Highway 401. Within one year a preliminary analysis is presented to the public.

2006 Moroun submits a permit application to the U.S. coast guard in July to construct a six-lane bridge just a few metres west of the Ambassador Bridge. Before construction can begin the bridge must receive a permit from the coast guard because the structure crosses navigable water. Washington names the coast guard the lead authority in the U.S. on the bridge permit application process that includes the U.S. Environmental Protection Agency, U.S. Federal Highway Administration, Department of Homeland Security and others.

2007 In March, the state of Michigan grants approval for the Ambassador Bridge to proceed with construction of a twin span. Michigan's Department of Environmental Quality (MDEQ) issues a permit to bridge owner Matty Moroun that allows him to build a crossing until the end of 2008. Moroun can apply for extensions over the next five years and requires no other state approvals. However, Moroun would still need federal and municipal approvals before construction can begin.

2008 "The Windsor-Essex Parkway," is identified as the Technically and Environmentally Preferred Alternative (TEPA) for the access road extending Highway 401 to a new inspection plaza and river crossing in West Windsor in an area known as Brighton Beach. With an estimated price tag of \$1.6 billion, The Windsor-Essex Parkway will be the most expensive highway ever built in Ontario. The Environmental Assessment Report (EAR) is filed on December 31, with the Ontario Minister of the Environment.

2009 In January, the U.S. Department of Transportation signs the Record of Decision (ROD), which represents the DRIC's final environmental clearance in the U.S. ROD is the last step under the National Environmental Policy Act (NEPA) to gain project approval, following four years of consultations, public hearings, traffic analyses, and environmental studies. The ROD allows Michigan to begin right-of-way acquisition and construction planning for the proposed new bridge.

2009 On August 19, the Ontario government approves the DRIC Environmental Assessment. On August 21, the DRIC EA receives the required Order in Council (OIC).

2009 In December, Transport Canada, Fisheries and Ocean Canada, and the Windsor Port Authority, as the responsible authorities for the environmental assessment, determine that the DRIC project, with the proposed environmental mitigation, will not likely result in any significant environmental effects.

2009 MDOT sues Moroun and his Ambassador Bridge Company for failing to comply with the terms of a contract to construct ramps connecting the Ambassador Bridge to nearby expressways as part of The Gateway Project agreed to back in 2004.

2009 In June, Washington suspends Moroun's permit application for a twin span until his company addresses several concerns. The U.S. Coast Guard issues a letter of abeyance to the DIBC, stalling the bridge permit application process for the twinning project. Among the concerns raised by the coast guard are that the bridge, which appears to have built approaches to the twin span on both sides of the river - has no authority to build on city-owned riverfront parkland in Detroit. On the other hand, Transport Canada, the lead authority on the Canadian side, claims that the bridge company has failed to respond to repeated requests for additional information regarding plaza design and environmental concerns. Mark Butler, spokesman for Transport Canada says, "The Ambassador Bridge has been advised in writing on a number of occasions their environmental assessment was deficient and they have not provided any of the required documentation to date."

2010 Wayne County Circuit Judge Prentis Edwards rules in February that Moroun and the chief deputy of the Ambassador Bridge Co., Dan Stamper, are indeed in violation of the contract and orders them to come to compliance.

2010 On February 17, MDOT releases traffic information from a study prepared at the request of the Michigan Legislature. MDOT says findings from the new study reaffirm the need for an additional border crossing in the Detroit-Windsor corridor despite the current economic downturn.

2010 In March, Moroun files a federal lawsuit in Washington against the Canadian and U.S. governments and several prominent government officials in the Obama administration claiming interference with his plan to build a twin span. Moroun's lawsuit seeks an injunction against the U.S. Federal highway Administration and Canada, prohibiting each from "taking any steps to construct, prepare for construction of DRIC or any other bridge across the Detroit River between Canada and the U.S." His lawsuit accuses the Canadian and U.S. governments of seeking to gain control of his bridge and its lucrative toll revenues. Among high-ranking U.S. officials named are U.S. homeland Security Secretary Janet Napolitano, U.S. Coast Guard Adm. Thad Allen, U.S. Transportation Secretary Ray LaHood and U.S. Federal Highway Administrator Victor Mendez. Canadian government officials cannot be named individually in any lawsuit

2011 The construction of the \$1.6-billion Windsor Essex Parkway project begins in August. The Parkway is scheduled to be open completely to traffic in fall 2014.

2011 As the Michigan legislature considers the governor's proposal for a new bridge, the Morouns spend nearly \$5 million on a television advertising campaign to fight it. The advertisements, created in consultation with Fox News commentator and former Bill Clinton adviser Dick Morris, challenge the governor's assurances that no taxpayer money will be spent on the project.

2011 In January, Wayne County Circuit Judge Edwards finds the DIBC in contempt of court for refusing to comply with his order, and orders that Chief Executive Dan Stamper be jailed. The DIBC subsequently starts some cosmetic work at the Gateway site. Edwards ultimately only spends a few hours in jail and once he is released the DIBC resumes doing nothing.

2011 In November 2011, Edwards again finds Moroun and Stamper in contempt of court for failing to complete the construction work.

2012 On March 8, Moroun and Stamper return to Judge Edwards's courtroom to report on the Gateway Project. Clearly exasperated, the judge gives control of the entire project to the government and orders Moroun's company to pay \$16 million for its completion. The company later appeals the decision, but ultimately loses.

2012 In March, MDEQ's permit to a proposed twin span of the Ambassador Bridge expires.

2012 On Thursday Jan. 12, Matty Moroun and Stamper are ordered to jail by Judge Prentis Edwards for failing to comply with a court order to finish construction on the Gateway project. Edwards's ruling was expected to place Moroun and Stamper in jail pending completion of Ambassador Bridge's portion of the Gateway project. Working to avoid extended jail time, lawyers for the two men filed a motion requesting their clients to be released pending appeal. Their initial request is denied, but a court panel puts a stay on Judge Edwards's order. In the end, Moroun and Stamper spent a long 30 hours behind bars where they were placed together in one cell.

2012 In mid-April, Moroun and his son Matt set up a committee called The People Should Decide that seeks to place an amendment to the state constitution on the November ballot. The amendment would require voter approval of any new international bridge or tunnel backed by Michigan.

2012 On July 18, MDEQ receives a permit application from bridge president Dan Stamper to build a twin span.

2012 By August, The People Should Decide collects more than 600,000 signatures from Michigan voters in order to place the proposal on the ballot. The Bureau of Elections estimates 477,048 of those signatures are valid.

2012 On June 15, Canadian Prime Minister Stephen Harper and Michigan Governor Rick Snyder sign a bi-national agreement to build the \$1-billion publicly-owned DRIC Bridge.

2012 On June 21, U.S. Department of State receives an application from the State of Michigan for a permit authorizing the construction, operation and maintenance of DRIC Bridge

2012 On September 05, Michigan's Supreme Court rules that the fate of the DRIC Bridge will be decided by a statewide vote in the November 06, 2012 election. Known as Proposal 6, it would require all “international bridges” to win a vote from the majority of Michigan residents. The controversial ballot measure would have amended the state constitution to restrict the state government's ability to help build international bridges and tunnel crossings.

2012 In October, Michigan's Department of Agriculture & Rural Development files a lawsuit against Moroun's duty-free company Ammex, claiming it mislabelled gasoline as having a higher octane than it really did (labelled as 93 octane when it was tested as low as 91.2 octane).

2012 The November 6 election results shows that 59% (2,694,472 votes) of the Michigan voters voted against the Proposal 6, while 41% (1,853,747 voters) supported the proposal.

2012 In a Dec. 13 ruling, Judge Prentis Edwards orders Matty Moroun to pay \$4.5 million to the state Transportation Department for completion of the \$230-million Gateway Project.

2013 In January, Windsor Municipality receives a \$1.3 million cheque from the Ambassador Bridge representing court-awarded costs awarded more than a year ago.

2013 On Feb., 08 Roy Norton, Canada's Consul General in Detroit mentions that construction of the new bridge will likely start next year (2014), and “absolutely by 2015”. He says the U.S. presidential permit is expected in several months.

APPENDIX B - QUICK FACTS

- The 83-year-old Ambassador Bridge is the single busiest trade border crossing between Canada and the US. It was completed in 1929 by financier Joseph A. Bower and at 7,490 feet (2,283 meters) it was the world's longest suspension bridge. In 1979 it was purchased by the Moroun family for \$30 million. Today, it is estimated to be worth between 1.5 and 3 billion dollars.
- Nearly one-quarter of the \$689 billion in trade between Canada and the United States in 2011 passed over the Ambassador Bridge.
- The 85-year-old owner of the Ambassador bridge, Matty Moroun, has been ranked 303rd on Forbes' list of richest Americans
- According to a few high profile research findings, Ontario's economy as well as Windsor's is in a precarious position unless a new bridge with modern customs infrastructure is built in the near future.
- The cost of truck sitting in border related traffic is estimated at about \$75 per hour.
- On June 15, 2012, Canadian Prime Minister Stephen Harper and Michigan Governor Rick Snyder signed a bi-national agreement to build the \$1-billion publicly-owned bridge called the Detroit River International Crossing (DRIC) bridge between Windsor, Ontario and Detroit, Michigan
- "Number 1" priority infrastructure project for the Canadian Government
- Both the Gov. of Michigan, Rick Snyder, the premier of Ontario, Dalton McGuinty, and the prime minister of Canada and president of the U.S. support the new bridge.
- The Canadian government under the DRIC agreement would lend cash strapped Michigan up to \$550 million to pay for the state's share in the bridge project and be repaid over time through tolls. According to the DRIC agreement, after 40 to 50 years, once the \$550 million loan is repaid, the toll will then be evenly split between Canada and Michigan. Transport Canada estimates that the complete project, including customs plazas on either side of the border will cost from \$3.5 billion to \$4 billion
- According to the Center for Automotive Research, construction of the bridge will provide about 12,000 jobs annually for four years
- On September 05, 2012 Michigan's Supreme Court ruled that the fate of the DRIC bridge will be decided by a statewide vote in the November 2012 election.
- A few acclaimed watchdog groups have alleged that Ambassador bridge owner Matty Moroun has been funding aggressive propaganda campaign to stop the DRIC project to maintain his company's trucking monopoly over the world's most lucrative trade link. It is estimated that Moroun makes \$60-million per year in toll revenues at the Ambassador Bridge, plus millions more in revenues from duty-free sales of gas and goods.
- By the end of 2011, Moroun's bridge company had spent more than \$5 million on ads opposing the DRIC project. According to the Michigan Truth Squad, a non-profit watchdog organization, Moroun's company has spent \$4.6 million in 2012 on propaganda campaign opposing the bridge

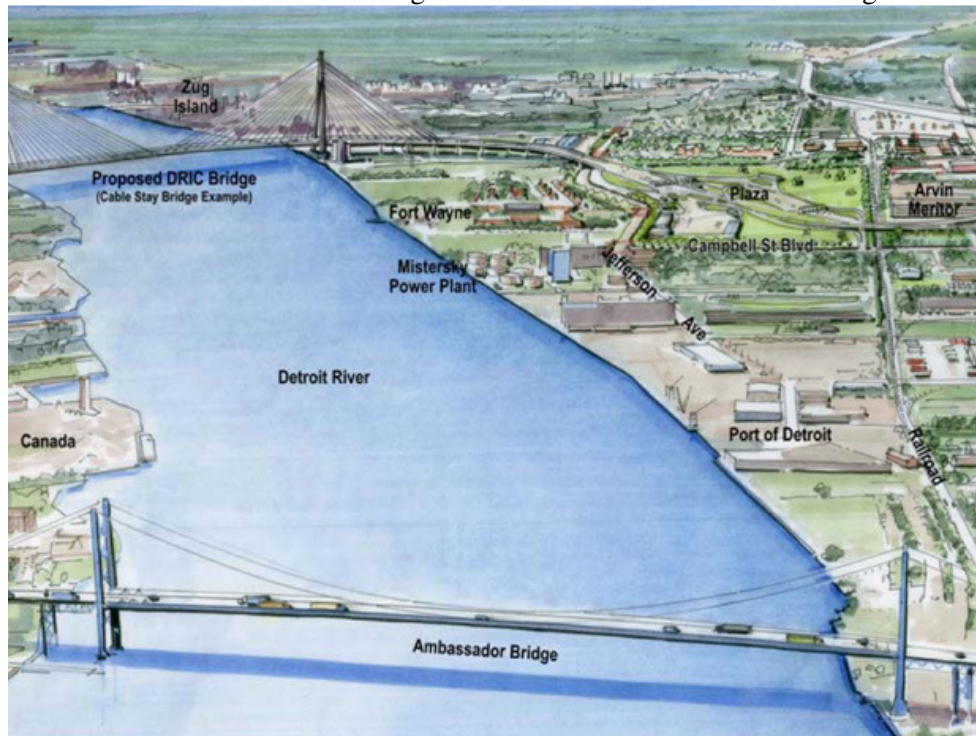
APPENDIX C - PICTURES OF THE DRIC PROJECT

Picture I: Proposed DRIC Bridge with Approaches in the Community of Delray



(Source: The Detroit Free Press, June 2011)

Picture II: The DRIC Bridge in Relation to the Ambassador Bridge



(Source: The National Post, Oct 21, 2011)

Picture III: The DRIC Bridge from the Canadian Side



(Source: Windsor Star, October 16, 2012)

Picture IV: Construction of the Twin Bridge to the Ambassador Bridge



(Source: Windsor Star, November 26, 2012)

APPENDIX D - FAKE EVICTION NOTICE

**THIS PROPERTY IS SUBJECT TO SEIZURE BY THE
MICHIGAN DEPARTMENT OF TRANSPORTATION**

UNDER EMINENT DOMAIN AUTHORITY GRANTED IN MICHIGAN COMPILED LAWS
125.344 (PA 268 OF 1949)

UPON SEIZURE OF YOUR PROPERTY YOU MAY RECIEVE AN

EVICTION NOTICE

UNDER SENATE BILL 410 AND 411, YOUR PROPERTY MAY BE SEIZED BY MDOT AND
TRANSFERRED AS A "GIFT" TO THE BRIDGE CONSTRUCTION PROJECT KNOWN AS THE

NEW INTERNATIONAL TRADE CROSSING (NITC)

ONCE THIS PROPERTY TRANSFER IS COMPLETE, THE NITC AUTHORITY MAY USE
YOUR PROPERTY FOR CONSTRUCTION OF BRIDGE ACCESS HIGHWAYS, TOLL PLAZAS,
MAINTENANCE AREAS, OR ADMINISTRATIVE OFFICE SPACE RELATED TO THE BRIDGE.

SENATE BILL 410 AND 411 CURRENTLY UNDER REVIEW BY THE MICHIGAN SENATE.

**YOUR SENATOR,
COLEMAN YOUNG II**

HAS NOT TAKEN A PUBLIC POSITION ON WHETHER OR NOT HE SUPPORTS THIS BILL.
IF YOU OPPOSE THIS ABUSE OF EMINENT DOMAIN AUTHORITY,
PLEASE CALL SENATOR YOUNG AT

(517) 373-7346

OR EMAIL HIM AT
SENCYOUNG@SENATE.MICHIGAN.GOV

AND TELL HIM TO PROTECT YOUR PROPERTY RIGHTS AND VOTE AGAINST THIS BILL.

THIS PROPERTY RIGHTS ALERT BROUGHT TO YOU BY AMERICANS FOR PROSPERITY-MICHIGAN
FOR MORE INFORMATION ON PROTECTING YOUR PROPERTY AGAINST EMINENT DOMAIN ABUSE,
VISIT WWW.MICHIGANAFP.ORG

(Source: CBS Local Media, June 7, 2011)

INSTRUCTOR MANUAL

Case Overview

The case discusses the only privately owned bridge between Canada and the United States and the legacy of the billionaire owner, Matty Moroun, who engaged in a number of unethical and ethical tactics to stop construction of a competing publicly owned bridge. Over the last 10 years, the owner, Matty Moroun, has done everything within his power to stall and stop construction of a new bridge, maintaining his near monopoly on the busiest border crossing in North America. With a crucial vote on the fate of the public bridge the night of the presidential election in 2012, it now looks as though the new bridge will be built. The case begins and ends with Moroun contemplating his legacy, and wondering if a number of his tactics crossed the line between protecting his own self-interest at the cost of his personal character and integrity, and how others might now perceive him.

The case discusses the extensive trade relationship between Canada and the United States, as well as trade specific to the Windsor-Detroit crossing. The need for a second bridge backed by nearly all stakeholders is described starting from when it was first proposed in 2004. To offer a holistic and well-rounded perspective on the case, as well as to provide the possibility of a role-playing game in class, the viewpoints of a number of stakeholders are presented. These include Matty Moroun, the Ontario and Michigan Governments, the Detroit Three Automakers, the Citizens for Responsibility and Ethics in Washington (CREW), and the People Should Decide (a group funded by Moroun).

After reading the case students will question the ethicalness of Moroun's often dramatic actions, some of which resulted in jail time (for a single night). They will also contemplate broader questions such as a democracy where a single wealthy stakeholder can force their self-interested will on millions of others who hold an opposing view, and whether essential public infrastructure should be privately held. They will also evaluate the fairness of an international negotiation for a joint infrastructure project where one government has considerably less money than the other.

Ultimately, the case seeks to further students' self-awareness into their own ethics and to encourage greater empathy for stakeholders with opinions different from their own.

Courses and Learning Objectives

Courses: This case is suitable for undergraduate and MBA courses in Business Ethics. It is particularly suited for a discussion of ethical behavior amongst opposing stakeholder perspectives.

Topics covered: Business ethics, social responsibility, international relations, public versus private ownership of essential infrastructure, stakeholder influence tactics, and democracy in North America.

Learning Objectives:

1. Develop ethical self-awareness, particularly related to the protection of your own self-interests.
2. Develop empathy for stakeholders that hold a different position from your own.
3. Comprehend the implications of a democratic system that grants a disproportionate amount of power and influence to wealthy individuals and companies.

4. Contemplate the pros and cons to public versus private infrastructure that is essential for society.
5. Consider and evaluate international negotiations for a joint infrastructure project where one government has considerably less money than the other.

Theoretical Framework

This case presents instructors with an opportunity to discuss a number of ethical theories. Given the number of applicable ethical theories instructor's may wish to dedicate one class to conducting the case using the teaching plan delineated in this instructor's manual, and a second class to teach and discuss the various ethical theories presented in this section. Alternatively, instructors may wish to focus on one or two key ethical theories that they believe are the most pertinent to their class and this case. Finally, in this section we have matched each ethical theory to a specific discussion question. Thus, instructors have the option to present the theory when they discuss the question.

Egoism is clearly apparent in this case from the perspective of Matty Moroun. Instructors can discuss whether it is morally right for an individual to pursue their self-interest at the expense of the perceived self-interest of others. They may also wish to discuss whether Adam Smith's invisible hand is in fact pushing Moroun to create a social good while he aggressively pursues his self-interest. Furthermore, according to the theory of egoism Moroun is acting ethically. With this knowledge, students can be asked whether they agree with the theory of egoism, ultimately creating the opportunity for self-reflection. Lastly, the second discussion question presented below asks: Was Moroun's ability to delay construction of the new bridge that almost all other stakeholders wanted built a corruption of our democratic system or simply a part of the system? Instructors can discuss how our current economic system is based on the theory of egoism, and more importantly, whether or not it should be.

Utilitarianism is applicable in that the DRIC Bridge appears to be in the greatest good for the greatest amount of people. If this is the case, then Moroun's desire to stop the bridge would not be ethical from a utilitarian perspective. Students can again be asked if they agree with this ethical theory. The third discussion question asks if essential public needs, such as a bridge, should be privately held? Students might be asked if private interests will represent public interests to the extent that the greatest good for the greatest number will be achieved, thus maintaining utilitarian ethics.

Kant's Categorical Imperative can be discussed by applying his three maxims to this case:

1. Consistency: Should everyone act as Moroun has if they had the means to do so?
2. Human Dignity: Is Moroun treating people as ends in themselves or as means to an end?
3. Universality: Does everyone agree? If you were Moroun, would you be happy to see your efforts to stop the DRIC Bridge reported in the press?

Students might also apply Kant's three maxims to each of the influence tactics utilized by Moroun. Or, rather than examining all tactics, the instructor might focus on those listed in the Table below that addresses the first discussion question.

According to the theory of justice everyone is entitled to having their basic needs and freedoms met. Inevitably though, inequalities exist. Since inequality is inevitable, it should be arranged so that everyone benefits to some extent, and everyone has the same opportunity (Crane & Matten, 2010). Within this case, clearly an inequality exists between Moroun and the other stakeholders. Students can be asked whether all stakeholders had the same opportunities in life to gain the

wealth and resources now at Moroun's disposal. Students can also be asked if all stakeholders involved would benefit to some extent from the DRIC Bridge, or from a new bridge built by Moroun and his company. The theory of justice is most applicable to the third discussion question about the privatization of essential public needs. For example, does the privatization of North America's busiest crossing encourage greater inequality where not everyone benefits nor has similar opportunities?

Virtue ethics contends that morally correct behaviour can only come from actors with virtuous characters. Related to the first discussion question below, students can be asked whether Moroun's acted as a virtuous character. If not, then his behaviour was not ethical according to virtue ethics.

Lastly, discourse ethics contends that the ultimate goal in ethical dilemmas is the peaceful settlement of conflicts, where all stakeholders are involved in the discourse, and the final solution is acceptable to all (Crane & Matten, 2010). Students can be asked whether such an outcome was possible in this case. In this way instructors can point out that discourse ethics are excellent in theory, but very difficult to achieve in practice. Discourse ethics also states that the ideal discourse is impartial and non-coercive (Crane & Matten, 2010). Did this happen in this case? Again the third discussion question is most applicable here as students can consider whether the owners of privately held essential infrastructure would be more or less likely than governments to follow discourse ethics.

Research Methods

The case was written from publicly available information. This included 108 media articles published in Windsor's most prominent newspaper, the *Windsor Star*. Our analysis of *The Windsor Star* was bolstered by the fact that it enjoys one of the highest readership penetrations in Canada – 80 percent (Newspaper Audience Databank, 2012). Secondly, we obtained information including documents and reports supporting and opposing the DRIC project from the official website of the DRIC project (<http://www.partnershipborderstudy.com>), the official website of the Ambassador Bridge (<http://www.ambassadorbridge.com>), and the official website of The People Should Decide (<http://thepeopleshoulddecide.com>). Thirdly, we reviewed five reports prepared by acclaimed research organizations including Anderson Economic Group, LLC of Michigan, Center for Automotive Research (CAR) of Michigan, The Fraser Institute of Vancouver, and Cross-Border Transportation Centre of the University of Windsor. Fourth, we utilized information available on the U.S. Department of State website, in particular the Presidential Permit Application for the Construction of a New International Trade Crossing (NITC). Thus all material was collected from secondary data and the case is not disguised.

Assignment Questions and Answers

Questions for students:

6. Evaluate the ethicalness of Matty Moroun's influence tactics. Which tactics do you consider ethical, and which do you consider unethical (if any)? If you were Moroun, would you have used the same tactics to protect your near monopoly on the busiest international crossing in North America, or would you have drawn the line earlier than him?
7. Was Moroun's ability to delay construction of the new bridge that almost all other stakeholders wanted built a corruption of our democratic system or simply a part of the system?

8. Should essential public needs, such as a bridge, be privately held? What are the pros and cons of private versus public ownership?
9. Do you feel that a second bridge is needed? If you were a voter in Michigan, would you have voted against Proposition 6 as they did? Would you rather Moroun be permitted to build the twin bridge already under construction?
10. Did the Ontario government offer too much to the Michigan government to encourage the cash-strapped state to move forward with the DRIC project?

Questions and answers:

1. **Evaluate the ethicalness of Matty Moroun’s influence tactics. Which tactics do you consider ethical, and which do you consider unethical (if any)? If you were Moroun, would you have used the same tactics to protect your near monopoly on the busiest international crossing in North America, or would you have drawn the line earlier than him?**

Influence Tactics Utilized by Moroun

Likely ethical	Likely unethical
<p>Charitable contributions -Details are listed on page 3 of the case and include, for example, scholarships, endowments, and money for community events.</p>	<p>Misleading (and false) media propaganda -Details are listed on pages 11-12 of the case and include, for example, fake eviction notices and false advertising.</p>
<p>Campaign contributions and Political donations -Details are listed on pages 9-10 of the case and include, for example, \$500,000 to federal candidates during the 2012 election cycle.</p>	<p>Influencing the attitude of stakeholders -Moroun used his vast wealth to pressure stakeholders into permitting him to build his twin bridge. For example, in historic Olde Sandwich Towne, Moroun's bridge company purchased and then boarded up more than 112 homes. In September, 2012 Justice Richard Gates, ordered the payment \$1.2 million in legal fees incurred by the City of Windsor.</p>

The Table above lists example of what most students would deem ethical and unethical influence tactics used by Moroun and his company. The learning objective for this question is for students to develop their individual ethical self-awareness. Consequently, answers in the gray area of ethics should differ significantly among students. A number of students may feel that Moroun was perfectly justified in doing everything he did to protect his own interests. Students with this opinion should be encouraged to think of the stakeholders that were adversely affected by Morouns efforts. These include the Ontario and Michigan governments and the people living there (consider for example the estimated 12,000 jobs that would have been created), the Detroit automakers, CREW, and community members such as those living in Olde Sandwich Towne who were forced to live amongst boarded up houses. The instructor could try to encourage greater empathy by asking the students to take the position of these stakeholders, to experience the difficulty they faced in trying to voice their opinions against such a powerful, resourceful, and dominant stakeholder like Moroun.

At the other end of the spectrum, some students may feel that none of Moroun’s actions were justified. Students with this view may argue that because Moroun was already a billionaire there was no need for him to force his will on others. This can lead into a broader discussion of the

point at which students believe they would have enough money that they would no longer seek to protect their self-interests. Students should be made aware of the adaptation principle, the finding that people continuously adapt to a new level of wealth, thus they constantly seek more. The following quote from the father of modern day capitalism could lead to an interesting discussion: "The desire for food is limited in every man by the narrow capacity of the human stomach; but the desire of the conveniences and ornaments of building, dress, equipage, and household furniture, seems to have no limit or certain boundary." (Adam Smith, 1776).

The instructor may also want to impress upon the students exactly what was at stake for Moroun. Does the fact that there was an estimated \$100 million in annual revenue at stake justify Moroun's actions? A number of students might be willing to cross the line between ethical and unethical behavior if so much money were at stake.

The majority of students will find some of Moroun's tactics ethical and others unethical. The instructor can discuss each in turn to see if others agree, and try to form some consensus within the class on what was ethical and what was not. Students could also be pushed to justify why they think a particular tactic is ethical or unethical, ultimately leading to a personalized definition of business ethics and what it means for them.

The best answers to this question would include a thorough breakdown of Moroun's various actions (some of which appear ethical, such as philanthropic donations, and some of which do not, such as the bogus eviction notices), and a justification for each. Students should also consider the context (e.g., the amount of money at stake, an international issue affecting two countries, current and future trade between Canada and the U.S., etc.), and how it may or may not influence the perceived ethicalness of the specific influence tactic

2. *Was Moroun's ability to delay construction of the new bridge that almost all other stakeholders wanted built a corruption of our democratic system or simply a part of the system?*

This is a broad question about a capitalistic system built on the Protestant work ethic of individualism and materialism (Weber, 1958). Accordingly, some students are likely to argue that Moroun's power and success are part of the system we operate in, whether good or bad. Others are likely to hold lofty ideals of democracy and view this case outlining the extensive power of a single wealthy stakeholder as a corruption of democracy and what it was originally intended to do. This can lead into an engaging discussion on the U.S. Supreme Court decision to allow super PAC's (Political Action Committee that are independent organizations that raise money to either help or defeat a political candidate) to back political candidates, and consequently, the billions of dollars spent on the recent U.S. election. It's worth mentioning here that following the rulings by the U.S. Supreme Court and the Court of Appeals, Super PACs are now allowed to raise funds from individuals, corporations, unions and other groups, without any legal limit on donation size.

Ultimately, students should question whether the political systems in Canada and the U.S. do in fact operate under the adage that "all men are created equal." This case clearly demonstrates that this is not the case, as Moroun had extensive influence on the construction of a public bridge that was widely endorsed by both public and private stakeholders.

The best answers to this question would recognize that this case does describe a corruption of democracy as it was originally intended, but that power and money have always and will continue to be, essential and crucial elements in any political system. In the end, however, students should

be reminded that Moroun failed in his attempt to stop the DRIC project, which may indicate a victory for democracy.

3. *Should essential public needs, such as a bridge, be privately held? What are the pros and cons of private versus public ownership?*

Before getting into the details of this question, instructors may wish to conduct a class poll to see who favors public or private ownership of essential public needs. Students can then be asked to expand on their opinions leading into the general class discussion.

Some students may argue that something as important as a bridge simply cannot be privately held because owners will protect their private interests at the expense of the public, something that clearly occurred in this case. Others may argue that in these times of extreme austerity we should seriously consider the privatization of other traditionally public projects. For example, we are increasingly seeing the privatization of highways that require tolls (although the instructor may wish to remind students that the Ambassador Bridge has the highest tolls in North America). Given that this case is international instructors may wish to compare and contrast the public health-care system in Canada against the private system in the U.S., and the pros and cons from each approach.

Furthermore, instructors may wish to discuss other cases of the privatization of normally public goods and services. For example, the disastrous water privatization case in Cochabamba where the government of Bolivia bowed to pressure from the World Bank to privatize the water supply, including rainwater. Ultimately, this culminated in a killing during a protest and the fleeing of company executives working for Bechtel, the company that owned the water. Interestingly, while now back in public hands, the water system remains inadequate in many ways.

Students should also be asked to contemplate whether the busiest international crossing in North America should be private. Should such extensive potential for wealth be reserved for a few select individuals or should all citizens benefit?

Lastly, students should consider whether a public bridge that spans two countries should be privately held. That is, does the fact that this is a bridge between two countries versus a bridge within a single country have an impact on their answer to the original question?

The best answers to this question will recognize that a one-size-fits-all prescription to the public-private ownership of necessary public needs is too simplistic. Depending on the context, in some cases it does make sense to privatize. For example, there is much to be admired in the U.S. health-care system as compared to that of Canada, and even Canada is slowly beginning to allow private enterprise into its system.

4. *Do you feel that a second bridge is needed? If you were a voter in Michigan, would you have voted against Proposition 6 as they did? Would you rather Moroun be permitted to build the twin bridge he already began constructing?*

Given that all stakeholders described in the case felt that a new bridge was required (recall that Moroun began construction on a second twin bridge) students should all agree that a second bridge is needed. Furthermore, the information provided on pages 5-6 in the case under the heading “The need for a second bridge” provides compelling data on the need for an additional bridge.

On the night of the U.S. presidential election Michigan voters also voted on Proposition 6. If passed, it would have blocked construction of the proposed new bridge and required a referendum vote whenever a new international bridge was planned.

In 2012 the People Should Decide successfully collected more than 600,000 signatures from Michigan citizens to put the bridge issue on the November ballot. Consequently, the Michigan Supreme Court ruled that the fate of the DRIC Bridge would be decided by a statewide vote in the November election. The Supreme Court decision was seen as a major victory for the group.

As described in the Timeline (Appendix A), the November 6 election results showed that 59% (2,694,472 votes) of the Michigan voters voted against Proposal 6, while 41% (1,853,747 voters) supported the proposal.

Question 4 is an extension from Question 3 but asks students to consider the specific details in the DRIC project and Proposition 6. Students' response to the final part of question 4 should be consistent with their answers to question 3. If there is an inconsistency, they may need to rethink their previous arguments.

5. Did the Ontario government offer too much to the Michigan government to encourage the cash-strapped state to move forward with the DRIC project?

The Ontario government offered considerable concessions to the state of Michigan to encourage them to proceed with the construction of the DRIC project. These included a \$550 million loan to cover what would be Michigan's share of the up-front costs and an assurance that all financial risk would rest with Ontario (Spencer et al., 2011; Chase & Keenan, 2012; Spangler and Yung, 2012). The money would be lent not only to build the bridge but also to connect the I-75 highway with the U.S. Toll Plaza. The U.S. federal government agreed that this \$550 million might be used to obtain federal matching funds, potentially giving Michigan up to \$2.2 billion in federal funds for highway maintenance and building. Canada's loan of \$550 million would be repaid with project revenues and contributions (i.e. tolls). These funds can only be repaid once other obligations (e.g. revenue bonds) have been fully repaid. In this way interest-bearing expenses for the project are paid first before Canada's loan is repaid. Furthermore, Senate Bill 410 states that the Michigan taxpayers will not be responsible for repaying Canada's \$550 million contribution, paying bonds, or financing the bridge in any way other than those using the bridge and paying tolls. Senate Bill 410 further states that the State of Michigan will not back the bonds for the DRIC. If revenues are insufficient to pay obligations, the Canadian government or the lending institution is responsible for ensuring that the project continues as planned.

Students should all feel that the U.S. side received the best deal, particularly related to acquiring nearly zero financial risk. Discussion should focus on whether students believe Canada made a wise investment, or took an unnecessary risk. Students should consider that Ontario already committed significant financial resources toward the construction of a new bridge. In particular, they began construction on an expansion of the 401 highway, a job described as the most expensive as well as the most significant single highway investment made in Ontario history (Hall, 2012). The \$1.4 billion Windsor Essex Parkway development, jointly funded by Canada and Ontario, is projected to be complete in 2014 and will link Ontario's main highway (the 401) to the new bridge. Once complete, the parkway will speed traffic flow to the new bridge (Office of the Premier, 2012). Students may convincingly argue that politicians on the Canadian side jumped the gun to begin such an extensive project before the future of the DRIC project was determined. Although in the end, it appears their confidence was well founded given that it now seems very likely that the DRIC will be built.

In defense of the Ontario and Canadian governments students should consider the extensive job creation from this and related projects, and combine with this with the dire need for jobs in Ontario and Michigan. For example, a recent study released from the Center for Automotive Research (Hill et al., 2012) estimates that construction of the DRIC would result in more than 10,000 jobs. Once complete, it is estimated that the bridge will create approximately 6,000 jobs in Michigan during the first two years, and an average of 5,100 jobs during the final two years of construction. The report further estimates that construction of the bridge will contribute nearly \$1.5 billion to Michigan's Gross State Product (GSP) and a total of \$2.5 billion to the U.S. GDP over the four-year construction period. Furthermore, the federal investment of \$2.2 billion matching funds on roadway maintenance and construction over the same four years of bridge construction will support an average of 6,600 jobs per year throughout the state. The report further estimates that the bridge will create nearly 1,400 permanent jobs including 775 employees for bridge and plaza operations. All these jobs are expected to contribute more than \$130 million to Michigan's GSP every year (Hill et al., 2012). In addition, the bridge will attract new jobs and investment into the immediate local community because of new activity that is enabled by the bridge. This change in accessibility associated with the new bridge will create more than 6,800 jobs in Michigan alone. On the Canadian side, it's been projected that 12,000 jobs will be created during construction of the Windsor-Essex parkway and job creation from the DRIC Bridge is predicted to be similar to that on the American side (Macaluso, 2008).

Like the questions that came before it, the best answers to this question will consider the specific context of this case. Both Ontario and Michigan are eager to have the new bridge built, but financially, Michigan simply does not seem able to carry half of the load. Some students may perceive Ontario's ability to negotiate an OK from Michigan to proceed with the bridge as impressive. Students should also consider the need for employment in both areas that have both suffered from the decline in auto manufacturing jobs, and the political importance of job creation stemming from such a massive project.

- In your groups, develop a talk where you will present arguments for why your stakeholder's opinion is correct (about 3 minutes).
- While listening to the other groups prepare for a rebuttal (about 2 minutes).
- Last word free-for-all.

Teaching Plan

Class Activities	Goals	Estimated Time
Student poll on whether the DRIC Bridge should be built	<ul style="list-style-type: none"> – After the poll, in the role-playing game students can be made to represent a stakeholder with a contrary opinion helping students to learn empathy for stakeholders whose opinions differ from their own. – Develop ethical self-awareness. 	<p>Total time: 10 minutes</p> <ul style="list-style-type: none"> – Five minutes at the start of class to conduct the poll and have some students explain their view. – Five minutes at the end of class to see if the opinion of any students changed, and why or why not.
Role-playing game	<ul style="list-style-type: none"> – To have students argue for a 	Total time assuming five

	<p>position they may or may not agree with.</p> <ul style="list-style-type: none"> - To develop empathy for the multiple stakeholders involved. 	<p>groups: 35 minutes</p> <ul style="list-style-type: none"> - Three minutes per group to present their stakeholder's perspective on the new bridge. - Two minute rebuttal per group. - Open class-wide discussion
Discussion questions	<p>-Develop ethical self-awareness.</p> <ul style="list-style-type: none"> - Comprehend the implications of a democratic system that grants a disproportionate amount of power and influence to wealthy individuals and companies. - Contemplate the pros and cons to public versus private infrastructure that is essential for society. - Consider and evaluate international negotiations for a joint infrastructure project where one government has considerably less money than the other. 	<p>Total time: 30 minutes</p> <ul style="list-style-type: none"> - Either six minutes per question if all five questions covered, or, for example, 10 minutes per question to cover three specific questions.

The Table above offers three class activities, connects each activity to the learning objectives, and provides the estimated time per activity. The teaching plan is designed to take place within the typical 80-minute class. Thus the total estimated time across all activities is 75 minutes, giving instructors a five-minute leeway.

Before assigning students to a specific stakeholder group, instructors may wish to first conduct a poll asking students whether or not they support the DRIC Bridge. To further the second learning objective (to learn empathy for stakeholders that hold a different position from your own) students might then be asked to represent a stakeholder group holding a contrary opinion to their own. We have found that conducting the case in this way has a tremendous influence on the final opinion of students, where the large majority end up siding with the position of the stakeholder group they were asked to represent in the role-playing game. This gives the instructor the opportunity to discuss this with students and ultimately increase student self-awareness.

Following the poll, we recommend a role-playing game where groups of students represent a specific stakeholder in a classroom wide debate. Stakeholders in this case include: (1) Matty Moroun, his family and his company, (2) the Ontario government, (3) the Michigan government, (4) the Detroit Three Automakers, (5) the Citizens for Responsibility and Ethics in Washington (CREW), and (6) the People Should Decide (a group funded by Moroun). Instructors may decide

to combine the Ontario and Michigan governments given their relatively similar positions, or they might differentiate them to discuss the extensive concessions (a \$550 million loan and all liability) the Ontario government is willing to offer the Michigan government. Two additional stakeholders include the citizens of Ontario (particularly Windsor) and Michigan (particularly Detroit), two areas desperate for job creation. However, given that the government is meant to represent the people these were not labeled as separate stakeholders above.

The Table above offers a suggested time guide to run the role-playing game. This scheduled has successfully been used in three classes to date. We recommend restricting the time limit that each team is allowed to present to encourage conciseness and to avoid redundancies.

Following the role-playing game instructors can proceed sequentially through the discussion questions. Some instructors may wish to cover all five discussion questions, whereas others may wish to focus on fewer allowing more time per question.

REFERENCES

- Chase, S., & Keenan, G. 2012. Iron, steel for new Windsor bridge must come from Canada or U.S. *The Globe and Mail*. June 15, 2012.
- Crane, Andrew, & Matten, Dirk. 2010. *Business Ethics: Managing Corporate Citizenship and Sustainability in the Age of Globalization* (Third edition). Oxford University Press.
- Hall, D. 2012. New bridge will generate thousands of jobs in Windsor-Detroit area. *The Windsor Star*. Jun 14, 2012.
- Hill, K., Wallace, R., Menk, D. M., & Cregger, J. 2012. Analysis of the Economic Contribution of Constructing the New International Trade Crossing: A New Bridge Linking Detroit and Windsor. *Center for Automotive Research*. June 2012.
- Macaluso, G. 2008. Finding jobs for the future. *The Windsor Star*. December 26, 2008.
- Newspaper Audience Databank. 2012. <http://nadbank.com/en/study/readership/totalweekly>.
- Smith, A. 1993. Original 1776. *The Wealth of Nations*. Oxford University Press: New York.
- Spencer, C.W., Sallee, C.M., & Rosaen, A.L. 2011. Building a New Bridge in Detroit: A Study Evaluating the Options. *Anderson Economic Group, LLC*. September 20, 2011.
- Spangler, T., & Yung, K. 2012. New international bridge to bring huge boost to both sides of border. *Detroit Free Press*. June 17, 2012.
- Weber, M. 1958. *The Protestant Ethic and the Spirit of Capitalism*. Trans. T. Parsons. New York: Scribner's.