
SMITHS FALLS IN THE WORLD: A STUDY OF GLOBALIZATION IN A RURAL CANADIAN TOWN

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ABSTRACT

In early February, 2007, Hershey's Chocolate Company announced its global supply-chain transformation plan to cut more than 1500 jobs from its Canadian and United States plants. Smiths Falls, the Chocolate Capital of Canada, lost its Hershey factory together with the closure of the Rideau Regional Centre, an institution for people with developmental disabilities. By the end of 2008, this Eastern Ontario town of roughly 9,000 people shed roughly 1700 jobs, constituting almost 40% of its active labour force (Sutton, 2009). Globalization, despite the confusion generated by the word, must be considered a core factor in the economic and social situation. Smiths Falls confronts these lay-offs from a position of economic and social strain already. The paper examines the broader changes in the world occurring through globalization and how the local society of Smiths Falls has adjusted in tandem. Such an analysis has likely been relevant to Smiths Falls since its inception; as a meeting point of transcontinental trade and a centre of manufacturing within an ever-expanding and more complex supply chain.

Dedicated to the people of Smiths Falls and YouthInPower.ca.

INTRODUCTION

Industrial towns in North America have long had to adjust to mechanization, free trade and ongoing acquisitions, consolidation and centralisation by transnational companies. Moreover, it appears that outsourcing labour to lower-wage countries has now achieved a normative status in the business world. At the close of 2008, the Eastern Ontario town of Smiths Falls lost its two major employers. Hershey's left Smiths Falls after 47

years as part of a “global supply-chain transformation”. The Rideau Regional Centre (RRC) that once housed over 2500 adults with developmental disabilities, also closed in early 2009. With other losses, it is estimated that roughly 1700 jobs were leaving the town over the period of the closures. The rationalizations in business and social policy that exert increasing influence over the local economy are obdurately insensitive to local strengths, society, geography and protest. The lay-offs have added to the long-standing social challenges already facing the town.

Smiths Falls has overcome many obstacles. In fact, overcoming the obstacle presented by its geography is the very reason for its existence. The town originated as a work-camp of immigrant labourers who built a system of locks to allow navigation past the rapids at Smyth’s Falls in defense against possible American invasion in the 1830s. Recognized as a Canadian historical treasure and recently designated a UNESCO heritage site, the Rideau Canal locks in Smiths Falls are a key tourist attraction (UNESCO, 2007). Smiths Falls tells the story of the progress and difficulties of labour through history, from the pitiful conditions of the canal work-camp to achieving a standard of living that now cannot compete with developing countries in global free trade. Today, it is the fear of economic woes, not soldiers, invading from South of the border that alarms Ontarians. Perhaps the Canal can serve as a powerful symbol for the need to work innovatively around the less tangible obstacles globalization presents to small towns across North America.

Navigation is all about knowing the environment and looking ahead. The recognition of what is at stake requires us to go deeper than the popular conceptions and reactions to the word ‘globalization’, and to deal with pressing social and economic realities. The challenge of reestablishing a sustainable economy in Smiths Falls and the surrounding region will likely not be met by ignoring its unique local geography and history. It is more likely to be met by re-orienting these roots and their strengths with an awareness of their convergence with globalization.

THE ROOTS - SMITHS FALLS ECONOMIC AND SOCIAL HISTORY

FIRST NATIONS

Iroquois farmers originally encountered explorer Jacques Cartier in the area that became Smiths Falls, but had migrated long before European settlement. Algonquin First Nations acted as guides to early explorers and have long hunted and trapped in the area. Early trade was of mutual benefit to newcomers and indigenous peoples, but as European settlement grew, disease, alcohol and maltreatment left the First Nations disadvantaged. In 1783, the colonial government negotiated with the Mississauga, their allies in conflict with

the Americans, to acquire a large portion of Eastern Ontario in return for a handful of insignificant items. The European settlers interpreted this as extinguishing all native rights to the land, though they had never reached an agreement with the Algonquin or Iroquois Nations (Lockwood, 1994). Today, Smiths Falls is within a vast swath of Eastern Ontario subject to a land claim by the Algonquin and the basis for negotiating the claim has been accepted by provincial and federal governments (Ontario Secretariat for Aboriginal Affairs 2007). The Algonquin recently joined in solidarity with land-owners in Frontenac to oppose a uranium mine that threatens local communities and the region's water, including Ottawa's water supply ("No Uranium Mine", 2008).

INDUSTRIAL TOWN - 1880 - PRESENT

Originally a Rideau Canal work-camp, the village at Smyth's Falls grew into a town when the Canada-Pacific Railway (CPR) was established in the 1880s. Smiths Falls boomed as a minor port; lines carrying goods from the Far East, BC and the Prairies met those from Toronto, Montreal and Eastern Canada. Local lines distributed local goods and resources from the town's agricultural hinterland. These lines connected at Smiths Falls, and the town's proximity to the border made it an excellent location for shipping to the American Midwest.

The railway enabled local company Frost & Wood to trade its agricultural implements from 1830 - 1964, taking advantage of the growth of Canadian agriculture during this period and trading through Montreal. Its sister company, Malleable Iron Works, supplied Frost & Wood and continental manufactures with iron castings. Frost & Wood had left local hands early in the century, staying competitive until mid-century but consolidated finally to Kitchener in 1964. Malleable also closed in 1964 after over 100 years in operation. These two closings were the cause of the first major industrial layoffs in Smiths Falls. The town had already struggled with low employment frequently in the first half of the century; in the 1910s, through cancellation of farming equipment contracts in Europe during the Great War; in the late 1920s and through the Depression right up until WWII (Lockwood, 1994). The Railway Museum in Smiths Falls remains as a heritage tourist attraction.

Accompanying the losses of traditional industries in the 1960s, 1957 to the mid-60s saw 1100 CPR jobs leave Smiths Falls due to mechanization. Outside investment brought new industry with inconsistent results from then onwards. Plant closures peaked in 1989 when 1000 jobs were lost in Smiths Falls and surrounding areas, one year after the Canada-U.S. Free Trade Agreement was signed. Hershey and a few other employers increased their workforce in anticipation of the FTA's impacts, but these all returned to previous or lower levels by 1993, accompanied by more closures. The 1989 crisis led to federal and provincial assistance and a business development centre where entrepreneurs

could access loans (Lockwood, 1994). This led to new industries, some of which were started locally and are still thriving today. In 2009, Smiths Falls, for the third time in its history, is attempting to recover from the loss of 1,000 or more jobs in a short period of time.

HERSHEY'S

In 1962, the creative Chamber of Commerce in Smiths Falls had taken to stopping the first car entering the town each month to sell them on the town. That summer they stopped a Hershey executive. The chance meeting led to Hershey's first plant outside Pennsylvania. The strength of local dairy production, good water supply, the town's excellent position for distribution along several rail lines, and its labour provided good incentives for Hershey to invest (Lockwood, 1994). The company's founder, Milton Hershey, was well-liked by the company management and workers alike. Much of the infrastructure of the town of Hershey in rural Pennsylvania was inspired by his "Great Building Campaign" to mitigate the jobs crisis during the Great Depression (Town of Hershey, 2007).

Hershey Canada in Smiths Falls at its peak in 1990 employed 750 people - the largest chocolate factory in Canada. The Hershey Visitor Centre, with the Hershey Museum and Chocolate Shoppe Hershey Museum was a tourist draw for decades, doubling its size in 2001 to accommodate the 300,000 visitors per year (Lockwood, 1994). Visitors could take a tour of the facility from the second level where the factory floor could be viewed. Hershey's shaped Smiths Falls' identity, giving birth to the annual Chocolate-Railway Festival and the moniker Chocolate Capital of Canada. Hershey's was in Smiths Falls for 47 years, one of the longest tenures of the many companies that have operated in the town, and the longest of any that was created from investment by a major outside company.

HERSHEY'S CLOSURE

In February 2007, Hershey's Chocolate Company announced the closing of most of its North American plants despite strong performance. At the close of 2005 Hershey Chocolate Company recorded record full-year results and in July 2006, announced record second quarter results (Hershey's, 2006). Only seven months after announcing record profits, Hershey's launched their new strategy entitled 'global supply chain transformation' (Hershey's, 2007). The new realignment plan has cut 900 at three plants in Hershey, Pennsylvania, the town Milton Hershey built during the Depression. It also closed the plant in Oakdale, California plant cutting 575 jobs (Dow Jones Newswires, 2007). At the time of the announcement, Hershey's had already closed a plant at La Piedras, Puerto Rico and later in 2007 the company closed a plant in Dartmouth, Nova Scotia

adding another 600 lay-offs (West, 2006) (MacDonald, 2007). The plant at Smiths Falls closed at the end of 2008.

Hershey's plan includes the construction of a new 'low-cost capacity' in Monterrey Mexico, outsourcing low-value segments, consolidations, increasing capacity utilization by 20% and reducing production lines by 30%. It expects to generate savings for the company of \$170-190 million annually from 2010 (Hershey's Company, 2007). Despite its bullish expectations, Hershey's appears to be in trouble. Losses through all quarters of 2007 and falling stock prices have resulted in the firing of the CEO who led the transformation plan along with six directors forced out and two who resigned ("Editorial - Hershey's Pledge...", 2007) To make matters worse, Canadian chocolate companies including Hershey's are being investigated for alleged price-fixing over the last five years (Noronha, 2007). One wonders whether at the end of the day, (mis)management, re-structuring costs and bad press have completely dwarfed the relevance of labour costs to shareholders in the first place.

The Oakdale plant in California has been purchased by Sconza, another candy-maker which will close its plant in Oakland re-locating some of its workers. The plant in Smiths Falls that was built for \$7 million in 1962, and expanded over the years, came on the market at \$7 million in 2007 (CB Richard Ellis, 2007). According to local sources, the price had dropped further to \$4.5 million. The factory was recently purchased by Aquablue International, and will initially employ 160 workers in the next two years to produce bottled water and other drink products (CBC News, 2009).

RIDEAU REGIONAL CENTRE (RRC)

Smiths Falls's largest employer in the last fifty years has been Rideau Regional Centre (RRC), built in the 1950s on the outskirts of Smiths Falls in the rural township of Montague. The institution had a mandate to serve all of Eastern Ontario's need for care for the mentally disabled. The complex doubled by 1954 in response to need, serving 2400 patients and employing 1500 people. The professional population of the town multiplied with psychologists, social workers, psychiatrists, nurses and doctors. Local farmers were able to supply milk to the Centre, and farm families commuted to work at RRC for extra income. Smiths Falls benefited as a service centre with the town's population peaking at 10,000 in the mid-60s (Lockwood, 1994).

By the 1970s, a general consensus had developed among policy-makers and academics that institutional care was outmoded, driven by advocacy of the Community Living movement who believe that institutions discriminate against the disabled (Kendrick, 2000). Bolstered by the savings that could be realized, the government of Ontario began implementing de-institutionalization in the 1980s. In 1988, the Rideau Regional School closed, and by 1989, the number of clients at

RRC had fallen to 841. Reacting to closure plans, in 1991 the people of Smiths Falls reacted with a mock funeral predicting the death of the regional economy (Lockwood, 1994). Despite the consensus on community living, there is considerable contention when it comes to moving the lifelong-residents of institutions such as RRC. Testimony of hardships relayed informally to the author are reflected in the official statements of the Rideau Regional Centre Association (an advocacy group for RRC clients since 1962) the Mayor of Smiths Falls and the RRC union in their opposition to the closing (National Union of Public and General Employees, 2005).

"Most of our residents are over fifty," he said. "They have severe developmental disabilities along with many physical handicaps. Many of our residents are medically fragile and many suffer from serious mental health issues. These are people who need around the clock care. Community integration is a great buzz phrase, but in the case of these people it is nothing short of cruel." - Dave Lundy, president of OPSEU/NUPGE union local -RRC (2005)

The buzz phrase spoken of is part of the language in 'transnational social policy' trends (Morales-Gomez, 1999). However progressively conceived, the international norm is frequently at odds with the less tidy realities of re-location on the ground. Experts have recognized the nature of this problem, and several high-profile advocates have filed affidavits with the province to prevent the re-locations that put patients at risk (Sutton, 2005). The Community Living Association (CLA) of Lanark County in turn has aggressively supported the closure in advocacy of the same disabled individuals, passing a motion for the Ontario CLA to intervene with the RRC families' class-action (Community Living Association, Lanark County, 2005). This conflict has been mirrored in many communities in the Western world, yet finalizing de-institutionalization and closing institutions remains a performance target for provincial and state jurisdictions (National Conference of State Legislatures, 1999). RRC closed in early 2009, the remaining 100 residents re-located. There has been an alternative use study¹, but at time of writing no new occupant has been announced.

GLOBALIZATION

For economists, globalization refers to increasing market integration based on falling barriers to trade, rapid financial transaction, technology and negligible transportation costs. This allows for the greater mobility of all economic factors of production. Labour is also more mobile, but the people are inherently less mobile than the jobs themselves, as has been felt in Smiths Falls and elsewhere. Globalization has also been a political history, with the

progression of international relations from colonialism through to the end of monarchic mercantilism and the rise of liberal economics culminating in the first wave of globalization. This came to an abrupt halt with WWI and the subsequent rise of nationalist protectionism. The deconstruction of trade barriers starting with the General Agreement on Tariffs and Trade (GATT) after WWII, the introduction of the Bretton Woods institutions and the emphasis on free trade led to the establishment of the World Trade Organization in 1995. 1989 saw the end of the Cold War separation of Western-aligned and Soviet-aligned states, paving the way for a truly global world.

In terms of society and human relations, globalization is a stage of human development where social and economic relations are sufficiently interconnected, direct and penetrant of the world's regions as to have real effects everywhere. As a short-list, these global relations are mediated through communications technologies, transborder migration, a global financial system, a global knowledge commons, a system of international relations based on nation-states, the inter and intra-national division of labour and the global supply chain of production. This is the world today - mobile, rapidly changing with local conditions relating more directly to global conditions, where borders are less important as boundaries as they are reference points to the wider world.

BUSINESS GLOBALIZATION - GLOBAL SUPPLY CHAIN MANAGEMENT

When Theodore Levitt published the now-famous article "The Globalization of Markets" in a 1983 edition of the *Harvard Business Review*, he urged business leaders to focus on global standardization of their industrial processes over tailoring to local cultures. He believed that the resulting homogenous low-cost products were capable of penetrating global markets, since people everywhere shared the same wants - greater convenience and pleasure, and savings of their disposable income (Levitt, 1983). In his blunt analysis and advice to business executives Levitt outlined an emerging trend, he predicted the outcomes of the advice he clearly believed leaders would follow, and he influenced a generation of CEO's to follow that advice.

However, the contemporary market responds to demands that are more precise and constantly changing, especially for higher-priced products. Today, standardization can be combined with rapid tailoring, transformation and innovation through supply-chain management. Industrial processes can respond to design change and advances that can transform a product rapidly and vary it geographically. As the supply-chain encounters labour market differences between regions of the world, the division of labour is rationalized according to its cost-effectiveness, determined primarily by the relative poverty or wealth of nations. The higher-value stages of the supply chain justify the higher wages demanded by highly-skilled workers in developed countries in a knowledge

economy. In Canada, publicly-supported basic research provides the knowledge base for innovations that can be commercialized, and publicly-supported education through all levels expands the labour market for these workers. Since the commercial markets are largest in the wealthier nations, service workers are required. A typical contemporary international division of labour in the global supply chain is demonstrated in Hersheys' new plan. Raw product at low commodity prices from West Africa, low-cost manufacturing in Mexico, outsourcing of lower-value segments, and research and design, marketing, and administration centralised in the United States. Products are distributed to retailers, the majority of which are in North America, and at the end of the supply chain the service worker meets you and me at the point of purchase.

Like mechanization in the past, followed by standardization, global supply chain management represents another transformation in the division of labour. Given Canada's position of high relative wages and benefits in the knowledge economy, the advice for Canadian business leaders is to outsource the supply chain of unskilled to medium-skilled labour to low-wage countries. This advice comes from the Canadian government's Business Development Bank itself (Nycz, 2007).

UNEMPLOYMENT - BUSINESS GLOBALIZATION MEETS SOCIAL POLICY

Clearly, the logic of global supply-chain management is taking its toll on Canadian manufacturing jobs. The number of jobs peaked in November, 2002 and has been steadily declining with over 288,000 jobs leaving the sector by 2007 (Weir, 2007) and 77,000 manufacturing jobs leaving Ontario between 2001 and 2006 (Madhavi, 2008). Smiths Falls is clearly not alone in facing the crisis. Similar to the Smiths Falls mock funeral in 1991, the Canadian Labour Congress set up a mock graveyard on The plant at Smiths Falls closed at the end of 2008. Parliament Hill with all the businesses that had folded or left ("Thousands Protest...", 2007). Currently, Smiths Falls is faced with a tremendous difficulty in being able to predict whether this trend will stabilize, however it seems unlikely to reverse.

Lay-offs are a serious concern for communities. A lesser-known article entitled 'Canada's Good Example with Displaced Workers' appeared in the same 1983 volume of Harvard Business Review as Levitt's famous one. U.S. labour economist William Batt Jr. favourably compared our adjustment process with industrial lay-offs to that of the U.S., stating that Canada was light-years ahead. As standard policy at the time, the Manpower Consultative Service (MCS) would facilitate the formation of an adjustment committee formed with the union leaders and managers of the company closing the plant and a third-party chair. This committee would be charged with a mission to help all workers to find new

jobs before the plant closed. The committee would be accountable through the extensive job development tasks undertaken, and in keeping a record of what happened to every employee. It would only fold when the job had been completed. This practise was seen as far more effective than setting up “overcrowded and impersonal job service centres” typical in U.S. adjustment (Batt, 1983). The serious concern for communities? The article cites evidence from a John Hopkins’ professor in regards to U.S recession lay-offs. For every 1% rise in unemployment, 4.3% more men, and 2.3% more women enter mental hospitals; 4.1% more people commit suicide; and 5.7% more people are murdered (Batt, 1983).

What has happened to Canada’s model that U.S. leaders were once so impressed by? It morphed into provincial programs, and today in Ontario, the Adjustment Advisory Program has the same mandate as the MCS. But, it appears that employers are largely without obligations. This produces uneven results, with companies able to walk away from any accountability. According to CAW’s David Robertson: “When you end up with a system of uneven supports, a provincial patchwork of commitments, little accountability and no national standards then you know the system is broken.” – David Robertson, Speech to CAW (Robertson, 2003). In Smiths Falls, there is a job centre but no apparent process that could be likened to the MCS committee. It appears we are in the same spot the U.S. was 30 years ago, light-years behind the Canada of 1979.

LOCAL STRENGTHS & LOCAL OWNERSHIP

Despite globalization, there has been a considerable amount of local interdependency and promotion of growth by proximity. Companies started locally have often been bought out, which allowed them to grow before they became vulnerable to consolidation. Locally-formed companies have tended to create more lasting employment than investment from outside and plant closures in the past have provided some silver linings. Industrial service company Kilmarnock Enterprise is one of Smiths Falls most successful local companies, award-winning awards and booming despite the recession. The EMC-Record News series of community newspapers that serve the entire region began in Smiths Falls over a century ago through the amalgamation of the two earliest papers in the town.

Some of the town’s greatest successes came as a result of plant closures through employee or citizen ownership. The old Malleable plant had been empty during the Great Depression until it resumed production for another twenty years under citizen-ownership. The scientific instrument company Guildline was bought out by employees in the 1950s, and moved from Quebec to be near Ottawa’s National Research Council. Having recently celebrated their 50th anniversary, Guildline employs hundreds today. Then there is Smiths Falls Bookbinding, a small business started by employees after Irwin, Smith and

Conley was consolidated (Lockwood, 1994). Queen's researchers studied ten companies across Canada that were employee-owned. Most were formed in response to closures and realized growth and success despite many challenges. (Beatty and Shachter, 2001).

Despite economic strain, Smiths Falls' numerous strengths draw on 150 years of development tied through interdependence to the region, and through manufacturing, transportation and trade to the global economy. However, the impact of each crisis cannot be underestimated. The current proportion to population of jobs lost in Smiths Falls has been estimated to be equivalent to 180,000 in the Nation's Capital. At the same time, globalization has brought with it a shift away from a government role in social welfare. Each recovery in Smiths Falls driven by a combination of attracting investment and local initiative has left some families behind. A significant minority of rural residents in Canada face a poverty trap in driven by restructuring and withdrawal of government services and benefits.

GLOBALIZATION AND SOCIAL WELFARE

The post-WWII boom in Western economic growth that financed the social welfare state as a transnational norm in the West was created through liberalized trade (GATT) and reconstruction financing (Marshall Plan). However, growth slowed from 3.5-4% from 1960 to 1973, to less than 2% from 1973 to 1990. During this period, the social welfare system began to erode and unemployment rose to 7.8% in OECD countries. The real-earnings of the average worker have stood still against inflation since the 1970s on (Banting, 1995)(Russell and Dufour, 2007). In the agricultural sector, farm incomes have fallen below levels of the Great Depression, adjusting for inflation (National Farmers Union, 2005). High unemployment, growing debt, fiscal crises, aging and growing populations, and ballooning health care costs placed pressures on governments to tighten social benefits. In Canada, unemployment insurance rates have been reduced, while qualifying periods have been extended. Indexation to wages and to cost of living has been adjusted to lower relative benefits. The international norm has been to shift spending in order to provide more training opportunities and a flexible labour market for the global economy. Between 1964 and 1971, Canada greatly expanded post-secondary education and adult training (Banting, 1995).

Fiscal crises have taken a toll on social welfare since the late 1980s with Black Monday's stock market crash of 1987 heralding in a years-long recession. Ontario Progressive Conservative leader Mike Harris was elected on a platform of fiscal tightening in 1995 - the 'Common Sense Revolution'. Welfare rates were immediately cut by a record 21.6% and since then have not been indexed to inflation. Eligibility was also tightened, and since 2000 there is no earning

flexibility –every dollar earned is a dollar deducted (Herd, 2001). Virtually everywhere, social assistance rates are not even adequate to cover rent. Those unable to work have seen a similar freeze on indexation of cost-of-living for disability pensions, leaving those reliant on assistance 30% poorer than when the cuts and the freeze took effect (Herd, 2001). The economic pressures of restructuring to a global economy have been cited as the cause of a decline of social cohesion (Banting, 1995). As a visceral symbol of this today, most people seeking assistance at government offices do so through bullet-proof plexi-glass, surely reflective of the strain between government services and recipients.

SOCIAL WELFARE AND MUNICIPALITIES - SMITHS FALLS

In the late 1990s the province of Ontario began to download social assistance to municipalities, which is particularly troubling for Smiths Falls, where 19% have earnings from social assistance as compared to an average of 8% in Ontario. Currently Smiths Falls has a social services shortfall of over \$1 million dollars (Town of Smiths Falls, 2007). In Smiths Falls, 24% of families have incomes below \$30,000 compared to 18.8% for Ontario as a whole. Many of the new sources of employment in Smiths Falls are part-time, non-unionized service jobs. A full third of children in poverty come from families that work full time. While incomes in Canada are increasing, in Smiths Falls income levels have declined since 1996. Before the lay-offs began at Hershey's, the employment rate was only 54% and far below the provincial average. Smiths Falls has a significantly higher number of people with disabilities than average, especially mental disabilities (Jinha and Robberstad 2007; Open Doors of Lanark County, 2007).

The outcomes of these challenges over the long-term appear to have resulted in lower than average stability of families, lower educational attainment, and the highest teen pregnancy rate in the region. 48.1% of residents 15-24 are not attending school, compared to the Ontario average of 35.1%. One-third of families with children are headed by single mothers. 41% of lone-parent families have children between ages 0 and 6, and 68% of these have incomes below the poverty line. Currently there is a wait of months to years to access mental health services. There is no public transportation, and even getting to soup kitchens is difficult. There are significant numbers of people at risk of or already homeless with the closest shelters in Ottawa or Kingston (Jinha and Robberstad, 2007; Open Doors of Lanark County, 2007). In 2007, nearly 9000 people used a homeless shelter in Ottawa and the average stay was 38.4 days (Alliance to End Homelessness, 2007). A third of Canada's homeless are youth and much (40-50%) of Canada's "street youth problem" in urban centers originates with migration from small towns (Transitions, 2003). The situation of youth

homelessness is now being addressed by the Transitions Action Coalition of Lanark County (Transitions Action Coalition, 2008).

FINDING A WAY FORWARD

BETTER INFORMATION ABOUT COMMUNITIES LIKE SMITHS FALLS

This paper has attempted to present a realistic and contextualized perspective on Smiths Falls without shying away from its real social and economic challenges. The mainstream media produced and largely consumed in urban centres has presented a rather superficial and often overly negative view of the town during this most recent upheaval. At the extreme of cynicism, Randall Delaney's column in the *Ottawa Citizen* made the pronouncement that 'Smiths Falls is Dead' (Sutton, 2009). Such coverage is not atypical of the voyeuristic fashion the media deals with communities the world over facing a continuum of related challenges and who have few opportunities to represent themselves. The significance and rich heritage of Smiths Falls and its relationship with the world is often forgotten during the pain of restructuring in the town itself, with residents themselves speaking with disdain about the prospects of their town. These views are unbalanced and detrimental to Smiths Falls and Canada. Based on the research presented here, better information is needed on the significance of the longer-standing relationships, on the actual situation today, and in terms of navigating a way forward. One of the greatest risks today is inward and outward perception that de-moralizes, and the intention of this paper is not to add to that.

A balanced examination of the progression of Smiths Falls as inseparable from the successes and failures of wider policies and economies, and owes distinction to the legacy and position of Smiths Falls in Eastern Ontario's economy and society. There is every reason to regard Smiths Falls with the respect it deserves, whether one stays or retains ties from afar, or whether one looks on from a distance. Thanks to the internet age, urban media conglomerates are no longer the only source for information on Smiths Falls. In 2009, the *EMC-Record News* went online with its dozens of community newspapers covering small towns surrounding Ottawa from the East, West and South. The community papers contain information about grassroots initiatives, arts and culture, history, ongoing ordinary challenges, local achievements, businesses and events. The ability of community-based newspapers to go online presents one level of pushback against the distortion by which smaller units of society can often be misrepresented in mainstream society.

KNOWLEDGE AND ADVOCACY FOR A STRONGER RURAL CANADA

There are far too few voices in policy advocacy from a rural perspective. Responsiveness from the centers of power in cities to the realities and opportunities for rural regions is too distant and too slow to cope with the pace of globalization and its real effects on the ground. Policy-makers need to recognize the risk of losing Canada's rural character to a process of un-development, de-population and increasing poverty. Globalization creates a space for change that could create a new dynamic for rural areas, but this will happen only if it is communicated across the so-called urban-rural divide and recognized *on both sides* (Reimer and Apelaide, 2000).

In particular, there has been insufficient knowledge on recovery of rural areas and small towns from the impacts of globalization. Fortunately, a major research project is underway on the New Rural Economy (NRE2), based out of Concordia University with research sites in 32 small towns in Canada. NRE2 research identifies pressures of economic change that are common to urban and rural Canada, those that are distinct, and those that are based upon the urban-rural relationship. Of particular interest is the identification of the three rural Canada's, from those successful and connected to the global economy (Rural Canada I), those working in domestic and regional economies (Rural Canada II), and those cut off from the mainstream of rural society, often caught in the trap of poverty and stigmatization (Rural Canada III). All three groups are represented in Smiths Falls, though Rural Canada III is one of the least visible, least served and least understood populations in Canada. NRE2 estimates that Rural Canada III is from 20-35% of the population of rural Canada (Reimer and Apelaide, 2000).

The ability to restore self-organizational capacity put at risk through the pattern of industrialization in rural Canada is seen by NRE2 as critical. The ability of Smiths Falls to move forward will depend as it always has on the tandem of local and outward activity. Chief challenges today are: a) reversing the decline of state services, and federal/provincial government action in addressing the impact of globalization on Rural Canada III; b) the ability of the three rural Canada's in Smiths Falls to fight back against de-moralization, and support self-organization as a cohesive community; and c) the ongoing work of economic development, through development of a learning culture, development of networks and new enterprise – with the support of Canadians at large and their governments.

FIRST STEPS

In terms of economic development, Smiths Falls has started to build capacity through developing an Economic Development Advisory Board

(EDAB), toward developing long-term economic planning. In terms of social development, various grassroots organizations held forums during 2008, addressing poverty, the jobs crisis and discussing the future. These initiatives need to be supported by permanent institutions to gain traction and sustainability. The social service sector in Smiths Falls currently deals with higher than average demands by population, and that will be likely to increase with the jobs losses. The ability to coordinate services from volunteer, non-profit to state services could buffer the pattern of service decline, and indeed for most municipalities service integration is a key priority. Smiths Falls has clear reason to join the call for better social welfare and services for people with disabilities, and join advocacy networks at the provincial and federal level.

For each of the challenges from social, to economic to environmental sustainability, better information, practices, knowledge and skills to react to a changing economy are essential. Far too often, there is neither the motivation nor the capacity to act in any way other than habitual patterns, patterns that were based on different conditions and have been insulated from pressure to change. Access to networks and information today make it difficult to justify this path dependence, particularly when the need to address changes is as stark as the jobs crisis in Smiths Falls.

Each of the steps forward to strengthen the social and economic development in Smiths can be built upon through wider networks of common interest, taking advantage of communication technologies and transportation - another recommendation of NRE2 (Reimer and Apidaile, 2000). In terms of economic development, the Monieson Centre at Queen's University has set up an Eastern Ontario network for sharing knowledge on economic development and business innovation (Queen's School of Business, 2009). In terms of social development, a Social Planning Council could emerge out of the various community-based social justice and poverty-focused work on the rise through the various churches and youth organizations in Smiths Falls and Lanark. Local social planning councils are connected to the Social Planning Network of Ontario and province-wide advocacy to address the core issues regarding social policy and poverty discussed in this paper (Social Planning Network of Ontario, 2008). Overall, developing relationships with the NRE2 and the Canadian Rural Revitalization Program could prove beneficial for both Smiths Falls and for researchers. There are many lessons over a century of history contained in this town, and hopefully many success stories to come.

CONCLUSION

Smiths Falls cannot easily change globalization, but it is possible for the town to consciously engage with it to the advantage of its people and in contribution to the world. For Canadians it is a question of recovering the

present for the sake of preserving our rich past, and for the sake of a sustainable future. Time to pay attention.

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NOTES

1. Rideau Regional Alternative Use Study.
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