

CASE STUDY 2

SPOT AND RESPOND TO THE ISSUE

Should Canada's government help create and protect jobs?

The Case of the Disappearing Jobs

Economic decision making affects the number and types of jobs available in communities across Canada. This case study explores some of the factors and impacts involved in those decisions.

As you read this section, consider how supply and demand affect jobs, and create opportunities and challenges for Canadians. You might also note how the lost jobs affect other things. For example, a decline in tourists to the community affects jobs in local retail businesses such as restaurants, souvenir shops and hotels and motels. These are known as "spin-off" jobs.

Candy plant closure could mean sour future for Ontario town

SMITHS FALLS, Friday, February 16, 2007

The Hershey Company announced plans yesterday to close its chocolate factory in Smiths Falls, Ontario. The company hopes to increase efficiency by reducing its workforce in Canada and the U.S., and building a new, much larger factory in Mexico.

The Smiths Falls plant currently employs about 500 workers, making it one of the town's biggest employers. It's also a major local tourist attraction, drawing a half million visitors each year.

The plant closure leaves many Smiths Falls residents worried about the community's future. Some say they will leave the town and look for a job out west, where the economy is booming because of the oil and gas industry.

The economic impact of the closure will spread well beyond Hershey's employees and their families. Local business owners say it will devastate the town's economy. They are bracing for a "trickle down" effect that lost jobs and their businesses depend on people spending their pay cheques and tourist dollars in Smiths Falls.

— Based on research into events, views and perspectives.

Hershey's employee Brenda Presley stacks shelves with chocolate syrup at the Hershey's plant gift store in Smiths Falls, Ontario. Hershey's announced today that it will close the local plant. Brenda, and 500 other workers, will lose their jobs, which will be devastating to the small community.



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LETTERS TO THE EDITOR

Government needs to protect jobs — and communities

Re: The Case of the Disappearing Jobs

The government needs to be involved in protecting jobs for Canadians. Jobs keep Canadian communities stable and functioning. It's unacceptable for the fate of an entire town to lie in the hands of a private company.

Private companies want profits. They are thinking about chocolate bars, not about the workers who make the chocolate bars. And what about the workers' families, and all the local people who provide them with schools, groceries, health care, hockey rinks and so on? Private companies aren't thinking about them, either.

Government needs to be directly involved in decision making about jobs. It needs to protect and create jobs — for example, by buying and running factories that would otherwise close, or by funding new business ventures that can employ people.

Governments should consider jobs a public good, like education, and take action when required.

— A mixed economist

The Hershey Company decided to close its plant in Smiths Falls based on the economic principles of competition, and supply and demand. If Hershey did not respect these principles, it would go out of business. **Think critically: How should society respond to the issues this creates?**



Jobs come from private companies

Private companies are in the best position to make economic decisions about jobs, because they supply products and services that people want and need.

When people lose their jobs, it means they are supplying something that consumers won't buy. People who lose their jobs need to find other jobs — jobs supplying something that consumers will buy.

Government needs to stay out of this decision making. It is not a business and it does not know the market. Government actions to protect or create jobs end up costing everyone in taxes and lost opportunities.

Private companies respond to consumer demand with creativity and determination — and that creates more and better jobs for everyone.

— A market economist



CRITICAL THINKING CHALLENGE

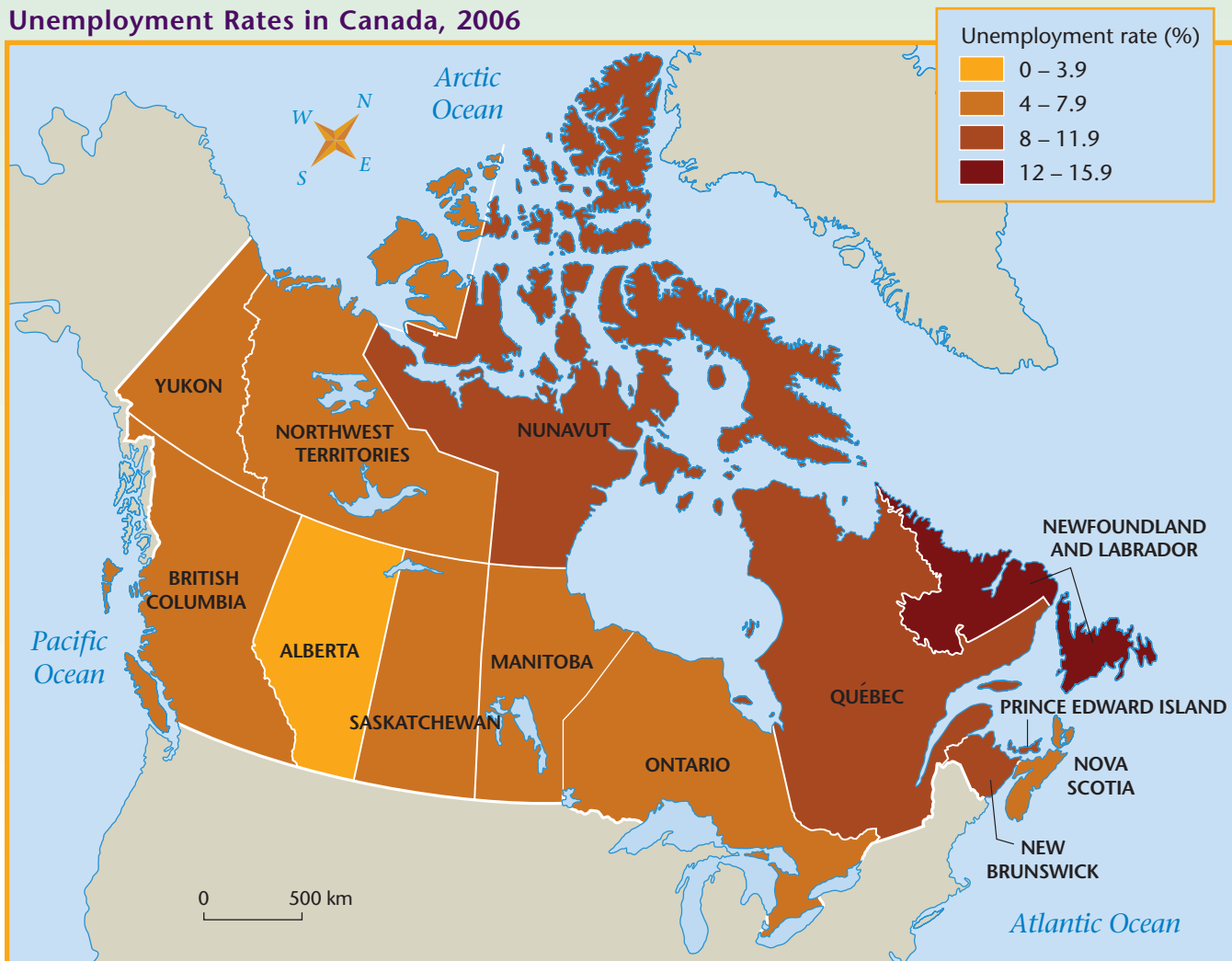
Responsible citizenship involves responding to issues and building a society in which everyone belongs — individuals and groups. How is responsible citizenship different in mixed and market economies? How can economic systems have different strategies for creating jobs? How do jobs create opportunities for people to “belong”?

How do employment rates differ across Canada?

unemployment rate: the percentage of the workforce that does not have jobs

In the article on page 226 about Smiths Falls, Ontario, some people said they might move west to look for work. Examine the map on this page. It presents information about **unemployment rates** across Canada. **Why might people in Smiths Falls decide to move west? How might this affect quality of life in Smiths Falls and in the west?**

Unemployment Rates in Canada, 2006



Based on this map, why might views about government's role in creating or protecting jobs differ regionally in Canada?



CRITICAL THINKING CHALLENGE How might relocating to find work affect the identity of individuals? How might this connect to quality of life?