Local Effects of Globalization on Ephrata Pennsylvania

In beginning this paper, it is imperative that I define how I will use the term globalization. To contextualize my definition of globalization I will briefly give a little background and history of Europe. During the Middle Ages, after the fall of Rome, the former areas of the Roman Empire were forced into an economic and political system. The economic system was known as the Manorial system, where society basically consisted of small, localized communities that were self-sufficient. For example, each community had its own farmers, butchers, bakers, builders, etc.

However, at the end of the Middle Ages, the Crusades started, which forced the communities to expand their trade beyond their individual communities to other neighboring communities. During this period the concept of towns developed, and they began to establish trade with one another. It was also during this time that economic regions started to form due to trading with each other, thus, expanding the self-sufficient community to a larger self-sufficient region. Later, natural progression led to what is known as the “Nation State.” This community was made of even larger regions and was, in and of itself, self-sufficient. Furthermore, they also started to trade with each other, once again expanding the self-sufficient community to an even larger and more diverse group. The next natural progression would be the expansion into a globalized economy. It is this natural expansion process for which I have defined as the process of globalization.
Globalization is the process of trading between not only state actors, but individual actors as well on a global level. Globalization also involves the process of transforming previous nation state economic systems into modern globalized systems. Basically, globalization is just the next natural progression of trade where state actors are no longer in the need to trade abroad. Instead, we now have individual consumers who can trade anywhere in the world at any given time with relatively little restriction from nation state actors.

This paper will look at how globalization affects the town of Ephrata, focusing on the agricultural industry, cigar industry, shoe manufacturing (specifically Miller and Hess Company and the Eby Shoe Company), Isaac’s restaurant, and the demographics of the community. It will look at these different aspects because Ephrata has been defined by many of these prominent industries, and they have employed hundreds of people. Next, the essay will investigate the effects that Wal-Mart had on the surrounding area when it was established in the late 1990s. Upon reviewing the basics of the paper the conclusion will give my final analysis on whether or not the effects of globalization as a whole were positive or negative on the Ephrata community.

**Industrial Failures Due to Globalization**

Agriculture was the largest industry in the Ephrata area for most of the 1700s through 1900s. The decline of the agricultural era was not long after the invention of the steam engine. After the invention there was no longer a need for
the tremendous labor force that was formerly employed in the Ephrata area. A steam harvester was tested against six adult male harvesters. During a four hour period, the men harvested a total of 40 bushels of wheat, whereas the steam harvester collected over 400 bushels of wheat, and later collected an average of 1,000 bushels of wheat a day. The massive amounts of labor employed in this industry were now considered obsolete, due to the speed and cheapness of the new steam harvester. With the gradual implementation of steam machinery into the agricultural community, employees worried about what they would do since their services were no longer needed.

As a result, there was a crisis where massive amounts of the agricultural work force were no longer needed and were certain to be laid off. This hereby, produced one of the earliest unemployment crises for Ephrata and the surrounding areas of Lancaster County.

During this time period, many people took to cigar smoking and other various leisure activities around the world, thus increasing the demand for items like cigars. This lucrative market –especially in the United States- was a potential source of income for many people in the local area. The conditions in the region were perfectly set for a mass manufacturing of cigars. For example, there existed a large unemployed labor force, tobacco, and access to transporting routes, namely the steam engine line. Therefore, many factories were established, which created massive amounts of employment. At one time, Lancaster County consisted of over 136 cigar factories. It is hard to determine exactly how many cigar factories
Nathan Matz

Ephrata had during the prime years of operation, but we do know that early on in 1887 Ephrata had 14 cigar factories.³

This was at a time when the population of Ephrata was less then one thousand people. The employment demands far outweighed the actual amount of laborers in the area. A personal story recounted that one day a roller and his bunch breaker got upset with the management at one of the local factories, so they decided to take their equipment and leave half way through the day. They stacked both their chairs on top of each other, gathered all their tools, and walked down the street to the next factory. They entered and asked the foremen if he would hire them. Without hesitation, the foreman inquired as to what time they could start. They immediately walked in and started rolling cigars minutes after quitting their other employment.⁴

Cigar rolling was an extremely enticing industry to work in because of the great pay. In fact, it was so enticing that apprentices would pay the employer to work for three months in order to learn the job of a roller. These jobs were some of the highest paying jobs in the area. A roller and his bunch breaker could average 800-1000 cigars a day, which yielded an average of $7.00 for every thousand cigars produced.⁵ Cigar manufacturing was an extremely lucrative business during the early twentieth century in Lancaster County, Pennsylvania. A cigar roller and his bunch breaker earned on average $2,500 –since most of the factories were in homes this was normally a combined family income- a year compared to the average silk mill worker of $1,200, both of which worked in the same town. During 1910-1912,
cigar manufacturing was the largest single industry (excluding agriculture) in the Cocalico Valley area; thousands of men and women were employed in converting tobacco into hand-rolled cigars.\textsuperscript{6}

While there were a number of large cigar factories in the region, many cigar manufacturing establishments were smaller in scale and often were located in people’s homes. People enjoyed rolling cigars for a living for several reasons; they liked the profitable pay, the fact that they could walk to work, and that there was great job security.

However, all good things must come to an end and this was no exception to the rule. As mentioned, the contributing factor for the growth of the industry was the technological advancement of farm machinery, and it was this factor that ultimately led to the demise of the cigar factory being the leading employer in the region. Machinery proved, once again, to be a more productive and cheaper form of production than humans, so by the year 1933, 80 percent of cigars were made by machines.\textsuperscript{7}

As human production of cigars came to a screeching halt in the United States, this was just another inevitable change in the transition to a new global market. Once again the majority of the local labor force was out of work and looking for a new employment opportunity. According to the \textit{Lancaster New Era}, cigar manufacturing was the largest employer before the shoe manufacturing industry took flight.\textsuperscript{8}
Shoe making became the next largest employer in the Ephrata community. Lancaster County started producing shoes in quantity during the Revolutionary War, when the State Executive Board ordered production to begin in order to provide soldiers with shoes\(^9\). In 1922 Lancaster County produced 1,877,103 pairs of shoes, hereby earning it recognition as one of the largest centers of shoe production in the United States. Ephrata had several shoe factories such as Miller Hess Shoe Company Inc., Eby Shoe, A. N. Wolf Shoe Company, Hubler Shoes Inc., and Bachman Shoes Inc. These companies were vital in contributing to the livelihood of the Ephrata community because they were the largest source of employment for the area. Not only did they provide jobs for hundreds of citizens, they were located in town for convenient access which provided a close sense of community.

The Miller and Hess Shoe Company was a large shoe manufacturer with two subdivisions; A. N. Wolf Shoe Company, and B. A. Corbin & Son. The company was founded in 1901 and at its peak in 1977 employed more than 750 employees and produced 4,000 shoes per day. At its closing in 1984, it still employed 275 workers in the factory. The president of the company, Charles H. Sourber Jr. blamed the closing on, “competition from imports, which has eroded profit margins.” He cited the fact that 45 shoe companies had all closed within the same year. He reported, “In 1974 Lancaster County employed 2,200 jobs in the shoe industry, and now in 1984 they employed less than 1,000.” The workers in the Miller Company earned an average of $5.80 per hour in 1984, whereas employees overseas were earning, in some cases, less then a dollar a day.\(^{10}\)
The closing of the company was not only blamed on overseas production, but also on the changing trend in the style of footwear. The latest fad was to wear sneakers instead of leather shoes, and the Miller Company could not produce sneakers. Fashion and apparel are another example of the effects of globalization, illustrated here by the new demand for sneakers a shoe made mostly overseas. A 14-year veteran employee said she was worried about employment because many of her family members worked in the factory, and that this closing would really hit them hard. She also stated her concerns with lack of employment in the area and predicted that she would probably have to work in a breadline until she could find a new job. Another employee named Leroy Houck said, “My wife and I worked here for 15 years, we put in 10 hours a day and were never late. This plant withstood two world wars and the depression, and to see it close now is just hard to believe.” This illustrates a key point, the community thought that because this company survived the great depression and two world wars, that it would be able to endure any type of challenge. This made it extremely heart breaking and devastating of the peoples trust in the community when the companies were forced to close their doors.

Another large shoe company that was paramount to the community as a whole, and that was also dramatically affected by globalization was called the Eby Shoe Company. The shoe company was started in 1904 by founder Harry Erb Eby, who at that time was only 21 years old. The company became known as “Fleet Air”
in 1936. The company eventually had seven different buildings running the shoe manufacturing process. Harry was heavily involved in the company for 53 years until his death in 1976.13

Harry was the type of owner who was both a profit driven man as well as a citizen of the greater community. Harry was the innovator of the “Ephrata Vacation Plan,” a liberal vacation plan for factory employees which enabled families to vacation together while plants temporarily closed on a similar schedule. He had been president of the local bank and president of the Ephrata Area Chamber of Commerce. As a result of the close knit community, it was especially hard for the company to close, but it was only a matter of time until the Eby Company was another former shoe manufacturer, collapsed by the staggering effects of foreign competition caused by globalization.

The closing of shoe manufacturers was not without staunch resistance. The shoe manufacturers asked President Jimmy Carter in 1977 to impose quotas on shoe imports. A newspaper article found in J. William Rohrbach’s scrapbook said;

“It was a sharp disappointment for the shoe industry, which has lost 274 plants and over 70,000 jobs in the past eight years. Imported shoes account for 46% of the 800 million pairs sold in the United States last year. Some 200,000 pairs came from Taiwan and South Korea, which have doubled their imports since 1974.”14

With the devastating news that President Carter would not impose the quotas, thousands of people nationwide and hundreds of people in Ephrata were extremely concerned with what lied ahead in their near future.
Many companies folded without a fight; however the Fleet Air Corporation was determined not to follow suit. They immediately started a major advertising campaign to try and boost their sales. The company bought television time in Baltimore and Washington during soap operas and game shows. In spite of all the advertising and attempting to adapt to this new global market, the company could not sustain the long-term cost of this marketing strategy and was forced to terminate it.

By 1980 the Fleet Air Corporation could no longer manage with its losses, and so they applied for a 2.5 million dollar loan from the U.S. Economic Development Administration. According to a news article in the Lancaster New Era on September 18, 1980, “Officials at Fleet Air Corporation said the loans will protect its 250 jobs; with the prospect of creating many more jobs, contributing significantly to the total economic stability in Ephrata.” In spite of the 2.5 million dollar loan from the federal government, the advertising campaign, and the construction of its new facility, the company limped on until May 1985 when, after an 82 year history, the company finally declared bankruptcy. An article in the Ephrata Review on May 2, 1985 quoted the former president of the company, “[Eby Shoe Company] cannot compete with imported level of shoes, which is now 70% in the U. S.” He later went on to say that in 1984, over 100 shoe manufacturers had closed their doors in the United States.”
Another local business that sheds some insight onto how to survive the globalized effects that corporations have on the community is a local chain of restaurants called Isaac’s. Isaac’s was started in 1983 by two college friends Phil Wenger and Isaac Williams in downtown Lancaster. In the last few years they have expanded to over 19 locations including one in Ephrata, which is located directly across from McDonald’s and is in the same complex as a Subway.18

In a discussion that I had with the President and CEO of Isaac’s, Phil Wenger, he said that restaurant chains like Panera and Quisno’s have added intense competition. As a result, they have had to drastically modify their menu to include low-carb options and low fat cheeses. They have also implemented changes by offering frequent diner programs and by adding internet access in their facilities. Another major change that helped give them an edge over their competitors was the fact that they went smoke-free before most other restaurants did. Driven by price differences, they now purchase their vegetables from many different countries. He said that they do not directly import goods or services from overseas, but that many of their suppliers do.19

He also went on to say that they have not done any outsourcing of jobs yet, but they are looking into Internet Technology (IT) support from India, again due to the cheaper prices. Mr. Wenger’s major concern with the effects of globalization was the fact that good paying jobs are being outsourced to places like China. When these good paying jobs leave, people in our local area are left with lower paying
jobs. In turn, people do not have as much money to spend and will therefore choose to dine in restaurants less often which will sharply cut into restaurant owner’s profits.  

Mr. Wenger lastly stated that the major difference between his restaurants and the major chains is the amount of time and money spent on the community. Isaac’s is extremely involved in the community; providing 50,000 “buy one get one free sandwich coupons,” to the local blood banks to give to their blood donors, contributing to the United Way, volunteering in the local schools, community fundraisers, and senior citizens projects. Mr. Wenger claimed that where his company gives back to the community many global chains only take away from the community, thereby diminishing the community spirit. 

The Ephrata Community

The Ephrata Community has the physical demographics of a traditional town, including historic “Main Street.” Along this main street there are numerous small businesses and shops where many local people work. Ephrata has always had the “nice town” atmosphere where business owners still know people by their first names when they walk into a store. People stick together and try to help keep the small community alive. For example, I grew up in Ephrata and whenever we wanted to buy produce, we would go to the local farmer who would always have fresh vegetables for sale instead of going to the grocery store. Likewise, if we ever
needed to get hardware, we would always go to the local Sprecher’s Hardware store on Main Street, even though we knew that it would cost a little more. We did this out of respect for the community; we lived in a smaller town and that is the way we wanted to keep it. We desired the status quo and were extremely reluctant to change. To further this point, many people were “Dutch” or otherwise known as Pennsylvania Germans. This may sound like a trivial point, but by further recognizing the values and ideals of this culture, one is left to realize that it is a key to why these people act the way they do, even when it opposes common sense.

Most Pennsylvanian Germans were immigrants in the late 1800’s through the early 1900’s, and when they came over, they settled down in their own farming communities. These communities were generally self-sufficient and rarely needed any help or services from the outside world. Even to this day whenever a farmer needs to build a new barn, everyone in the community stops working and takes a day off in order to build it together. It becomes a community event, where mothers and children also help with their husbands to build the barn. Another example is if someone’s house or barn were to burn, the community would immediately come together to build them a new one and give the victims whatever supplies they could to help them restart. This notion of community and family naturally spills over into other areas and aspects of their lives. This is why people keep buying from each other to keep everyone in business maintaining the community atmosphere. The people like this way of life and do not like when anything comes in that has the potential to threaten it.
In the early 1990’s many of the local farmers started to realize that there was no longer a significant profit in farming and that they could not produce enough revenue to continue. Many farmers decided to move out West where they could buy bigger farms and make more money. This was spawned by many factors that are not easily measured or recorded. One such measure was the rapid expansion of the Ephrata community which continued to grow and expand. New developments and housing units started to sprout everywhere and slowly ate up the precious land which the farmers used for their crops. With the growth in the size of the community it became much more profitable for a farmer to sell the farm land and develop it into a housing development than to farm it. So developers and builders alike capitalized on this and started to offer large amounts of money to local farmers to buy their land. With this new potential to gain large amounts of capital, some local farmers sold their lands so that they could move out West and open up larger more profitable operations. This in turn allowed for larger growth of the community.

A very popular and defining characteristic of the Ephrata community is symbolized by a green dragon that sits on a sign along one of the main interstates Route 322. The green dragon is the symbol of a famous farmer’s market called “The Green Dragon.” This farmer’s market was established back in 1932, during the Great Depression where it was a local gathering for farmers and traders to come and exchange goods. This local tradition thrived because there was no need for a
middle man to jack up the profits. Also it was a place like a modern supermarket where you could go and get everything that you needed.

Since the start of The Green Dragon in 1932, the business has doubled at least three times. Presently, they have over 250 vendors and draw from an area of eight states for vendors as well as patrons. The popularity exists on a local level, but has also grown on a regional level and attracts many visitors especially from the cities where they do not have open-air markets. As a result, the goods that are now demanded have shifted from the traditional local products to more diverse international products. Larry Loose, manager of Green Dragon, said:

“This affects the type of merchandise that is sold at the market as well as the type of food we sell (example: we have added egg rolls as well as stir fry foods to the menus, African art objects, etc.) We continue to try to keep the old fashioned flavor at our market by keeping plenty of local dealers in fruits and vegetables, as well as other local items. However, it is growing almost impossible to find young persons who want to learn the meat butchering trade. We find ourselves changing from the local, country market to a local, country supermarket, selling things from the entire eastern seaboard.”

Larry also went on to say that they have a lot of vendors that sell many items that were produced in foreign countries. Unlike other industries that have collapsed due to the negative side affects of globalization, The Green Dragon has grown and survived as a result of the effects of globalization, by allowing it to maintain its traditional vendors as well as appeasing the needs of a more diverse global market.
Wal-Mart and it’s Effects on the Community

In the mid 1990’s there was a large farm with extensive property that went up for sale. Developers wanted to buy the land; however, this time there was another business that also had its eye on the land, Wal-Mart. However, when people in the community found out that there was a chance that a huge chain like Wal-Mart would come in, there was an array of opinions on the issue.

Those against this idea had many grave concerns with Wal-Mart. For example, many people were worried that this new huge Super Wal-Mart would put many local stores and shops out of business. They were also concerned with the inevitable increase in crime that Wal-Mart would attract to the community. People were so concerned with this proposal that they formed a group called S.O.S. which stood for Save Our Small Town and Rural Way of Life. The group tried to gain public support by trying to gain public awareness of the potential risk on this issue. The group attended most of the borough meetings on this issue and spoke out against Wal-Mart coming into their small town.

In contrast, those who were in favor of Wal-Mart, like Dan Fox, borough councilmen, said that it would be “good” for the community. Wal-Mart would create jobs for hundreds of people, provide cheaper goods to the consumers in turn helping to increase standards of living, and create a sizeable tax revenue for the township.

An article in the Ephrata Review, said that the borough was in debate over what they thought as a whole on the issue of Wal-Mart. They held several
hearings where people in the community could voice their concerns with how this would affect them. The borough really had no legal grounds for keeping Wal-Mart out, as long as they met all the building codes. One borough councilmen said, “There is only so much you can do,” in regards to stopping Wal-Mart. So, at one of the meetings, one of Wal-Mart’s lawyers came and told the borough, after he presented them with the proposal, “Sign it or we will sue you.” Upon consulting their own attorney, the borough realized that they had no choice but to sign the papers and allow Wal-Mart to come in. But this did not end the public outcry against Wal-Mart, nor did it end the concerns of the borough about the effects that it would have on small businesses. The borough was especially concerned with the effects that the company was going to have on their slowly, revitalizing downtown district.25

Therefore, the borough brought in an expert on the issue of Wal-Mart coming into communities, to advise the local businesses on what they could do to minimize the collateral damage that Wal-Mart would have on them. His name was Dr. Kenneth Stone from Iowa State University, who has spoken and written a sizeable amount on this issue. The Ephrata Area Chamber of Commerce brought him in and charged local businesses a small fee to come and hear what his suggestions were for them to survive. One of his suggestions was that small businesses find a niche and then promote that aspect of their company. Another suggestion that he made was that the local downtown district needed to stay open longer to accommodate more people. At the time many of the shops closed between 5:00 and 6:00pm, and that was when most people were just getting home from work.
One last suggestion that he offered was for the businesses to actually go into Wal-Mart when it opened and compare their prices to Wal-Mart for every item that they sold. His reasoning was that owners would be surprised to find that Wal-Mart prices were not much cheaper than normal stores. In fact, only 1% of their 100,000 items are price sensitive. He suggested that if they marketed the fact that their prices were comparable to Wal-Mart’s and that some of their prices were even better, then it will help them to draw in business.  

Upon talking to the Executive Director of the Ephrata Area Chamber of Commerce, Deb Hall, she told me that a great example of the effects of Wal-Mart is the local family owned hardware store in downtown Ephrata. She said that in her communications with them on this issue, they had to adapt to survive. Their success was due to their customer service. Wal-Mart may have cheaper prices but they do not have experts who can answer all the customers’ questions when it comes to hardware. Now customers have a choice between buying the cheapest item and hoping the advice as to which product to buy was correct, or they can pay a little more and know that they are being sold the product that is best for what they need. 

**My Opinion of the Effects of Globalization on Ephrata**

Upon interviewing Deb Hall Executive Director of the Ephrata Area Chamber of Commerce, she told me that there have been many localized effects of
globalization on the Ephrata Community. First, she said that Wal-Mart and other large chains like Pizza Hut, McDonald’s, Kentucky Fried Chicken, Subway, etc., have created hundreds of more jobs for the community. Secondly, they have drawn more people to move to this area because goods are easily accessible, and cheaper. Thirdly, she alleged that many of these larger chains such as Wal-Mart are very active in the community. For example, Wal-Mart offers fundraisers at Wal-Mart that are for nonprofit organizations. They will match dollar for dollar whatever money that is raised and give it to that particular group. She also stated that Wal-Mart has always helped the borough and other charities by supplying toys and other various items whenever they ask. She acknowledged that critics do not approve of job loses that are alleged to be caused by Wal-Mart, but she still found that the positive effects far out weighed the negative impacts of globalization. She said that in her opinion as a resident for the past 30 years, she thought that the majority of the effects have been positive.28

Globalization, as I have defined it, is the next logical progression of the evolving market. The next progression is to a market where state borders are no longer an issue and where individual actors participate. Ephrata has clearly lost hundreds of jobs, it has also seen the rise and fall of numerous industries as the result of globalization. The community has also heard the voices of its people in protests to global chain stores coming into the area like Wal-Mart.
However, numerous factors contribute to the thriving economy of Ephrata. One of these was when the federal government under President Reagan gave $5 million to the shoe industries once they began to crumble due to foreign imports; this initiative was called the “Shoe Industry Initiative.” Ephrata has gained thousands of jobs and maintains an unemployment rate which is less than the state and national average. Ephrata has maintained its community oriented atmosphere through numerous community activities, such as the annual fair, and their parades and fireworks displays, where thousands of people attend every year. Likewise other community attractions such as the Green Dragon Farmers Market, and the Historic Ephrata Cloister, still attract thousands of visitors every year, and are local highlights for the community. An additional factor of the sense of community is the definitive pride which Ephrata residents have, especially in the fact that they as a community have survived every major war and thrived during the Great Depression, and have struggled together through the cutbacks of employment as a result of globalization. This has given the community a sense of pride and family attitude, that there is no problem too big that they as a community cannot work through.

Another major benefit of globalization has been to allow for cheaper goods to the consumers –mainly chain stores like Wal-Mart– while at the same time allow smaller businesses to thrive. The Ephrata community has found the delicate balance between allowing for expansion of global markets for cheaper goods and services and adapting of the existing industries to evolve in order to thrive in a global market.
Notes:

6. unknown
8. Lancaster New Era
10. Locke M. Richard. The Promise and Perils of Globalization: The Case of Nike1Alvin J. Siteman Professor of Entrepreneurship and Political Science MIT
   Lancaster New Era; by Tim Mekeel
11. Ephrata Review; Thursday, September 13, 1984, by Martin Pflieger
12. Ephrata Review; Thursday, September 13, 1984
13. Ephrata Review; unknown date
14. J. William Rohrbach’s
15. unknown essay on Eby Shoe Company
16. unknown essay on Eby Shoe Company
17. unknown essay on Eby Shoe Company
18. Phil Wenger, pwenger@isaacs.com
19. Phil Wenger, pwenger@isaacs.com
20. Phil Wenger, pwenger@isaacs.com
21. Larry Loose, info@greendragonmarket.com
25. Ephrata Review; March 11, 1998
26. Interview: Deb Hall, phone
27. Interview: Deb Hall, phone
28. Lancaster Intelligencer Journal; November, 1985, by Barbara Little
29. Lancaster Intelligencer Journal; November, 1985, by Barbara Little