

Unintended Outcome: The Ontario Food Terminal Board as a Case Study in Post-War

Ontario Agricultural Policy

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Competition between firms, we are told, is essential for reaching a marketplace's equilibrium point. It is the market's most efficient state and is achieved by firms competing in price and quality for the consumer's dollar. Those most effective at satiating consumer preferences win and grow; those that do not, lose and wither. The Darwinian-like struggle continues between firms, keeping profit in check and consumer value high. Our governments, and certainly, the neo-classical economists, argue that the state has a fundamental role to play in facilitating the functioning of the market and promoting competition between firms.

This brief paper will articulate how The Ontario Food Terminal Board facilitates competition in the retail produce market by providing smaller Ontario retailers with a venue to purchase quality produce for their customers. The paper will begin by describing the Terminal and explaining its historical development. It will then outline how the Terminal facilitates competition in both the produce retail, and more importantly, the

produce wholesale market. Finally, the paper will relate this institution and its development to more general issues in contemporary Canadian public policy. Of particular interest and relevance for exploring these issues is the fact that small retailers, purchasing from the non-profit Terminal are able to compete with large, capital-intensive chain stores that possess their own distribution facilities. It is one small example of why, in some markets, direct governmental intervention is necessary in order to promote competition between firms at all levels of the distribution chain. While the Terminal has deviated from its original function, it continues today to serve Ontario citizens well by ensuring they have access to cheap, quality fruits and vegetables. It does so by ensuring that there is adequate competition for consumer dollars.

The Terminal is a government-owned and operated produce wholesale facility. It leases space to private produce wholesalers, which in turn sell produce to retailers, restaurants and other institutions.<sup>i</sup> While the Terminal is governed by a provincially-appointed seven member board, its day-to-day operations are overseen by its general manager and carried out by maintenance and security staff whose function is to ensure that the facility runs smoothly and safely. Individual wholesale leasers conduct their business from fixed, permanent locations within the Terminal. There are approximately twenty wholesalers that have lucrative, thirty-year perpetual leases with the Terminal. Since the financing bond came due in 1984, these wholesalers pay rents sufficient to cover the Terminal's operational costs and nothing more. They are able to do so because the Terminal is a non-profit entity. It is a facility where produce can be brought in large quantities (mostly from California) and broken down into smaller amounts and sold to retailers. At its most fundamental level, the Terminal is a *redistribution* centre, with a

wholesale infrastructure owned and operated by the government, but with the produce it sells handled entirely by private enterprise.

The Terminal is well located and thoughtfully designed. It is located on 52 acres of land beside the Queen Elizabeth Way, just west of the Humber River in Etobicoke, a Toronto suburb, and thus is both close to Toronto's downtown core and accessible by two major highways (the Queen Elizabeth Way, as mentioned above, which is adjacent to the Terminal, and the 427, which is three kilometers to the west of the Terminal). Its simple and functional construction contains many essential features for facilitating the smooth transition of a highly perishable product. For example, the Terminal has wide, covered paths and sufficient temporary storage space, and its many loading docks and raised floor makes loading and unloading onto and out of trucks easy. Due to the fact that the Terminal is located on such a large tract of land, it has both adequate space for parking and for the movement of the large transport trucks that supply the Terminal's wholesale tenants. The Terminal's staff manages the communal space to provide the Terminal's tenants with maximum benefit and utility. Each tenant, however, has its own sale and storage space and thus possesses individual, almost permanent space with the Terminal. At the same time, the Terminal has eight large refrigerated warehouses, covering over 90,000 square feet. Each warehouse is kept at a particular temperature for a specific type or types of produce. The warehouse space is available for use by all of the tenants (communal space) although tenants are required to rent the amount of space they need in them on a temporary basis. Through these mechanisms, tenants are provided with vital flexible storage capacity. In addition to the above features, the Terminal has ripening facilities, a small food processing plant, a coffee shop and restaurant, space for

Agriculture Canada's inspection services, and office space is located over the wholesale units that is leased to produce and truck brokers and other businesses related to the produce distribution industry. The Terminal also has centralized garbage collection, cleaning and recycling facilities.

In addition to the providing space to independent wholesalers, the Terminal also provides a venue for Ontario producers (farmers) of fruits, vegetables, flowers and plants to sell directly to customers. Located beneath a large, one-story parking lot in the northwest corner of the property is a semi-covered 'farmers' market.' Depending on the season, the 'farmers' market' provides small, independent farmers with access to the lucrative wholesale market without needing to have their products (or the income generated from sales) pass through middlemen. Improving farmers' access to the wholesale market was one essential reason why the Terminal was initially built, a key part of the post-war government's efforts to increase producer incomes. However, the current 'farmers' market' is a far cry from what the Terminal's planners' had originally envisioned. For example, the farmers' market section of the Terminal lacks raised loading docks, lights, and covered transaction area called for in the original plans. As will be explained later in this paper, the Terminal never fulfilled its initial intention or obligation to integrate the producers into the wholesale market, and while the political power and influence of the farmers were a large motivating force behind the initial decision by the government to construct the Terminal; today, as in the past, farmers are only marginal players in its operation. The majority of the Terminal's business is instead conducted by the independent produce wholesalers.

The Terminal first opened for business in the summer of 1954, eight years after the provincial Parliament passed The Ontario Food Terminal Act. It was a small component of the Ontario government's post-war policy to develop provincially regulated and operated produce marketing boards in an attempt to raise declining farming incomes, and it was the government's response to the farmers' immense political power during this time period (Rea, 1985: 15, 18-19). In contrast to the pre-war period, where the provincial government played a relatively small role in economic development (Drummond, 1987), the government played an essential (and very effective role) in the post-war Ontario economy and in the incredible economic growth of the province (Rea, 1985). George Drew, the Ontario premier from 1943-1948, was by no means a socialist, however, he recognized the importance of state planning as an essential tool for facilitating economic growth. Accordingly, he embarked on a "22 point plan for post-war reconstruction" that called for unprecedented government intervention into economic and social policy sectors, especially the agricultural sector, where his plan advocated for the establishment of produce marketing boards (Schull, 1978, 313). The Conservative government of Drew's time was imbued ideologically with "MacDonald Conservatism," which held that governmental intervention in the economy was acceptable so long as it fostered economic growth (Rea, 1985:18). The Terminal, in this post-war context, was but one small product or example of the general expansion of the state's role with respect to the economy throughout the country during this period. The development of the Terminal particularly demonstrated the expansion of the province's role, and its willingness to intervene directly into the economy and agricultural sector (Owram, 1986; Rea, 1985; Schindler, 1969).

The Keynesian post-war political and economic intellectual ethos was an important motivating factor lying behind the government's decision to intervene in the economy to a greater degree and to construct the Terminal because this ethos, to a large extent, legitimated the government's expansion into the marketplace. Having said this, however, Ontario farmer's political clout also had an important role to play in bringing about these events. Ontario farmers were also able to effectively organize and use this clout (as well as their intimate connections to those in power) to influence provincial policy. The interests of the farmers were articulated through two powerful organizations, the Ontario Federation of Agriculture (OFA) and the Canadian Food Distribution Council (CFDC). While they differed in orientation (the OFA was an umbrella organization comprised of local farming groups, thus possessing a somewhat diffuse focus, while the CFDC, by contrast, focused on problems of produce distribution, (and particularly the actions of large chain stores), they were both well funded, institutionalized organizations that argued for direct governmental intervention in the produce distribution arena.<sup>ii</sup> At that time, farming incomes were declining, and farmers felt that they were missing out on the post-war economic boom. These organizations accordingly turned to the provincial government for assistance, asking the government to alter the structure of the distribution market in order to shore up falling produce prices (Rea, 1985:137). Furthermore, farmers, through their organizations, enjoyed close personal contacts with government officials, through whom they could articulate their concerns and make suggests as to improve their condition.<sup>iii</sup>

Two key individual were instrumental in the Terminal's creation. One of these individuals was Thomas L. Kennedy, the Minister of Agriculture from 1930-1934 and

1943-1953. Kennedy was an avid supporter of the province's farming interests, and it was under his administrative reign that the province's numerous farm marketing boards developed. The Minister from Peel County had a long family history of farming, described himself as "lover of the soil," and viewed farming as Ontario's most important industry.<sup>iv</sup> He was a powerful member within the Conservative party and Cabinet (he was, in fact, Premier for 8 months in 1948). As such, Kennedy was able not only garner resources for agriculture, but also to actively support the Terminal's creation. His political clout and concern for the province's farmers proved vital for the construction of the Terminal.

The second individual whose actions were instrumental in creating the Terminal was G.F. Perkin, a life-long civil servant in the Ministry of Agriculture. Perkin was the head of the farm products marketing board and was also subsequently Chairman of the Terminal's board for 25 years. He was a bright, well-educated and hard working civil servant who played an absolutely essential role in the Terminal's development by maintaining unity among its various (and often competing) interests and by guiding the planning and construction of the Terminal, as well as its initial phases of its development. Perkin was the Terminal's most ardent and tireless proponent, the pragmatic, diligent civil servant who implemented his political master's wishes.

The economic problems faced by Ontario's farmers also played a vital role in the Terminal's creation. Despite great increases in agricultural productivity during the post-war period (agricultural productivity per labourer almost trebled between 1941 and 1961), farming income was declining in real terms.<sup>v</sup> These productivity gains resulted in increased supply which was not matched by a similar rise in demand. In addition, farmers

faced increased competition from American (primarily Californian) producers who, with their superior growing conditions and ample cheap labor, were able to penetrate the Ontario market due, in large part, to improvements in transportation (the post-war expansion of North-America's highway system) and technological advancements in the area of refrigeration (Schwartzman, 1984: 238,253; Rea, 1985).<sup>vi</sup> Ontario farmers, in short, were facing the inevitable reality that they were producing fungible products i.e. substitutable products within an increasingly globalized, competitive marketplace.

These structural problems were aggravated by problems within the pre-Terminal urban distribution system in Toronto. The two wholesale facilities in existence at that time were logically deficient. The main wholesale centre in Toronto was, in fact, the present-day St. Lawrence market. The heavy (and growing) demand for produce combined with the lack of space and room to expand made this centre a cramped and congested place to conduct business. The centre had no direct rail or highway links or raised loading docks. In addition, it was difficult to secure. As a result, pilfering was a significant problem. The centre's limited space provided a mere 100 square feet of room for Ontario producers to use for the purpose of selling their produce, with no ability whatsoever to expand. Most critically, however, the centre had no refrigerated warehouse space.<sup>vii</sup> The second warehouse facility was owned by the Canadian National Railways (CNR) at the foot of Yonge Street. It only operated in the summer (May to October) and it, too, was cramped and congested, with no loading or refrigeration facilities.

Furthermore, the CNR facility had no space for Ontario producers and, as a private monopoly, excluded newcomers from the wholesale marketplace. These inefficient wholesale facilities were not only detrimental to Ontario producers, but also to its



consumers, since the effects of the cramped space, inadequate facilities, and limited competition resulted in both increased prices for and lower quality produce.<sup>viii</sup>

The farmers also blamed large chain stores and independent jobbers (middlemen) for exacerbating their plight. The large chain stores were blamed for driving down prices due to their large purchasing clout, their 'below cost merchandising' (use of loss leaders) to attract customers, and their use of 'predatory' pricing, whereby large chain stores operate certain stores at a losses, driving out the competition, pushing prices up once the competition has been eliminated.<sup>ix</sup> The large chain stores also had modern, well-equipped distribution facilities; in other words, they had their own private wholesale operations. In addition, jobbers, utilizing the new road networks, would import produce from the United States and sell it on the Ontario market, often 'dumping' low quality produce to get rid of it before it was completely worthless. If such dumping coincided with local harvest times, this would send prices plummeting.<sup>x</sup>

Ontario producers, in short, faced stiff competition for their products as the supply for produce expanded. They turned to the provincial government for assistance, arguing forcefully for governmental intervention into many product markets and for the introduction of produce marketing boards. Once approved, membership in these boards was compulsory. The boards sought to limit supply of specific products in an effort to increase prices.<sup>xi</sup> The Terminal, while different from specific product marketing boards, was envisioned as an institution that would address the excess supply problem. As the planner saw it, the Terminal would first provide space to producers so that they could sell directly to the wholesale market. Secondly, it was expected that the Terminal's modern equipment and well-considered design would improve the efficiency of the urban

distribution network and it was hoped that these gains in efficiency would be passed onto producers in the form of higher prices. Finally, because it would centralize all wholesalers in one location, it was thought that the Terminal would facilitate governmental regulation of the market by ensuring, for example, that low quality (often foreign) produce would not be dumped onto the Ontario market.<sup>xii</sup> The Terminal and the food marketing boards were only two suggestions made by Ontario farmers during this period; they also lobbied the government for tariffs, tax breaks, changes to bankruptcy protection legislation and the like, with the goal of improving their economic condition.<sup>xiii</sup>

The political power (and connections) of the farmers, as well as their economic plight, provided the rationale for building the Terminal; however, the Terminal did not solve, nor could it have solved, the inherent problem of oversupply in the produce market. Increasing competition from American growers was an inevitable feature of the post-war economy and no amount of government intervention, certainly not in the form of the Terminal, could have solved this problem. The farmers' market, as envisioned in the original plans, was never built. As stated previously, the original plans for the farmers' market portion of the terminal called for a covered, lit area with raised loading docks.<sup>xiv</sup> Ostensibly, the delayed construction of this area was caused by post-war steel shortages; yet, it is interesting to note that the covered 'farmers' market' found in the current Terminal was not built until 1984, and was a residual outcome of a parking lot project undertaken at that time. Further, original plans called for surplus farmers produce to be purchased by wholesalers; however, this policy was never enacted.<sup>xv</sup> It is unclear why the farmers were not fully integrated into the functioning of the Terminal or why their market

was never built. Perhaps, once the Terminal was operational, the wholesalers were able to dominate its operations against the wishes of the producers. Regardless of the causes, what is clear is that the main beneficiaries of the Terminal's construction were the independent produce wholesalers, which gained a modern, efficient institution from which to conduct their business. They could now compete with the large chain stores, each of which possessed its own large, capital intensive wholesale operation from which to supply its retail stores.

These permanent tenants are the most important elements of the Terminal, as it currently functions. To understand why both they and the Terminal play such essential role in the produce market, it is vital that the reader understand both pivotal role that the provincial government played in creating the Terminal and the specific, financial relationship between the Terminal and its wholesale tenants. The provincial government played an essential role in the Terminal's creation. Its skilled civil service and its unique financing and legislative powers were what enabled the Terminal to be built. Arguably, the government was the only actor possessing the necessary capacity to put a project of this nature and magnitude together. Firstly, there was the problem of coordination of interests. Full-time, professional civil servants, most notably G.F. Perkin, were charged with organizing all of the 'stakeholders' in the project and seeing it through the various obstacles it faced, in order to implement a holistic, long-term solution to the produce distributional problem that plagued the area around Toronto. The obstacles Perkin faced were significant. Attempting to coordinate the activities and accommodate the desires and demands of a wide range of corporate actors (wholesalers, railways, trucking firms, farmers etc.) was a formidable challenge. Each, not surprisingly, had its own interests and

political agenda, making coordination difficult. Previous efforts to create a terminal, undertaken without significant government support, had failed. It took Perkin and his bureaucrats eight years of hard work to appease, placate, conciliate and coordinate all of the various interests involved in the Terminal's creation and construction. In the end, obtaining the requisite steel purchasing permits from the federal government (who gave approval in 1952 after the CNR terminal burnt down) proved to be the most difficult step in the process. As one might imagine, eight years of negotiating, coordinating and planning can also be quite expensive. All of the initial efforts of the Terminal's board (before its actual creation) were financed by the provincial government.<sup>xvi</sup>

Secondly, the government was able to provide the capital needed to build the Terminal at a favourable rate. The Terminal was financed with a 5.1 million dollar bond from the Ontario Hydro employee pension fund. Under the terms of the financing agreement, once the bond came due in 1984, the tenants would pay a nominal 1\$ per year for the use of the Terminal, in addition to covering its operational costs. The tenants, with their thirty-year perpetual leases, in effect, 'own' the Terminal, although it is operated by the government. The Terminal is thus essentially an early (and continuing) example of public-private partnership, except that the state, rather than private enterprise, operates the institution.<sup>xvii</sup> Once the bond was paid off, it was hoped that the savings would be passed onto consumers through lower prices.<sup>xviii</sup> This was a very deliberate policy and was indicative of the MacDonald-type Conservative ethos, as it ensured that direct intervention into the produce market by the government would be minimized to the extent possible and ensured that the Terminal would be a 'neutral' agency.<sup>xix</sup> Currently, the permanent wholesale tenants' rents only cover the variable (operational) costs of the

Terminal. The rents do not cover or pay the opportunity cost of the Terminal's capital outlay (interest).

Thirdly, the government used its legislative power to expropriate the property necessary to build the Terminal on its current site and, more critically, to ensure that the Terminal had a monopoly on the produce trade in and around Toronto in its initial phase of operation. The monopoly was absolutely essential to the success of the Terminal. Not only did the monopoly serve as a motivating factor in terms of getting all of the wholesalers to move to the Terminal, but the centralized market also allowed the Terminal to maximize economies of scale and increase market efficiency. A centralized market was key to improving efficiency as it meant that there would be no 'split market' whereby larger wholesalers with 'pulling power' would draw customers away from the new market.<sup>xx</sup> Centralization reduced duplication of services (allowed for maximization of economies of scale), provided the maximum number of wholesalers for the Terminal's customers to choose from and promoted specialization among wholesalers (undertaken in an effort to differentiate themselves from their competition). The Terminal exhibits some critical characteristics of a 'natural monopoly,' an area that is best served by one institution. However, the negative characteristics of a monopoly are mitigated by government's ownership and by having all of the concerned interests reflected in the composition of the Terminal's board. The idea, with the Terminal, was to create "...a community enterprise serving the needs of many groups of citizens."<sup>xxi</sup>

While antithetical to the neo-classical view of the supremacy of the marketplace and perfect competition ideal, monopolies can, in some cases, increase economic efficiency (Hardin, 1974; Armstrong and Nelles, 1986). With respect to the Terminal's

monopoly, part of the reason for its success is likely that the government was not overly draconian in creating the monopoly. It compensated all of the wholesalers for their old leases and infrastructure,<sup>xxii</sup> and in the 1980s, repealed section 12 of the Ontario Food Terminal Act, which was the section designed to “enforce” the monopoly (interestingly enough, however, prior to its repeal, section 12 of the Act had never been used to enforce the Terminal’s monopoly).<sup>xxiii</sup> In addition, the value of a lease in the government Terminal, in and of itself, was an enticing incentive to draw wholesalers to the new Terminal. Today, the market price for a lease is well over a million dollars.<sup>xxiv</sup>

Like all capital intensive industry, the produce wholesale market is an oligopolistic market that is dominated by a few large firms. Dominion stores, Loblaw's and Sobeys control over 60% of the retail market, and they are concentrating their hold on the market. For example, in 1999 Loblaw's purchased Provigo (a Quebec firm) and Sobeys purchased Oshawa Foods.<sup>xxv</sup> These large firms have the necessary capital and sales infrastructure (they are vertically integrated) to build and operate their own produce wholesale facilities and to use these facilities to exclusively supply their own retail stores. And oligopolies, as the neo-classical economist tell us, are far too similar to monopolies. They are far indeed from the competitive ideal that will lead to maximizing consumer welfare. The Terminal and the other chain store wholesale distribution centers share many common features, except for two critical ones. Firstly, any incorporated person can purchase from the Terminal (all that is required is that the person have a business license and a small fee) and, secondly, the Terminal is a non-profit entity i.e. the tenants do not pay market rates for their capital investments. The non-exclusionary nature of the Terminal means that it supplies most of the small and medium-sized independent grocers

throughout the province. It is these stores that provide real value competition for the large chain stores in the produce retail market and because the Terminal's tenants do not pay market prices for the capital that they use (the Terminal), the tenants can pass some of these savings onto the retailers and finally, onto consumers as well.

The Terminal's tenants, gathered into one well-designed and efficient institution can offer high value to their customers. Thus, the Terminal allows for increased competition in the wholesale and retail produce market. If the Terminal did not exist or if it were privatized by the government, its retail customers would be less able to provide maximum value to consumers, and prices would inevitably rise. A decentralized independent wholesaler market would function (it does in every other major Canadian centre) but the wholesalers would not benefit from the economies of scale (or collective benefits) of sharing the Terminal's infrastructure. Likewise, wholesale customers in decentralized markets do not have an opportunity to view a wide assortment of produce, or the same ability to compare price and quality as they do in within the confines of the centralized Terminal. If the Terminal were privatized (the spirit of the relationship between tenants and the Terminal and content of the leases make this a high improbability) the rents of the tenants would inevitably rise. Private markets demand that capital investments pay dividends. These costs would be passed on down the retail line to the consumers.

The case study of the Terminal demonstrates that in this particular market, the produce wholesale industry, the government, through the Terminal must be intimately involved in it to ensure that there is real competition in the retail sector. Without governmental intervention, independent wholesalers would not be able to provide the

same high value to their customers, and, the large grocery chains would likely have an even large piece of the retail market. If this industry was left to the powerful interests of the market, it would no doubt have less incentive to offer high value to consumers. Prices would inevitably rise; quality would inevitably fall. It is, after all, competition that keeps profits and consumer value in check.

This examination of the Terminal, however, also illustrates some other vital themes in contemporary Canadian public policy. The Terminal illustrates that the state should have a seminal role in organizing the economy, in order to maximize economic efficiency and promote competition actively. In this case, the state was the only actor capable of creating this institution. A primary reason for this was the diligence and capacity of one civil servant, G.F. Perkin, who understood that the Terminal's most essential function was not to assist farmers, but rather to promote competition in the retail market. Kennedy might have been the driving force garnering resources for the Terminal, but he was doing so only to satiate his desire to help the farmers, his rural constituents. He only cared about altering the distribution system inasmuch as it would help farmers. Perkin appreciated its real long-term value, and he, in conjunction with members of the civil service working for him and with him, was able to use the resources and power of the state to bring all of interested parties together to create this institution.<sup>xxvi</sup> His insulated position within the civil service allowed him to analyze a particular policy problem (the plight of the farmers and problems with the distribution network) and to propose a long-term "big picture" solution to the problem in the Terminal. Civil servants, unlike other individuals in the marketplace, are in a unique position to view problems and propose solutions. They are often highly skilled, professional non-partisan individuals.



As such they can take a holistic and long-term in their outlook on policy matters (Skocpol, 1985: 18). At a time like the present, when the policy decision making power of civil servants is declining, and they are largely being employed only to implement policy created by partisan advisors or worse, the politicians themselves, this case study illustrates what an absolutely essential role civil servants can and should play in policy development and implementation (Savoie, 1994, 1999, 2003).

This case study also illustrates how context and the institutions embedded with it are not separable, but rather are in a dynamic, ever changing flux. When social scientists examine institutions, it is absolutely vital to look both at the 'internal' context within the institution itself, the 'external' temporal, economic, political (even cultural) context that that the institution exists within, and the interplay between the two (Hacker, Thelen, Streeck, 2004; Pierson, 2004). It is necessary to do so in order to understand the net effect and influence (or not) of the institution in society. Jacob Hacker illustrates this point superbly. He argues that the most important neo-liberal inspired reforms in America were not active changes to state institutions, but rather benign neglect of institutions in light of changing societal factors. Because fewer and fewer Americans have employee sponsored health care, for example, and because the government health plan is not responding to this shifting contextual change (the government health plan covers only the poor and the old, leaving working individuals uncovered), the net result is still less coverage (and expenditure), but without political costs of actively undermining the existing system or seeking to augment the institution of Medicare or Medicaid by increasing who is covered by these programs. By focusing on context and institutions, Hacker is able to better understand the total cost of government action (or inaction). To apply this approach to the

Terminal and its context, the percentage of the retail market that is controlled by large chain stores continues to increase (it was between 20% and 30% in 1940).<sup>xxvii</sup>

Accordingly, the Terminal now, more than ever, is essential to facilitating competition in the wholesale market. This was not the rationale behind its creation or even the political motivation for its creation. Nevertheless, it is why the Terminal is such an important institution today. The produce retail context has changed, in such a way as to alter the value of the Terminal in its present context. Institutions and their context must be fully examined in order to better understand the influence and importance of the institutions being studied.

Finally, the case study of the Terminal illustrates that governments can solve collective action problems effectively. At a time when few Canadians appreciate the value and efficacy of state institutions and a time where there is widespread doubt as to the value of the government in general (Nevitte, 1996; Pal, 1997; Panitch, 1993),<sup>xxviii</sup> the Terminal, whether individuals know it or not, has an important influence on their day-to-day lives, in terms of what they are able to buy with their dollars. The Terminal facilitates competition in the marketplace. This, as any neo-classical economist will tell you, is the best way to maximize consumer welfare.

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<sup>i</sup> This paper is based on the author’s unpublished Major Research Essay, Master’s or Arts, from York University, 2001. Bird, Malcolm *An Unintended Outcome: The Ontario Food Terminal as a Case Study in Post-war Ontario Agricultural Policy* (Unpublished, 2001). All of the information on the Terminal was

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derived from interviews and archival records, as there has been no academic work on the Terminal to date. Originally a history essay, this paper relies heavily on primary source material, which is documented in the extensive endnotes.

<sup>ii</sup> Province of Ontario Archives, RG 16-9, A-9 Ontario Federation of Agriculture, 1940-1944, Memo from V.S. Milburn, secretary of OFA, to affiliate organizations, 30 November 1940. Milburn outlines the importance of an organized lobbying institution to articulate farmer's concerns. The OFA was well funded, as it received direct funding from the government through a mandatory fee levied on all farming property, subject to municipal council approval. It is unclear when these changes were made to the Municipal Act as the files for the OFA are missing from 1944-1951; however, they illustrate that the OFA not only had sufficient resources but also considerable sway over the provincial government. This matter is discussed in PAO, OFA, 'Reports of the directors of the Ontario Federation of Agriculture, 23 April 1943 and PAO, OFA, 'Statement of receipts for 1943', n.d. The CFDC was also concerned with the market conditions facing Ontario's producers. The CFDC was comprised of the producer and retail organizations (including large chain stores) that were concerned about many practices in the retail arena, such as produce dumping, for example. PAO, OFDC, 'History and Origin of the Canadian Food Distribution Council', G.F. Perkin to W.R. Reek, 14 May 1940. More generally, the farmers were angry at the free-enterprise system which they thought was rigged against them. As a result, they looked towards the government to regulate supply PAO, OFA, Year Book of the Ontario Federation of Agriculture, 1952.

<sup>iii</sup> Documentation in the archival records illustrates this point. For example, M.M. Robinson, head of the CFDC, wrote numerous letters to key government officials (including the Minister) and in one to W.R. Reek, Assistant Deputy Minister of Agriculture, written in the margins of a memo containing Robinson's suggestions for government activity is the words "approved". Ministers or deputy Ministers were often on hand to attend agricultural-related functions. Provincial Archives of Ontario (PAO), CFDC, "Report on the distribution of Ontario Fruits and Vegetables", M.M. Robinson to W.R. Reek and PAO, RG 16-9, A-14, "Reports of the Boards and Commissions 1945-1950" Ontario Vegetables Growers Marketing Board 1947-59, A. Fulton to C.D. Graham, 16 January 1948. Throughout the archival material, government officials and farmers' organizations enjoyed close and cordial relations.

<sup>iv</sup> PAO, Kennedy Papers, "Letter of resignation to Hon. Leslie M. Frost" 9 December 1952.

<sup>v</sup> PAO, OFTB, G.F. Perkin Marketing Milestones in Ontario 1935-1960 (Toronto: Department of Agriculture, 1962)

<sup>vi</sup> Throughout the archival material, Ontario producers complained about American produce being imported into Ontario's produce market. PAO, OFDC, M.M. Robinson to W.R. Reek "Report on the Distribution of Ontario Fruits and Vegetables with some Observations and Recommendations", 1940. Also see Rea, chapter 4.

<sup>vii</sup> Kennedy, Thomas L., Minister of Agriculture, Speech introducing The Ontario Food Terminal Act, 1946.

<sup>viii</sup> Kennedy, Thomas L., *ibid*, p. 249-253.

<sup>ix</sup> The archives contain many complaints made by farmers regarding unfair trade practices in agricultural industry. One noteworthy example involved the price of apple juice and a conflict with the Great Atlantic and Pacific Company. This complaint illustrates that farmers viewed excess supply and competition as the root of their problem and they turned to the government for assistance. PAO, CFDC, "Maintain price for Apple Juice", M.M. Robinson, 4 December 1940 and "Bulletin on Apple Juice" M.M. Robinson, 14 January 1941. More criticisms of the large chain stores' practices were contained in: PAO, CFDC, "Report of the Director of the CFDC" by M.M. Robinson, 6 September 1940; PAO, CFDC, "Competition is the Death of Trade" by M.M. Robinson 30 July 1940.

<sup>x</sup> PAO, CFDC, "Report on the Distribution of Ontario Fruits and Vegetables with some Observations and recommendations", M.M. Robinson to W.R. Reek, 1940; PAO, OFA, Year Book for 1952 Annual convention, p. 10.

<sup>xi</sup> PAO, OFTB, Perkin, G.F. Marketing Milestones in Ontario, 1935-1960 (Toronto: Department of Agriculture, 1962), chapters 1 and 2.

<sup>xii</sup> The benefits of the Terminal were articulated by Thomas L. Kennedy in his speech introducing the Ontario Food Terminal Bill (1946) to the Provincial Parliament, p. 249 and 250. Improving the general efficiency of the entire distribution industry (reducing unnecessary handling of produce) was illustrated in PAO, OFTB, Memorandum from G.F. Perkin to T.L. Kennedy, 2 February 1948. A centralized market would also make monitoring and regulation of the origins and quality of produce easier, PAO, CFDC, M.

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M. Robinson to W.R. Reeks, "Report on the distribution of Ontario Fruits and Vegetables with some recommendations and observations", 1940.

<sup>xiii</sup> PAO, CFDC, "Resolutions Passed at the Annual Meeting of the Ontario Fruit and Vegetables Growers Association", 22 January 1953 and "Resolutions Passed at the Annual Meeting of the OFVGA", 1949 (n.d.) These examples indicate that the producers were looking towards the provincial government, not market reform, to resolve their economic issues.

<sup>xiv</sup> PAO, OFTB, "Prospectus of the Farmers' Market Section of the Ontario Food Terminal", 1950.

Photographs taken after its completion indicate that it never built until 1984 when the present-day parking garage was constructed.

<sup>xv</sup> PAO, OFTB, Letter from G.F. Perkin to Eric Baker, 6 September 1950.

<sup>xvi</sup> Throughout the archival material, one can find documents containing various requests for money to pay for land and services related to the construction of the Terminal. These requests were either met with cheques from the Department of Public Works or loans from the Royal Bank, backed by the provincial government.

<sup>xvii</sup> PAO, OFTB, Memorandum from G.F. Perkin to Leslie Frost, 22 May, 1950. Copies of the leases between the tenants and the Terminal were not included in the archival material. However, the correspondence between various actors in the archival material and the Terminal's financial statements (with the assistance of Benjamin Rappaport, C.A.) show that the Terminal today is a non-profit entity.

<sup>xviii</sup> PAO, OFTB, Address regarding the Ontario Food Terminal by G.F. Perkin (1954)

<sup>xix</sup> PAO, OFTB, G.F. Perkin to Goodfellow, 8 January 1958.

<sup>xx</sup> PAO, OFTB, G.F. Perkin, Article in the Canadian Grocer, p. 32 (n.d.)

<sup>xxi</sup> *Ibid*, p. 32.

<sup>xxii</sup> PAO, OFTB, Memorandum from G.F. Perkin, M.M. Robinson, G.H. Rynolds to T.L. Kennedy and C.D. Graham, 18 January 1949.

<sup>xxiii</sup> Carsley, C.E. Interview, 4 November 2000.

<sup>xxiv</sup> Thompson, Allan "*Food Terminal Debate Centres on \$1 Million Perpetual Leases*" in The Toronto Star, 10 October 1989.

<sup>xxv</sup> Ontario Food Terminal Board, Corporate Plan, 2000, p. 5

<sup>xxvi</sup> The author is only inferring this from the archival sources. In one letter, Perkin argues that that modern chain stores in Chicago had much more efficient distribution channels and that they were undercutting the independent wholesalers who did not have access to a modern food terminal. It is important insofar as he might have appreciated that the Terminal's real value was to improve the efficiency of the independent wholesale market rather than to help the provinces farmers. Perkin was a bright well-educated individual (he received a BA from U of T in the late 1920s) and might well have appreciated the Terminal's importance. Phone interview with Thomas Perkin 9 July, 2001 and PAO, OFTB, G.F. Perkin to T.L. Kennedy, 23 June 1950.

<sup>xxvii</sup> Statistic from M.M. Robinson who argued that the chain stores had 20% of the retail trade in Toronto and 30% throughout the rest of the province. PAO, OFDC, 1940-1944, brief by M.M. Robinson (n.d. but most likely written in 1940)

<sup>xxviii</sup> All three authors illustrate a general societal decline in people's faith in government and institutions. Panitch, in particular, cites a public opinion survey where 95 % of Canadians refused to assent to the idea that "our whole system of government.....basically works well."