

Chapter I

An Historical Perspective on Canadian Agriculture

A. A Brief History of Agricultural Markets

Agricultural markets and their associated returns have varied widely over the period from 1960 to the present. The development of domestic marketing structures for dairy products, eggs, poultry and hogs, and significant changes in the international market for grains and oilseeds have played a significant role in determining the structure of Canadian agriculture.

While provincial marketing boards have existed since the 1920s, until the mid-1960s the only "national" board was the Canadian Wheat Board, established in 1935 with control over the import of wheat, oats and barley. In the relatively short period from the early 1960s to the early 1970s, a number of national marketing agencies were formed by provincial boards in an attempt to alleviate the problems of overproduction and price competition that were bankrupting a number of sectors. Thus, the Canadian Dairy Commission was formed in 1966, the Canadian Egg Marketing Agency in 1972, the Canadian Turkey Marketing Agency in 1973 and the Canadian Chicken Marketing Agency in 1978. These agencies resulted in a significant rationalization of production of these commodities and in fewer producers with more assured incomes. Although the supply-managed commodities have not been without their problems, producers have benefited from the pricing formulae that provide them with their cost of production. Indeed, rationalisation of the dairy and feather industries in Quebec and Ontario have greatly contributed to the stability of the farm financial situation in Central Canada.

For most other commodities, particularly red meats and grains, the 1960s, 1970s and 1980s have been characterized by wide fluctuations in production and prices. Producers of these commodities have been the most susceptible to financial difficulty because of their failure to generate sufficient income to pay their operating costs and, in particular, to service their debt.