Open borders would also provoke a considerable rationalization of production within Canada, from smaller, less competitive farms to larger operations that currently are constrained by board regulations. Furthermore, these adjustments would occur across provinces. The Canadian market is allocated by province in a manner that is unlikely to be sustainable if there was open border access. Some of the Maritime and Prairie provinces could lose some or all of their poultry and egg production, while the more competitive provinces would see increases in production per farm and, possibly, in the number of farms. The importance of these interprovincial adjustments should not be understated. It is possible, and rather ironic, that a move to free trade within Canada could provoke more farm-level resource movements and adjustments across regions than a subsequent move to free trade with the United States.

Removal of production restrictions would affect the level of Canadian production. Statistical estimates of the new level are not possible because no estimates exist of a Canadian supply function for eggs or poultry. However, detailed analyses of egg and broiler quota prices -- in those provinces where a market for quotas is allowed to operate -- provide the basis for at least an estimate of the supply price -- or marginal cost of production -- at the current quota level of output.[9]

One analysis estimates that in 1980, the supply prices -- that is, the marginal costs, excluding costs of holding the quota -- of broilers and eggs in Canada were comparable to those in the northern U.S. states.[10] Indeed, if quota restrictions and import controls had been removed at that time, there likely would have been net exports of eggs from Canada. This would have meant a resumption of the patterns prevalent before supply-management systems were introduced.[11]