

The long road to stability: egg farmers in Canada and fair farm pricing*

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Abstract

Supply management has come under enhanced scrutiny in recent years because it operates on principles contrary to the guiding philosophies of neoliberalism that currently inform most industrialized nations' decisions regarding economic development. This article demonstrates why Canada chose to adopt a system of greater regulation, rather than less, in the egg farming industry by examining the events leading to supply management's implementation on a national scale in 1972. It argues that previous efforts to improve egg farmer income and industry stability through subsidies, government-purchasing programs, and increased trade were ineffective and often intensified the fundamental issue of overproduction. It was not until postwar agricultural policy makers and farm advocates in Canada turned to organized marketing, specifically controlled production, that an era of greater stability began. Greater regulation resulted in the continuation of a cross-country egg farming industry that has survived into the twenty-first century.

In recent years, the regulated model of supply management, also referred to as fair farm pricing, has come under enhanced scrutiny, particularly by those who believe in the sanctity of 'the market'. Beginning in the early 1980s, the concept of neoliberalism became the guiding principle on which industrialized nations based their economic development. It consists of a number of tenets – articles of faith for those who subscribe to neoliberalism's infallibility – including deregulation, privatization, free trade, and a reduced government presence in the economy more generally. Canada's supply-managed dairy, egg, and poultry sectors have served as a bulwark against the acceptance of these policies more broadly. Based on three pillars – import management, controlled production, and producer pricing – supply management requires a level of economic regulation that contradicts neoliberal tenets. Indeed, supply management has caused conflict in international trade negotiations Canada has undertaken with others.

To appreciate these contemporary concerns, it is worth considering why the system was created in the first place and why it remains, despite a relatively hostile global climate for such regulation. Focusing on the notoriously volatile egg industry, this article uses government records, industry papers and journals, and the popular press to analyse the circumstances

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that led to efforts to stabilize agricultural industries in the post-war period and why a national marketing system emerged in egg production. In examining the era before supply-managed egg production was implemented on a national scale, it becomes clear that previous attempts to ameliorate the situation through subsidies, government purchasing programs, or increased attempts at boosting exports of affected commodities were ineffective and, in fact, often intensified the fundamental issue of overproduction.

It was not until the use of production quotas, coupled with fair farmer pricing and import control, that an environment was created in which egg production could be stabilized and producer incomes strengthened. These measures required cooperation between various levels of government and industry stakeholders with conflicting interests. Despite these conflicts, however, those involved in the egg industry ultimately recognized and accepted that a system that allowed for a coordinated response to managing the egg market through domestic quotas, limited imports, and fair pricing was needed to ensure stability and profitability.

I

The significant paradigm shift that supply management represented has not received much attention from historians of Canada, nor have the sectors covered by the model. Nor indeed has Canadian agriculture as a field more generally, despite its importance to national well-being. In an earlier age, historians were content to write a part of the farm story, but usually with some purpose like nation-building as the theme, or the importance of the so-called wheat economy.¹ It remains the case that the focus for historians continues to be on the earlier periods of the nation's formation: very little has been written about agriculture in the post-war years.² Histories of specific commodities, especially those dealing with supply-managed sectors, have been rare in the Canadian context: an analysis written in 1937 remains one of the most recent to be focused on the dairy industry in Canada, while the egg business has never received any sustained treatment.³ More recently, it has primarily been political scientists and agricultural economists who have engaged with agriculture as an economic sector in Canada, and those disciplines have been in the forefront of any investigation of supply management in terms of analysing the paradigm's perceived merits and shortcomings.

Political scientist Grace Skogstad, for example, has provided the most robust analysis of the system. In her impressive volume, *The politics of agricultural policy-making in Canada*

¹ See, for example, R. L. Frost, *History of agriculture in Ontario, 1613–1880* (1946); V. Fowke, *Canadian agricultural policy: The historical pattern* (1946); and id., *The national policy and the wheat economy* (1957).

² See, for example, P. A. Russell, *How agriculture made Canada: Farming in the nineteenth century* (2012); D. McCalla, *Planting the province: The economic history of Upper Canada, 1784–1870* (1993); G. Friesen, *The Canadian Prairies: A history* (1984); and J. McCallum, *Unequal beginnings: Agriculture and economic development in Québec and Ontario until 1870* (1980).

³ J. A. Ruddick, W. M. Drummond, R. E. English, J. E. Lattimer, ed. H. A. Innis, *The dairy industry in Canada* (1937). More has been written by scholars outside of Canada on the poultry industry, especially on the rise of broiler chickens. See W. Boyd, 'Science, technology, and American poultry production', *Technology and Society* 42 (2001), pp. 631–64. For an assessment of the broiler industry in Britain, see A. Godley and B. Williams, 'Democratizing luxury and the contentious 'invention of the technological chicken' in Britain', *Business Hist. Rev.* 83 (2009), pp. 267–90.

(1987), Skogstad explores the effect of federalism on Canadian agricultural policy, and as part of her analysis, considers supply management in the poultry and dairy sectors. Her purpose is to illustrate how political and economic factors led to the creation of the system, however, rather than to provide any sustained evaluation of the model itself.⁴ Skogstad does provide some important historical context for the implementation of national marketing and supply management in the 1970s and 1980s, but less is said about the ‘continual struggle to maintain, stabilize, and if possible increase farm incomes’ that created the environment for national marketing in the first place.⁵ More recently, in 2008, Skogstad considered how the system has made ‘market-responsive’ adjustments since the negotiation of NAFTA and WTO agreements, but has ultimately been resilient against significant change.⁶

As noted, evaluations of the Canadian system have also come from economists who bemoan the cost of ‘protectionist’ agricultural policies and advocate for greater trade liberalization in the agricultural sector.⁷ These supporters of neoliberal trade policies believe that the Canadian system of supply management is anachronistic in an increasingly globalized economy. More common still are the ideological debates that are central to the polarized responses supply management receives, which play out in the popular press and tend to favour the ‘free market’ narrative.⁸ Yet, although supply management has its opponents, a majority of Canadians support the system because of concerns about food security and sovereignty, fairer producer compensation, and a recognition of the associated benefits supply management has for rural communities.⁹

This case study of the Canadian egg sector is important for what it reveals about the history of supply management and Canadian egg farming more generally. As noted above, political scientists and agricultural economists have paid attention to the legislative decisions that govern the egg sector because of supply management, but more understanding about the nature of egg production and why eggs were particularly problematic is needed. Furthermore, a deeper investigation of historical records can reveal a great deal more about stakeholders’ concerns over egg production in the twentieth century and the motivations behind marketing changes. Government records, including letters written by and to ministers of agriculture,

⁴ G. Skogstad, *The politics of agricultural policy-making in Canada* (1987). Another useful analysis of supply management written by Skogstad is her article ‘Policy under siege: supply management in agricultural marketing’, *Canadian Public Administration* 36 (1993), pp. 1–23.

⁵ Skogstad, *Politics of agricultural policy-making*, p. 84.

⁶ G. Skogstad, *Internationalization and Canadian agriculture: Policy and governing paradigms* (2008).

⁷ See, for example, Ryan Cardwell, Chad Lawley, Di Xiang, ‘Milked and Feathered: The Regressive welfare effects of Canada’s supply management regime’, *Canadian Public Policy* 41 (2015), pp. 1–14; V. Geloso and A. Moreau, ‘Supply management makes the poor even poorer’ (Montreal Economic Institute Regulation Series, 2016); J. Berry, A. Oxley and D. LeRoy, ‘Canada can

eliminate supply management by following Australia’s lead’, Fraser Institute, www.fraserinstitute.org/article/canada-can-eliminate-supply-management-by-following-australias-lead (accessed 10 May 2019).

⁸ See, for example, the opinion pieces of the *Globe and Mail*’s Barry McKenna and John Ibbitson or the *National Post*’s Andrew Coyne.

⁹ Ipsos Poll, ‘A strong majority of Canadians agree that the federal government should defend Canada’s dairy farmers in NAFTA renegotiation’, 3 May 2018, www.ipsos.com/en-ca/news-polls/canadian-feds-should-make-more-effort-dairy-nafta (accessed 21 May 2019). See also M. Doyon and S. Bergeron, ‘Economic Impact From Farm Investments in Canada (2015), CIRANO, Montreal, 2018. cirano.qc.ca/files/publications/2018RP-12.pdf (accessed 21 May 2019).

articles and correspondence published in farm journals and industry magazines, and material published in the popular press are all used to provide evidence of the ideas and arguments put forward about agricultural marketing, egg farming, and farming more broadly. Finally, while the story being told in this article is a Canadian one, it is a story that played out in a global context. Canada's supply-managed egg system was modeled on similar schemes of production control taking place elsewhere around the globe by governments who were finding it increasingly difficult to deal with increasing supplies, decreased farm prices, and the overall volatility this created.

II

When assessing the trend towards neoliberal agricultural policies in the twenty-first century, a historical examination of twentieth-century economic policies is revealing. Indeed, neoliberalism looks much like the economic paradigms practised in the 1920s and 1930s, before the Second World War changed the way government viewed the process of economic development especially in terms of a role for itself. In the case of eggs, the interwar years saw periods of 'boom and bust' that created instability in the developing industry by causing fear among producers about the future prospects of egg production. Government representatives and industry officials typically believed that the emerging problems of overproduction which resulted in depressed and unstable producer incomes could be solved in large part by increasing domestic consumption through promotion and strengthening exports. It was difficult to export shell eggs, however, or even processed eggs into the 1960s.¹⁰ Even in the globalized twenty-first century, only about 2.7 per cent of total global egg production is traded internationally.¹¹

The causes of overproduction were varied, but generally they reflected changing markets, agricultural innovation and transformation, and industry troubles occurring over the course of the century. Although eggs had been an important food source for millennia, the industry that developed in the twentieth century was a far cry from the simple gathering that went on in times past. For instance, in the nineteenth century, poultry was largely considered a supplementary source of income provided through the labour of a farmer's wife and family rather than a valued and central element of the farming economy.¹² By the mid-nineteenth century, significant markets for eggs and some other poultry products had developed in the United Kingdom and the United States, and by the late-nineteenth century, Canadians living

¹⁰ For example, following WWII, trade reports regularly did not include eggs, despite reporting on a myriad of other agricultural products, because the trade was so small. United Nations, *World Economic Report, 1948* (1949), www.un.org/en/development/desa/policy/wess/wess_archive/searchable_archive/1948_WESS_Full.pdf (accessed 21 May 2019).

¹¹ See H.-W. Windhorst, 'Changing patterns of global egg trade between 2006 and 2016 – Part 2', *Zootechnica International*, 5 Nov. 2019, [zootechnicainternational.com/featured/changing-patterns-global-](http://zootechnicainternational.com/featured/changing-patterns-global-egg-trade-2006-2016-part-2/)

[egg-trade-2006-2016-part-2/](http://zootechnicainternational.com/featured/changing-patterns-global-egg-trade-2006-2016-part-2/) (accessed 25 June 2020).

¹² This was a common assessment, but the importance of women's poultry work has been shown to be of significant value for farming families, especially those in more marginal farming regions. See Brian Short, "'The art and craft of chicken cramming': Poultry in the Weald of Sussex, 1850–1950", *AgHR* 30 (1982), pp. 17–18; M. Winstanley, 'Industrialization and the small farm: Family and household economy in nineteenth-century Lancashire', *Past and Present* 152 (1996): p. 173; p. 175.

in urban centres were looking to purchase eggs supplied by producers in the rural hinterland. By the First World War, significantly more eggs were being sold, while more specialized poultry associations and government research extension agents were providing leadership and information about improved production methods to aid those interested in expanding their poultry businesses.¹³

Modern egg production began to assume its present shape following the First World War and into the 1920s when flock size and numbers grew and more interest in developing a commercial industry was evidenced by the increase in government research, poultry trade journals, and poultry-related husbandry, feed, and stock businesses. The Chief of the Poultry Division in Ottawa was particularly pleased with the industry's progress between 1920 and 1924, declaring them 'the best years ever experienced by [egg] producers in Canada'.¹⁴ He reported that prices were high, new technologies were being employed to improve the health and productivity of birds, and, interestingly, a back-to-the-land movement stimulated by a desire to eschew urbanization saw a group of new farmers seeking viable livelihoods in the countryside.¹⁵ Beyond improvements in animal husbandry and more interest in egg farming as a livelihood, consumption also increased in Canada over that period by 181 eggs per capita per year to about 313. Canadian egg consumption outpaced that in the United States, where it had gone up by only 182 to about 206.¹⁶

This surge was attributable in part to egg grading, which became a staple of the Canadian industry earlier than many other producing nations.¹⁷ First introduced in the spring of 1918, it was gradually extended to all eggs offered for sale in the domestic market in the summer of 1923, following a national gathering of egg producers, consumer representatives, retailers, wholesalers, and government officials.¹⁸ Those in attendance believed that grading would benefit everyone, but producer prosperity was deemed especially important. Larger urban centres were a focus, but by the mid-1920s, attention was directed towards smaller cities and towns and underserved rural areas. Poultry officials believed that if locally sold eggs were also graded, and their quality ensured, local consumption would increase and fewer eggs would flood urban markets, thus 'giving buoyancy to prices prevailing in larger markets and, indirectly, the whole country'.¹⁹ Egg quality was becoming increasingly important; a Department of Agriculture memorandum pointed out that in markets where grading was not the norm, the industry suffered:

¹³ For a discussion of these trends in the United Kingdom, see Short, "Art and craft of chicken cramming", pp. 25–6.

¹⁴ Chief of Poultry Division to S. F. Tolmie, 16 July 1926, file 28-2 (3), Eggs, Regulations, etc., vol. 2930, RG17, LAC.

¹⁵ Ibid.

¹⁶ 'Per Capita Consumption of Eggs in Canada and U. S.', file 28-2 (3), Eggs, Regulations, etc., vol. 2930, RG17, LAC.

¹⁷ For example, in 1926 in the United Kingdom, it was suggested that eggs have standard grades and packing, but no national standard was adopted until

the creation of the British Egg Marketing Board in 1957; see K. Sayer, "'His footmarks on her shoulders': the place of women within poultry keeping in the British countryside, c. 1880 to c. 1980", *AGHR* 61 (2013), p. 302.

¹⁸ 'Per Capita Consumption of Eggs in Canada and U. S.', file 28-2 (3), Eggs, Regulations, etc., vol. 2930, RG17, LAC.

¹⁹ Ibid. Poultry journals also supported the practice and reported on the benefits of grading; 'Egg-grading debated in House of Commons', *Canadian Poultry J.* 7 (1926), p. 214.

The old-time system of a flat price and barter for eggs actually offered an incentive for producers to market everything they could find in the way of an egg, and the carelessness which such methods encouraged is apparent today on every market in the country where judicious care and supervision has not been given to the product.²⁰

Despite the growing awareness that graded eggs attracted premium prices, however, most eggs were still consumed at the farm gate and were farmed as one of a variety of commodities on diversified farms.²¹ While the egg industry was commercializing during this period, smaller-scale egg production, the kind typically taken on by farm women in mixed-farm economies, remained widespread.²²

Initially egg production reportedly could not meet the increasing demand, but after 1924 new investment in the industry, and the subsequent increase in production, led to surplus eggs that triggered low prices, which in turn had devastating effects on farmer incomes. Compounding these chronic periods of surplus domestic egg production in Canada was an increasingly competitive international egg trade. In the early part of the twentieth century Canadian producers increased egg production substantially, but so too had other trading nations. By the mid-1920s, Canadian egg farmers were competing with cheaper American imports that, despite tariffs, were generally still profitable to send across the border, especially when American markets were depressed because of their own surplus egg production.²³ While calls for increased tariffs were made, they did not materialize. Industry representatives were reluctant to restrict trade and generally advocated for more stringent labeling laws that stamped each egg with the country of origin (a practice that had already been applied to Chinese eggs arriving in British Columbia), with the belief that 'purchasers would give preference to a local product'.²⁴ The government and industry advocates continued to insist that increased efficiency and greater economy were what was needed to make the industry more profitable for egg farmers.²⁵

Unfortunately, such measures were ineffective against increasingly frequent and significant cycles of instability in the industry due to overproduction. In an effort to ameliorate the situation, some egg and poultry cooperatives were attempted, but the voluntary nature of these organizations often resulted in limited success. Egg farmers called on the government for more

²⁰ 'Per Capita Consumption of Eggs in Canada and U. S.', file 28-2 (3), Eggs, Regulations, etc., vol. 2930, RG17, LAC.

²¹ Ibid.

²² This was the case in Canada, Britain, and the United States for example. See J. Nurse, 'The public face of farming: A case study of female egg farmers in Canada' (paper presented at the annual meeting of the Agricultural History Society, Grand Rapids, Michigan, United States of America, 10 June 2017); Sayer, "His footmarks on her shoulders"; and J. Adams, 'Modernity and U.S. farm women's poultry operations: Farm women nourish the industrializing cities, 1880-1940' (paper presented to The Chicken: its biological, social, cultural, and industrial history: from Neolithic

middens to McNuggets, Yale University Program in Agrarian Studies, 17-19 May 2002), www.dgorton.com/farmsite/chickens_modernity/adams-pg_1.html (accessed 25 June 2020).

²³ T. E. Quisenberry, President of the American Poultry School, 'Eggs sell at ridiculous prices - why?', *Canadian Poultry World* 4 (1924), p. 1.

²⁴ 'Mark American eggs', *Canadian Poultry World* 9 (1923), p. 4.

²⁵ E. A. Lloyd, 'Prospects of the poultry industry in B.C.', *Canadian Poultry World* 5 (1924), p. 1, p. 18; W. Tozer, 'The road to improvement', *Canadian Poultry World* 1 (1925), pp. 1-2; and editorial, 'Poultrymen must keep up with the times', *Canadian Poultry World* 2 (1925), p. 6.

intervention. After the First World War, with the success of wartime grain price fixing, the resulting Canadian Wheat Board, and subsequent consolidations in food product industries that reduced the number of buyers for agricultural products, farmers had become more sceptical that the system of supply and demand would provide for their needs. By the time the Great Depression hit, orderly marketing was sought by many farmers as a means to resist declining incomes.²⁶ The result was the passage of a series of provincial marketing acts and eventually the federal Natural Products Marketing Act of 1934.²⁷ The act provided agricultural commodity and other natural resource groups with the power to seek government approval for regionally based marketing schemes, and while it was later found unconstitutional in 1937 for infringing on provincial jurisdiction over matters of property, civil rights, and intra-provincial trade, the legislation had created a network of marketing boards across the country, many of which survived under revised legislation.²⁸

Still, those powers did not allow marketing boards to effectively control production, which would have required provincial production quotas that limited farmer's holdings and regulated borders. In a sense, the aim of production quotas was to eliminate competition among farmers in order to organize protection that would provide countervailing power in a market with only a few buyers. As early as the 1940s, Fred Beeson, the long-time editor of the *Canadian Poultryman*, had suggested some version of supply management to begin to address this issue with quotas and production controls.²⁹ At that time, he also noted that 'There is no doubt that the average poultry farm is too small. Attempting to make a living comparable to those in other industries or occupations with a thousand layers just can't be done anymore'.³⁰ That did not mean that farmers did not try – just that a decent livelihood was impossible. Beeson, like other farm journalists, believed that the egg industry needed to modernize and farm sizes must grow, but he also recognized that an inherent power inequality existed between producers of varying means and was committed to seeing farmers unite to receive a fair income for their labour and investment as a group.³¹

²⁶ G. F. Perkin, 'The Ontario Marketing Boards', *J. Farm Economics* 33 (1951), p. 968.

²⁷ Canada, The Natural Products Marketing Act, 1934, 24–25 Geo. V, c. 57.

²⁸ For a summary of these legislative changes, see Jodey Nurse, 'Milk is milk': Marketing milk in Ontario and the origins of supply management', *J. Canadian Historical Assoc.* 28, 1 (2018), pp. 127–56.

²⁹ F. Beeson, 'Editorial', under 'Decades: A look back through the last 100 years of Canadian poultry', 5 Mar. 2013, www.canadianpoultrymag.com/100th-anniversary/key-developments/decades-13025 (accessed 10 Sept. 2018).

³⁰ Ibid. Years later, during an invited trip to the UK to address the British Egg Marketing Board, Beeson echoed this theme: 'I don't know why you should be concerned with how eggs will be marketed in the future, because if you allow your Egg Board to cease its useful operations

and are faced, as you are, with one company bent on producing one-quarter of your total market requirements under a system of total integration, very soon, and sooner than you think, there will be three other equally large corporations ready to take up the other three quarters, and then there will further mergers until one corporation succeeds in wresting complete control. AT THAT POINT YOU WILL ACHIEVE UTOPIA, or TOTALITARIANISM, and you, you egg producers who are sitting here, you hatcherymen, you feed manufacturers' personnel, you equipment manufacturers and others, WILL NOT BE IN THE POULTRY BUSINESS ANY LONGER, SO YOU WON'T HAVE TO WORRY.' F. Beeson, 'Beeson addresses meetings in England and Scotland at the invitation of the British Egg Marketing Board', *Canada Poultryman* 1 (1970), pp. 20–1.

³¹ F. Beeson, editorial, 'Export egg subsidy – The first goal', *Canada Poultryman* 3 (1941).

III

The inability of industry stakeholders to achieve improved economy among Canadian egg farmers, increase foreign sales, and strengthen domestic egg consumption meant that low prices remained. As farmers became more and more frustrated, ever-more urgent discussions took place about how to stabilize production. While farmer frustration had stimulated protectionist legislation during the 1930s, it was the Second World War that would be an important turning point. During wartime, governments increased their regulatory roles in most agricultural sectors. In Canada, although orderly marketing had begun before the war, the powers of marketing boards were generally limited, and World War II provided the opportunity for the government to intervene in commodity pricing and food policy in dramatic fashion.³² That post-1945 activist government extended into agriculture in the later part of the decade and into the 1950s. For example, the Agricultural Prices and Support Act (1944) and the Agricultural Products Marketing Act (1947) provided important mechanisms that allowed Ottawa to assist farmers in the post-war period, while the Agricultural Products Board Act (1951) marked a distinct change from past practice. With the latter, for the first time the federal government was empowered 'to buy, sell or import agricultural products; to store, transport and process such products; to sell agricultural products to any country and to make arrangements for their purchase and delivery; or to purchase agricultural products on behalf of any government or agency'.³³ The Act also explicitly recognized that the state had a role to play in support of farm incomes and the prices of commodities produced.³⁴

The Agricultural Stabilization Act (1958), which replaced the 1944 legislation, promised to do just as its name implied – stabilize certain agricultural industries by providing support to producers during periods of market depression. This either came in the form of purchasing commodities in excess supply or through deficiency payments so that prices would be supported at 80 per cent of the preceding ten-year average.³⁵ Eggs were among the nine commodities named under its rubric because of the particularly volatile price fluctuations they suffered. To some extent, the legislation was revolutionary, articulating a perspective that would have been dismissed mere years prior to its passage: 'to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of goods and services that they buy, thus to provide farmers with a fair share of the national income'.³⁶ Clearly, in Canada at least, agriculture was not going to be left to the machinations and violent swings of an unforgiving market and unscrupulous processors and supermarkets.

³² See, for example, Ian Mosby's very well-researched book, *Food will win the war: The politics, science and culture of food on Canada's home front* (Vancouver: UBC Press, 2014).

³³ Dominion Bureau of Statistics Canada, *The Canada Year Book 1951: The official statistical annual of the resources, history, institutions, and social and economic conditions of Canada* (1951), under 'Canada Year Book 1951', www66.statcan.gc.ca/eng/1985/198503120304_p.%20

304.pdf (accessed 30 Apr. 2018).

³⁴ D. Hedley, 'The evolution of agricultural support policy in Canada', CAES Fellows Paper, 2015-1, 11, caes.usask.ca/meetings/the-evolution-of-agricultural-support-policy-in-canada.pdf (accessed 30 Apr. 2018).

³⁵ Skogstad, *Politics of agricultural policy-making*, p. 43.

³⁶ Canada, *An Act to Provide for the Stabilization of the Prices of Agricultural Commodities* (1958), p. 3.

Still, the federal government remained frustrated with egg producers and their propensity to over-produce. The same recurring issues of overproduction that had created instability in the industry since the 1920s remained, and by the 1960s, further changes to the agricultural landscape only intensified the situation. For example, in early 1960, following a representative period for egg marketing, the Minister of Agriculture, Douglas Harkness, told cabinet of gyrations in supply, noting that 'The only long-term solution to the current problem is a decrease in egg production to the point where there is a more realistic balance between supply and domestic requirements'.³⁷ Overproduction was a constant reality, despite the fact that the industry had been 'repeatedly warned' of the dangerous territory into which it was venturing.³⁸ Moreover, there was no evidence that egg farmers had taken any steps to decrease production – indeed, quite the opposite.³⁹ As a result, the minister believed that the only way to achieve a much-needed adjustment was to let those producers suffer through a period of low prices that would result from the surfeit of supply.⁴⁰ However, if production did drop and prices did not recover, then the provisions of the Agricultural Stabilization Act would kick in. In some ways it seemed to be a Catch-22 situation.

Egg farming was also becoming more specialized. In Canada, there was 'a dramatic decline in the number of farms keeping layers in all categories up to 1,000 birds'.⁴¹ The industry was, or so it seemed to federal officials, 'consolidating rapidly'. Similar consolidations occurred in the United States and the United Kingdom during this period.⁴² They assumed that this trend would be replicated across Canada and that by 1968, the only category that would show any increase would be found in the more-than-4,972 bird operation. In the 1951 and 1956 counts, there had been no farms of this size in Manitoba, while by 1961 there were 36 and in 1966, 89.⁴³ A similar situation was occurring in Alberta where farm size had grown on average from about 1,200 layers to almost 1,800 in the five years following 1961.⁴⁴ The province's egg production had seen a precipitous drop from 47 million dozen in 1957 to 37 million dozen by 1963, largely due to the abandonment of small laying flocks on many farms. This was caused, as the dry language of a federal report concluded, 'because of the narrow margin between egg prices and production costs [resulting] in egg production being unremunerative to many Alberta farmers who have better labour alternatives'.⁴⁵ Economies of scale had now entered the language of egg

³⁷ D. Harkness, 'Memorandum to Cabinet re: Eggs', 5 Jan. 1960, file 6-3-8, Eggs (General) 1957–1963, B 20S, MG32 B 40 46, LAC. Months earlier, Harkness had weighed in on the same issue – overproduction. Then, he noted that the Agricultural Stabilization Board had purchased more than 354,000 cases up to June 1958, and in excess of 503,000 cases by late April 1959 in order to sop up excess supply and maintain price at 44¢ per dozen for a Grade A Large. Despite this, 'eggs are still being offered in unprecedented volume'. Some other method, he told the House, would have to be tried. 'Statement re Price Support for Eggs by the Hon. Douglas Harkness, 7 May 1959', file 6-3-8, Eggs (General) 1957–1963, B 20S, MG32 B 40 46, LAC.

³⁸ Harkness, 'Memorandum to Cabinet re: Eggs'.

³⁹ Statistics Canada, *Production of poultry and eggs* (Catalogue 23-202), 1976; for 1920 to 1969, CANSIM,

Matrix No. 1144, www150.statcan.gc.ca/n1/pub/11-516-x/sectionm/4057754-eng.htm#3 (accessed 25 June 2020).

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² For an interesting discussion of the UK situation with respect to larger farms, see Farmers' Union of Wales, 'New Central Authority for Eggs', 10 June 1969, TNA, MAF 293/288. For the US, see C. Dimitri, A. Effland and N. Conkland, 'The 20th century transformation of US agriculture and farm policy', ERS, USDA (2005).

⁴³ Harkness, 'Memorandum to Cabinet re: Eggs'.

⁴⁴ J. D. F. Kidd, 'Egg marketing in Alberta', Economics Branch, Canada Department of Agriculture, Sept. 1967, File 80-1/305 vol. 2, Agric Poultry Prices and Statistics, Vol. 3786, RG 17, LAC.

⁴⁵ Ibid.

farming right across the country. Indeed, changes in the organization of egg production and marketing were occurring so rapidly that department of Agriculture officials worried that any report prepared as a possible path to the future would soon be outdated.

Nevertheless, the department did undertake a number of analyses of egg production in Canada that often focused on reasons as to why this intensification and increase of larger and more specialized units was occurring. These had to do primarily with rising feed and labour costs and smaller profits per laying hen. Feed typically constituted more than 50 per cent of the production cost, while labour costs varied greatly. Generally, the smaller farms required much more time to service the flock and to gather eggs – a difference as calculated by a three-year Alberta study of about 65 minutes per layer and per dozen eggs as compared with their larger counterparts.⁴⁶ Those producers who sold to graders spent the least amount of time delivering their product while those selling to retailers spent ‘slightly more time’.⁴⁷ The least well off, taking more than twice the time for delivery with a concomitant hit to the bottom line, were those marketing directly to the consumer. Further, larger egg producers were in the process of transforming themselves into ‘businessmen farmers’, constantly aware of and sensitive to the costs of production, as well as marketing issues and changes in price that could either make or break their year.

It was the latter that most concerned producers as they had little to no influence over the price of the commodity that determined their livelihood. That was a determination assumed in 1960s Canada by the big supermarkets like A & P, Dominion, Loblaw’s, or Safeway. These stores, or established graders, determined price levels at the beginning of each week depending on several factors. Eggs as loss leaders was a common phenomenon, which was ‘extremely annoying to producers’.⁴⁸ Supermarket promotions were indirectly charged to farmers as the price paid to them was adjusted downward to reflect the consumer discount. Farmers seethed at this treatment as incomes in the sector were determined to a large extent by the egg price level and to a much lesser degree by volume of product sold and the efficiency of production. All of this meant a direct hit to their profitability.

The *Poultryman* tackled this subject in a 1975 editorial. While the example was American, it highlights similar problems suffered by Canadian egg farmers in a pre-supply managed era – the result of market conditions for the farmer was universal. The research done by J. L. Skinner of the Department of Poultry Science at the University of Wisconsin-Madison was presented: ‘A lot is being said about food prices these days’, he noted:

Eggs are one of those unfortunate commodities ... for which the price to the producer is what is left over as we back down from the retail level. We take out the various costs and services and pay the remainder to the producer. This assumes that the producer’s ingenuity will enable him to figure out a way to stay in production on that residual amount.⁴⁹

⁴⁶ G. R. Keay, ‘The economics of producing and marketing table eggs: A case study of 16 commercial egg farms in Alberta, 1961-1964’, Farm Economics Branch, Alberta Dept of Agriculture, n.d., File 80-1/305 vol. 2, Agric Poultry Prices and Statistics, vol. 3786, RG 17, LAC.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Fred Beeson to Eugene Whelan, 16 June 1975, J. L. Skinner, quoted in ‘Editorial’, *The Poultryman* (1975) found in file 9-15-1, Agri Canada and Agencies, Canadian Egg Marketing Agency, vol. 19 – (1-2), box R12298, vol. 377, Eugene Whelan papers, LAC.

Skinner wondered what would happen if the calculation was done the other way – from the producer to the supermarket, and the latter would have to make a profit rather than merely accept whatever was left over. The result was instructive, at least for egg farmers. These American grocery stores would have to charge their customers US\$92.9¢ per dozen for Grade A Large. Prices then prevailing in US Pacific Northwest supermarkets for that quality of egg were US\$41¢ in Washington and Oregon, US\$39¢ in San Francisco and in Los Angeles, between US\$36½¢ and US\$39½¢. ‘If’, Skinner offered, ‘your wife is buying them cheaper than that, you are being, in effect, subsidized by the producer’.⁵⁰

A problem for farmers was their division into a myriad very small units of production. Eggs were a commodity whose cost could be manipulated by processors and supermarkets with deeper pockets or with more influence in price setting. Power asymmetries characterized the industry with debilitating consequences for the small agriculturalist, the most common sort of farmer in Canada up until the later 1960s. No amount of government legislation – the Agricultural Stabilization Act (1958) included – could change that salient fact. In the conceptions of those touting the benefits of productivity, size mattered. In Ontario, for example, the average farm size in 1961 was 153 acres, which, even at that time, was viewed as small.⁵¹ Agricultural economists of the day focused on the need for holdings to get bigger and for economies of scale to kick in.⁵²

Still, price instability, or so it was suggested, likely altered some of the trends toward greater specialization, exerting restraints on some farmers who might have modernized their operation but for the price risk.⁵³ However, that was happening as demand for eggs became year-round as opposed to seasonal. As commercial production increased throughout the country, new insulated barns were being constructed with heating to ensure supply. Cyclical instability was more and more a thing of the past, which brought with it certain difficulties. Overproduction took the place of underproduction during winters, with a concomitant effect on price. But the former was more debilitating year-round. A federal report on the British Columbia egg situation noted that in early 1967, ‘the handwriting was on the wall that over-production was evident’.⁵⁴ Another government report pointed out that ‘Since the middle integrator is primarily interested in profit from volume, there is some danger that they will regularly produce beyond reasonable market requirements’.⁵⁵ Further complicating this scenario was the practice of freedom of entry of new production units and unrestrained expansion among existing producers and contract farmers.

⁵⁰ Ibid.

⁵¹ R. G. F. Hill and H. Weijs, ‘Farm enlargement and consolidation in Ontario’, *Canadian J. Agricultural Economics* 14 (1966), p. 69.

⁵² This was not only happening in Canada. In the United Kingdom, the Farmers’ Union of Wales bemoaned the departure of small producers from the field: ‘The Union has noted with apprehension the exodus of smaller producers from the egg industry and the detrimental effect of this on the Welsh farming economy ... This cannot be good for Wales’. Farmers’ Union of Wales, ‘New central authority for eggs’,

10 June 1969. TNA, MAF 293/288.

⁵³ S. Comachi to L. B. Pearson, 16 Feb. 1967, file 80-1/305 vol. 2, Agric Poultry Prices and Statistics, vol. 3786, RG 17, LAC. In her letter to the prime minister, the writer noted that ‘Twenty-five years ago the farmer received twenty-five cents to thirty for a dozen eggs. Twenty-five years later the farmer still gets twenty-five to thirty cents for the same product’.

⁵⁴ J. Raffa to F. E. Payne, ‘BC Egg Situation’, 31 Oct. 1967, file 80-1.141, vol. 3, Agric/Poultry, Prices and Statistics Eggs, vol. 3786, RG 17, LAC.

⁵⁵ Ibid.

These disadvantages were mitigated to some extent after 1945 by government transfers to farmers, which increased by 300 per cent,⁵⁶ but these interventions into the market did nothing to fix the issue raised by some economists and policy experts of 'the farm problem'. That conundrum, stated simply, was 'that average farm incomes are unacceptably low at free market prices, but attempts to increase incomes by raising prices leads to surpluses'.⁵⁷ By late 1967, the federal department of Agriculture forecast that 'egg prices will come under downward pressure as egg production is expected to begin increasing'.⁵⁸ Critically, a one per cent oversupply resulted in a five per cent price reduction which wreaked havoc on planning and modernization processes. Production technology was changing very fast as hens were lifted off the floor and put in what came to be called conventional cages, usually stacked four levels high. The system was completely automated with manure and eggs (separately) being shifted from the barn by conveyor belts requiring minimal human handling. This technology was very expensive and banks and other financial lenders began to demand guarantees for their loans. As a result, by mid-decade, some in the industry and in government were talking about the need for marketing boards or some sort of industry commitment to plan and administer the further development of this increasingly technologically driven sector.

Quotas and import controls were also being discussed among Agriculture officials, especially as prices paid to farmers for a dozen Grade A Large remained low. A part of the problem was that eggs had been imported from US sources in reasonably large numbers at various points in time with a concomitant downward price effect on the Canadian market. The situation was particularly bad in early 1967, a condition that had been exacerbated by activities of producers during late 1966. Then, farmers had been purchasing increasing quantities of baby chicks that were to create the surplus context they found themselves in by early the next year. Federal representatives had frequently warned the industry of the necessity to reduce, as opposed to increase, layer numbers, but they had been ignored.⁵⁹ By the beginning of summer in 1967, the volume of eggs being marketed had set all-time records that ran contrary to historical patterns when May was the peak month for eggs.⁶⁰ Legislation that had been targeted to improve producer prices did little to address widespread concerns about producer sustainability.

The Ontario government, no doubt influenced by the overall plight of farmers in the province, established a special committee on farm income in 1968 to report on difficulties being experienced by agricultural producers, which some saw as a program for implementing a planned and regulated economy for the province's agriculture.⁶¹ The result, *The challenge of*

⁵⁶ G. Skogstad, 'The two faces of Canadian agriculture in a post-staples economy', *Canadian Political Science Rev.* 1, 2 (2007), p. 29.

⁵⁷ A. R. Bird, 'An 'efficient cooperative' as a means of supply control', *Canadian J. Agricultural Economics* 9, 1 (1961), p. 71.

⁵⁸ F. E. Payne, 'Re: Egg Situation', 20 Oct. 1967, File 801.141, vol. 3, Agric/Poultry, Prices and Statistics Eggs, vol. 3786, RG 17, LAC.

⁵⁹ J. J. Greene, Minister of Agriculture to Clement Vincent, Quebec Minister of Agriculture and

Colonization, 27 June 1967, File 801.141, vol. 3, Agric/Poultry, Prices and Statistics Eggs, vol. 3786, RG 17, LAC.

⁶⁰ J. J. Greene, Minister of Agriculture to Clement Vincent, Quebec Minister of Agriculture and Colonization, 27 June 1967, File 801.141, vol. 3, Agric/Poultry, Prices and Statistics Eggs, vol. 3786, RG 17, LAC.

⁶¹ As Michael Stewart Foley notes in his work on the American Farm Crisis, 'Although journalists and social scientists studied farm activism at the time, historians have neglected it'. Michael Stewart Foley,

abundance: Being the report of the Special Committee on Farm Income in Ontario (1969), offered a recipe for farm success that insisted farmers enjoy a share in the wealth being generated by their sector.⁶² Among the recommendations made to the Ontario government that had commissioned the report was that agriculturalists be rewarded with ‘acceptable returns for well managed farms [and] adequate incomes for farm operators’.⁶³ Eggs were not the only commodity in crisis; the Committee recommended broadly that ‘supply management for the agricultural industry and economic development for the neglected regions of the province. The combined objective of these programs is to provide productive employment and adequate incomes for the rural population in a way that benefits both rural and urban society’.⁶⁴ It might also have noted that farmers wanted more income stability; the huge swings so characteristic of commodity sales played havoc with planning and investment. Price fluctuations also dismayed consumers. For example, as a ‘Sarnia Housewife’ noted in a letter to the *Globe and Mail*’s advice editor: ‘Eggs have gone from 60 cents [a dozen] in 1963 to 45 cents in 1964 to 79 cents in 1966’.⁶⁵ She did not like those swings and the resulting uncertainty experienced with respect to her meal costing and planning. Both producers and consumers suffered the vagaries of the market.

Finally, Eugene Whelan, then the parliamentary secretary to the minister of Fisheries and Forestry, weighed in with a passionate plea for farmers. In a letter to the minister of Agriculture, H. A. Olson, he noted that since he had become a Member of Parliament in 1962, he had seen the position of farmers ‘gradually worsen each year’.⁶⁶ While he was optimistic that with the Liberal Party under new leadership ‘these injustices would disappear’, changes had not yet materialized and Whelan had rededicated himself to securing a better result for farm communities.⁶⁷ Whelan’s continued support for farmers would later see him appointed Minister of Agriculture on 27 November 1972, when he was tasked with the implementation of supply management.

In the mid-1960s, however, little consensus existed. Agriculture remained important to the national economy, but its political significance was declining. Indeed, as early as 1921, Canada was roughly split 50-50 in terms of rural-urban populations, but the surge was clearly on the side of the latter. By 1961, about 70 per cent of Canada’s population was urban with increasingly little connection to the farm. Agriculture had unique issues, which became known as the

Note 61 *continued*

“Everyone was pounding on us”: Front porch politics and the American farm crisis of the 1970s and 1980s’, *J. Historical Sociology* 28, 1 (2015), p. 104. This neglect by historians is also true for the Canadian context, with exception of Ryan O’Connor’s regional analysis ‘Agrarian protest and provincial politics: Prince Edward Island and the 1971 National Farmers Union highway demonstration’, *Acadiensis* 37 (2008), pp. 31–55. Primary sources from the period in Canada also illustrate that serious farm problems began even before the inflationary period of the 1970s when agricultural industrialization placed demands on farmers to become increasingly specialized and capitalized as the cost price

squeeze intensified.

⁶² Ontario Special Committee on Farm Income, *The challenge of abundance: The report of the Special Committee on Farm Income in Ontario* (1969).

⁶³ M. Moore, ‘Ontario committee reports: Vast farming changes proposed’, *Globe and Mail*, 7 Jan. 1969, p. B1.

⁶⁴ Ontario Special Committee on Farm Income, *Challenge of abundance*, p. 194.

⁶⁵ E. Thompson, ‘Advises: Budget, don’t boycott, woman says’, *Globe and Mail*, 2 Jan. 1967, p. 12.

⁶⁶ Whelan to Olson, 10 Oct. 1968, file 611.9E1, part 3, vol. 3765, RG 17, LAC.

⁶⁷ Ibid.

'farm problem'. These included not responding appropriately to normal demand and supply mechanisms since farmers could not control the weather, when a cow freshened, or if wild ducks would bring high pathogenic avian influenza to their egg barns. Production could not be turned on and off as it could with a factory producing inanimate objects. As well, the atomized nature of farm life, with each producer competing against their neighbours, meant little by way of cooperation and passive supply control. Even cooperatives suffered these forces; all it took was for one farmer to believe that they could do better than fellow members in production or price for the whole mechanism to fall apart. The so-called farm problem was real, and it had resisted solution since time immemorial.⁶⁸

It had, however, metamorphized from a focus on rural poverty to one of surplus production.⁶⁹ Different countries had tried different schemes to slow down the almost-exponential increase in agricultural production, but none had hit upon a sure-fire method of doing so. In the United States, the Agricultural Adjustment Act (1933) had initially authorized direct payments to farmers if they curtailed production. Later, the administration of John F. Kennedy emphasized production controls and paid farmers directly if they followed through with this legislative emphasis. In the United Kingdom, in the case of eggs, the sector had received protection from the Egg Marketing Board (EMB) since 1957.⁷⁰ The Board provided direct support to egg farmers by setting prices. The result of this, the EMB told the Rowland Wright Reorganisation Committee for Eggs, was that government policy had 'contributed to the development of a market in which supply and prices have been much more stable than would have existed in a free market situation'.⁷¹ Overproduction was not so much of a concern in that context. It was the achievement of this sort of control over production that Canadian egg farmers and policy makers were grappling with in the late 1960s as too many eggs on the market once again drove prices to ruinous levels.

IV

Given the deteriorating egg situation, the Canadian Egg Producers Council (CEPC) held a conference in June 1968, the first of its kind, to discuss the development of a national plan for the orderly marketing and management of the supply of eggs in Canada. Provincial ministers

⁶⁸ Interestingly, at the same time as the Canadian government was considering enhancing protections for the sector, the UK Labour government of Harold Wilson decided to remove them. The Reorganisation Commission for Eggs, struck in 1968 and chaired by Rowland Wright, recommended that the industry move to a free market and that the egg subsidy be phased out. Following a transitional period to last five years, 'egg prices will be determined by the conditions of the commercial market instead of being centrally fixed'. HC Debs, 22 Jan. 1969, col 456, www.theyworkforyou.com/debates/?id=1969-01-22a.453.10&s=camelford (accessed 30 June 2020). See also, for example, Reorganisation Commission for Eggs, 'Verbatim Record of Hearing of

Oral Evidence from the National Egg Producer Retailer Association', 24 Nov. 1967, TNA, MAF 280/50.

⁶⁹ See E. Lotterman, 'Farm bills and farmers: The Effects of subsidies over time', Federal Reserve Bank of Minneapolis, 1 Dec. 1996: www.minneapolisfed.org/article/1996/farm-bills-and-farmers-the-effects-of-subsidies-over-time (accessed 30 June 2020).

⁷⁰ Godley and Williams, 'Democratizing luxury', p. 273.

⁷¹ 'Comments by the British Egg Marketing Board on the Report of the Reorganisation Commission for Eggs: The Board's Proposals for the Future, Part IV', n.d., TNA, MAF 280/2.

of agriculture followed up in July in Regina while a November meeting in Ottawa between the provinces and federal representatives, chaired by the federal deputy minister of Agriculture, S. B. Williams, were all focused on the establishment of a national marketing scheme for eggs. This flurry of activity was a sign of the desperation egg farmers felt with respect to their prospects for a decent income, and government for some sort of stability in the industry. The CEPC conference concluded that 'the overriding goal and priority must be effective supply management and price adequacy. Necessary compromises and agreements on detail can and must be worked out. Otherwise, the industry, as egg producers wish to see it, will not survive, and we will see the disappearance, as producers, of the vast majority of those now trying to make a livelihood from egg production'.⁷²

Finding consensus for the best way forward, however, was not easy. The issue of cheap egg imports remained and continued to depress Canadian egg prices. In 1967, when representatives of the Ontario Egg and Fowl Board, the Quebec Federation of Egg Producers and the Saskatchewan Poultry Association, along with the Canadian Federation of Agriculture, met with the minister of Agriculture to discuss the price issue, the groups believed that the primary problem lay with the importation of US eggs. That country could produce eggs more cheaply given its lower feed, equipment, and housing costs. The producer associations wanted import restrictions when the average price of all grades of eggs in Canada was below 30¢ per dozen. Provinces were 'attempting to put their respective houses in order through the establishment of boards', but that was proving difficult so long as American product could be imported 'in quantity and demoralize the entire program' they noted.⁷³ It was not only US eggs. In 1970, Whelan told Prime Minister Pierre Trudeau of egg issues relating to imports from Denmark. Whelan argued that buyers 'should not be allowed to bring any products into Canada without a permit ... [These egg imports were done by] some sharp little broker trying to make a fast buck and he could care little what happens to the stability of the industries affected here in Canada'.⁷⁴

Producers were hesitant about production controls without sufficient import control. This applied to interprovincial trade as well. British Columbia had become the first province to establish a broiler marketing board in 1961, and while this had stimulated discussions about the value of marketing boards, 'stormy debates' between farmers and other industry stakeholders continued to stymie similar attempts among egg producers. For example, Walter Brown, a producer-vendor from North Vancouver, asserted that 'When you can stop eggs coming into

⁷² Canadian Egg Producers Council, 'Proposal for a National Egg Marketing Plan for Canada', Aug. 1972, file 19-15-1, Agri Canada and Agencies - Canadian Egg Marketing Agency - Vol. 1 - (2-2), 1972-73, R12298 374, vol. 374, RG 17, LAC.

⁷³ 'Meeting with Mr. Greene and Mr. Sharpe re Eggs', 19 June 1967, file 801.141, vol. 3, Agric/Poultry, Prices and Statistics Eggs, vol. 3786, RG 17, LAC.

⁷⁴ Whelan to Trudeau, 30 June 1970, file 611.9E1 part 3, vol. 3765, RG 17, LAC. Later, Whelan elaborated on this to Trudeau: 'What good would it do to develop

a marketing scheme ... that stabilized your market and some other country who could produce eggs ... below our cost of production but not below the cost of production in that country, decides to ship them into Canada. Under our present laws of importation, he would have no difficulty but he certainly could make a mess of the most efficient marketing production system we could develop in our country'. Whelan to Trudeau, 24 Aug. 1970, file 611.9 E1 part 3, vol. 3765, RG 17, LAC. Import controls would become an essential part of supply management.

B.C. and scuttling our prices...then maybe I'll agree that an egg production control board will work. Until then, I'll vote against it right down the line ... prairie eggs control the B.C. price. What could a marketing board do about that? Nothing'.⁷⁵ Part of egg farmers' resistance to provincial production controls was the inability to control surplus interprovincial supplies from reaching the market and depressing local prices.

Therefore, Brown, and others like him, did not necessarily think the theory of quotas was a bad one, but they believed it could only work on a national scale if interprovincial shipments and international imports could be controlled. Nor was the federal government keen to go along with the demands made about curtailing imports. As Whelan observed, 'Canada is an overall exporter of food and to gain the export markets we need, we push as hard as we can to get other nations to drop their trade and tariff barriers. Therefore, we need to be in the position of being beyond reproach'.⁷⁶

As stakeholders continued to debate what to do, egg farmers expressed their dismay that, 'The more they lay, the poorer you get'.⁷⁷ Farmers were seemingly at the bottom of a commodity swing that was proving perilous for the industry. As was pointed out, 'Between April 1970 and October 1971, there wasn't one major egg producer in Ontario who showed a profit on his operation'.⁷⁸ Exiting the business was one possibility although the amount owed to banks and feed companies would make that a moot gesture. Adequate returns were needed to allow medium-sized egg farmers like Roland Stalker to continue to produce. He told a *Globe and Mail* reporter that 'Two years ago I didn't owe a cent except for a small mortgage on the house. I was ahead \$2,000 on my feed bill. Now, even with exceptionally good egg prices, it will take me years to get even'.⁷⁹

The problem was obvious to egg farmers; prices fluctuated wildly with supply and demand and the former had surged ever more often while the latter had remained stagnant. That had played into the hands of processors and supermarkets as they had driven down prices paid to farmers. Indeed, they believed that they were being exploited by a number of ruthless buyers who were only interested in enriching themselves. Most often, or so farmers believed, that meant 'giving farmers a raw deal'.⁸⁰ That was certainly the case with Kurt and Eric Kaiser, brothers who owned a large egg farm on the Lake Ontario shoreline southwest of Picton. In the 21 months from March 1970, they had lost \$270,000, a very significant sum, because they were forced to sell their eggs in the Toronto market – there was none other to absorb their product in sufficient volume – at a loss of between 10 and 15 cents a dozen.⁸¹ Provincial oversupply was a problem, but so was the attitude of processors and supermarkets.

In July 1971, a eggs dozen cost 17 cents retail, while the cost of production was about 31 cents. The only way, or so Kurt Kaiser believed, for producers to exit this debilitating scenario was for the province to establish a supply management board with egg quotas.⁸²

⁷⁵ Walter Brown, cited in 'On opposite sides of the fence', *Canada Poultryman* 10 (1965), p. 12.

⁷⁶ From the Office of the Hon Eugene Whelan, 'Egg history', Sept. 1974, file Egg Marketing, 1974, 17-3, Vol. 374, RG 17, LAC.

⁷⁷ John Scott, 'The more they lay, the poorer you get', *Globe and Mail*, 5 Jan. 1972, p. 25.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Dennis Stephens, 'Processors, retailers advise marketing boards: Farmers sow cooperation to reap increased profits', *Globe and Mail*, 7 Mar. 1967, p. B5.

⁸¹ Ibid.

⁸² Ibid.

Prices were, in the words of a Canadian Egg Producers Council document provided to the minister of Agriculture, 'disastrously low ... extending from 1970, through 1971 and the first half of 1972'.⁸³ That caused significant hardship and losses to egg producers. As the document went on to note, 'Not only this but the public interest is badly served by the economic waste and inefficiency that is an inevitable consequence of severe cyclical instability, and by the instability of consumer prices – sometimes extremely (and to the producer disastrously) low, but at others unnecessarily high as production inevitably falls to inadequate levels under the pressure of persistent losses'.⁸⁴

Beyond the cyclical price instability, the years between 1970 and 1971 also experienced the 'Chicken and Egg War' that resulted when Quebec producers attempted to introduce provincial quotas and restrict egg imports from other provinces. During the 1960s, record-low egg and broiler prices had stimulated the creation of more marketing boards and a greater acceptance towards controlled marketing, but their powers generally remained limited. For instance, in Ontario, the issue of quotas was essentially a non-starter at that time because of the province's privileged position in the market. When the Quebec government established the Fédération des producteurs d'œufs de consommation du Québec (FPOCQ), a marketing board that restricted the price, grading, and sale of all eggs in Quebec, including egg imports from other provinces, the news was greeted with outrage from provinces such as Ontario and Manitoba, who relied on the Quebec market to get rid of their annual egg surpluses.⁸⁵ Various legal proceedings were taken against the board and throughout 1970 and 1971 a series of retaliatory manoeuvres took place, including the enactment of import controls for egg and poultry products in Ontario, Manitoba and British Columbia, as well as confiscations of 'alien eggs' and 'illegal chickens', all of which made national headlines and prompted critics to warn about the Balkanization of Canada's economy.⁸⁶

The events of the 'Chicken and Egg War' prompted increasing numbers of both farmers and bureaucrats at the federal and provincial levels to consider the need for a national marketing plan. In September 1971, the Ontario government appointed a judge, James F. Ross, to head an inquiry to examine all aspects of egg marketing in Ontario. In April 1972, he produced his assessment, *Report of the Royal Commission Appointed to Inquire into the Egg Industry in Ontario*.⁸⁷ The *Globe and Mail* suggested that the real reason for the Ross commission was to head off those opposed to supply management.⁸⁸ Indeed, the province had cancelled its plans for a producer ballot on a proposed quota marketing plan after charges were levied that opponents were rigging the vote.⁸⁹

⁸³ Egg Marketing Agency, 'Proposal for a National Egg Marketing Plan for Canada', 9 Aug. 1972, file 611.9E1, part 3, Agric Poultry Others, vol. 3765, RG 17, LAC.

⁸⁴ Ibid.

⁸⁵ G. Bain, 'The chicken-and-egg war', *Globe and Mail*, 11 May 1971, p. 6.

⁸⁶ 'Prairie premiers plan to end farm produce trade barriers', *Globe and Mail*, 19 Dec. 1970, p. B2; and 'New powers to halt Quebec broilers: No-permit chickens

liable to seizure under Ontario law', *Globe and Mail*, 14 Apr. 1971, p. 14.

⁸⁷ J. F. W. Ross, *Report of the Royal Commission Appointed to Inquire into the Egg Industry in Ontario* (1972).

⁸⁸ J. Rusk, 'Egg quota marketing in Ontario wanted without producers' vote', *Globe and Mail*, 8 Apr. 1972, p. B2.

⁸⁹ Ibid.

Ross had begun, as he noted, a free trader and remained so until he concluded that traditional methods of production planning were no longer adequate and that some restraint was inevitable if 'egg producer's legitimate income objectives [were] to be ensured in the future'.⁹⁰ He was perplexed by the fact that producers 'acting individually have no rational basis for making production decisions that would result in a more stable supply'.⁹¹ Moreover, it was unbelievable to him that it took a long period of unusually low prices before egg farmers voluntarily cut back on production to reduce overhanging supply.

In part, that was the nature of the industry – thousands of producers with none of them capable of influencing total supply and, therefore, overall price. Production technology was also changing and much of this new technology involved high investment costs. The emphasis of these farmers was to continue producing, even more so as prices fell. Further, egg farming dictated certain standards of behaviour. Farmers were committed to production volumes well in advance of marketing their product and, once investments were made and production was on stream, it was extremely difficult, if not impossible, to stop. While these factors applied to agriculture in general in Canada, they affected egg farmers more sharply as the industry was more volatile than most other sectors of the farm economy.

The Ross report was a provincial initiative but, coming from Ontario, which had the largest number of egg farmers and layers, when combined with developments in the other provinces, resulted in a federal response. The same month that Ross released his report was the same month that the federal deputy minister of Agriculture called a special meeting to consider proposals for a comprehensive egg marketing plan for Canada. By August, public hearings into the establishment of a national egg marketing agency were scheduled. These flowed somewhat naturally from a Supreme Court of Canada (SCC) decision, the *Manitoba (AG) v Manitoba Egg and Poultry Association* (the Manitoba Egg Reference) [1971] S.C.R. 689. Prompted by the 'Chicken and Egg War', the case focused on the ability of provinces, in this case, Ontario and Quebec, to pass legislation preventing the importation of chicken and eggs from Manitoba and it had very real consequences for the Canadian federation. As previously discussed, this was a period of intense overproduction of both chicken and eggs and each province was intent on keeping 'its' market for its own producers. This battle represented a new level of competition. Instead of individual producers fighting for markets, the provincial marketing agencies in the case of eggs were battling each other for the Canadian egg market. The SCC ruled in the Manitoba Egg Reference that the issue was *ultra vires* of provincial authority, which helped to stimulate both the federal and provincial governments to rectify this deleterious situation.⁹² This resulted in more focused negotiations that ultimately created the intent to impose provincial quotas on egg production regulated by federal authority but including as well provincial egg marketing agencies.⁹³

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Canada, SCC, Attorney-General for Manitoba v. Manitoba Egg and Poultry Association et al., [1971] SCR 689, scc-csc.lexum.com/scc-csc/scc-csc/en/item/6240/index.do (accessed 30 June 2020).

⁹³ An interesting bookend to this case occurred in April-May 1973, when the British Columbia Egg Marketing Board seized a shipment of Manitoba eggs, which were to be marketed in BC. That created a minor skirmish, with the Manitoba minister of Agriculture, Samuel Uskiw, threatening the BCEMB with

That happened after ‘a prolonged period of emotional debate’ in December 1971.⁹⁴ The Farm Products Marketing Agencies Act, Bill C-176 (FPMAA) was passed that provided for the establishment of the National Farm Products Marketing Council, the development of national marketing plans for farm commodities and the creation of national marketing agencies for the respective commodities.⁹⁵ In the case of eggs, the federal minister of Agriculture, H. A. Olson, and nine of his provincial counterparts signed an agreement on 20 November 1972 designed to pave the way toward the establishment of a national egg marketing agency before the end of the year. Quotas were to be based on the five-year production average from 1967 to 1971 and it would divide up 475 million dozen eggs. This plan was the first in Canada under the FPMAA and then the only one to date outside of milk marketing. Still, as the federal representatives warned, it was not ‘the complete answer to our marketing problem. This can only come about when the farmers and others involved recognize that this is a Canadian problem, not a provincial or regional problem, and when all Canadian farmers recognize that the Government cannot legislate cooperation, but only provide the mechanism and environment to make cooperation possible’.⁹⁶

The Canadian Egg Marketing Agency (CEMA) was established on 15 December 1972 which followed closely upon the Comprehensive Federal-Provincial Agreement that had been signed by all ten provinces on 20 November that had linked federal and provincial jurisdictions so as to achieve the necessary cooperation and coordination between the two. This agreement had provided for a national egg marketing plan based on quotas, import controls and producer pricing, and was entrenched in legislation via the Farm Products Marketing Agencies Act of that year. CEMA assigned quotas to each province, based on their percentage of total egg production.⁹⁷ Table 1 shows the percentage of production awarded to each province according to the totals applied in 1973.

It also provided for the creation of the National Farm Products Council, ‘a public interest oversight body responsible for ensuring that the national supply management system of poultry and eggs works in the balanced interest of producers, processors and consumers and can withstand public scrutiny’.⁹⁸ That admonition remains as an undergirding principle of the system in the twenty-first century.

Note 93 *continued*

court action. Clearly, the BC action ran counter to the FPMAA, and was soon appropriately addressed, although not before some harsh words had been shared.

⁹⁴ R. Ferguson, ‘Notes for Address at Blenheim Rural-Urban Night’, 24 Oct. 1972, R12298, vol. 375, RG 17, LAC.

⁹⁵ Canada, Farm Products Marketing Agencies Act, 1972 (Can.), c. 65.

⁹⁶ ‘Bill C-176 (Farm Products Marketing Agencies Act)’, file 9-15-1 – Agri Canada and Agencies – Canadian

Egg Marketing Agency – Vol. 2 – (1-2), 1973–1974, R12298 374, vol. 374, RG 17, LAC.

⁹⁷ See D. Stager, *Economic analysis and Canadian policy* (1988), p. 519.

⁹⁸ S. Wallace, ‘Canadian Hatching Eggs Producers Proclamation’, 5 July 2013, www.gazette.gc.ca/rp-pr/p2/2013/2013-07-17/html/sor-dors144-eng.php (accessed 14 Apr. 2018). For an account of egg pricing, see Vernon Yorgaon, ‘But who reviews the reviewers? The case of eggs’, *Canadian Public Policy* 2, 3 (1976), pp. 511–19.

TABLE 1. The percentage of production awarded to each province according to the totals applied in 1973

British Columbia	12.05%
Alberta	8.70%
Saskatchewan	4.76%
Manitoba	11.40%
Ontario	38.16%
Quebec	16.55%
New Brunswick	1.82%
Nova Scotia	4.10%
Prince Edward Island	0.63%
Newfoundland	1.78% ^a

Note: ^a Government of British Columbia, Natural Products Marketing (BC) Act, British Columbia Egg Marketing Scheme, 1967, BC Reg. 173/67, O.C. 2263/67, www.ecb.gov.bc.ca/civix/document/id/loo84/loo84/15_173_67 (accessed on 27 Apr. 2018).

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While the result was favourable to egg producers (and to consumers), in that the new program stabilized egg supply and egg pricing, it was a road little travelled to that point and one that brought into focus issues of federal/provincial jurisdiction, the role of the market, the organization, or lack of same, of the egg industry, and conflicting and competing perspectives of farmers themselves. Despite its promise, in no way could it have been considered a done deal as the federal government, and especially its minister of Agriculture began to consider options. Indeed, a new minister, Eugene Whelan, was to later identify a quite remarkable confluence of circumstance that he claimed led to the promise of supply management in the egg sector. ‘The story’, he told an audience of egg farmers, ‘that lies behind the formation of the Canadian Egg Marketing Agency is really the story of the economics of farming in Canada, the story of federal-provincial relations, of international trade, of the rapid introduction of new technology and the story of mankind’s struggle to carve out some degree of certainty in a fast-changing and highly uncertain world’.⁹⁹ The only thing left out was the perfectibility of a global society. Still, for Canada’s egg farmers, the implementation of supply management did mean salvation of a sort – from financial loss, from a life of penury and from depredations visited upon them by supermarkets and processors.

Issues solved by supply management, namely overproduction and the resulting volatility in egg prices, continue to harm most agricultural producers who function outside of the system’s paradigm. While the market was said to be rational, the actors in it were not, and the case of egg farming provides a useful cautionary tale for those who believe that a deregulated system

⁹⁹ From the Office of the Hon. Eugene Whelan, ‘Egg history’, Sept. 1974, file Egg Marketing, 1974, 17-3, Vol. 374, RG 17, LAC.

would improve farmers' prospects. Indeed, the neoliberal agricultural policies that were then touted, as they are now, were not and are not appropriate solutions to this issue. Today, Canadian dairy, egg, and poultry producers recognize their privileged position, although it had indeed been a long road to get there. Although calls for increased trade liberalization across borders – international and regional – remain, nation states must consider the ramifications of their farm policies and agricultural systems if they hope to achieve more sustainable food systems in the future.