

## Section 2.—Controls Over Pricing and Marketing of Farm Products Other Than Grain\*

With the growing complexity of agricultural marketing caused by the fact that the producer is more and more becoming a specialist and produces more for marketing off the farm than for his own needs, a substantial and continuing change in the approach to marketing problems is evident.

Early developments in the marketing of agricultural products included the establishment of grades and grading which are now almost universally accepted as necessary in the flow of produce to market. The history of marketing legislation in Canada relating to grades and standards of quality might be summarized as follows: (1) for the protection of the consumer in the matter of weights, measures and prices as represented in the early colonial legislation; (2) the encouragement of the export trade by the imposition of weights and simple quality standards in colonial and pre-Confederation legislation; (3) the extension of grading for export and the application of grading to sales by farmers which features the development since Confederation; and (4) the use of grading and retail selling which is a development, in the main, of the present generation.

With respect to organized marketing, early legislation was related mainly to co-operative marketing, although the first wheat board in Canada was established during World War I. British Columbia entered the field of greater regulation of marketing practices in 1927 and during the 1930's most of the provinces passed milk control legislation and regulations of one kind or another. Problems which the producers have been striving to make less difficult as they have developed co-operatives and marketing controls include: (1) short-run or seasonal surpluses which weigh heavily on the market at time of delivery; (2) distribution of the product to alternative market outlets so that returns may be as high as possible; (3) provision of better market knowledge about supplies available for market; and (4) attempt to place themselves, as many individual producers, in a reasonable or better bargaining position with respect to a limited number of buyers to whom the product is sold.

With the exception of tobacco, little or no attempt at production control has been introduced in Canada, although in some countries this also forms part of a broad program of market control. The methods of control might be summarized as follows, although some of the methods mentioned may be combined in some operations: (1) producers may organize co-operative marketing agencies; (2) producers may establish compulsory marketing boards to bargain with groups buying the product for processing or further sale; (3) producers may establish compulsory marketing boards to direct the flow of product and bargain on price; (4) producers may request the Federal Government to establish a government marketing board; and/or (5) producers may request intervention in the pricing system through an offer by the Government to either assist in financing the orderly marketing of the product or in the support of the price of the product in the market-place.

The Government of Canada and provincial governments have, through legislation and in other ways, given marketing aids such as those related to research, education, information, inspection, grading and many other service measures of this type, designed to assist in making adjustments in marketing within agriculture and between agriculture and the remainder of the economy.

There exists in Canada today considerable legislation on the federal, provincial and municipal levels which gives government agencies and farmers the power to take measures for controlling the marketing of farm products. Legislation relating to grain marketing is dealt with in the previous Section and an attempt is made here to cover in a general way some of the other types of legislation, with particular reference to the Agricultural Products Co-operative Marketing Act, the Agricultural Products Marketing Act and the Agricultural Stabilization Act.

\* Prepared in the Economics Division of the Administration Branch, Department of Agriculture, Ottawa.