“Milk is Milk”: Marketing Milk in Ontario and the Origins of Supply Management

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Résumé de l'article

Dans le domaine du commerce international des denrées agricoles, le discours sur les politiques néolibérales est prédominant. Le système canadien de gestion de l'approvisionnement en produits laitiers, œufs et volaille reste intact bien qu'il s'agisse d'un sujet polarisant, à la fois au niveau national et à l'étranger. Pour mieux comprendre le fossé idéologique qui s'est creusé entre les partisans du système et ceux qui s'y opposent, cet article revient sur la création, en 1965, de l'Office de commercialisation du lait de l'Ontario (Ontario Milk Marketing Board, OMMB), qui a permis de rémunérer plus équitablement les producteurs et de discipliner la production grâce à la création de coopératives laitières. Avant la création de l'OMMB, la surproduction chronique de lait était dévastatrice pour les fermiers qui recevaient un prix dérisoire pour leur production, ce qui a causé une vive détresse dans la communauté laitière. Cet article examine les divisions entre les diverses parties prenantes de l'industrie laitière au cours de l'instauration de l'office de commercialisation du lait afin de mieux comprendre pourquoi certains considéraient que les projets de cet organisme étaient rationnels et équitables, tandis que d'autres croyaient que les politiques de l'OMMB empiétaient sur leurs libertés et retardaient l'organisation rationnelle de l'industrie laitière de l'Ontario.

Citer cet article

“Milk is Milk”: Marketing Milk in Ontario and the Origins of Supply Management

JODEY NURSE-GUPTA

Abstract

Neoliberal policies dominate the discourse on international agricultural trade. Canada’s system of supply management in dairy, eggs, and poultry, however, remains intact despite being a polarizing topic both nationally and abroad. To better understand the ideological rift that exists between those who support and oppose the system, this article examines the creation of the Ontario Milk Marketing Board (OMMB) in 1965, which introduced fairer producer pricing and production discipline through the establishment of milk pools. Before the OMMB was created, chronic over-supplies of milk resulted in devastatingly low milk prices paid to farmers, which caused significant distress in the dairy community. This article examines the divisions between industry stakeholders during the implementation of the milk marketing board in order to better understand why some saw the board’s plans as rational and fair, while others believed OMMB policies infringed on their freedom and retarded the rationalization of the Ontario dairy industry.

Résumé

Dans le domaine du commerce international des denrées agricoles, le discours sur les politiques néolibérales est prédominant. Le système canadien de gestion de l’approvisionnement en produits laitiers, œufs et volaille reste cependant intact bien qu’il s’agisse d’un sujet polarisant, à la fois au niveau national et à l’étranger. Pour mieux comprendre le fossé idéologique qui s’est creusé entre les partisans du système et ceux qui s’y opposent, cet article revient sur la création, en 1965, de l’Office de commercialisation du lait de l’Ontario (Ontario Milk Marketing Board, OMMB), qui a permis de rémunérer plus équitablement les producteurs et de discipliner la production grâce à la création de coopératives laitières. Avant la création de l’OMMB, la surproduction chronique de lait était dévastatrice pour les fermiers qui recevaient un prix dérisoire pour leur production, ce qui a
In 1968 Douglas Sagi and Michael Moore began their article for *The Globe and Mail* on the workings of the Ontario Milk Marking Board (OMMB) by announcing that the board was “sticking to its chosen role of Robin Hood … despite charges of dictatorship and unfair treatment.”¹ The piece went on to outline criticism directed at the OMMB by the Agincourt Milk Producers’ Association, whose members were fluid milk producers who had seen their milk quota reduced by roughly 10 percent over the previous year and been required to participate in a milk pool in which the OMMB sold 90 percent of their milk at top price, and 10 percent at a secondary industrial price. The idea behind the milk pool was that it provided fair equalization payments among farmers and stabilized the industry. Before the OMMB was established, chronic oversupplies of milk resulted in devastatingly low milk prices, which caused significant distress for dairy farmers. The divisions that existed between dairy producers based on their milk’s purpose — those who produced fluid milk for the consumer, those who produced milk for cheese-making, those who separated cream on the farm for butter-making, and those who supplied “industrial” milk for manufacturing items like powdered or condensed milk — also resulted in conflict between producers when milk prices were low. The OMMB had been formed in 1965 with the express purpose of eliminating these divisions and ensuring all producers received the same, fair price for their milk. Initially, however, only fluid milk producers were included in “Group A” pool pricing,² although OMMB policies eventually allowed “Group B” producers, who had long been excluded from the fluid (bottled) milk market, to enter the milk pool through a graduated entry program.
The reaction to pooling milk, however, was anger among those producers who had held advantages in the dairy industry previously but were now forced to participate in what one member of the Agincourt Milk Producers’ Association, Mr. Harrington, deemed “nothing more than a socialist grab of the money paid to some producers, so that other producers can get paid for their milk.” William Macpherson, the OMMB’s director of finance, responded to the charge by stating simply that there was “no question at all that we are taking from the rich and giving to the poor. That’s what we’re here for,” and reaffirming his position that “milk is milk, and it deserves a price based on the total market.”

The idea that the OMMB was robbing the rich to pay for the poor was a controversial one. Some producers objected to the board’s plans because they had held privileged positions in the fluid market before the creation of the OMMB, while others had honest philosophical reservations about a system of controlled production and marketing that did not allow for individuals to act independently in the market. Marketing boards in general had a history of being criticized for their interference with the laws of supply and demand and forced producer participation. By definition, a marketing board is a system of compulsory co-operation. Unlike voluntary co-operatives, marketing boards require all producers of a certain product in a specified region to be compelled by law to adhere to the regulations of a marketing plan, which typically has the approval of the majority of producers of the product. While the regulations imposed by marketing boards could vary significantly, the objective was the same: to maintain or increase, stabilize, and equalize the income of producers.

The persistence of orderly milk marketing through a national supply management system continues to be contentious. While milk is not the only supply-managed commodity in Canada (eggs and poultry are also supply managed), the dairy industry is most criticized because it holds significant market opportunities for dairy exporting nations like the United States and New Zealand, or various member states of the European
Union. Domestically, critics of supply management often blame the system for difficulties in trade negotiations despite the fact that government intervention in agricultural markets is not unique to Canada, and often comes in the form of agricultural subsidies that have been found to primarily benefit large-scale industrial farming rather than those with the greatest need. At the same time, dairy producers elsewhere in the world have struggled in recent years to receive milk prices that cover their cost of production; add the issue of power asymmetry between producer and processor/supermarket and the result is a volatile mix, reflecting the tenets of food regime theory. This contrasts with the Canadian system, suggesting that the stability Canada’s dairy industry has in terms of reducing chronic milk surpluses and providing stable income for farmers will allow supply management to survive calls for it to be repealed.

To better understand the polarized nature of Canada’s supply-managed dairy industry, and why it has been maintained despite the proliferation of neoliberal policies that dominate the discourse on international agricultural trade, it is necessary to consider the historical context in which the system was created and how producers, processors, consumers, and governments reacted to its implementation. The system of supply management as it exists today has undergone transformations over the decades. The basic pillars of the system — import controls, producer pricing, and production discipline — were established, however, in the 1960s and 1970s under the direction of provincial marketing boards with national coordination. The creation of the OMMB in 1965 was a significant catalyst in the development of supply management nationally, and therefore it provides a useful investigation of the origins of the system and the reactions that resulted.

This article does not attempt to judge the effectiveness of milk marketing plans during this period, but rather, it focuses on how the measures taken for controlled marketing were perceived, and how the philosophy of supply management evolved. It argues that conflicts over market intervention caused strong ideological reactions; some saw marketing board plans as ratio-
nal and fair, others demonized the board for infringing on their freedom. Generally, those who supported the OMMB were most of the province’s dairy producers who were suffering financial hardship, farmer representatives who witnessed the unfairness and instability inherent in previous dairy policies, and politicians and bureaucrats who were well-aware of the social and economic costs of chronic overproduction. They recognized the necessity of controlling the milk supply and instituting fair farmer pricing in order to institute some balance in the historically unstable industry. Those in opposition were fluid milk producers who believed they would lose market share to other dairy producers under the new system, dairy processors who resisted any interference in their ability to bargain for milk at the lowest possible cost, and consumers who were told by media outlets that they would be forced to pay more for their milk and other dairy products. Critics of controlled marketing also charged that such systems supported small-scale farmers at the expense of more modern, efficient, and large-scale operations. Opponents reinforced the idea that the OMMB’s policies were misguided by labelling such regulation as undemocratic and contrary to a free market system. The OMMB and their supporters, however, defended the board’s policies as beginning the process of bringing rationality and stability to an industry where none had existed before.

The Rise of the Marketing Board

Marketing boards first became popular in Canada because of a series of events that took place during and after World War I. Wartime grain price stabilization found success through the Board of Grain Supervisors in 1917, which was soon renamed the Canadian Wheat Board. The board was disbanded in 1920 but resurrected during the Great Depression in 1935. The attraction for farmers (and government) was peace in the industry and reasonable pricing not subject to wild market fluctuations as well as a sense of fair play. Subsequent consolidations in food product industries that reduced the number of buyers for agricultural products helped convince farmers to become more suspicious of
“the market” system of supply and demand and its ability to provide for their needs. When farm prices and incomes fell severely between 1920 and 1922, and the Great Depression began in 1929, intensifying the severity of the situation, marketing adjustments were sought by farmers in an effort to resist declining incomes. The result was the passage of the first Produce Market Act in British Columbia in 1927, followed by the Dairy Products Sale Adjustments Act in 1929. Both acts were later repealed when they were found to be ultra vires by the Supreme Court of Canada in 1931 and 1932. However, they had encouraged farmers to organize and demand orderly marketing from their governments.

The Great Depression saw incredible suffering across the country, but many farm families were hit especially hard because they produced commodities that relied on the export trade, which had collapsed. While it is true that families with mixed farms fared better than those which relied predominantly on field crop sales at this time, and that rural people’s ability to produce foodstuff “for sale with a wide range of other economic practices,” including self-provisioning activities such as hunting or gathering were important (especially in regions with marginal forms of agricultural production), this should not obscure the very real hardship that most farmers faced when local, national, and international markets collapsed. As Ruth Sandwell notes in her study of rural subsistence practices in the Canadian shield, even rural dwellers in less-agriculturally productive regions relied on commodity sales for survival, and many rural households were “well integrated into ever-growing global, capitalist networks of mercantile and industrial relationships through the sale of labour for wages and the sale and purchase of commodities for cash or credit.” While some farm families managed better than others through various modes of self-provisioning or local barter and Ontario’s farms were spared the extreme droughts that had plagued the prairie provinces, falling prices made a great deal of farm work in Ontario unprofitable and farm incomes declined drastically. It was not until 1934, when agricultural communities’ distress could no longer be ignored, that
farmers found enough sympathetic supporters among federal politicians. Conservative Prime Minister R. B. Bennett expressed genuine concern about “the deepening disaster in the countryside,” and legislative action supporting orderly marketing was taken. Internationally, governments were introducing price support structures for their agricultural industries, and Canada was no different. The federal Natural Products Marketing Act of 1934, largely patterned on the British Agricultural Marketing Acts of 1931 and 1933, provided agricultural commodity and other natural resource groups the power to seek government approval for regionally-based marketing schemes. The Judicial Committee of the Privy Council found the act unconstitutional in 1937 for infringing on provincial jurisdiction over matters of property, civil rights, and intra-provincial trade, but the legislation had already created a network of marketing boards across the country, many of which survived under revised provincial legislation. Marketing boards continued to face legal challenges over the course of this period, but many remained in operation with varying degrees of power.

By the time the federal 1934 Natural Products Marketing Act had passed and dairy farmers had established the Canadian Dairy Farmers’ Federation to articulate their demands, milk producers in Ontario had already experienced significant downturns in their industry. Between 1929 and 1934, Ontario farm incomes had declined by over 40 percent. Dairy farmers were hit hard when dairy processors lost significant export contracts to Britain for items like cheese, and domestic milk prices plummeted because of the so-called “milk wars” between competing dairy processors and distributors. While consumers benefited from the resulting cheap milk, price wars devastated producers. Moreover, dairy farmers were concerned that the price spread between what they received for their milk and what consumers paid was too large and unfairly advantaged distributors and processors. The Toronto Milk Producers’ Association argued that, not only were milk producers suffering low prices for their product, but that “the consumer should not pay three times as much for a quart of milk as the farmer receives.” Producers urged the
government to pass legislation that would allow farmers more bargaining power to secure their “fair share of the consumer’s dollar,” and when milk prices dropped to as low as $1.30 per hundredweight, farmers demanded “justice on the market.” They pressed politicians for a marketing mechanism that would allow them fair compensation for their milk.

In insisting that they needed more bargaining power, most farmers and their representatives carefully balanced calls for orderly marketing with assurances that marketing boards would not act paternalistically. W. B. Somerset, the chairman of the Ontario Market Board, insisted the marketing boards did “not propose to do the producer’s work for him,” but rather assisted producers who wished to organize to improve their lot. More radical proposals included the Co-operative Commonwealth Federation’s (CCF) call for state “regulation and control of the distribution of prime necessities such as bread, milk, meat and fuel,” but most farm representatives conveyed the idea that farmers should act collectively without sacrificing too much individual choice.

Ultimately, the Ontario government, under Premier George Stewart Henry, responded to farmers’ calls for action with the passage of the Milk Control Act of 1934, which established the provincial Milk Control Board (MCB) to “bring some order out of the chaos” that the dairy industry had become. The MCB was given jurisdiction to “inquire into any matter relating to the producing, supplying, processing, handling, distributing, or sale of milk.” The board was expected to show a careful concern for the interest of all industry stakeholders. Finding cooperation among these groups, whose interests were often competing, however, was not easy. Still, the Board successfully moderated price agreements in 62 milk markets in the province during its first five months of operation. Producer prices rose, but so too did retail prices, from a low of $0.05 a quart in 1932 to ten to $0.13 a quart in 1937, and consumers began to demand more power in milk price negotiations.

Heated discussions about the MCB took place. MCB member, W. L. Houck, explained away criticism of the board as simply
being people’s natural desire to “rebel against Government agen-
cies controlling affairs they had always regarded as their own
business.” However, ideas that government agencies could be
too paternalistic and interfere too greatly with the “natural econ-
omy” were ideas shared more widely — even by the province’s
Premier Mitchell F. Hepburn. Distributors and processors were
quick to condemn the “meddling” of government officials. W. B.
Mason, a dairy processor in Agincourt, charged that the MCB
worked “both by threats and by indirection to compel him to fall
in line with its arbitrary program,” and vigorously disapproved
of the provincial bureaucracy, which he argued was

extending its tentacles so stealthily in octopus fashion
that business has been all but throttled in a score of
lines before the public has realized what was going on.
It is bad enough, in all conscience, that there should be
official meddling of any kind with the field of legiti-
mate business. The situation, however, surely becomes
intolerable when the sinister fact appears that the med-
dlers have become dictators, acting, not for the benefit
of the public, but for that of would-be monopolies in
which they have a direct vested interest.

Mason’s charges found sympathy among those in the province
who continued to have faith in capitalism and laissez-faire ideals.
Others, especially those who promoted more powerful market-
ing boards, recognized that some economic interventionism was
needed to ensure “fair play” in the markets. Mason’s accusations
were not the first or last to denounce the “dictatorial conduct”
of MCB officials, but generally the board continued to have the
support of producers and the Ontario government, and they
worked to emphasize the idea that their only objective was to
ensure milk producers received fair treatment.

Conflict surrounding the MCB was often an extension of
people’s uncertainty about the economic system more generally.
While some hoped for increased regulation that could control
farm production, not just farm prices, others believed marketing
boards were “unnatural” and created artificially high prices that
further disrupted industries. Most people engaged in agricultural markets during this period, however, realized that marketing boards were a necessary tool in a global atmosphere of “nationalized food-trade.” While some lamented these changes, few argued against the idea that the current state of affairs around the world required orderly marketing to protect domestic markets and provide food security. In 1939 H. S. Arkell emphasized to a group of farmers in Montréal that security of supply was an important reason to promote controlled marketing, and he contended that consumers generally regarded these measures as “representing fair returns to farmers, whose purchasing power was also important for sales of urban produced goods, without which, the whole state would suffer.”

During World War II, Canada played a crucial role in supplying war-time allies with food. This was partially a result of unprecedented levels of state intervention in the control of a range of basic commodities as well as increased subsidies and price controls. Central pillars of Canada’s wartime command economy were rationing and price control, and although historians have tended to emphasize the resistance governments faced to these measures, recent work by Ian Mosby suggests that most Canadians embraced such policies and accepted them as necessary for a shared goal of “equality of sacrifice” and fairness. Mosby argues that wartime policies helped support “Canadians’ growing faith in the state’s ability to intervene in and manage the postwar economy,” and “helped politicize large numbers of Canadian women around issues such as the fair and equitable price and distribution of meat, milk, butter, and other foods.” Mosby’s conclusions about Canadians’ acceptance of fair and equitable pricing for food are convincing, especially if one considers that marketing board supporters had already helped to mobilize many consumers around ideas of controlled marketing during the Depression, which eased the acceptance of even greater controls during wartime.

Yet, although controls may have been generally accepted by consumers during wartime, dairy producers were not happy when the Wartime Prices and Trades Board (WPTB) enacted
price ceilings for dairy products. For them, it was not the implementation of a fixed price that was the issue, but rather that the price fixed was too low.\textsuperscript{42} Farmers expressed frustration over the federal government’s ceiling prices, which they argued were simply not high enough. In the face of rising costs of production that depleted savings, placed heavy mortgages on their property, and ruined their credit, farmers were vocal about their disapproval.\textsuperscript{43} They found support among Ontario politicians who called out the federal government for asking farmers “to shoulder an unfair share of the war burden” and accept prices that did not allow for any modicum of profit.\textsuperscript{44}

This said, criticism of policy was muted during this period, since Canada’s attention was firmly fixed on winning the war. Government, too, had limited ability to consider issues not directly connected to its prosecution, and agricultural arrangements, by and large, fell into that category. However, as victory loomed closer in 1944 and 1945, dairy and other agricultural producers returned to discussions of what marketing mechanisms might be maintained or strengthened in the postwar period to provide farmers with fair farm prices.\textsuperscript{45} Many governments around the world with valuable dairy industries retained more control over the dairy business after the war than before and moved to enact new regulations governing dairy production and trade. For example, Britain, New Zealand, Australia, Sweden, Denmark, Germany, Switzerland, and Austria all introduced new legislation in the postwar period that enabled some sort of dairy support measures, including import restrictions, export subsidies, equalization schemes, and price supports.\textsuperscript{46} In the United States for the year 1961–1962, it was estimated that the government spent 6.5 billion dollars on agricultural subsidies.\textsuperscript{47}

Initially, however, the Canadian Government worked to accelerate the decontrol of food prices following World War II. In this context, it was not long before a “brawl over prices” began again. The MCB tried to respond by instituting a broad ranging price increase paid to farmers, but various municipal authorities took actions to block the price rise. The MCB argued that increases in the price of milk were necessary for dairy farm-
ers to meet their costs of production. Protests among some distributors, consumers, and politicians elicited a standoff. To assess the situation, the Ontario government appointed a Royal Commission, with Supreme Court of Ontario Justice Dalton C. Wells acting as Commissioner, to investigate “the producing, processing, distributing, transporting and marketing of milk … distributed or sold in any form,” and “the costs, prices, price-spreads, trade practices, methods of financing, management, grading, policies and any other matter relating to any of them.”

When the report was published in 1947, it was determined that the Board did not have the necessary knowledge or authority to uniformly fix milk prices. With the future of the Ontario Milk Control Board in jeopardy, dairy farmer representatives pressed the government to make amendments to the Milk Control Act, which would enable the MCB to enforce price agreements more broadly. While the Royal Commission’s report still considered the board a useful tool for the industry, Commissioner Wells observed that in order for the consumer to “lose much of his discontent and suspicion,” they need to be “convinced that both the farmer and the dairy were getting fair prices and no more,” and more research into the matter was mandated. Ultimately, the MCB’s role was reduced to arbitrating prices on a case-by-case basis and the limited power of the MCB led to increasing disputes over milk prices in the late 1940s and 1950s. As Annie Royer explains in her analysis of the industrial milk marketing board in Québec, milk contracts during this time existed in an oligopsonistic market structure, where information asymmetry between the producer and the buyer created power disparities and numerous transportation and contractual commitment problems that benefited buyers, not producers.

Dairy farmers’ concerns continued to grow. The Ministry of Agriculture tried to find consensus among those in the industry about the best policies moving forward, but few could agree. Other issues for the dairy industry surfaced as well, including inadequate pay and worker protections for dairy plant employees and competition from new products, such as margarine and other edible oil spreads and toppings.
Furthermore, declining dairy exports — all in spite of increasing production — and insufficient growth in the domestic market meant that substantial dairy product surpluses developed.\textsuperscript{58} While government subsidies for items such as skim milk powder, butter, and cheese, increased during this period,\textsuperscript{59} farmer incomes continued to decline in relation to other industries, and farmer unrest was heightened.\textsuperscript{60} Dairy farmers and their representatives insisted that more marketing control was needed to stabilize the industry and provide fair pricing for farm products. Critics insisted, however, that farmers had to “help themselves,” specifically by becoming modern and efficient producers.\textsuperscript{61}

\textit{The Globe and Mail} reporter Muriel Snider wrote a series of articles on the “Farm Crisis” of 1959, in which she criticized the “farmer- or state-controlled “closed shop” monopol[ies]” that she blamed curbed farmer prosperity by hampering the adoption of modern technology and other efficiencies. Snider allowed that farmers could be excused for not having the technology necessary for the mass production of food and fibre in the past, but that this was no longer the case:

Man has at last cracked, as it were, the production barrier in agriculture … He is at last learning how to turn out almost unlimited quantities of food, relatively cheaply, with relatively little labor, and he need no longer fear running out of it through lack of land (for which there are now substitutes) or sunlight (for which there are now substitutes) or moisture (for which, as soon as he perfects known techniques for taking salt from ocean water, he will have enough to make the deserts bloom).\textsuperscript{62}

Snider argued that farmers had “found out how to use and control nature, even improve on it.” She contended that they now had the tools and knowledge to keep animals healthy, even when “confined by the thousands,” and could tend those animals “almost wholly by machine.” She asserted that farmers were producing better and faster than ever before, and that the only constraint they faced was the one they had built themselves — the marketing board
system. Snider insisted farmers resisted producing “efficiently, scientifically and in volume” because controlled marketing provided no incentive to adopt these practices and only served to support “superfluous one-horse farmers.” She warned farmers that they could “either accept the challenge and risk being squeezed out of agriculture, or refuse the challenge and expect to be squeezed out,” and she reinforced her opinion by contending that the late Thomas Kennedy, former Minister of Agriculture in Ontario, had expressed regret in a private interview before his death about his decisions as minister, and how he sometimes wondered “whether farmers should be listening to farmers. Sometimes I even wonder whether Ministers of Agriculture should be farmers. Maybe, after all, they should be businessmen.”

Snider, and others like her, believed that agricultural policies were simply delaying the inevitable — large-scale, factory farms. In a subsequent article, Snider continued to criticize farmers for not behaving like proper businessmen, who, she insisted, “settle[d] their difficulties among themselves,” instead of turning to the government for support. Snider identified vertical integration as the future of the farming enterprise, and she criticized Saskatchewan Premier Tommy Douglas and his CCF colleagues for “comparing contract farming in the capitalist manner with collective farming in the Russian manner,” suggesting that they understood that “how better to discourage farmers from becoming anti-socialist businessmen than to tell them they’re becoming Communist peasants?” Snider advanced the idea that a whole industry had developed on “farming the farmers,” and she warned farmers that they should make no mistake about this. There exists in Canada a considerable group of people who have a vested interest in seeing them stay out of step, insecure and in need of friends. And this group will do everything in its power to confuse them, to prevent them from seeing clearly the future open to them — the exciting and challenging future in which nature is the farmers’ willing servant, not they its bondsmen, and they will not need help of any man.
Snider’s articles elicited passionate responses from both those who agreed that marketing boards were restricting farmer independence and inhibiting modern farm methods and efficiencies and those who defended marketing boards’ ability to secure fair farm prices and prevent “factory farming.”

By 1960, however, most farm organizations continued to advocate marketing boards as an effective way for farmers to improve their position in the market-place. While they admittedly had not solved all of agriculture’s problems, they were still considered by many as a necessary means of securing fair prices for farm products. The Ontario government was convinced that the chaotic nature of the dairy industry had to be changed. They sought to create an appropriate milk marketing plan that would allow for the necessary controls, including milk quota, needed to steady the industry. Minister of Agriculture, W. A. Goodfellow, declared that the government was “prepared to go a long way to get such a plan under way,” and the next year his successor, William A. Stewart, pledged his support in developing a sound, responsible milk marketing plan that would finally achieve stability.

Unfortunately, establishing such a marketing plan in the dairy industry was not an easy task, as earlier governments had already found out. Surplus dairy products continued to plague the industry in the 1960s, and while some federal officials blamed provincial governments for “pampering” fluid milk producers, it was federal subsidies for export dairy products such as butter, cheese, condensed milk, and powdered milk that caused overproduction. It was this division of responsibility between the two governments, based on the idea that fluid milk was a domestic issue, while other dairy products fell under export and trade responsibilities, was an artificial one that needed to be resolved. Dairy industry leaders recognized that surplus dairy products had become a serious issue that resulted in economic instability for farmers despite price supports for some dairy products such as butter and cheese. They also warned about the difficulties of selling dairy products outside of Canada, especially when countries such as the United States flooded the market with cheap skim milk through a federal “disposal programme.”
Deep cleavages existed in the dairy industry and they were difficult to overcome. Dairy farmers were divided into four groups based on the purpose of their milk production: bottled milk, milk for cheese-making, cream for butter-making, and milk for other manufacturing purposes. Each group had its own association, and each association worked for their members’ interests, often sacrificing the interests of the industry as a whole. Divisions between dairy farmers also existed based on the breed of cattle they milked. For example, the Channel Islands Breeds Milk Producers’ Association, a group of Jersey and Guernsey dairy farmers, criticized proposed marketing plans because they wanted to negotiate their own milk prices without board interference, insisting that their cattle provided “richer” milk that deserved a premium price. During the early years of the 1960s, a provisional milk board had been set up to try and agree on a satisfactory formula for all industry parties, and an inquiry into the marketing and pricing of milk in Ontario resulted in a proposal for an equalization and producer pricing plan, but to no avail. In 1962 the provisional board dissolved when it became evident that an agreement among industry stakeholders could not be reached. Journalist Ronald Anderson explained in his report for The Globe and Mail that, while “the cream and cheese groups — who had the least to lose — were satisfied with the formula worked out … the manufacturing milk and fluid milk producers were unhappy. The basic difficulty is that any formula would take something from one group and give it to another.”

As the Ontario government worked to find a resolution, critics of marketing schemes continued their attacks. J. M. Hartwick, the president of the National Dairy Council, the largest dairy processors’ organization, blamed marketing boards for the industry’s troubles and told farmers that they should not “accept police-state dictation of where and how to sell their products.” A. H. K. Musgrave of Clarksburg, Ontario, the president of the Ontario Federation of Agriculture, countered that “Farmers asked for marketing legislation because they realized that only through group action could they survive.” He admitted that this meant “some surrender of individual freedom,” but
that “this was preferable to continued exploitation as individu-
als.”78 While dairy processors had benefitted from oversupplies of milk through depressed prices, many farmers and farm leaders realized that the asymmetrical power relationships that existed between producers and processors in the dairy industry meant that farmers were price takers with little ability to negotiate fair terms individually. While critics of marketing schemes charged that marketing plans were dictatorial and socialist, supporters employed the language of exploitation and injustice to defend increased regulation in the industry. The same rhetoric used to condemn or support marketing boards in the 1930s continued into the postwar years, and the publicity it received was evidence that milk marketing was about more than the marketing of milk, it was about what values and philosophies should be advanced in the nation.

The Ontario Milk Marketing Board

Despite the criticism that had surrounded the development of a new milk marketing plan, in November of 1965, the Ontario Milk Act was passed and the Ontario Milk Marketing Board was created. The new Ontario milk act was drafted in consultations with the Canadian and Québec Departments of Agriculture, as well as based on an exhaustive study of the dairy industry in Ontario conducted by S. G. Hennessey for the Milk Industry Inquiry Committee, although all of Hennessey’s recommendations were not incorporated into the final legislation.79 Among other things, the Act provided the OMMB with the powers necessary to establish minimum milk prices and the creation of milk pools “for the distribution of all moneys received from the sale of the regulated product.”80 George R. McLaughlin was appointed by the Minister of Agriculture to act as the chairman of the OMMB. McLaughlin was chosen by Stewart because he was both “a practical farmer,” and “a businessman,” with significant administrative experience with the Dairy Farmers of Canada and the Holstein-Friesian Breeders’ Association.81 The board itself began as a government appointed group of producers
representing various interests in the industry. Despite fears over charges that appointing members was undemocratic, Stewart decided to “carefully select” board members whose experience and expressed commitment to “developing a successful and practical milk marketing plan for Ontario” would reduce conflict, and hopefully ensure that a successful plan would materialize.82

The board directors recognized that not all of the members in the groups they represented were in agreement about the proposed powers of the OMMB. They were well-aware that they would face “abuse and criticism” from those who opposed the plan. For instance, the members of the Channel Islands Breeds Milk Producers’ Association wished to market their milk separately, and the fluid producers in the Toronto market who held a privileged position in the province also did not agree with the board’s plans.83 Other regional concerns existed, especially among industry stakeholders in northern Ontario. OMMB director Lucien Cazabon, who lived in Sturgeon Falls and served as chairman of the Sudbury Milk Producers’ Association, explained that things were “untidy in the North,” referring to issues caused by dairies who “moved milk wherever they wanted to” and imported cheaper fluid milk from southern Ontario.84 Concerns also existed among northern producers that their interests would be considered less important than those of southern producers and not properly attended to, and French-speaking farmers in the province wanted to ensure the board was communicating in both languages.85 Geographical differences also reflected divisions between producers based on the use of their milk. Many small-scale producers located in northern and eastern Ontario who produced milk to be used for cheese, cream, or for other locally processed dairy products were already being squeezed out of the industry and they feared additional quality regulations that required substantial financial investment, such as the purchase of bulk tanks and the construction of milk houses.86 Previous attempts at organizing a marketing plan had failed because the four-group structure that existed in the dairy industry prohibited producers from taking united action.87 This time, however, the members of the 14-man board agreed that
the old divisions between producers were a problem, and that they needed to develop a plan that would eventually see a single milk pool in which all producers had equitable pricing. Fair producer pricing and production discipline were two pillars of supply management expressed early on by the board.

The OMMB encountered resistance among dairy producers who had strong relationships with local dairies or who were part of successful dairy co-operatives. They believed they had little to gain from the new system and much to lose, including market share from manufactured milk producers who were promised an opportunity to compete for fluid milk quota in the future. Still, the OMMB was able to establish the first milk pool in Northern Ontario as the first pilot project in 1967, which involved 342 farmers in the Nipissing, Sudbury, and Manitoulin districts and served as a testing ground before the Board began a milk pool for fluid shippers in Southern Ontario in 1968. The pool was ultimately effective in raising milk producers’ incomes; the price of milk paid per hundredweight rose from $5.86 to $6.32, and the response from area farmers was generally positive.

While the Ontario Milk Marketing Board was attempting to establish supply management practices in the province, the Ontario Farmers’ Union was rallying industrial milk producers to protest the low milk prices they were receiving. Initially the OMMB milk pools were only for fluid milk. An industrial milk-sharing quota system would develop later, but in the 1960s industrial milk producers were not part of the milk pooling system and therefore they still received depressed milk prices due to continued oversupply. UFO members organized tractor demonstrations and took to the province’s highways to publicize their displeasure over the state of dairy manufacturing and the prices afforded farmers. While the OMMB was sympathetic to industrial milk producers, they felt that until they could come to an agreement with the other provinces about controlling production in manufacturing, a market share quota (MSQ) for industrial milk was not yet possible.

The following year the OMMB added another 9,000 Southern Ontario fluid milk producers into a single pool. It appears
that most farmers were satisfied with the equitable nature of the new system, but as described at the beginning of this paper, those who were not were vocal about their disapproval with the OMMB’s decision to play Robin Hood. In admitting that the “goal of the Milk Marketing Board is to take away the preferred position the fluid producer has had over the years,” the OMMB recognized that it would face criticism from some producers, but, ultimately, they believed that the idea of a fair and equitable system would find support among most producers and allow for the social license necessary to enact their regulations. In asserting that “Thirty per cent of the producers in Ontario are mad at us,” because “we’ve robbed the rich to pay the poor,” William Macpherson drew attention to the OMMB’s aims, presumably because he believed the general public and most dairy farmers would be sympathetic to such a goal. On the other hand, the Agincourt producer, Mr. Harrington, who complained that it was “unbelievable in this day and age that a government would attempt to solve problems of dairy farmers by arbitrarily taking money from the top group and giving it to other farmers,” and that the OMMB’s policies were “nothing more than a socialist grab,” presumably also felt that his opinions would find support among a wider audience.

Conclusion

The OMMB had achieved a great deal in its first four years of operation. The board had been formed to stabilize a volatile dairy industry that had persistent problems with overproduction and uneven negotiating power that left producers financially vulnerable. While the system of supply management that exists today had not fully developed (for example, the concept of pooling did not become national in scope until 1995) fair producer pricing and production controls were established. By controlling the fluid milk market in the province through milk quotas and by beginning the work necessary to achieve producer equity, the OMMB felt confident that dairying would continue to evolve into a more fair and stable industry. Opposition to supply-managed
commodities persisted, however, and these criticisms typically emphasized how marketing plans restricted personal choice and hindered moves towards larger farms and other “efficiencies.” Certainly, more dairy farms survived because of OMMB policies than would have otherwise, but the leaders of the OMMB also believed that their policies and regulations encouraged efficient and rationalized production. The board had not received unanimous support from milk producers, especially from producers who believed they held a competitive advantage or those who feared increased regulatory oversight, but the majority of producers and their representatives accepted the new system because of the significant benefits fairer milk prices and stability in the market allowed.

The OMMB policies instituted in the 1960s created divisions among farmers, processors, consumers, government officials, and members among of these groups. These divisions, however, were not new; the ideological rhetoric used by stakeholders to justify their positions towards board policies may have been heightened, but debates about controlled marketing had existed before and continued to exist afterwards. Supply management was, and continues to be, a divisive topic because it challenges elements of neoliberal policies that are central to the discourse on international trade. Still, increasingly scholars and policy makers are acknowledging that such policies have been unable to secure healthy and sustainable returns for producers and have had serious consequences on animal welfare, the environment, agricultural workers, and food security and sovereignty. An understanding of the origins of supply management in Canada and the discourse that surrounded its development can help us better understand the conflicting, yet co-existing, values and beliefs that existed in the greater part of the twentieth century, and how, in the seemingly illogical and unstable period of our history that exists today, systems that promote ideas of stability, rationality, and “fair play,” might be worth deeper consideration.
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Endnotes

3 Ibid.
“MILK IS MILK”: MARKETING MILK IN ONTARIO
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11 The court made the argument that because the schemes affected interprovincial trade, which was a federal responsibility, the provincial legislation was unconstitutional; Ian MacPherson, “Creating Stability Amid Degrees of Marginality: Divisions in the Struggle for Orderly Marketing in British Columbia,” in Canadian Papers in Rural History, vol. II, ed. Donald H. Akenson (Gananoque, Ont.: Langdale Press, 1990), 322.


16 MacPherson, “Creating Stability Amid Degrees of Marginality,” 323.

17 Ibid. See also Perkin, “The Ontario Marketing Boards,” 968–69.

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20 Baskerville, Sites of Power, 193.
32 Ibid., 26–7.
38 Ibid.
40 Ibid., 7.
41 Ibid., 8.
43 AO, Dairy Farmers of Ontario fonds, F 4464-2-0-2, Correspondence January 5th to January 20th, 1941, “Memorandum to the Dairy Producers Board.”
“MILK IS MILK”: MARKETING MILK IN ONTARIO AND THE ORIGINS OF SUPPLY MANAGEMENT


49 Extract From the Report of the Ontario Royal Commission on Milk, 1947, being the Summary of Findings, Recommendations and Suggestions (Toronto: Baptist Johnston, Printer to the King’s Most Excellent Majesty, 1947), 1.

50 Ibid., 2; see also “Voice of Consumers In Milk-Price Talks Sought by Injunction,” The Globe and Mail (21 October 1946), 11; and “Milk Control Board Powerless on Prices,” The Globe and Mail (17 October 1946), 1.


54 “Farmers Threaten To Withhold Milk Until Price Rises,” The Globe and Mail (10 December 1948), 12.


63 Ibid.
72 Ibid., 2.
80 Ibid.
82 Biggs, The Challenge of Achievement, 41.
83 Ibid., 45–7.
84 Lucien Cazabon, quoted in Biggs, The Challenge of Achievement, 66.
85 Ibid., 78, 119.
88 Ibid., 53.
90 “Form milk pool to aid farmers in North Ontario,” The Globe and Mail (8 July 1966), B3.
92 “Protesting farmers to ignore Wishart’s warning that charges will be laid,” The Globe and Mail (24 June 1966), 1.
93 Biggs, The Challenge of Achievement, 104.
95 William Macpherson, quoted in Douglas Sagi and Michael Moore, “McLaughlin determined to make plan work: Milk Marketing board sticks to Robin Hood role despite producers’ anger,” The Globe and Mail (25 September 1968), B5.
96 Douglas Sagi and Michael Moore, “McLaughlin determined to make plan work: Milk Marketing board sticks to Robin Hood role despite producers’ anger,” The Globe and Mail (25 September 1968), B5.