

INTRODUCTION

This study concerns the dairy industry, which for several decades has been an important part of the agricultural sector in Nova Scotia, with management practices existing in the form of price and supply regulations.

Briefly, the approach followed in this study was to evaluate the overall performance in this industry by examination of the rate of return to producers at the primary level through the price-cost relationships and the demand-price relationships as pertaining to consumers. An overview of the structure and behaviour which have prevailed in the industry was undertaken, with the focus, however, on the recent period of the last 12 years, during which the industry has been under the control of the Nova Scotia Dairy Commission.

This study was carried out in the following manner. In Chapter 1 the structure of the industry is discussed, taking into account such factors as location, the primary and secondary levels and unique features of the industry. Chapter 2 describes the regulatory aspects in the industry and reviews the 'tools' of marketing boards such as prices, pricing formula, and quotas.

Chapter 3 outlines the general economic theory of agricultural products with special reference to the dairy