

CANADIAN POLICY INTERVENTIONS DURING THE MAD COW CRISIS *Cause and Consequence of First Nation Exclusion*

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ABSTRACT

This paper presents the results of policy research to determine the extent to which First Nation cattle producers in Saskatchewan, Canada applied for and received government financial support following the 2003 Bovine Spongiform Encephalopathy (Mad Cow Disease) crisis. Findings indicate a 3% participation rate among First Nation producers compared to 80% participation rate for non-First Nation producers during the same period. It is argued that if the federal and provincial governments of Canada continue their policies of indifference towards First Nation agriculture, it is unlikely that agricultural will ever serve as a viable economic opportunity for First Nations in Canada.

INTRODUCTION

On 20 May 2003, a single cow in Alberta, Canada tested positive for Bovine Spongiform Encephalopathy (BSE), or what is commonly referred to as Mad Cow Disease. The announcement of this discovery caused shockwaves through the cattle industry. Almost immediately more than 40 countries closed their borders to live ruminant animals (cattle, sheep, goats, bison, elk, deer), meat products, and animal by-products originating from Canada. With international markets closed, the Canadian market became flooded with more supply than demand. The result was a 33% decline in farm cash receipts

for cattle (Mitura & Di Pietro, 2004) and an estimated total loss of more than \$7 billion to the Canadian economy (Leiss & Nicol, 2006). With two-thirds of Canada's cattle farms located in western Canada, farm families in Saskatchewan and Alberta felt the impacts of the BSE crisis most directly (MacLachlan, 2004).

Seen as one of the worst farm crises since the 1930s, Canada's federal and provincial governments responded swiftly by introducing a number of financial intervention programs to aid cattle producers during this time of uncertainty. In total, more than \$2.5 billion in federal and provincial aid was made available to struggling producers (LaBlanc, 2008). Although by the

beginning of 2008, market prices for cattle had still not returned to pre-2003 values, government support programs proved successful in enabling Canada's cattle industry to weather this financial storm.

While cattle producers from across the country took advantage of various federal and provincial support programs, anecdotal reports emerged that First Nation cattle producers in Saskatchewan had not benefited from government programs. In fact, through our collaboration with First Nation Agriculture Council of Saskatchewan we were told that most First Nation producers in the province failed to even apply for government funding despite potentially qualifying for millions of dollars of government aid. These anecdotal reports led to research to determine the actual extent to which First Nation cattle producers in Saskatchewan applied for and received government support during the BSE crisis. This paper presents the results of that research and explores both the causes and consequences of First Nation exclusion from government agricultural support programs.

BOVINE SPONGIFORM ENCEPHALOPATHY (BSE) AND CANADA'S RESPONSE

Bovine Spongiform Encephalopathy (BSE) is a fatal disease that causes neurological degeneration in cattle. BSE is among a group of diseases known as transmissible spongiform encephalopathies (TSE's) that includes scrapie in sheep and goats and chronic wasting disease in mule deer and elk. Caused by abnormal protein build-up in the brain and nervous tissues of infected animals, BSE is spread through the feeding of meat and bone meal from infected animals. Since first being discovered in England in 1986, which resulted in the infection of 135 people with its human variant Creutzfeldt-Jacob disease and the subsequent slaughter of 18 million cattle, the global spread of BSE has emerged as one of the most highly profiled issues of food safety and animal health in decades (McLachlan & Yestrau, 2008: 300).

In Canada the discovery of BSE, and the subsequent international trade ban, had severe financial impacts on Canada's cattle farm families. Within the first year of the ban, Canada's cattle industry experienced direct and indirect

losses exceeding \$6 billion. For Canada's rural communities these losses are equivalent to the total equity of more than 4,412 family farms (SMCI, 2003). Such significant losses led to concerns that the long-term viability of Canada's rural farm communities was at series risk through accelerated farm exit, succession, and farm consolidation (Broadway, 2008), increased stress among farm families leading to heightened incidents of suicide, depression and domestic abuse (Mitra et al., 2009), and Canada's livestock industry losing its competitive 'Canadian' branding advantage (McLachlan & Yestrau, 2008).

To avoid financial and social ruin cattle producers responded in a number of ways. For example, many producers sought off-farm temporary employment or sold off enough land and/or farm assets to maintain a foothold in the industry (Broadway, 2008). Others chose to hold back cattle and graze them on grass until market prices became more stabilized (MacLachlan & Townshen, 2008). This particular strategy led to a surplus of hundreds of thousands of cattle and a record high herd size of 17.1 million by July of 2005 (Statistics Canada, 2007). Canada's banks also contributed during this time by providing more flexible terms for loan and mortgage payments, restructuring debt, and adding to personal and business lines of credit. Many banks also made available their own agriculture specialists to work directly with producers and farm families to help manage personal finances (RBC Financial Group 2004: 5, 20).

While all of these strategies proved beneficial in helping to stabilize the industry and avoid widespread farm foreclosures, these strategies alone would have been insufficient without BSE support payments made available through Canada's federal and provincial governments (MacLachlan & Townshen, 2008). As chronicled by LaBlanc (2008), the government of Canada and the provinces made available more than \$2.5 billion in financial support to aid cattle producers during this turbulent period. To qualify for government support, applicants were generally required to prove ones place of residence and operation, be 18-years of age or older, and have livestock eligible for application. For example, the Canada-Saskatchewan BSE Recovery Program was established in 2003 to provide assistance payments to eligible livestock exports and to encourage the slaughter of eligible live-

stock. In this case, eligible applicants include individuals who were: (A) a Saskatchewan resident; (B) 18 years of age or older; and (C) owned, prior to May 20, 2003, eligible livestock that are the subject of an application; or (ii) a corporation, co-operative, partnership, communal organization or Indian band. "Saskatchewan resident" includes: (i) an individual who is a resident in Saskatchewan; (ii) an individual who or an entity other than an individual that: (A) filed an income tax return respecting farm income in Saskatchewan in the year preceding the year for which an application is made; or (B) filed or will file an income tax return respecting farm income in Saskatchewan in the year for which an application is made; (iii) an Indian band whose reserve lands are in Saskatchewan. These qualifying criteria were more or less applied consistently across all government programs.

METHODOLOGY

To determine the extent to which Saskatchewan First Nation cattle producers participated in government support programs interviews were conducted with a sample of First Nation producers. In total, 33 producers were interviewed. This sample represents 50% of the total number of First Nation cattle producers operating in the province. Through a set of targeted and open-ended questions First Nation producers were asked: whether the cattle they managed were privately or Band-owned; the total number of cattle under their management; whether they applied for government support programs and if so, which programs; whether or not they received funding from any government support programs; and whether they held membership(s) in any professional organizations, such as the Saskatchewan Cattle Feeders Association or the Saskatchewan Stock Growers Association. Information regarding government program descriptions, application processes, and participation rates of non-First Nation producers in government programs was gathered from provincial and federal agricultural departments.

RESULTS

Based on the results of 33 interviews we learned that only 1 First Nation producer applied for

government program support. That individual applied to the Canada Feeder Calf Set Aside program and received \$2,000 in financial aid. Compared to an 80% participation rate among non-First Nation producers (Statistics Canada, 2007), this lone producer represents a 3% participation rate for First Nation producers in Saskatchewan. When the remaining 32 First Nation producers were asked why they had not applied for government support, 18 respondents said that they *were not aware of the programs* while 12 respondents said that they were told by government representatives they *were ineligible to receive program payments*. Only 2 respondents indicated that they were unable to complete the application forms.

PROGRAM AWARENESS

The majority (18/33) of individuals interviewed indicated that they had not applied for government support programs because they were not aware of them. The communication strategies used by government to announce support programs included: the distribution of the Department of Agriculture's Newsletter to all rural Saskatchewan post office boxes that contained extensive information about BSE programs, application instructions, and other relevant news; BSE program announcements in print media, including the Western Producer and rural local newspapers; mail-outs to individuals who had applied to government programs in the past; and by working closely with community (Saskatchewan Association of Rural Municipalities) and industry organizations (Saskatchewan Cattle Feeders Association) to distribute program information and application forms to eligible producers. The use of industry organizations in particular was thought to be one of the more effective strategies given that organizations like the Saskatchewan Cattle Feeders Association and the Saskatchewan Stock Growers Association have direct contact with those members of the public who were most likely effected by the BSE outbreak. These organizations also have a mandate "to serve, protect and advance the interests of the beef industry in Saskatchewan through communication, education, research and advocacy to help ensure a prosperous, viable and healthy future for individuals and the livestock industry" (Saskatchewan Stock Growers Association website) and to "enhanc[e]

the growth of Saskatchewan's cattle feeding industry, through representation, provision of training, supply of information and liaison with other industry organizations" (Saskatchewan Cattle Feeders Association website).

Despite these efforts, BSE program announcements failed to reach First Nation producers for several reasons. For example, while mass mailing of the Department of Agriculture's Newsletter to rural post offices was likely an effective means of communicating with rural farm households, this strategy is ineffective for reaching First Nation members due to very few having rural post-office boxes. Rather mail delivery is most often sent via General Delivery to the First Nation Band Offices. In cases of mass-mailing, or when there is no specific recipient identified, mail tends to be discarded before reaching the desired recipient — in this case First Nation cattle producers. Targeted mailing lists comprised of former program recipients also had limited success due to the very low participation rates of First Nations in past government programs. While this was likely an effective form of communication for individuals who were involved in previous government programs, it does little to increase general awareness of new programs for those who historically have not been involved. Last, the targeting of professional agriculture organizations as a avenue for communicating program information also missed reaching First Nation producers because of the limited involvement of First Nation producers in these organizations. Among the 33 First Nation producers we interviewed none were members of any professional agricultural organizations. According to the Saskatchewan Cattle Feeders Association and the Saskatchewan Stock Growers Association — the two largest beef producer groups in Saskatchewan — they too noted the underrepresentation of First Nation producers in their membership. While there are no official statistics kept on the ethnicity of members, it was their general sense that perhaps 5 of the 160 Cattle Feeders and as few as 2 out of 300 Stock Growers were of Aboriginal decent. This limited professional membership may in part explain the low participation rate among First

Nation producers in BSE programs and calls into question why more First Nation producers are not involved industry organizations.

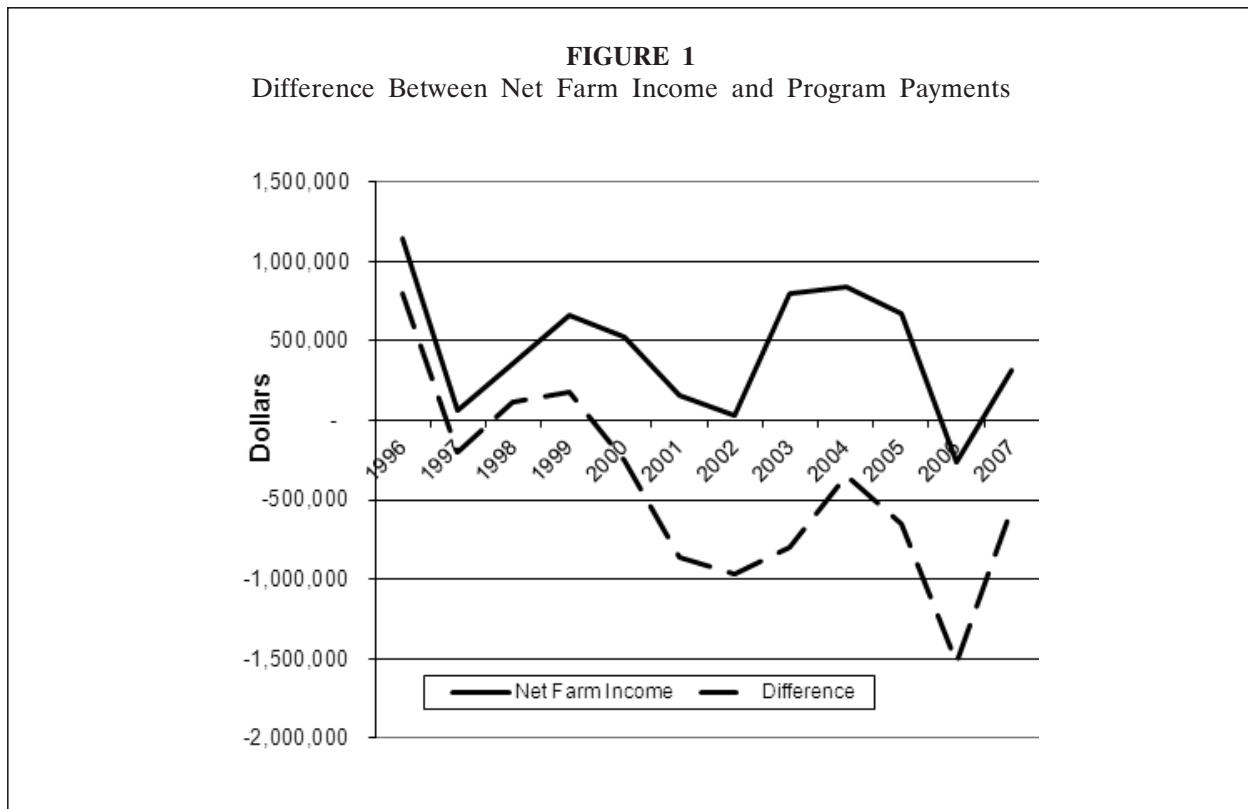
PROGRAM ELIGIBILITY

The second most (12/33) identified factor limiting First Nation involvement was uncertainty associated with program eligibility. Common to all the programs reviewed was the definition of an eligible applicant — a Saskatchewan tax payer and a Canadian citizen who is at least 18 years of age, or a co-operative, communal organization, or corporation where the majority shareholders or members are Canadian citizens and Saskatchewan taxpayers or an Indian band whose reserve lands are in Saskatchewan. While it is clear that 'Indian bands' are eligible to receive program support, not identified are individual First Nation producers whose operations are located on reserve lands; a category that each of the 33 First Nation producers we interviewed falls under. This ambiguity created considerable uncertainty for First Nation producers who are registered First Nation members, who are at least 18 years of age, are residents of Saskatchewan and Canadian citizens but are not Saskatchewan taxpayers¹ nor manage a Band owned herd. Based on these qualifying criteria 12 of the 33 producers we interviewed believed they were ineligible to receive program funds since they had not paid personal income tax and managed privately owned herds on reserve.

Uncertainty concerning program eligibility was also shared with some government representatives. On several occasions First Nation producers were told that because they were private operators located on reserve they were in fact ineligible to receive program funding. In other cases program representatives said they were unsure and would need to look into the matter, never to be heard from again. Together the uncertainty concerning program eligibility led 12 First Nation producers to not apply for program support despite being eligible to receive funds.

In addition to the above obstacles (communication and eligibility) other participatory barriers

¹ As set out in Section 87 of the Indian Act, First Nation peoples are exempt from income tax when income is earned on reserve.



ers may have affected First Nation participation rates. For example, some First Nation producers we interviewed identified conflicts with social assistance payments as being a deterrent to applying and suggested that the threat of reduced social assistance could have dissuaded some First Nation producers from applying for financial support. Because program payments are treated as income, those First Nation producers receiving social assistance would have an equivalent reduction made in their social assistance payments. In these cases, participating in government support programs would decrease their monthly social assistance payment, thereby providing little incentive, and more likely serving as a disincentive to participating in BSE and other government support programs.

ECONOMIC IMPACT OF EXCLUSION

While the social and psychological impacts of BSE are likely still materializing (Mitra et al., 2009) the economic impact of BSE on First

Nation producers can be more readily discerned. To assess the impact that program payments have on Saskatchewan's agriculture industry, it is useful to first examine the overall contribution of program payments in relation to total farm cash receipts. Between 2003–2006 program payments accounted for more than 20% of total farm receipts. This is a significant contribution, which arguably stabilized the industry during this period. The substantial contribution to net farm income that is made by program payments is perhaps most clear in Figure 1. The solid line identifies net farm income for the years from 1996 through 2007 while the dotted line is the result of subtracting program payments. The space between the two lines represents the value of program payments.

In all but 3 of the last 12 years, subtracting program payments from Net Farm Income results in a negative net farm income. If the First Nation producers interviewed had received the same average BSE support payments as producers who were involved in the programs, this

would amount to approximately \$590,000 in program payments, or an average of \$17,878 per producer. Representing 50% of the First Nation cattle producers operating in Saskatchewan, the total payment to First Nation cattle producers during this time could potentially have been upwards of \$1.69 million.

It must be noted that the government support for producers impacted by the BSE crisis was only a small percentage of the total government payments. Statistics Canada reported that the total direct government payment to agricultural producers in Canada from 2000 to 2009 was just over \$35 billion of which approximately \$8.3 billion was paid to Saskatchewan producers. The federal and provincial aid of \$2.5 billion represents approximately 7% of the total payments during that decade. Based on our interviews we learned that First Nation producers participated in other support programs to no greater extent than they did in the BSE support programs. Full participation in all government programs could easily have resulted in payments to First Nation producers in Saskatchewan of over \$25 million during the decade if based on potential BSE payments of \$1.69 million. If the share of payments were based on the percentage of agricultural land owned by the First Nations of Saskatchewan their exclusion is even more significant. Approximately 5% of Saskatchewan farmland is owned by the First Nations. If government payments were made on the basis of land quantum the direct government payment to First Nations would have been approximately \$414 million over the decade.

It should also be emphasized that access to these funds may be even more critical to First Nations producers than to their non-First Nation peers who are able to access lines of credit and other financial instruments to help them adjust to market fluctuations. Lacking these means, it is not surprising that First Nation producers, who, based on our interviews have not historically accessed government programs, have found little sustained success in agriculture operations. In most cases First Nation producers run smaller operations, are more susceptible to market and environmental changes, and without the stabilization of program payments, are at greater risk of losing their operations. The findings of this research seem to verify the vulnerability of First Nation producers. Prior to the BSE outbreak,

First Nations producers managed upwards of 7,500 head of cattle. At the time of this research (2008) the 33 producers interviewed had a collective herd size of approximately 1,600 head of cattle (representing 50% of First Nation producers in Saskatchewan). Between the 2003–2008 First Nation producers experienced a drop of approximately 4,300 head, or 57% of it pre-BSE herd size.

DISCUSSION

Given the apparent disconnect between First Nation producers and government support programs it may be fruitful to consider how other federal agencies engage Aboriginal communities in the delivery of their various program. Perhaps the best example is the Department of Fisheries and Oceans (DFO) who have long developed an effective communication and outreach strategy with Aboriginal fishers. According to DFO representatives many of the usual forms of communication are used, including letters, faxes to band offices, and media releases. These strategies have proven generally effective when announcing seasonal fisheries openings and closures and for communicating industry news. However, DFO recognized that these strategies are inadequate when responding to crisis situations. Because of this the Department of Aboriginal Fisheries (DAF) was established and was given the mandate to communicate and deliver DFO programs to First Nations communities and Aboriginal organizations. DFO Officers spend time working with Aboriginal communities in their regions and maintain close contacts with the individual fishermen. The objective is to develop relationships with local fisherman and to be in the position to personally convey critical information in a timely and responsive manner to enable Aboriginal fishers to respond to rapid and unanticipated changes in the industry (Levi, personal comm., 2008). Part of this responsibility is also placed on First Nations who are asked to identify a Fisheries Coordinator as the primary point of local contact. Now, and although informational letters and faxes continue to be sent to the Band Office, local Fisheries Coordinators are personally engaged in the flow of information between DFO and their First Nation.

In some ways this approach served as inspiration for the formation of the First Nation

Agriculture Council of Saskatchewan (FNACS). Established in 2005, FNACS was set up as a non-profit corporation to develop a long-term strategy to expand First Nation involvement in agricultural opportunities. Funded by the federal and provincial government of Saskatchewan, the goal for FNACS was to “develop a strong, viable, and sustainable agricultural sector both on and off the reserve for status Indians in the Province of Saskatchewan” (FNACS, 2008). Although demonstrating some success in its first three years of operation, FNACS’ budget was not renewed and officially ceased operations in 2009. This was disappointing to many First Nations in Saskatchewan since FNACS was the first and only provincial organization representing their agricultural interests.

CONCLUSION

In *Lost Harvest*, Sarah Carter (1990) chronicles how the Canadian government has, since the first introduction of agriculture into western Canada, afforded optimum financial and political advantage to White farmers, while simultaneously obstructing First Nation access to markets and enacting specific policies that effectively removed any chance of agricultural development on reserves. Such hypocrisy can be traced to Canada’s Peasant Farming Policy (1880s) that, among its many contravening effects, served to protect the incomes of non-Aboriginal farmers by limiting the number of cattle that could be owned by Aboriginal stock-raisers, in effect eliminating competition and fortifying a non-Aboriginal monopoly over western cattle markets (Bateman, 1996: 220). Although at times laudable, enthusiasm by government for Aboriginal agriculture has more often than not been fleeting and arguably gave way long ago to apathy and disinterest. While this research has found no malevolence, the exclusion of First Nation producers from BSE programs does nonetheless suggest a degree of indifference to the needs and success of First Nation producers.

If First Nation agricultural producers are to succeed in the 21st century they will undoubtedly require the same level of support and program access as enjoyed by their non-First Nation peers. Because the agricultural industry is characterized by high risks and extreme fluctuations in pricing and production requirements, First

Nations will need fair access to government programs. To date this has not been the case. This has resulted in the marginalization of First Nation producers and is threatening their long-term ability to remain in the industry.

To reverse this trend concerted steps need to be taken by government. Specific recommendations arising from our interviews include finding ways to better engage First Nation producers in professional organizations (i.e., Stock Growers Association). Alternatively government should consider reestablishing the First Nation Agricultural Council or a similar embodiment to represent and engage First Nation producers. Through these professional networks, First Nation producers will be in a better position to access industry information and leverage institutional resources.

It was also recommended that staff of the Ministry of Agriculture spend more time cultivating relationships with the First Nations in their regions. These personal relationships can help familiarize First Nations with bureaucratic culture of government agencies that distribute public resources (Vasquez-Leon, 2009: 296). This is not to suggest that some government staff are not recognized for their outreach efforts. Nonetheless a more ‘hands-on’ approach would contribute greatly to building trust and personal relationships between First Nation producers and government representatives. At a minimum constructive change will require government to reconsider how their programs are communicated and administered and begin to ensure fair and equitable program access to all those vested in Canada’s agricultural future. If changes do not occur, and government continues its policies of indifference to the needs of First Nations, it is difficult to imagine how agriculture will ever become a sustained economic base for First Nation peoples in Canada.

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