

Beyond Treaties: Lessons for Community Economic Development

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Unemployment Rates by Selected BIA Regions, 1999

BIA Region	Unemployed as % of Labor Force
Great Plains (Aberdeen)	71
Rocky Mountain (Billings)	68
Northwest (Portland)	57
Alaska (Juneau)	47
Pacific (Sacramento)	44
E. Oklahoma (Muskogee)	43
Western (Phoenix)	42
All Regions	43



Changes in Poverty Levels on Selected Reservations, 1977-89

Reservation	% Change in Income, 1977-89
Flathead (MT)	16
Ft. Apache (AZ)	12
Cochiti Pueblo (NM)	10
Mescalero (NM)	9
Muckleshoot (WA)	6
Pine Ridge (SD)	-1
San Carlos (AZ)	-7
Rosebud (SD)	-10
Yakama (WA)	-12
No. Cheyenne (MT)	-15
All Reservations	-1



The Puzzle

Indian Country is poor,
but it is not uniformly poor.

**What explains the success that some
Native nations have had in building
sustainable, self-determined economies?**



Two Models of Reservation Economic Development

- *The Standard Model* dominated Indian Country in the U.S. through most of the 20th Century
- *The Nation-Building Model* is emerging in practice in Indian Country today.

**These models are producing very different results.
How do the models differ, and why does one work so
much better than the other?**



The Standard Model of Reservation Economic Development

- Short-Term, Non-Strategic
- Views Development as Primarily an Economic Problem
- Lets Others Set the Development Agenda
- Views Indigenous Culture as an Obstacle to Development



1. Short Term, Non-Strategic

- Focuses on short-term fixes instead of fundamental issues.
- Encourages a “flavor-of-the-month” approach.
- Is more concerned with starting businesses than sustaining them.
- Discourages long-term, strategic thinking.
- Does not ask “what kind of society are we trying to build?” but jumps straight to “how do we generate jobs and income *now*?”



2. The Standard Model Views Economic Development Primarily As An Economic Problem

- The goal is jobs and income.
- It pays primary attention to economic variables (e.g., natural resources, human capital, access to \$, etc.)
- It pays little attention to the reservation political environment in which development has to succeed.



3. Lets Others Set the Development Agenda

- Development goals typically are set by Congress, funding sources, the states, etc.
- Decisions about strategic direction, resource management, and other matters are often in non-Indian hands.
- Regulatory power is often in non-Indian hands.
- When Indians take over decision-making, it is more likely to be *reactive* than *proactive*.



4. Views Indigenous Culture As An Obstacle to Development

- Bureau of Indian Affairs (1969):
“Development will proceed as the process of acculturation allows.”
- Recognizes indigenous culture as a resource that can be sold (e.g., tourism, arts and crafts), but misses its utility as a guide to organization or action.



The Role of Non-Indigenous Governments

The Standard Model

- Fund development via project allocations (major decisions about priorities remain in non-Indian hands)
- Retain enough control to control outcomes, prevent disasters
- Retain ultimate veto power over community decisions
- Design and impose evaluation criteria
- Act defensively (be accountable to agency higher-ups or legislature; protect self; assure next year's budget; avoid newsworthy catastrophes)



The Six-Step Planning Process Under the Standard Model

1. Tell the tribal planner to identify business ideas and funding sources.
2. Apply for outside grants/Respond to outside initiatives.
3. Start whatever can be funded.
4. Appoint your political supporters to run projects.
5. Micromanage.
6. Pray.



Typical Results of the Standard Model

- Failed enterprises.
- A politics of spoils.
- Brain drain.
- Outside perceptions of incompetence and chaos that undermine the defense of self-government.
- Continuing poverty.



Characteristics of the Nation Building Model of Economic Development

1. *Sovereignty in practice.*
2. Effective Governing Institutions.
3. Cultural Match.
4. Strategic Orientation.
5. Good Leadership.



The Bases of Tribal Sovereignty in the United States

Basis	Chronology	Distribution
Law (sovereignty as a legal matter)	c. 1830...	Over time, all federally recognized Native nations
Policy (sovereignty as a formal federal policy)	c. 1975...	All federally recognized Native nations
Practice (<i>de facto</i> sovereignty: genuine self-rule)	c. 1970s...	Self-selected Native nations



1. Practical Sovereignty

- Puts the development agenda and the necessary resources in Indian hands.
- Marries *decisions* to *consequences*, leading to better decisions.
- Has concrete, bottom-line payoffs.
- Evidence says it's necessary (but not sufficient) for sustained development.



2. Effective Governing Institutions

- Stability.
- Separation of politics from business management.
- Effective and non-politicized resolution of disputes (a strong and independent judiciary).
- A bureaucracy that can get things done.



3. Cultural Match

- To be effective, governing institutions must have *legitimacy* with the people.
- This means they have to *match* indigenous ideas about how authority should be organized and exercised.
- Institutions that match *contemporary* indigenous cultures are more successful than those that don't.
- Economic strategies that match *contemporary* indigenous cultures are more successful than those that don't.

...But there's no blank check; institutions and strategies also have to *work*.



Cultural Match

Indian Reorganization Act (IRA) Governments
(1934 and after):

- Centralized
- Directly-elected strong executive
- Relatively weak council
- No independent judicial function
- Politicized business management



Cultural Match

Traditional White Mountain Apache Government (c. 1850)

- Centralized
- Strong chief executive
- Weak council (typically selected by executive)
- Judicial function in hands of executive
- Executive oversight of economic activity



Cultural Match

Traditional Lakota Government (c. 1850)

- Decentralized
- Relatively weak executive
- Relatively strong council (parliamentary design: council selects Shirt Wearers)
- Independent judicial and enforcement functions (*akicita* societies)
- Separation of strategic decisions from day-to-day business management (delegated authority with real power)



4. Strategic Orientation

A shift...

- ...from reactive thinking to proactive thinking (*not just responding to crisis but trying to gain some control over the future*)
- ...from short-term thinking to long-term thinking (*twenty-five years from now, what kind of society do you want?*).
- ...from opportunistic thinking toward systemic thinking (*focusing not on what can be funded but on how any particular option fits the society you're trying to create*)
- ...from a narrow problem focus to a broader societal focus (*fixing not just problems but societies*).



Key Strategic Questions

- What kind of society are you trying to build?
 - What do you hope will be different 25 or 50 years from now?
 - What do you hope will be the same?
 - What do you wish to protect? What are you willing to change?
 - What assets do you have to work with?
 - What makes sense to the community at large?
- ...all in the context of a hard-nosed look at the reality and requirements of your situation.**

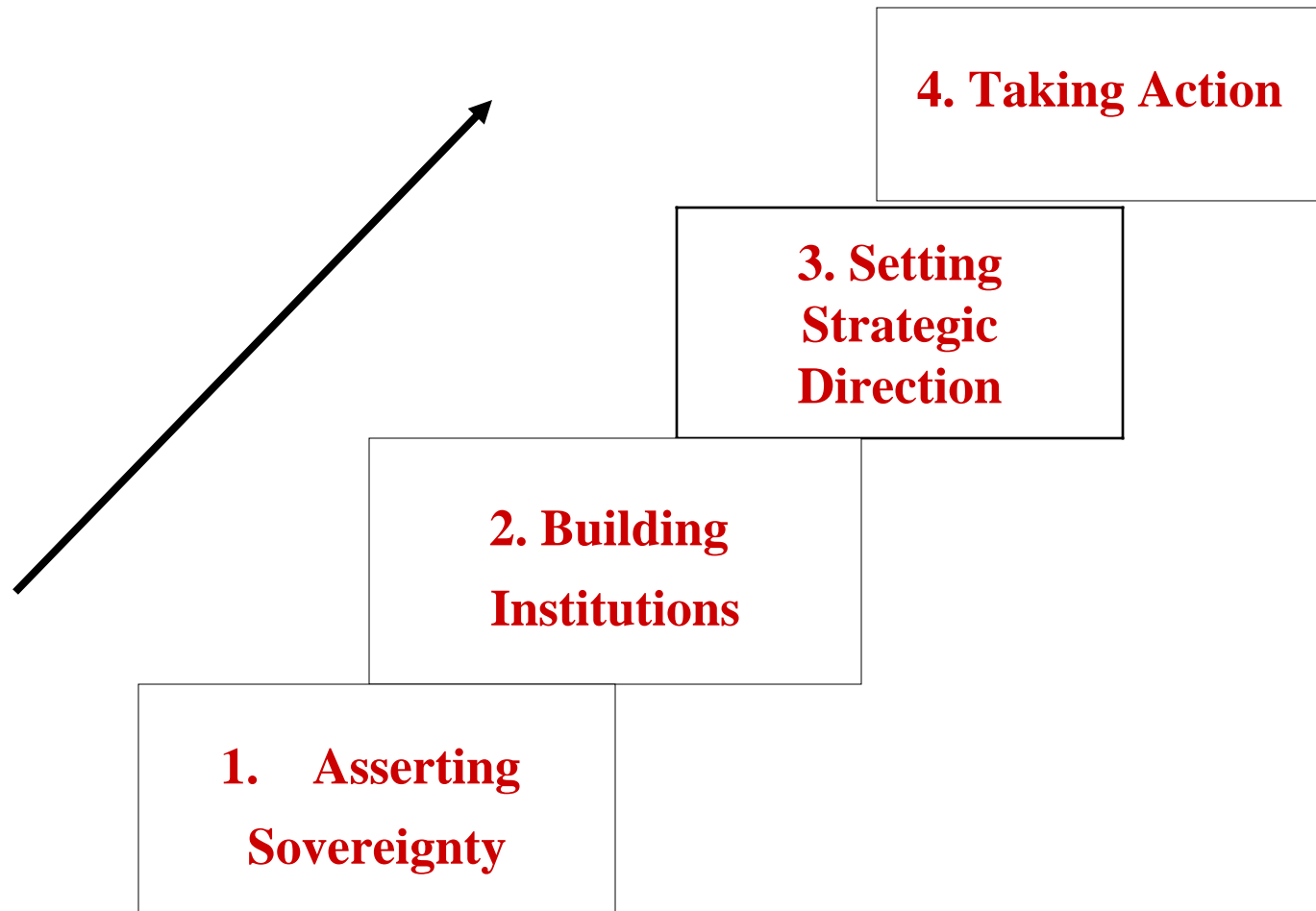


5. Leadership

...there exist individuals or groups who are willing to break with *status quo* practices in Indian Country, who can articulate a new vision of the nation's future, and who both understand and can effectively encourage the foundational changes that such visions require.



Development Planning and Process Under the Nation-Building Model



Results of the Nation-Building Model

- More effective access to and use of resources
- Increased chances of sustained and self-determined economic development
- A more effective defense of sovereignty
- *Societies* – not just economies -- *that work*



**Note that none of the characteristics
of the Nation-Building Model
is something we usually describe
as “economic.”**

They are all political.

**In the Nation-Building Model Economic
Development is First and Foremost a
*Political Problem***

Once the political problem is solved,
then economic assets can begin to pay off.



So Why Does the *Quality* of Self-Governance Matter So Much?

What Governments Do:

They establish and enforce the “rules of the game” by which communities and their members organize action, cooperate, and interact with each other and with outsiders. These rules typically are embedded in a constitution and/or other documents.



The “Rules of the Game”

- How is the Nation organized politically?
- Who has what rights, obligations, authority?
- How, when, and where can that authority be exercised?
- How are disputes settled, including those over the distribution of authority?
- How can the rules themselves be changed?

...These are constitutional questions.



Why are the “Rules of the Game” so important?

They send a message to investors.

The political challenge in development is to make
investors feel secure.

But who is an investor?



A bank considering a loan to a tribe

...is an investor

A non-Native entrepreneur setting up a join venture

...is an investor

A tribal member thinking of starting up a small business or taking a job with the Nation or teaching in the local school

...is an investor

They're all investors. They're betting time or energy or ideas or money on the Nation's future.



How Do You Persuade Investors to Invest?

With rules they can trust.

By making sure their investments of time or energy or ideas or money will be handled fairly and won't be hostage to corruption or partisan politics.



The “Rules of the Game” Are Embedded in Institutions of Self-Government.

Ideally, these Institutions...

- ...are **stable** (the rules don't change arbitrarily, and when they change, the process follows established procedures)
- ...are **fair** (how people are treated does not depend on how they voted or who their friends or relatives are)
- ...are **effective** (they deal effectively with contemporary circumstances and needs; they can get things done)
- ...**match indigenous ideas** of how authority ought to be organized and exercised. Therefore, people believe in them.



The Strategic Role of Elected Leaders in Fostering Economic Activity

- They create (or destroy) a climate in which development can take place
- They set a vision (or not) of where the nation is headed.
- They create (or undermine) institutions capable of effectively implementing a national vision
- They respect (or abuse) rules of the game by which members must play
- They send messages that “investors” will (or will not) be treated fairly, regardless of who they voted for or who their relatives are
- They eliminate (or introduce) obstacles to development



What Do Developing Tribes Have in Common?

Successful Indian Nations
Assert the Right to Govern Themselves and
Exercise That Right Effectively
By **Building** Capable Governing Institutions
That **Match** Their Cultures with
Strong Leadership.

The Task Is Nation-Building

