We see then that it is not the farmer, the indigenous person, that is damaging the environment. It is large multinational corporations and agro-exporters exploiting oil and renewable and non-renewable, resources and causing the most damage. Basic Petroleum International, Ltd. makes huge profits but does not help with indigenous community development in any way. It does not contribute to the improvement of the economic and social situation of the campesino in Petén. Campesinos residing in oil-rich areas are even being removed for the purpose of natural resource exploration. These removals occur under the pretext that the campesinos are in a "protected" area. But no one says anything to the oil companies, nobody is throwing them out.

The displacement of campesinos in Petén is well underway. It seems this should not be happening anymore now that the war has ended, but it is. Oil companies continue to operate in Petén. There are no laws that regulate the exploitation of this resource or attempt to improve the conditions of the campesinos living in the areas of oil exploitation.

Since 1986, with the election of President Vinicio Cerezo, we have seen structural adjustment, or "neo-liberal" policies; in which the most important factor is developing capital resources without paying attention to human development. It is not a priority to protect campesinos from removals and to have policies protecting the environment. The government's agenda is to generate income and enrich those in power. This occurs because those with power in Guatemala are not the government representatives, but members of the military and the wealthiest citizens.

I also think it is important to talk about what some people thinks affects development. Many think the main problem is the ethnic division between indigenous people and ladinos (a white, mestizo or non-indigenous person). This premise can be of great concern, because it fails to take into account the disparity between those who have wealth and those who do not. Those who do not control the wealth include indigenous people or ladinos, campesinos or laborers, men or women. The problem is not strictly between men and women or indigenous people and ladinos. The major problem is the lack of equal distribution of wealth. Like I said, our country is full of wealth in its natural resources. It is also rich in the struggle of men and women who have been able to survive under difficult conditions.

To reiterate, development does not mean just earning money, but to have the capacity for personal growth and the respect of the individual's economic, social and political rights. Development needs to integrate gender, ethnic and social equality.

End Notes
1. For a history of the causes and effects of the Guatemalan Civil War (1960-1996), see the report by the United Nations Administered Guatemalan Commission for Historical Clarification (CEH) entitled Guatemala: Memory of Silence. Among some basic facts in the report, 93 percent of human rights violations were attributed to state military forces and three percent to the guerrilla (See, II:127-143). Eighty-three percent of the 200,000 victims of murders and disappearances during the war were Mayan indigenous people (1).
2. The Final Accord for a First and Last Peace, signed on December 29, 1996, between the Guatemalan government and the Guatemalan Revolutionary Unity (URNG) (incorporated ten years worth of accord-dealing with political, cultural, social and economic issues that caused the war. Among the issues addressed were indigenous rights, agrarian reform, resettlement of refugees and constitutional reform.
3. Structural Adjustment Programs promoted by multilateral financial organizations such as the World Bank and the International Monetary Fund require governments of developing countries to reduce their involvement in their national economies by opening up their markets to foreign trade and investment; making cutbacks in public and social spending; privatizing national industries; developing export-oriented, commodity-based industries; lower tariffs; and flexible labor and environmental laws (Fichtl 17).

References Cited


The Harvard Project on American Indian Economic Policy

The Harvard Project on American Indian Economic Policy began with a simple question that has turned out to have some intriguingly complex answers: Why, we wondered, did some Indian nations appear to be "better" or speak, at economic development then others? By "better" I mean that they were more successful at generating sustainable, productive economic activity on their lands, activity that reflected their priorities and met their own criteria of success. Indeed, since the mid-1970s, a small but significant number of Indian nations have made major progress in escaping the relentless poverty that has long characterized most of what is known in the U.S. as an "Indian country." A few quick examples from the last twenty years should give you the flavor of what caught our attention.

In the 1980s, a decade in which socioeconomic conditions on reservations generally were deteriorating, the White Mountain Apache Tribe in Arizona was running nine tribally-owned and operated businesses, including a high-quality elk hunt, a manufacturing enterprise making helicopter parts for the U.S. Department of Defense, a ski resort, and one of the most productive and efficient forest and sawmill operations in the western United States. Today, the Apaches are a major economic player in the economy of east central Arizona. Local, non-Indian chambers of commerce look to the Apaches as key to the economic future of the region.

At one point in the 1970s, the Citizen Potawotami Nation in Oklahoma had $550 in the bank. Today, the Citizen Potawatomi own the First National Bank of Shawnee, Oklahoma, as well as an array of retail and media businesses. It is a major regional employer offering jobs not only to its own members but to non-members. In 1997, its unemployment rate was 10 percent—high enough, but dramatically lower than the Indian country average—and only 16 percent of those tribal members holding jobs were employed in the tribal or federal government sectors. The tribe has moved from a "sickness status in the local, non-Indian conception ("lazy Indians") to a position of political and social power in the region.

The Mississippi Band of Choctaw Indians offers another case of economic transformation. In the 1960s, the Band was mired in poverty, with unemployment approaching 30 percent and more than half of Choctaw families earning less than $1,000 per year. A third of Choctaws had no formal education; fewer than ten percent had finished high school. The
better-educated members—particularly men—were leaving for economic opportunities elsewhere. Since the 1970s, in a remarkable turnaround, the tribe has created more than 6,000 jobs on the reservation. It has become the largest employer in east central Mississippi, a region of former history of black, white, and Indian poverty. The tribe now imports labor because there aren’t enough Choctaws to fill all the jobs they have created; every day thousands of black and white workers drive onto the reservation to work in Choctaw businesses. For the last ten years, Choctaw incomes have been rising faster than the state average in the region and unemployment has fallen to just over half the state average. Furthermore, Choctaws today have one of the highest rates of indigenous language retention in the United States, and many of those who left the reservation years ago are coming home.

In New Mexico in the 1980s, Cochiti Pueblo, culturally one of the most conservative tribes in the country, brought its own unemployment rate down to just over 10 percent. It put together one of the most efficient development corporations around and built an economy based largely on recreational and retirement services. According to Golf magazine, it runs one of the finest public golf courses in the United States. This is a nation in which indigenous culture remains elaborate, powerful, and vibrantly alive.

It is worth noting that several of these tribes have gambling establishments today. But not one of the four was dependent on gaming income for its early economic growth. For some U.S. tribes, the gaming industry has been crucial to their economic success. But not in these cases.

There are other cases as well that I could discuss, but I illustrate these three things to that have been happening over the last two decades and that prompted our work. Through the Harvard Project, we set out to discover what these and other nations were doing right. How could we account for the divergent pattern of recent reservation economic development?

Research Findings

We approached the preceding question in three ways: (1) systematic comparison of economic development processes and outcomes in a field sample that eventually rose from a dozen to nearly two dozen Indian nations, some successful, some not; (2) statistical analysis of such data as we could assemble on approximately seventy tribes; and (3) pre-bond-consulting projects carried out by graduate students on tribe-specific policy issues identified as critical by various Indian nations.

To date, four key findings have emerged from this research.

(1) Sovereignty—self-governance—matters.

Put simply, self-rule appears to be a necessary but not sufficient condition for sustained economic development. For American Indians, over a dozen years, we have been unable to find a single case of an American Indian nation demonstrating sustained, positive economic performance in which somebody other than the Indian nation itself is making the major decisions about resource allocation, development strategy, and related matters. In case after case, we have seen development begin to take hold when outsiders are moved from decision-making roles into resource roles, replaced in the former capacity by indigenous nations themselves.

The reasons for this are several, among them the fact that it puts the development agenda in Indian hands. As long as some outside agency carries primary responsibility for economic conditions on Indian lands, development decisions tend to reflect the outsiders’ agendas. In the U.S., this has meant that considerations such as protecting agency budgets or expanding agency authority or avoiding media-worthy disasters were frequently given disproportionate weight in decision making. When tribes begin making the decisions, those decisions begin to reflect tribal agendas. But there’s still more important reason for such a shift: the link between decisions and their consequences. Outsiders bear fewer of the consequences of their decisions and therefore are subject to a much less dependable—i.e., less disciplined—earning curve. When outsiders make bad decisions, the community bears the brunt of the costs but has no power to respond with better decisions in the future. Once decisions move into Indian hands, the idea of those whose fortunes are at stake, the decision-makers themselves begin to bear the consequences of their decisions, receiving the rewards of good decisions and paying the price of bad ones. As a result, over time and allowing for the learning experience, the quality of the decisions improves. In the long run, Indian nations have consistently demonstrated that they are better decision-makers about their affairs and their future than outsiders are.

This finding is not merely a matter of broad policy orientations. It appears in the analysis of specific economic activities. For example, the Harvard Project carried out a study of forestry operations in 75 Indian nations with significant timber resources. These

resources typically are managed in one of two ways. Either the federal government, via Bureau of Indian Affairs forestry operations, manages a reservation’s timber industry, or the tribe manages it via its own forestry operations. The study found that for every job that moved from BIA forestry to tribal forestry, both profits and productivity rose. In brief, the tribes were better managers of their own forests than the federal government. And this is true of their forest, and they bear the consequences of forest management decisions, no matter who makes them.

My colleague Joseph Kalt has pointed out that our finding on self-rule should be familiar from other cases around the world. For example, we are not surprised that economic development failed to take hold in Eastern Europe as long as the Soviet Union in effect was making the major decisions about resources, development strategy, and other matters. Why, then, should we be surprised to learn that Indian nations, too, benefit from replacing outsiders in the major decisions that affect their lives?

(2) Governing institutions matter.

But self-rule is not enough to produce economic growth. Sovereignty must be exercised effectively if it is to lead to significant, sustainable development. Harvard Project results show that the chances of sustainable development rise as Indian nations put in place effective, non-politicized tribal courts or other dispute-resolution mechanisms, shut down opportunistic behavior by politicians, eradicate corruption, place buffers between day-to-day business management and politics, build capable bureaucracies, and so forth. Our second finding, then, is that sustainable development is not built up with effective institutions of governance is unlikely to yield sustained economic development.

Why are institutions so important? Institutions send a message to potential investors. If the message is positive, they base business management and dispute resolution, procedural efficiency, regulatory regimes that make sense, etc., the chances of investment rise. If the message is negative (the reverse of the above), the chances of investment fall. And I should emphasize here that I intend a broadly inclusive meaning of the term "investors," embracing not only those with dollars but those with ideas, energy, time, or any other resource that can be an asset to development—regardless of whether or not they have dollars as well. Thus, tribal members of meager means are as much potential investors in the future of their communities as anyone else is. They may take a job in tribal government; they may start a small business; they may go to work in the local school district. In short, Indians are likely to make investment decisions on much the same basis as outsiders or as those with substantial financial resources: where is my investment—of time, energy, ideas, or money—likely to be most productive, satisfying, and secure? Institutions are a major part of the community’s answer to this question and, therefore, are one of the central policies with which they deal. Investors have choices: to bet on the future here, somewhere else, or not at all. In building effective governing institutions, Indian nations send a message to investors, including their own peoples, and pave the way for productive economic development.

For many tribes, this means investing in training programs to adopt separations of powers, checks and balances, independent courts systems, and other tools of good governance. The results can be striking. John Barrett, Chairman of the Citizen Potawatomi Nation in Oklahoma, which is one of the more dramatic economic successes not only in Indian country but in rural development anywhere in the United States, effectively made the point in a telephone conversation with me last August, when I asked him about the role of transformed political institutions in his tribe’s achievement, he stated categorically, “if you’re not talking about constitutional reform, you’re not in the economic development ballgame.”

(3) Culture matters.

So institutions matter, but not just any set of “efficient” institutions will meet the challenge. The third finding from our research has to do with something we call “cultural match.” If Indian nations are to mobilize less disciplined—i.e., less disciplined—earning curve. When outsiders make bad decisions, the community bears the brunt of the costs but has no power to respond with better decisions in the future. Once decisions move into Indian hands, the idea of those whose fortunes are at stake, the decision-makers themselves begin to bear the consequences of their decisions, receiving the rewards of good decisions and paying the price of bad ones. As a result, over time and allowing for the learning experience, the quality of the decisions improves. In the long run, Indian nations have consistently demonstrated that they are better decision-makers about their affairs and their future than outsiders are.

This finding is not merely a matter of broad policy orientations. It appears in the analysis of specific economic activities. For example, the Harvard Project carried out a study of forestry operations in 75 Indian nations with significant timber resources. These
RED INK FOCUS ISSUE
better-educated members—particularly men—were leaving for economic opportunities elsewhere. Since the 1970s, in a remarkable turnaround, the tribe has created more than 6,000 jobs on the reservation. It has become the largest employer in east central Mississippi, a region of long history of black, white, and Indian poverty. The tribe now imports labor because there aren’t enough Choctaws to fill all the jobs they have created; every day thousands of black and white workers drive onto the reservation to work in Choctaw businesses. For the last ten years, Choctaw incomes have been rising faster than the state average in the region and unemployment has fallen to just over half the state average. Furthermore, Choctaws today have one of the highest rates of indigenous language retention in the United States, and many of those who left the reservation years ago are coming home.

In New Mexico in the 1980s, Cochiti Pueblo, culturally one of the most conservative tribes in the country, brought its own unemployment rate down to just over 10 percent. It put together one of the most efficient development corporations around and built an economy based largely on recreational and retirement services. According to Golf magazine, it runs one of the finest public golf courses in the United States. This is a nation in which indigenous culture remains elaborate, powerful, and vibrantly alive.

It is worth noting that several of these tribes have gambling establishments today. But not one of the four was dependent on gaming income for its early economic growth. For some U.S. tribes, the gaming industry has been crucial to their economic success. But not in these cases.

There are other cases as well that I could discuss, but these illustrate the kinds of things that have been happening over the last two decades and that prompted our work. Through the Harvard Project, we set out to discover what these and other nations were doing right. How could we account for the divergent pattern of recent reservation economic development?

Research Findings
We approached the preceding question in three ways: (1) systematic comparison of economic development processes and outcomes in a field sample that eventually rose from a dozen to nearly two dozen Indian nations, some successful, some not; (2) statistical analysis of such data as we could assemble on approximately seventy tribes; and (3) pre bono consulting projects carried out by graduate students on tribe-specific policy issues identified as critical by various Indian nations.

To date, four key findings have emerged from this research.

(1) Sovereignty—self-governance—matters.
Put simply, self-rule appears to be a necessary but not sufficient condition for sustained economic development on America’s reservations. After a dozen years, we have been unable to find a single case of an American Indian nation demonstrating sustained, positive economic performance in which sovereignty, other than the Indian nation itself is making the major decisions about resource allocations, development strategy, and related matters. In case after case, we have seen development begin to take hold when outsiders are moved from decision-making roles into resource roles, replaced in the former capacity by indigenous nations themselves.

The reasons for this are several, among them the fact that it puts the development agenda in Indian hands. As long as some outside agency carries primary responsibility for economic conditions on Indian lands, development decisions tend to reflect the outsiders’ agendas. In the U.S., this has meant that considerations such as protecting agency budgets or expanding agency authority or avoiding media-worthy disasters were frequently given disproportionate weight in the decision-making. When tribes begin making the decisions, those decisions begin to reflect tribal agendas. But there’s still some important reason for such a shift: the link between decisions and their outcomes. Outsiders bear fewer of the consequences of their decisions and therefore are subject to a much less dependable—i.e., less disciplined—learning curve. When outsiders make bad decisions, the community bears the brunt of the costs but has no power to respond with better decisions in the future. Once decisions move into the hands of those whose fortunes are at stake, the decision-makers themselves begin to bear the consequences of their decisions, ranging from the rewards of good decisions and paying the price of bad ones. As a result, over time and allowing for the learning experience, the quality of the decisions improves. In the long run, Indian nations have repeatedly demonstrated that they are better decision-makers about their affairs and their future than outsiders are.

This finding is not merely a matter of broad policy orientations. It appears in the analysis of specific economic activities. For example, the Harvard Project carried out a study of forestry operations in 75 Indian nations with significant timber resources. These

resources typically are managed in one of two ways. Either the federal government, via Bureau of Indian Affairs forestry operations, manages a reservation’s timber industry, or the tribe manages it via its own forestry operations. The study found that for every job that moved from BIA forestry to tribal forestry, both profits and productivity rose. In brief, the tribes were better managers of their own forests than the federal government and did a better job of managing their forest, and they bear the consequences of forest management decisions, no matter who makes them.

My colleague Joseph Kalt has pointed out that our finding on self-rule should be familiar from other cases around the world. For example, we are not surprised that economic development failed to take hold in Eastern Europe as long as the Soviet Union in effect was making the major decisions about resources, development strategy, and other matters. Why, then, should we be surprised to learn that Indian nations, too, benefit from replacing outsiders in the major decisions that affect their lives?

(2) Governing institutions matter.
But self-rule is not enough to produce economic growth. Sovereignty must be exercised effectively if it is to lead to significant, sustainable development. Harvard Project results show that the chances of sustainable development rise as Indian nations put their policy in place effective, non-politicized tribal councils or other dispute-resolution mechanisms, shut down opportunistic behavior by politicians, eradicate corruption, place buffers between day-to-day business management and politics, build capable bureaucracies, and so forth. Our second finding, then, is that sovereign nations, and not those backed up with effective institutions of governance is unlikely to yield sustained economic development.

Why are institutions so important? Institutions send a message to potential investors. If the message is positive, the Indians’ business management and dispute resolution, procedural efficacy, regulatory regimes that make sense, etc., the chances of investment rise. If the message is negative (the reverse of the above), the chances of investment fall. And I should emphasize here that I intend a broadly inclusive meaning of the term “investors,” embracing not only those with dollars but those with ideas, energy, time, or any other resource that can be an asset to development—regardless of whether or not they have dollars as well. Thus, tribal members of meager means are as much potential investors in the future of their communities as anyone else is. They may take a job in tribal government; they may start a small business; they may go to work in the local school. Improved governance is likely to make investment decisions on much the same basis as outsiders or as those with substantial financial resources: where is my investment—of time, energy, ideas, or money—likely to be most productive, satisfying, and secure? Institutions are a major part of the community’s answer to this question and, therefore, are one of the central priorities by which development turns. Investors have choices: to bet on the future here, somewhere else, or not at all. In building effective governing institutions, Indian nations need to send a message to investors, including their own peoples, and pave the way for productive economic development.

For many tribes, this means reorganizing governing institutions to adopt separations of powers, checks and balances, independent court systems, and other tools of good governance. The results can be striking. John Barrett, Chairman of the Citizen Potawotomi Nation in Oklahoma, which is one of the more dramatic economic successes not only in Indian country but in rural development anywhere in the United States, effectively made the point in a telephone conversation with me last August, when I asked him about the role of transformed political institutions in his tribe’s achievement, he stated categorically, “If you’re not talking about constitutional reform, you’re not in the economic development business.”

(3) Culture matters.
So institutions matter, but not just any set of “efficient” institutions will meet the challenge. The third finding from our research has to do with something we call “cultural match.” If Indian nations are to mobilize less disciplined— or untried—leaders on behalf of productive economic development, these governing institutions have to have the support of the people they govern. This is in turn an issue of the fit between the formal institutions of governance on one hand and indigenous conceptions of how authority should be organized and exercised on the other. Institutions whose form departs significantly from such indigenous conceptions fare worse than those that build, sometimes innovatively, upon such conceptions. In other words, institutions need to be structured so as to maximize their governing effectiveness, but they also have to resonate with indigenous political culture if they’re going to deliver the goods.

Unfortunately, many Indian nations have only poorly developed or inappropriate governing institutions. Outsiders—typically the federal government—both designed and, in effect, imposed the governing
institutions through which many contemporary Indian nations attempt to achieve their goals. Most such institutions were never conceived as tools for the management of sovereign societies and, therefore, lack crucial elements that support good governance. Furthermore, many are starkly at odds with indigenous political cultures and, consequently, find little support within their own communities. Given these two facts, small wonder many of these institutions don’t work very well. The successful Indian nations we’ve looked at for the most part have solved this problem, either adopting or inventing institutions that match their own contemporary political cultures and that are capable of delivering good governance.

As this suggests, the resulting institutional solutions may not be the same across cases. On the Flathead Reservation in Montana, home of the Confederated Salish and Kootenai Tribes, the governing institutions look very familiar: a parliamentary-style legislature and executive, a strongly independent judicial system that provides depoliticized decisions, a professional bureaucracy, and so forth. It works well and has made this reservation one of the most successful in the country. Cochiti Pueblo in New Mexico also has a strong economic record, but the institutions of government look very different. There are no democratic elections; there is no independent, formal judicial system. The Pueblo is a theocracy in which ultimate political power is vested in the cacique, the leading religious authority in the Pueblo, who appoints those who will fill the senior governing positions each year. Cochiti governs itself in ways that remain similar in detail to the governing structure dictated to the Pueblo by the Spanish centuries ago. How does it provide good governance? Indigenous culture remains strong enough to shut down political opportunism and guarantee that the community’s leaders use their positions to advance the interests of the community instead of their own. Rooted in a still vibrant culture, the structure works because it has cultural match, and therefore enormous legitimacy with the people.

In other words, Indian nations face similar institutional challenges—the challenges that all self-governing societies face. But their solutions may be very different, reflecting the diversity of political cultures they still carry.

(4) Strategic thinking matters.

Our list includes some other than anecdotal evidence for the fourth finding, but it increasingly appears that those Indian nations that think strategically do better than those that don’t. In the last century or so, most Indian reservations have seldom been characterized as strategic thinking. There are good reasons for this. If political and economic control lies largely in the hands of outsiders, what is the point of strategic thinking? Without the power and resources to implement a thoughtful development strategy, why spend the time coming up with one?

Another reason is the often desperate economic and social conditions that many reservations are in. Such conditions place enormous pressures on elected tribal leadership to “get something going.” The “something” can be almost anything, as long as it produces jobs. Faced with typically short terms of office, frequent political turnover, and an endless stream of petitioners looking for relief, tribal leaders tend to look for quick fixes for development problems. Their development strategy, in effect, becomes band-aid, firefighting, and opportunism. It pursues whatever can be funded, typically via federal grants; pays less attention to sustaining businesses than to starting them; and puts a premium on hitting home runs instead of building economies incrementally. It also pays little attention to long-term goals, priorities, or concerns.

The alternative is strategic thinking: a systematic examination not only of assets and opportunities but of priorities and concerns. What kind of society do we hope to build? What do we want to change? What do we want to preserve or protect? What kinds of prices are we willing to pay for development, and what kinds of prices are we unwilling to pay? Development dollars need to be spent where they will do the most good. We need to determine the best development strategies that fit the community’s strengths and limitations. This is a hard, long-term process of building consensus, understanding, and agreement among the community members. But it pays dividends.

Economic Development as Nation-Building

With the exception of the analysis of assets and opportunities that a strategic approach requires, none of these factors is something we would identify as classically “economic.” This doesn’t mean that so-called “economic” factors matter little in reservation economic development. To be sure, having good natural resource endowments is helpful, but the distribution of natural resources does not explain the pattern of development that we see on Indian reservations in the United States. Having good human capital is helpful, but educational attainment does not explain the pattern of development that we see. Market access is helpful, but proximity to markets or good transportation systems do not explain the pattern of development that we see.

Our research indicates that the factors that do the best job of accounting for the variance in reservation development outcomes are political factors. Economic development is first and foremost a political problem. This is true even of financial capital. Having access to investment capital is helpful, but our evidence strongly argues that it is those nations that have taken control of their own affairs and have backed up that control with effective governing institutions that are more likely to attract investment capital.

This has directed our attention in our work with Indian nations to what we call “nation-building” or “nation-rebuilding.” The task is to increase the capacity of Indian nations to effectively assert self-governing powers on behalf of their own economic, social, and cultural objectives.

How have we done this? Much of our effort has been educational: disseminating the results of this research so that Indian nations themselves understand our findings and their implications. We have done this both via written reports and via executive education sessions for senior tribal leadership and management. We also have made a substantial effort to communicate the results of this research and its implications to state and federal policymakers.

We can see some signs that this effort has had some effect. A number of Indian nations in recent years have adopted a nation-building approach to economic development. We can hardly claim all the credit for this, although some nations have consciously followed the implications of our research. But we did not invent the nation-building approach. It is something that certain Indian nations themselves—consciously or not—developed in recent years; the results they achieved captured our attention. But I believe we have contributed to a change in the nature of the conversation in Indian country about economic development, which has shifted over the last decade and a half from a conversation largely about federal grants, picking winners, and losers, to a conversation about building societies that work.

Implications

The development challenge in Indian country is daunting. American Indian reservations include the poorest populations in the United States. Indian nations face a sobering array of obstacles as they try to improve their own socioeconomic welfare, from physical isolation in many cases to racial discrimination to a long-established (and federally encouraged) culture of dependency to an embittering legacy of federal paternalism and control. Many have had their economic resources systematically stripped away over the years; today, they often face the determined opposition of non-Indian constituencies who long since came to view those resources as their own.

Our research does not suggest that meeting the development challenge will be easy. It does not suggest that there will be any quick solutions. But it does argue (1) that there are important success stories in Indian country that demonstrate that the development challenge can be met, and (2) that there are steps Indian nations and state and federal governments can take to improve the chances of sustainable economic development in Indian communities.

What are those steps? In the United States, at least, we see the following implications of this research. For federal and state governments, the primary implications are two.

Support tribal sovereignty. The evidence is persuasive that sovereignty is one of the most potent development assets Indian nations have. Undermine indigenous self-governance and increase the likelihood that we’ll see another few generations of poverty, and its attendant costs. Support indigenous self-governance, and you make sustainable reservation economies possible.

Furthermore (and this is another of our research findings), the evidence is persuasive that Indian nations move out of welfare dependency and become economically productive, they typically make contributions to supporting economic activities, business for non-Indian vendors, increased tax rolls, reduced burdens on non-Indian taxpayers. Given that successful reservation development depends in part on self-governance, there is a lesson here: more often than not, tribal sovereignty is a win-win proposition for both Indians and non-Indians.

Invest in building the institutional capacity of Indian nations. This is not a matter of training more accountants or mid-level managers; it has to do with nation-building; assisting Indian nations in putting in place the institutional foundations for successful communities.

For Indian nations themselves, the tasks are even more complex, but the implication of this research is simple: Successful Indian nations assert self-governing powers
TRIBAL GOVERNANCE AND ECONOMIC DEVELOPMENT

institutions through which many contemporary Indian nations attempt to achieve their goals. Most such institutions were never conceived as tools for the management of sovereign societies and, therefore, lack crucial elements that support good governance. Furthermore, many are starkly at odds with indigenous political cultures and, consequently, find little support within their communities. Given these two facts, small wonder many of these institutions don’t work very well. The successful Indian nations we’ve looked at for the most part have solved this problem, either adopting or inventing institutions that match their own contemporary political cultures and that are capable of delivering good governance.

As this suggests, the resulting institutional solutions may not be the same across cases. On the Flathead Reservation in Montana, home of the Confederated Salish and Kootenai Tribes, the governing institutions look very familiar: a parliamentary-style legislature and executive, a strongly independent judicial system that provides de facto decision-making powers to a professional bureaucracy, and so forth. It works well and has made this reservation one of the most successful in the country. Cochiti Pueblo in New Mexico also has a strong economic record, but the institutions of government look very different. There are no ceremonial elders; there is no independent, formal judicial system. The Pueblo is a democracy in which ultimate political power is vested in the cacique, the leading religious authority in the Pueblo, who appoints those who will fill the senior governing positions each year. Cochiti governs itself in ways that remain similar in detail to the governing structure described by the Spanish centuries ago. How does it provide good governance? Indigenous cultures remain strong enough to shut down political opportunism and guarantee that the community’s leaders use their positions to advance the interests of the community instead of their own. Rooted in a still vibrant culture, the structure works because it has cultural match, and therefore enormous legitimacy with the people.

In other words, Indian nations face similar institutional challenges—the challenges that all self-governing societies face. But their solutions may be very different, reflecting the diversity of political cultures they still carry.

(4) Strategic thinking matters.

We have little other than anecdotal evidence for the fourth finding, but it increasingly appears that those Indian nations that think strategically do better than those that don’t. In the last century or so, most Indian nations have already been characterized by strategic thinking. There are good reasons for this. If political and economic control lies largely in the hands of outsiders, what is the point of strategic thinking? Without the power and resources to implement a thoughtful development strategy, why spend the time coming up with one?

Another reason is the often desperate economic and social conditions of many Indian reservations. Such conditions place enormous pressures on elected tribal leadership to “get something going.” The “something” can be almost anything, as long as it produces jobs. Faced with typically short terms of office, frequent political turnover, and an endless stream of petitioners looking for relief, tribal leaders tend to look for quick fixes for development problems. Their development strategy, in effect, becomes band-aids, firefighting, and opportunism. It pursues whatever can be funded, typically via federal grants; pays less attention to sustaining businesses than to starting them; and puts a premium on hitting home runs instead of building economies incrementally. It also pays little attention to long-term goals, priorities, or concerns.

The alternative is strategic thinking—a systematic examination not only of assets and opportunities but of priorities and concerns. What kind of society do we hope to build? What do we want to change? What do we want to preserve or protect? What kinds of prices are we willing to pay for development, and what kinds of prices are we unwilling to pay? Unless such considerations are thought through, decision-making occurs in a strategy vacuum, simply reacting to the pressures of the moment or to funding decisions made thousands of miles away by governments serving diverse interests and held accountable to distant legislatures. With a strategic perspective in hand, tribes at least have a set of criteria by which to evaluate development options.

Economic Development as Nation-Building

With the exception of the analysis of assets and opportunities that a strategic approach requires, none of these factors is something we would identify as classically “economic.” This doesn’t mean that so-called “economic” factors matter little in reservations, development. To be sure, having good natural resource endowments is helpful, but the distribution of natural resources does not explain the pattern of development we see on Indian reservations in the United States. Having good human capital is helpful, but educational attainment does not explain the pattern of development that we see. Market access is helpful, but proximity to markets or good transportation systems does not explain the pattern of development that we see.

Our research indicates that the factors that do the best job of accounting for the variance in reservation development outcomes are political factors. Economic development is first and foremost a political problem. This is true even of financial capital. Having access to investment capital is helpful, but our evidence strongly argues that it is those nations that have taken control of their own affairs and have backed up that control with effective governing institutions that are more likely to attract investment capital.

This has directed our attention in our work with Indian nations to what we call “nation-building” or “nation-rebuilding.” The task is to increase the capacity of Indian nations to effectively assert self-governing powers on behalf of their own economic, social, and cultural objectives.

How have we done this? Much of our effort has been educational: disseminating the results of this research so that Indian nations themselves understand our findings and their implications. We have done this both via written reports and via executive education sessions for senior tribal leadership and management. We also have made a substantial effort to communicate the results of this research and its implications to state and federal policymakers.

We can see some signs that this effort has had some effect. A number of Indian nations in recent years have adopted a nation-building approach to economic development. We can hardly claim all the credit for this, although some nations have consciously followed the implications of our research. But we did not invent the nation-building approach. It is something that certain Indian nations themselves—consciously or not—developed in recent years; the results they achieved captured our attention. But I believe we have contributed to a change in the nature of the conversation in Indian country about economic development, which has shifted over the last decade and a half from a conversation largely about federal grants, picking winners, and losers, to a conversation about building societies that work.

Implications

The development challenge in Indian country is daunting. American Indian reservations include the poorest populations in the United States. Indian nations face a sobering array of obstacles as they try to improve their own socioeconomic welfare, from physical isolation in many cases to racial discrimination to a long-established (and federally encouraged) culture of dependency to an emblazoning legacy of federal paternalism and control. Many have had their economic resources systematically stripped away over the years; today, they often face the determined opposition of non-Indian constituencies who long since came to view those resources as their own.

Our research does not suggest that meeting the development challenge will be easy. It does not suggest that there will be any quick solutions. But it does argue (1) that there are important success stories in Indian country that demonstrate that the development challenge can be met, and (2) that there are steps Indian nations and state and federal governments can take to improve the chances of sustainable economic development in Indian communities.

What are those steps? In the United States, at least, we see the following implications of this research. For federal and state governments, the primary implications are two:

Support tribal sovereignty. The evidence is persuasive that sovereignty is one of the most potent development assets Indian nations have. Undermine indigenous self-governance and increase the likelihood that we’ll see another few generations of poverty and its attendant costs. Support indigenous self-governance, and you make sustainable reservation economies possible. Furthermore (and this is another of our research findings), the evidence is persuasive that as Indian nations move out of welfare dependence and become economically productive, they typically make contributions to sustainable economies. Small business for non-Indian vendors, increased tax rolls, reduced burdens on non-Indian tax-payers, etc. Given that successful reservation development depends in part on self-governance, there is a lesson here: more often than not, tribal sovereignty is a win-win proposition for both Indians and non-Indians.

Invest in building the institutional capacity of Indian nations. This is not a matter of training more accountants or mid-level managers; it has to do with nation-building: assisting Indian nations in putting in place the institutional foundations for successful societies.

For Indian nations themselves, the tasks are even more complex, but the implication of this research is simple: Successful Indian nations assert self-governing powers
and back up those assertions with governing institutions that are both effective (they deliver the goods) and appropriate (they match their cultures). The challenge for tribes is building nations that work.

In closing, I would like to note that, while our work has been centered in the United States and our data is almost entirely U.S. data, there is growing interest in this research among First Nations in Canada. In the last two years, we have received a rapidly growing number of requests from First Nations organizations to share our results with them and work with them on their own, emerging, self-governance and development challenges. We look forward to working with those nations and hope that we can make this work useful not only to them but to non-Native policymakers as well.

Finally, it would make eminent good sense to examine the limitations of the research I have reported to you and to inquire about the transferability of our findings to Canadian First Nations or to make a few points in this regard.

First, what I have reported to you is based almost entirely on U.S. data. We do not have comparable data on Canadian First Nations and, to my knowledge, no one else does either. No research comparable in scope has been done here, although we and others have discussed it.

Second, there are significant, relevant differences between the situation of Indian nations in the United States and those in Canada. These differences are perhaps first and foremost legal or political in nature, but there are also demographic and geographic differences, very different relationships with the provinces compared to tribal relationships with the individual states in the U.S., and others. These may well complicate some of the relationships that we have seen.

Third, two of these differences deserve to be singled out. The first is the fact that the right of Indian nations to govern themselves is well established in the U.S., even if it is under frequent challenge. It is explicit in many treaties; it has found uneven but often robust support in U.S. courts, including the Supreme Court; and it has found substantial support on occasion among the U.S. population at large. It may be under attack, but at least it has been widely recognized and, as our research indicates, is a potent and viable development asset. In Canada, however, as I understand it, the appropriate extent of Native self-governance remains very much at issue, and Canadian First Nations do not at present enjoy to the same degree the self-governing powers of Indian nations in the U.S.

The second difference we should note is that the land base and population size. As in Canada, there is a large number of very small tribes in the U.S. with similarly small land bases, especially in Alaska and California. But there are also many U.S. tribes with large land bases of 100,000 and some with land bases of very considerable size. A question arises: What should we make of these differences? That they are sometimes significant seems obvious. The question is: do they render our research results irrelevant to the Canadian case?

I very much doubt it. We have seen tribes both small and large have significant effects on their development prospects by paying attention to the kinds of things that have emerged from this research. Surely the same principles—self-governance, good governance, cultural match, and strategic thinking—apply here in Canada as they demonstrably do not only among Indian nations in the U.S. but more generally, among the nations of the world.

The question is how to implement these principles. Certainly some workable strategies are available. For example, small bands can gain economies of scale in organizational alliance with bands of like cultural background, overcoming demographic disadvantages. In other words, size does not appear to be a necessary limitation on significant economic progress. Nor is the size of the land base. As the Mississippi Choctaw and Citizen Potawatomi, among others, show, natural resources are not the essential key to development.

As for support for self-government, I think the U.S. case is instructive. The United States government spent most of the 20th century searching for a policy that would deal effectively with the poverty and related problems of Indian reservations. They tried shutting reservations down; they tried cultural suppression; they tried urban relocation; and so on. In the mid-1970s, partly in response to aggressive Indian demands, they turned to a policy of self-determination—self-rule. They gave it only half-hearted support, but Indian nations seized the opportunity and began to wrestle with the challenges of practical sovereignty—of genuine decision-making power. Some have done better than others at meeting those challenges. But one thing is clear: to date, self-rule is the only federal policy that has led to significant, lasting economic progress in Indian country. In a century of failing around, it is the only policy that has worked. I believe that constitutes a powerful recommendation.

- The Northern Cheyenne Constitution and Bylaws were first amended on July 8, 1960. Many changes have taken place since the Constitution was amended in 1980. The population of the tribal members has grown along with tribal government operations. The management and governmental functions outgrew sections of the tribal constitution. While certain sections were still relevant, other sections required changes. It had been 36 years since the Constitution and Bylaws had been amended by the Northern Cheyenne people.

In the early 1990s, in order to meet the demands of the expanding population and economic growth of the Northern Cheyenne Tribe, the Tribal Council determined that its constitution needed to be amended. A Constitution Revision Committee was established to facilitate this process. The Committee was assigned the task of coming up with proposed constitutional amendments, hold public hearings and present their findings to the Tribal Council. The Constitution Review Committee worked on this task for approximately three years. Their recommendations were presented to the Tribal Council in 1995.

Finally, on May 10, 1996, a set of constitutional amendments was voted and adopted by the membership of the Northern Cheyenne Tribe. The amendments were divided into three parts: Governmental Reform, Separation of Powers, and Code of Ethics. Each section could be voted on independently of the other reforms. The tribal membership was requested to vote either yes or no on each amendment separately. The amendments are described in detail as follows.

**Governmental Reform**

This amendment proposes changes to four Articles of the Constitution and Bylaws. This section would reform tribal government in the following ways:

- A smaller, full-time Tribal Council of 11 members—10 district representatives plus the Vice President.
- Four-year staggered terms of office for the 10 district representatives.
- A Vice President elected by the people for a 4-year term.
- A primary election within each district for the district’s Council seat(s).
- A-late primary elections for President and Vice President.
- Change the Tribe’s regular election date to the U.S. Congressional election date.
- Candidate filing fees for Council, President, and Vice President.
- Specific election rules.
- Specific rules for filling vacancies in office.

The significance of these changes was felt immediately. The first primary was held in October 1996, with the