Advancing anti-racist economic research and policy

The power of self-determination in building sustainable economies in Indian Country

Report • By Patrice H. Kunesh • June 15, 2022
Summary: Tribal governments are a significant part of the national economy, thanks to a policy shift toward tribal self-governance that ushered in an era of economic development, led by tribal gaming. Yet the economic and cultural shocks that deprived Native Americans of their livelihoods and social infrastructure for so long are still affecting Indian Country. Here are five important things that policymakers and researchers need to understand to effectively address the economic and social challenges faced by Native Americans and their communities:

▪ **Tribal self-determination through self-governance is the only policy that produces positive results.** By affirming tribes’ inherent right to pursue economic development on their lands, the Indian Gaming Regulatory Act, one of several modern pro-tribal sovereignty policies, has ushered in an extraordinary era of economic development funded by gaming revenues that has not only stabilized tribal economies, but also made them economic anchors in their regional economies.

▪ **Thanks to tribal self-determination, tribal governments are a significant part of the national economy.** The nation’s 574 federally recognized tribes have authority over more than 60 million acres within the 325 Indian reservations and other lands under the jurisdiction of the tribes. Tribal governments and their enterprises directly employ almost 350,000 workers and indirectly support an additional 600,000 jobs and generate $40 billion per year in wages and benefits along with an additional $9 billion spillover impact in state and regional economies.

▪ **Today’s economic successes show the potential and resilience of Native Americans, who are still working to overcome generations of wrenching geographic displacement and oppressive bureaucratic supervision.** The high levels of persistent poverty, chronic health problems, and substandard housing for many Native Americans are current manifestations of economic and cultural shocks that deprived Native Americans of their livelihoods and social infrastructure—the deliberate decimation of the North American bison and the assimilation of Indian children via forced placement in residential schools are prominent examples.

▪ **Further advances for Native Americans require tackling bureaucratic barriers and expanding tribal authority,** which include tribes’ incomplete authority to put their lands to good and productive use, their inability to collect taxes to pay for government operations, and discriminatory higher costs for accessing capital.

▪ **While tribal government gaming has been a phenomenal success, tribal reliance on gaming and recreation enterprises (245 now operating in 29 states) makes them highly susceptible to volatile**
Tackling the impediments outlined above could spur greater engagement in land and resource management, health care, and other diverse industries for future economic growth.

Introduction: Tribal governments today

One of the great puzzles in economic development is the economic sustainability of a nation, local community, or individual households. For Native American tribes, sustainable economies were an abstract notion for most of their 500-year history post-European contact: They were in survival mode and fighting to hold onto their lands and protect their people. Today, tribal governments have collectively scaled a $34.6 billion industry (gaming industry revenues and related enterprises and amenities) and become a distinctively important component of the U.S. economy (National Indian Gaming Commission 2020). Their path to economic revitalization is singularly unique and demonstrates the remarkable power of self-determination to overcome adversity and change adversarial systems.1

Before the COVID-19 crisis, tribal governments directly supported a collective workforce of 350,000 jobs and indirectly an additional 600,000 jobs, $40 billion per year in wages and benefits, and an additional $9 billion spillover impacts in state and regional economies.2 Tribal governments have returned revenues to their communities through services, improved reservation infrastructure from roads to broadband, and boosted investments in their social infrastructure such as health care, education, housing, and public safety. With steady improvement in revenues, per capita income on tribal lands has increased substantially for three decades, growing about 49%, compared with 9% per capita income growth in the United States overall, from 1990 to 2018) (Kunesh 2019a).3

How did this phenomenon happen? In short, the complementary commitment to places and the people in them have helped create durable economies and enhanced community assets described as social capital.

Tribal sovereignty is the foundation of enduring social and economic development

The sovereign authority of American Indian tribes as a distinguishing political status...
predates the formation of the United States and is well established in the U.S. Constitution and federal law. Each of the 574 federally recognized tribal nations in the United States today, including 231 Alaska Native villages, has a unique political relationship with the federal government, affirmed through treaties, statutes, and judicial decisions. Economic development among these tribal nations today reflects their great diversity of histories, geographies, and cultures. The one constant over the course of this time is the barrage of chaotic, repressive, and often demoralizing federal policies. Only when tribes assumed control over their resources and responsibility for making their own decisions did socioeconomic conditions on American Indian reservations begin to improve (Cornell 1988).

The lands possessed by American Indian tribes are often called “Indian Country,” a reference to the jurisdictional definition found at 18 U.S.C. § 1151: all land within the limits of any of the 325 Indian reservations under the jurisdiction of the tribe, allotted lands, and dependent Indian communities (62 Stat. 757, 1948; 63 Stat. 94, 1949). Today tribes exercise sovereign authority over a land base of more than 60 million acres (in aggregate about the size of Oregon), mostly held in restricted trust that cannot be sold, used as collateral, or encumbered by a mortgage (Kunesh 2021b). “Indian Country” thus further encompasses a complex legal web that make it unnecessarily difficult for tribes to use reservation trust lands to the benefit of their people.

The land essentially represents an enduring connection between Native people and their traditional lifeways. These highly valued social systems have helped remediate generations of trauma and strengthen tribal economies. They also underpin the recent population growth throughout Indian Country. The 2020 U.S. Census Bureau data indicate that the “American Indian and Alaska Native alone” population (people who answer the survey question on race by marking only the “American Indian or Alaska Native” response) increased from 2.9 million in 2010 to 3.7 million in 2020. The total Native population (people who answer the survey question on race by marking either just the “American Indian or Alaska Native” response or marking the “American Indian or Alaska Native” response box and one or more other races) grew from 5.2 million to 9.7 million (Estus 2021; Indian Country Today 2021; U.S. Census Bureau 2021). About 60% of Native Americans live on or near reservation homelands (Kunesh 2021b).

**Tribes have inherited formidable barriers to economic development**

Conflict over land, resources, and culture has been the center of nearly every significant interaction between Native and non-Native people across the United States since the earliest days of European contact. Historically, Native societies employed extensive trade and commerce networks to exchange goods and resources. Once European colonizers realized the vastness of these resources, they sought to appropriate and exploit them. Inevitably clashes ensued, often violent.

One devastating example involves the Plains tribes who had created robust economies
around the North American bison. The bison provided these Native communities with a steady food source and materials for tools, clothing, and shelter. The bison’s economic utility further fostered trade and expanded commercial networks. Most importantly, the bison represented the continued autonomy of Native people who had established self-sustaining inter-reliant micro-economies. Such independence, though, was incongruous with the tenets of manifest destiny and the federal government’s designs for western expansion (Miller 2006).

As many as 30 million bison existed pre-European contact. Shockingly, this once abundant species was brought to the brink of extinction within just a few decades in the late 1800s. Federal officials recognized the centrality of the bison to the independence of the Plains Indians, who had not yet been forced onto reservations. In 1873, after the secretary of the interior declared that “the civilization of the Indian is impossible while buffalo remain on the plains,” the U.S. Army supplied hide hunters with free ammunition (U.S. National Park Service 2021). Less than 1,000 bison remained following their rapid, relentless, and brutal assault.

The slaughter of the bison was one of the largest economic shocks in recorded North American history (Feir, Gillezeua, and Jones 2019). For the Native Americans who relied on the bison, this sudden loss meant devastating upheaval. Not only did they lose their economic livelihoods, but valuable social contacts as well. Their diets deteriorated and they would suffer long-term health impacts. Research shows that bison-reliant people were once the tallest people in the world, but the generations born after the slaughter were among the shortest. Moreover, formerly bison-reliant societies now have between 20–40% less income per capita than the average Native American nation (Feir, Gillezeua, and Jones 2019).

With the Great Plains cleared of the bison, the federal government moved quickly to acquire vast swaths of tribal lands. As an inducement to tribal leaders to surrender their lands peacefully, the government signed treaties that guaranteed tribal rights to hunt and fish and promised protection against settler hostilities. Upon signing these treaties, Native people were driven onto and confined to federal reservations, mere fragments of their original homelands. Over time this wrenching geographic displacement and oppressive bureaucratic supervision impeded the ability of these communities to adapt and generated lasting social and economic disparities (Feir, Gillezeua, and Jones 2019).

Maintaining hundreds of American Indian reservations proved costly and soon the federal government reneged on its treaty promises and commitments to provide basic life support to reservation communities. Remarkably, despite the resulting inadequate food, decrepit housing, and limited employment opportunities, tribes continued to maintain traditional governing structures, cohesive social networks, and communal ties to the land. This cultural fortitude intimidated the federal government. Hoping to destroy tribalism and dismantle the reservation system, Congress enacted the General Allotment Act in 1887, also known as the Dawes Act (Pub. L. 49-105). The act authorized the Bureau of Indian Affairs to divide communally held lands into individual parcels of about 160 acres. These allotments were assigned to the heads of American Indian households with instructions to become farmers. Unallotted reservation lands were deemed “surplus” and sold to white
settlers. Two-thirds of reservation lands were lost through allotment and sale to white settlers, a total of more than 90 million acres (Khan Academy 2022). With settlers pouring in, the character of Indian Country changed dramatically and assimilation became the predominant federal policy.\textsuperscript{5}

Federal assimilation policies targeted traditional tribal governance and banned cultural practices. One of the most aggressive assimilation devices was residential schools.\textsuperscript{6} Children as young as three years old were removed from their families and sent to schools located far away from their reservation homelands. The first was the Carlisle Indian Boarding School, founded by Richard Henry Pratt in 1879 on a former military installation in Pennsylvania. Pratt’s motto, “Kill the Indian, and save the man” (Pratt 1892), foretold the horrific violence and abuse children would suffer in these institutions. Children were punished for speaking their Native languages and conformity to school rules was strictly enforced, from dress to manners to curriculum. Girls were taught domestic skills while boys were trained for industrial jobs.

Carlisle became the model for 357 other government-operated schools. In 1900, 20,000 Native children were in boarding schools. Twenty-five years later, nearly 83% of Native children were attending boarding schools. Thousands of these children never returned home. When the last school was closed in 1978, generations of survivors carried deep emotional scars from their traumas.\textsuperscript{7} See National Native American Boarding School Healing Coalition n.d. for a more complete account of this history.

The Dawes Act succeeded in disrupting tribal ways of life and community cohesion. In its wake was a wasteland of corrosive living conditions. Eventually the federal government was forced to address the deplorable state of affairs and commissioned a study of reservations across the country. The result was an extensive investigation into 40 years of failed federal Indian policies that culminated in a lengthy detailed report exposing pernicious levels of poverty, terrible disease and high death rates, and severely inadequate and deteriorating housing (Merriam 1928). The extent of neglect was unfathomable.

President Franklin Roosevelt finally repudiated the dreadful Dawes Act policies in his New Deal program. The Indian Reorganization Act of 1934 (the IRA) (Pub. L. 73-383) marked a dramatic turning point in federal–tribal relations: It ended the allotment process, stabilized the reservation land base, promoted tribal self-governance, and removed prohibitions on cultural practices. While the Bureau of Indian Affairs still wielded heavy oversight authority, the IRA laid the groundwork for rebuilding tribal self-sufficiency.

**Tribal self-governance is the only policy that produces positive results**

Four decades after passage of the IRA, Congress codified the principles of tribal self-governance in the Indian Self-Determination and Education Assistance Act of 1975 (Pub. L. 93-638). Self-determination simply means that tribes themselves, rather than the Bureau of
Indian Affairs, decide funding priorities and manage tribal resources. The act authorized tribes to directly receive federal funds and administer government programs. Not surprisingly, as tribes gained greater control over reservation affairs, they directed more investments into their communities and built fledgling economies.

An extraordinary era of economic development was launched in 1988 with the Indian Gaming Regulatory Act (IGRA) (Pub. L. 100-497), which affirmed tribes’ inherent right to pursue economic development on their lands, albeit subject to certain state and federal regulation. Gaming revenues have since become a vitally important funding source for many tribal governments, providing much-needed investments in tribal health, education, and welfare programs (Akee, Spilde, and Taylor 2015). From a total revenue standpoint, tribal gaming has been a phenomenal success, not only stabilizing tribal economies, but also becoming economic anchors in regional economies (Kunesh 2019a).

Off the balance sheet, the economic payoffs from tribal gaming have translated into profound impacts on community well-being and quality of life (Cornell and Kalt 2007). For the past 30 years, incomes of American Indians on reservations have been increasing. Real per capita income has increased 49% from 1990 to 2018 (from $9,650 to $14,355), though still hovering at poverty levels. Even modest income supports of an additional $4,000 per year for the poorest households have made significant and lasting differences: high school graduation rates increased by almost 40%, chances of committing a minor crime were reduced by 22% for 16- and 17-year-olds, and the likelihood of voting in adulthood demonstrably increased (Kunesh 2019a; Akee, Spilde, and Taylor 2015; Wolfe et al. 2012).

This progress has been slow and is very uneven across Indian Country (Meister 2017). A significant economic concentration exists in a small number of tribes located in more densely populated locations. The 20 largest revenue generators now account for more than 50% of the total revenue; the next 85 account for 41% (National Indian Gaming Commission 2021).

Opportunities exist for shared economic prosperity in Indian Country

Gaming has not been the panacea for all the economic problems that Native American communities continue to face. Even when federal policies ostensibly promote economic development, their benefits are diminished by rules and regulations that in effect are anti-economic development. For instance, tribes still do not have full authority to put their lands to good and productive use, mainly because of bureaucratic impediments to use these lands efficiently for collateral and security purposes (Kunesh 2019b).

Other unwarranted limitations are found in the areas of governmental finance, taxation, and jurisdiction. Unlike state and local governments, tribes cannot collect taxes to pay for
government operations, making them dependent on income from casinos and other enterprises to pay for law enforcement, public safety, and social services. Nongaming tribes still rely heavily on federal funding, but Congress has chronically underfunded tribal services and continually fails to fulfill its treaty responsibilities to tribes and Native Americans (U.S. Commission on Civil Rights 2018). Even when tribes break through such barriers, they often encounter other forms of unfair treatment, such as paying significantly higher costs to access capital (Feir and Catteneo 2019).

Eliminating these legal and institutional constraints would accelerate the realization of a broader range of benefits and help to reduce the economic and social disparities that persist in many tribal communities. At the federal level, Congress has attempted to refashion one of its most onerous processes, the leasing of tribal lands. The Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act of 2012 (Pub. L. 112-151), encourages tribes to assert more control over land use and resource management by promulgating tribal leasing regulations and conducting their own appraisals and environmental reviews. Uptake of HEARTH Act authority has been slow, however, mired in complicated approval processes and an outmoded title recording system, among other issues (Kunesh 2019b).

At the local level, tribal governments have work to do, too. As COVID-19 tore across Indian Country, tribal governments confronted terrifying public health challenges caused by the pandemic and grappled with economic devastation. At the height of the pandemic in 2020, all tribal gaming facilities and gaming-related businesses were closed across Indian Country. Gaming revenue plummeted to 2012 levels (National Indian Gaming Commission 2020). Moreover, since a large share of jobs on reservations align with gaming and government administration (Akee, Mykerezi, and Todd 2019), the closure of casinos meant massive layoffs and unemployment. With their main revenue source wiped out, tribes have struggled to maintain basic services and to address more acute health and safety problems, namely overcrowded housing, lack of running water, poor roads, and unreliable access to broadband service.

The pandemic revealed another vulnerability across Indian Country: the danger of relying exclusively on one industry. Much like the Plains tribes’ reliance on the bison, the sudden absence of an economic mainstay should signal the potential risk to community stability and security. Serious consideration should be given to diversifying tribal businesses and reducing their market concentration in gaming and recreation industries. While reservation-based businesses tend to be more resilient than their nonreservation counterparts (Akee, Mykerezi, and Todd 2021), weathering more acute economic shocks such as the pandemic will prove the ultimate test of resiliency.

Tribes can emerge from the pandemic stronger, using recovery and infrastructure funds to bolster social resiliency and upgrade basic community infrastructure. One of most crucial investments is building more affordable housing equipped with a modern sanitation infrastructure (Kunesh 2021b). Tribes also could explore alternative policies for boosting wages and living standards. The federal child tax credit and other social benefits are working wonders to reduce poverty and economic insecurity, but their effectiveness requires access to financial systems that may not be readily available on many
reservations (Kunesh 2021a).

Tribes have faced many dark challenges, yet their history is one of resilience and perseverance. While they survive as self-governed sovereign nations, they thrive by wrapping themselves around the very core of their existence—their people and their culture. Together they are the bond to the past and the promise of the future.

The lesson here is captured in the timeless words of Lakota spiritual leader, Tȟatȟáŋka, known as Sitting Bull. Caught in the chaotic transition from a life of freedom on the prairie to forced confinement on reservations, and contemplating imminent annihilation by the U.S. Army, Tȟatȟáŋka remained steadfast, beseeching his people, “Let us put our minds together and see what life we can make for our children” (Sitting Bull College 2022).

Additional reading and resources

Readers interested in delving deeper into the issues touched on in this chapter are encouraged to explore the following resources suggested by the author.

**Articles**


Books


Video


Podcast


Subject matter experts

**Randall Akee** • University of California, Los Angeles

**Crystal Cornelius** • First Nations Oweesta Corporation
Miriam Jorgensen • University of Arizona Native Nations Institute and Harvard Project on Economic Development

Joe Kalt • Harvard Project on Economic Development

Robert Miller • Sandra Day O’Connor College of Law at Arizona State University

Additional resources

Association for Economic Research of Indigenous Peoples

Indian Land Tenure Foundation

IllumiNative

Native Governance Center

Endnotes

1. This report focuses on federally recognized American Indian and Alaska Native tribes and their citizens, whose governing structures and economies differ widely due to their unique histories, geographies, and cultures. Gaming exemplifies this diversity: The 245 tribal gaming enterprises operating in 29 states range from resort-type facilities to trailers for bingo games (National Indian Gaming Commission 2021).

2. See Henson et al. 2020 for an updated snapshot of leading economic indicators in Indian Country.

3. See also Akee and Taylor 2014.

4. While the U.S. Census Bureau classifies race and ethnicity categories, being a member of an American Indian or Alaska Native tribe equates to a political relationship, akin to citizenship status, not a racial status (U.S. DOJ 2014).

5. Another assimilation ploy was to induce Native people to renounce their tribal affiliation through the promise of citizenship and private property. Native people were not considered citizens of the United States until 1924 when Congress enacted The Indian Citizenship Act of 1924 (Pub.L. 68-175).

6. The precursor to assimilation was “civilization.” On March 3, 1819, the Civilization Fund Act authorized confiscation of Native land and other policies aimed at achieving, according to then Indian Commissioner Luke Lea, “the great work of regenerating the Indian race” (Equal Justice Initiative n.d.). The act directly led to the creation of residential schools based on the notion that Native culture and language were to blame for what was deemed the country’s “Indian problem” (National Museum of the American Indian n.d.).
Department of Interior Secretary Deb Haaland, the first Native American to hold a cabinet level position, recently announced a new initiative to examine the “Troubled Legacy of Federal Boarding School Policies” (U.S. DOI 2021). Legislation also has been introduced to create a truth and healing commission around American Indian boarding school tragedies (H. R. 5444, 2021; S. 2907, 2021).

References


January 2019.


Federal statutes


