J Kimball Hansen, my maternal grandfather, worked as an agricultural consultant for the Bureau of Indian Affairs for three decades. As a result, my mother’s family moved all around the American Southwest, living on or next to numerous Indian Reservations. My grandfather is an amateur photographer, and enjoyed taking pictures of the Indians with whom he worked to use in reports and for art’s sake. One such picture was of the children of a family on Standing Rock reservation looking destitute. The strange element not shown in the picture was the presence of five Cadillacs in their back yard. This seeming paradox was the result of a Federal welfare program that paid the Indians per capita. Due to their number of children, this family had been able to afford a Cadillac and chose to use their money on that instead of, say, new clothes for their children or home improvements. After their first Cadillac broke down, they decided it would be easier just to get a new one instead of trying to fix it, and ended up with five non-functioning luxury cars in their back yard. This story, mixed with accounts of new bicycles left out on the lawn and subsequently stolen or families without plumbing or electricity, presents a contradictory image of financial despair and total irresponsibility with large amounts of money. My mom always expressed sympathy for a noble people dispossessed by short-sighted militaristic expansionists, but as a kid she didn’t have to deal with any of the practical ramifications of the economic situation (except for that bike...
she lost). Grandpa, however, spent a lot of his time and energy thinking about how the Indians got into this state and how to get out of it. This is an issue which affects over 1.9 million people on over 300 reservations, a blemish on an otherwise prosperous nation, and it has remained a problem for hundreds of years (Anderson 110). Proposed solutions generally span the short range of providing more financial support to impoverished reservations through federal programs or, more recently, the establishment of casinos and resorts, taking advantage of legislation that makes clear tribal governmental privileges that surmount state laws concerning gaming. Both of these solutions seek to solve economic underdevelopment by increasing the capital available to Indians, but this is only one aspect of potential financial growth on reservations. Any successful plan needs to apply on an individual basis, as each tribe is unique, and take into account self-reliance and cultural integrity (Duffy et al.). A thorough understanding of the historical context of this issue shows that although casinos are effective in increasing wealth on some reservations, they are not a universally viable solution. Most reservations would be better served by focusing on the redistribution of governmental power, allowing access to natural resources, sustaining private property rights, and emphasizing economic education on reservations in order to address the key underlying issues of economic underdevelopment on Indian Reservations.

This tragic issue is based upon one of the darker moments of American history, one which consistently instills guilt in the modern American reader: the dispossession of Indian tribes of their land. The nineteenth century was a time of great expansion for our country, but the price attached was dire indeed. Our federal government sanctioned disadvantageous diplomacy with parties who were not made fully aware of the legal
ramifications of their actions and, worst of all, the armed removal of thousands of natives from their ancestral homeland. These were both primary sources for economic instability among American Indians. It is a common misconception that land was taken from Indian because they did not understand the concept of private property, but as economics professors Galbraith, Rodriguez, and Stiles demonstrate in their essay on economic myths about Indians, most tribes enjoyed private property rights and held them as crucial to their way of life (Flanagan 5). In reality these treaties were presented under unfair terms and often signed under duress; Indian technology and tactics left them at a distinct disadvantage against organized American military action. Many tribes were displaced hundreds or thousands of miles to regions to which their traditional tribal cultures were not adapted, with differing climates, wildlife, and natural resources which they were unable to utilize to full effect. Many, like the Cherokee, were forced to journey across harsh terrain and lost up to a quarter of their population to travel-related deaths, further crippling their financial well being (Anders 229). Even those who weren’t forced to move had expanding American communities with which to contend and often found their movements and activities confined to smaller and smaller spaces.

All of these factors contributed to an immediate loss of capital which led to a long history of decreased economic potential. This lack of capital led, in turn, to a decreased working efficiency on reservations, until employment rates in 1999, the most recent figures available, reached an average of 22.3% (Anderson 113). Indian youths today grow up in an environment where many extended family members have never been employed for a substantial amount of time and educational expectations are very low, compounding a lack of capital with little financial education and a mentality that does not
encourage enterprise. A report by the Bureau of Indian Affairs cites “poor home background and a lack of emphasis on formal education, a lack of parental encouragement and understanding, poor classroom facilities and procedures, language problems, feelings of alienation, low family income level, and poor quality teaching” as the primary causes for lagging educational standards on reservations (Bureau of Indian Affairs 128). In an attempt to offer sovereignty on par with that which tribes enjoyed previous to American interference, modern tribal governments rule reservations as small sovereign nations, but BIA findings confirm that current tribal council members received even less financial education on average than Indian youths do today, leading to inefficient government which fails to promote economic development (Bureau of Indian Affairs 126). For the past hundred years or so, the Bureau of Indian Affairs, for whom my grandfather worked, has been in charge of maintaining the hundreds of reservations in this country, spanning over 55,000,000 acres, and recently their most resource-draining task has been overseeing the welfare payments the government provides for Indians (Bureau of Indian Affairs 48). Motivated in large part by guilt for past atrocities, our modern government spends millions of dollars on Indian economic development, but most of this money goes to handouts which help increase available capital, but do nothing to address obstacles to local enterprise and educational or motivational concerns.

More recently, attempts to rehabilitate reservations have come in the form of casinos, which are able to function on reservations due to Indian Gaming Regulatory Act of 1988 which grants reservations power to form their own gambling laws, bypassing local and state laws on the subject. Casino advocates such as Brenda Martin, an expert on cultural and economic effects of tourism on indigenous peoples at the University of
Colorado, argue that the billions of dollars generated annually by Indian gaming operations provide unprecedented opportunities to reservations through investment capital, which tribes can use to buy back ancestral lands and improve their standard of living (Van Otten 38). Some tribes, like the Pequot of Massachusetts, have indeed become fabulously wealthy and solved many of their economic concerns, becoming the focus of studies on the beneficial impacts of casinos on reservations and the surrounding communities by Barbara Carmichael and D. M. Peppard, specialists on sociological and economic development of communities (Van Otten 130). Many tribes, however, lack the original capital necessary to start a casino enterprise, and many reservations are situated near enough to others that demand for gaming services is decreased to an unsustainable level (Van Otten 169). Most importantly, casinos also fail to address the fundamental issues of education and mentality, which govern how the increased capital is used for economic development.

A long lasting solution to the economic trials of all reservations can only be found by addressing the issues of managerial, educational, and motivational obstacles to new businesses in addition to the issue of investment capital, and the beginning of any approach to these obstacles should address governments. Tribal governments currently occupy an awkward position between the federal and local level, and enjoy neither the power of the federal nor the efficiency of the local. One of the major obstacles to new businesses on reservations is restrictive laws put in place by tribal governments. These governments were put into place by the Federal government following their model, instead of focusing on local concerns or traditional leadership culture, and are therefore neither an effective small scale model nor a reflection of the will of the governed.
(University of New Mexico 129). Since then, these tribal councils have evolved through a series of heavy-handed reforms which often had the goal of “Americanizing” reservation inhabitants (Anderson 92). With hundreds of years of legislation at cross purposes with itself and a model not originally conducive to tribal government, it is no surprise that reservation governments are unstable and unable to enact lasting change. Currently these tribal governments are unpopular enough to prompt annual or semiannual elections and spend a large portion of their time managing the redistribution of wealth within the reservation from any successful enterprises. The first step in improving the efficiency and economic viability of tribal governments is to restore the self-reliance of and confidence in these governments by adopting a more localized pattern, as appropriate to each individual reservation, and granting all relevant power to the tribal council, such as land management currently handled by the United States federal government.

Many reservations possess valuable natural resources that are currently underutilized by tribal governments, which provide a valuable source of capital to fund investments, forming a central focus for many past analyses of economic underdevelopment in tribes (Bureau of Indian Affairs 70). Many tribes have been able to maintain fishing, logging, or mining rights to the substantial resources available to their reservation through legal action to support original treaties, and these resources ought to be used in a culturally and environmentally sustainable way to improve the lot of reservation inhabitants. Unfortunately, although tribes have legal control of their resources, federal commissions maintain practical control over them, posing an obstacle to any effort to make use of them (International Congress of Anthropological and Ethnological Sciences 30). The legal tools exist, but due to governmental inefficiencies,
many tribes are unable to process their own resources or allow their supervised extraction by outside companies. Although proposals have been made, little significant action has been taken to utilize these vital resources (Flanagan 96). In addition to being more culturally correct than the casino option for generating investment capital, tribes can monitor the use of natural resources much more closely through existing legislation than they can the operations of gaming corporations running casinos on reservations. Natural resources remain under tribal control and do not pose the risks of a tourist-based industry like gambling. These natural resources have been called the “secret wealth” of Indian reservations, and rightly so. Most reservations could support their own economic endeavors through proper management of this wealth, but first they need access to these resources.

Another right that could be better utilized under a more efficient governmental model is private property and land ownership. These two rights, when established and understood, form a powerful economic foundation upon which success can be built, and have proven crucial in development of impoverished Third World nations (Flanagan xi). Currently the BIA holds tribal lands in trust, making them unavailable for use as collateral through mortgaging or for development as commercial properties, and this unavailability is compounded by additional paperwork imposed by tribal councils (Flanagan 136). This poses a major obstacle to anyone interested in establishing business enterprises on reservations and stagnates local economies. Land rights also represent a valuable asset that is less volatile than the cash payouts Indians receive from the government, fostering long-term growth and development. All of this is assuming, of
course, that reservation inhabitants know how to use these resources, which has been a problem with the financial assistance they currently receive.

Indian Reservations consistently rank very low according to economic indicators such as standardized test scores and graduation rates. Although many universities offer generous scholarships to Indian students covering all academic costs of a college education and some offer additional grants and benefits, the number of Indians holding degrees is also substantially low and are not universally improving, as addressed by Joseph Kalt and Stephen Cornell, prominent members of the Harvard Project on American Indian Economic Development at Harvard University (Cornell 55). Even at times when the reservation schools enjoyed funding and resources greater than those of communities surrounding reservations, these low indicators remained. The root of this problem is the attitude that has developed over the past century of dependence on the government for money. Incentive to work is very low for reservation inhabitants, and expectations for Indian students are almost nonexistent, as witnessed by higher drop-rate rates and graduation rates below 50% (Bureau of Indian Affairs 128). At this point, youths can look back on multiple generations of dependency, and many don’t bother with education that they perceive as useless. This lack of education contributes directly to poor use of funds, as evidenced in the Standing Rock family my grandfather photographed. Addressing this issue is tricky, as the widespread need for reform entices lawmakers into increasing funding as the solution, but no amount of funding can increase expectations on students. This educational and behavioral change can only take place on a localized level and relies on a desire for improvement. If lasting change is to take place, educational reform is key to fostering financial competence and self-reliance.
My grandpa was somewhat reluctant to share his views with me as regards the behavioral issues he perceived in his employment, as he has had negative experiences in the past with people labeling him a racist for reinforcing the stereotype of the alcoholic, lazy, apathetic Indian, but those stereotypes exist as a caricature of actual problems facing Indian reservations today. Casinos may increase capital, but the source of the economic underdevelopment from which reservations suffer is far more difficult to address. Without significant changes to governmental policy and educational reform, the behavioral problems inherent to a system with few incentives for private enterprise will thwart any purely monetary plan of action.
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