

Native America x Rural America: Tribal Nations as Key Players in Regional Rural Economies

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Since time immemorial, Native Peoples¹ have built vibrant communities across the country now called the United States. While colonization radically altered their histories, tribal communities remain a vital part of 21st century America, and particularly 21st century *rural* America. At least 40% of the United States' 5.2 million self-identified American Indians² and approximately 70% of all tribal citizens live on and near reservations³—tribal lands that largely are located far from urban cores. While reservation-based Native populations have been among the poorest in the United States, a growing number are experiencing sustained economic growth. Where this growth is linked to an expansion of recreation, entertainment and creative ventures, tribal communities are becoming hubs for arts and cultural activities. Likewise, Native nations' governance success is evident in the role many tribes now play as major regional employers and service providers. By these demographic, economic, social and political measures, Native communities already are key contributors to the vitality of rural America—and they appear poised to have an even greater impact in the years to come.

Native America at a Glance

As of January 2021, 574 federally recognized tribes share geography with 35 states in the United States and control more than 55 million acres of land.⁴ An additional 60 state-recognized tribes share geography with 14 states.⁵

These nations, which together comprise “Indian Country,”⁶ are diverse. Their cultures, traditions, governmental forms, land bases, natural resources and approaches to development all vary. Their similarity is this: All tribes share a commitment to protecting their sovereignty, enhancing the welfare of their citizens, and sustaining their religions, customs and languages.

Native nation governmental powers are vast and perhaps best understood as comparable to those of states, although tribal governments also have some “national” powers. Tribes may determine their own governmental forms⁷ and citizenship criteria, make and enforce laws, resolve disputes in their

own courts, and develop and regulate their lands, waters and other natural resources. Tribal governments also bear primary responsibility for the delivery of social, health, housing and education services in their communities and for the development of their lands. Nonetheless, tribes' capacities to exercise their powers vary by population, territorial expanse, government revenues and administrative prowess.⁸

A Closer Look at Native Economies

Prior to colonization, many North American Native Peoples lived in flourishing communities. In the Northeast in the 1500s, historical records describe settlements with “one town bumping up against the other,”⁹ supported by hunting, fishing and Three Sisters agriculture (the growing of corn, beans and squash). In the 1700s, Indigenous farmers working in the Ohio River Valley produced 1.3 to 2.5 times more grain per acre than the European immigrants who displaced them—surpluses that in turn supported cottage industries and extensive trade.¹⁰ In the 1800s, a comparatively affluent and healthy lifestyle made Great Plains Peoples among the tallest in the world.¹¹ Until colonial agents interrupted the practice in the early 1900s, Native Peoples of the Northwest coast amassed and shared significant material wealth through ceremonial feasts called potlatches.¹²

European colonization changed all of this. First, explorers, traders and settlers brought disease and war. Later, the founding and growth of the United States brought forced removal from homelands, confinement on reservations and natural-resource expropriation. Policies that disempowered tribal governments, outlawed Native religions, censored Indigenous language use, attenuated access to sacred sites and removed children from family homes further undermined Native nations. By 1920, what remained for most Native Peoples were administered communities, suppressed cultures, imposed governing systems, collapsed economies and a host of accompanying social problems—conditions that made Native Americans the poorest population in the country for much of the 20th century. In 1980, 41.1% of all self-identified American Indians and Alaska Natives living on (largely rural) tribal lands were in poverty, as compared to 30.9% of Native Americans overall, 29.5% of Black Americans, 25.3% of Hispanic Americans and 10% of white Americans.¹³

In the 1960s and 1970s, Native activism led to a sea change in U.S. policy. Initially through the Economic Opportunity Act of 1964 and then through President Nixon's Indian self-determination policy (solidified in the Indian Self-Determination and Education Assistance Act of 1975), tribes gained greater standing as governments and more control over their resources.¹⁴ Over time, additional laws strengthened both the policy and its results.

Greater economic prosperity has been one important result. On average, reservation economies have marked a long period of growth.¹⁵ Further, research suggests that tribal sovereignty (political self-determination) and effective tribal governance have been key to this outcome: As tribes exercise decision-making authority and back up that authority with capable and culturally legitimate governing institutions, they are better able to seize development opportunities and carry out economic plans that sustain their nations and enhance citizen well-being.¹⁶ In sum, while many Native people living on and near reservation lands remain less well off than the American mainstream, their situation (on average) has been improving.¹⁷

Today, myriad industries are represented in reservation economies, including agriculture, oil and gas, forestry, fishing, retail trade, finance, hospitality, gaming, tourism, health care, government services, and more. Ownership of these enterprises spans the public, state-owned (tribal enterprise), private and nonprofit sectors.

The public and tribal enterprise sectors are dominant¹⁸—a pattern that is influenced by tribal governments' many responsibilities, communities' cultural preferences and rights, economies of scale, legal requirements and tribes' limited taxation opportunities.¹⁹ For example, casinos are an important part of the tribal enterprise sector both because U.S. law requires tribal government ownership²⁰ and because casino ownership is an effective means of tribal public finance.²¹ Together, tribal governments and tribal enterprises offer substantial employment opportunities to both Natives and non-Natives and, especially in rural economies, play an important role as providers of goods and services and of recreation and entertainment opportunities.

In general, the on-reservation private and nonprofit sectors are smaller. Many businesses are microenterprises that are too small to meet local demand. Others focus on nonlocal trade to improve their prospects for viability and growth. Consequently, tribal citizens often travel to nearby towns for groceries and other goods and services.²² While this state of affairs

strengthens connections between on- and off-reservation markets, it also highlights the opportunity for further, and potentially transformative, private sector growth in Indian Country.

Business-friendly legal infrastructure and improved access to capital are related keys to unlocking such growth: Reservation zoning, streamlined tribal regulations, transparent commercial codes and reliably fair tribal courts increase lenders' confidence in tribal-citizen borrowers. Nonetheless, reservation residents who earn cash incomes, who have poor credit histories or who lack traditional collateral may require additional assistance. Native community development financial institutions (CDFIs) have proven to be especially effective at meeting such needs.²³

Partnership and Progress?

So what does the future hold for tribal economies? Certainly, Native economies lagged the mainstream before the COVID-19 pandemic and, given the devastation it wrought in Indian Country in both economic and health terms,²⁴ the challenges to a continued trajectory of economic growth and improved community well-being are substantial. Yet, while the future is inherently uncertain, Native Peoples have proven themselves to be resilient. It will take time for tribal enterprises reliant on external customers to rebound, for tribal citizen entrepreneurs to more seamlessly support e-commerce, and for tribal governments to build the infrastructure necessary to spur a new round of growth—but we believe they will do so.

Moreover, as Native nations rise, so too can the rural regional economies in which most are embedded. Consider:

- ***The value of regional government partnerships.*** In Benewah County, Idaho, the Coeur d'Alene Tribe and municipality of Plummer together operate a rural, community-based outpatient health care system, which neither could have afforded on its own.²⁵ In Pottawatomie County, Oklahoma, the Citizen Potawatomi Nation operates Rural Water District 3, whose 1,300 Native and non-Native customers include residents, businesses, churches, schools and fire departments.²⁶
- ***The widespread benefits of tribal sovereignty and self-determination.*** Since 1987, tribes have been able to seek status as regulators under the Clean Water Act, and research shows that they have been more effective

than other governments at ensuring cleaner water for all residents—Native and non-Native—in the pollution-affected areas they oversee.²⁷ Research also shows that “exposure” to a Native CDFI improved credit scores for all low-score consumers—Native and non-Native—by an average of 45 points over the period 2013-2017; mainstream CDFIs do not appear to generate the same result.²⁸

- ***The payoffs of population diversity.*** In 2020, the weighted average 10-year population growth rate in South Dakota’s 19 metro- and micro-politan counties was 13.13%, compared to 1.81% in the state’s 47 rural counties. Yet in those rural counties, reservations and near-reservation areas accounted for the majority of population growth, generated comparatively lower median ages, and likely spurred greater economic dynamism. Put differently, the younger, growing areas in rural South Dakota are more racially diverse.²⁹ This diversity generates benefits—be they coffee shops, art exhibits, home health care providers or more-vibrant churches—that improve the quality of life for everyone living there.

Native Peoples always have shared the spaces they inhabit—with animals, plants and other humans. Historically, to live well, and to help those others live well, required the development of relationships of respect. In Hopi, the language of co-author Joan Timeche, the idea is expressed with the word *tuukyaptsi*, which means “respect for others.” Despite the ravages of colonization, this principle remains a core value in Native America. In the context of rural America, it means that tribes know they are not islands; their markets, labor forces, infrastructure, lands and residents are intertwined in critical ways with those of their settler neighbors. As permanent residents and caretakers, they will continue to approach all relationships, economic and otherwise, from this perspective.

The examples shared exemplify this connectedness—and suggest that the future holds remarkable possibilities, *should tribes and the rural communities that are their neighbors come together and seize them.* Regional governance partnerships can help rural community residents address vexing problems. The exercise of tribal sovereignty and self-determination (through, for example, regulatory enforcement and the creation of CDFIs), can create spillover effects for non-Indigenous neighbors. Native nations’ comparatively youthful labor forces can mitigate rural population loss and keep rural communities

vibrant, adaptable and relevant. Anecdotal evidence suggests that a commitment to place—Native people’s living connection to their homelands³⁰ and non-Native residents’ deep appreciation for the rural lifestyle—can undergird the collaboration necessary for mutual gains. Cooperation may at times be difficult, but the payoffs for both tribal and rural communities can be substantial. *Tuukyaptsi*.

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Endnotes

- ¹ We use the terms "American Indian," "Native American," "Native" and "Indigenous" interchangeably throughout this chapter; we intend them to be inclusive of Alaska Natives. We also use the terms "tribe" and "Native nation" interchangeably. The term "Native people" refers to all Native individuals, while the term "Native Peoples" refers to their collectives and is essentially synonymous with "tribes."
- ² See Norris et al.
- ³ See Pettit et al.
- ⁴ See U.S. Forest Service.
- ⁵ See Koenig and Stein.
- ⁶ U.S. 18 U.S. Code § 1151 provides a legal definition of "Indian country," which is largely based on land status. The more common colloquial term "Indian Country" (note capitalization) refers to any of the self-governing American Indian and Alaska Native nations that share geography with the United States.

- ⁷ Today, most Native nation governments appear similar to Western governments, with legislative, executive and judicial branches; although some Native nations continue to use traditional forms of government (numerous pueblos in New Mexico, for example) and others employ customary law alongside contemporary law (the Navajo Nation's syncretic practices, for example, which are especially well-established and well-documented).
- ⁸ For those interested in learning more about tribal governments, two useful resources are the website of the Native Nations Institute, and Jorgensen, 2007—both of which highlight the many ways Native nations are working to develop stronger and more capable governments.
- ⁹ See Mann, p. 42.
- ¹⁰ See Sleeper-Smith.
- ¹¹ See Steckel and Prince.
- ¹² See Driver, p. 210: "The maximum number of each material item exchanged at any single Kwakiutl potlatch from 1729 to 1936 will give an idea of the immensity of some of these affairs: 6 slaves, 54 dressed elk skins, 8 canoes, 3 coppers, 2,000 silver bracelets, 7,000 brass bracelets, 33,000 blankets. As many as 50 seals were eaten at the accompanying feast."
- ¹³ See Waters and Eschbach, and Bureau of the Census.
- ¹⁴ For a useful discussion of these changes, see Cornell.
- ¹⁵ See Akee and Taylor; and Cornell and Kalt, 2010.
- ¹⁶ See Cornell and Kalt, 2000, 2007.
- ¹⁷ We stress that this is a statement about the central tendency in the data. As the COVID-19 pandemic has made especially clear, the socioeconomic circumstances of Native nations—such as the Navajo Nation, Hopi Tribe, Oglala Sioux Tribe and Rosebud Sioux Tribe—remain extremely challenging.
- ¹⁸ See Akee et al., 2019.
- ¹⁹ Because the U.S. government took Native lands and placed remaining reserved lands "in trust" for tribes, tribal governments do not have the same property taxation opportunities that municipal governments (for example) have over fee (private) land within their jurisdictions. Additionally, states have asserted primacy over many other forms of taxation, further limiting tribes' tax bases. The result is that tribal governments must be more innovative than other governments in raising funds to carry out the tasks of government.
- ²⁰ This is a requirement of the Indian Gaming Regulatory Act of 1988.
- ²¹ In 2021, 245 tribes owned 524 gaming operations in 29 states. See 500 Nations.
- ²² See, for example, O'Connell et al.
- ²³ For overarching discussions of the reservation private sector and how to spur its growth, see Miller; Cornell et al.; and Jorgensen, 2016. For an example of the support that Native CDFIs can provide to a reservation economy, see Lakota Funds. Since its inception, Lakota Funds, a Native CDFI, has helped start more than 600 businesses and create over 1,600 permanent jobs, most of which are located on the Pine Ridge Reservation in South Dakota.

- ²⁴ See Akee et al., 2020; and Akee and Reber.
- ²⁵ See Marimn Health, and Honoring Nations.
- ²⁶ See United for Oklahoma, and Citizen Potawatomi Nation.
- ²⁷ See Haider and Teodoro.
- ²⁸ See Grajzl et al.
- ²⁹ See World Population Review.
- ³⁰ This is not to say that Native residents of rural reservations always remain in place. In fact, reservation populations are populations in flux. Drawn by education, employment and quality-of-life opportunities, many tribal citizens move to urban areas at some point in their lives. But strong ties to family, land, culture and ceremony often mean that these same tribal citizens travel “back home” on weekends, several times over the course of a year, after several years or after several decades. With these moves, they are in part responding to the expectation that any knowledge and skills gained “abroad” will be invested back into their tribes. In fact, this “churn” is another aspect of tribal community life that can be harnessed for the benefit of the broader rural community.