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American Indian Economic Development as a Problem of Collective Action
by

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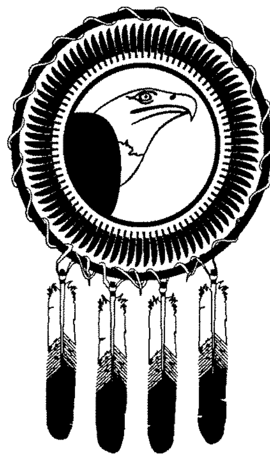

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CULTURE AND INSTITUTIONS AS PUBLIC GOODS: AMERICAN INDIAN ECONOMIC DEVELOPMENT AS A PROBLEM OF COLLECTIVE ACTION

by

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I. Introduction

Contemporary American Indian reservations are notable for, among other things, extreme poverty, a host of related social problems, and economies founded largely on transfer payments and governmental services. These signs of low standards of well-being -- both economic and social -- are enigmatic. Despite decades of professed federal and public concern and a seemingly endless flow of federal and private dollars, on most reservations there is as yet relatively little sign of meaningful improvement or of the emergence of sustainable productive activity. American Indian tribes have significant sovereign powers, yet tribal governments are frequently ineffective. Most Indians apparently desire to maintain and build upon distinctive tribal identities, yet social pathologies often undermine Indian societies with disheartening results.

The problems of American Indian reservations are indicative of much more than a lack of **economic** development. Rather, American Indian societies face problems of economic, social, and political underdevelopment. The reasons for this state of affairs form a complex research problem. The questions they raise go, in the deepest

sense, to the sources of wealth and well-being of nations: What are the ingredients that are necessary for a society to improve its economic standard of living with social and political consequences that the members of that society find acceptable? How do members of a society accomplish a substantive economic transformation without losing control of the shared character and direction that they desire?[2]

As the social scientist approaches these questions in Indian country, the cacophony of explanations and theories is far more confusing than enlightening. The candidates for key insight range over the entire spectrum of more to less ad hoc. For example:

-- Tribes and individuals lack access to financial capital.
-- Tribes and individuals lack human capital and the means to build it.
-- Alcoholism and similar ills are destroying tribes' human capital.
-- Tribal politicians and bureaucrats are inept or corrupt.
-- Reservations lack effective planning.
-- Tribes lack workable constitutions.
-- Tribes have unworkable or externally-imposed systems of government.
-- Reservations are poor in natural resources.
-- Reservations are disadvantaged by transportation costs.
-- Federal and state policies are counterproductive and/or discriminatory.
-- The Bureau of Indian Affairs is inept, corrupt, or uninterested.
-- Savings rates are low.
-- Entrepreneurial skills and experience are extremely scarce.
-- Non-Indian management techniques won't work on the reservation.
-- Non-Indian management techniques will work, but are absent.
-- Off-reservation outsiders control or confound tribal decision making.
-- On-reservation factionalism destroys stability in tribal decisions.

These explanations are not wrong. Each of them is plausibly applicable to at least some reservations at some times. It is as if everything is going wrong, so that all of the alleged impediments to improvement in reservation conditions have validity;

Meriam Report of 1928,[19] reservation poverty has been a matter of considerable concern to federal policymakers, while economic development programs have played an important role in Indian policy since at least the 1930s. Since the 1960s alone the United States has poured hundreds of millions of dollars into reservation economic problems.[20] We do not mean to imply that these efforts have been worthless. Significant progress has been made in, for example, housing, education, certain aspects of health, and overall family income (although much of the income improvement appears to be concentrated in the urban Indian population[21]). Nonetheless, substantive progress on the economic front has been frustratingly elusive, and many Indian tribes today appear to be stuck at or near the bottom of the economic ladder in the United States.

III. Signs of Change and Variation

Despite this discouraging picture, there are some important signs of change in Indian country. The most encouraging ones are political. In the last decade and a half the political context of reservation economic development has changed. Partly as a consequence of the political activism of Indian nations and organizations, and partly as a response to the costly failures of federal Indian policies in the 1950s and 1960s, in the 1970s the Federal Government began moving to a policy of self-determination for Indian tribes. This was a major departure, replacing a policy in which property rights in the economists' sense -- i.e., effective control of reservation resources and affairs --

bureaucracy, interested in the size of its budgets and span of its control, in the position of marketing poverty to Congress. It has done this quite well.

Federal domination of the decision making on American Indian reservations has been pushed back in recent years. Through numerous judicial and legislative battles led by Indian political leadership and, frequently, American Indian lawyers, the range for Indian self-governance has expanded significantly. While this sovereignty is under more or less constant attack, tribes now are able to exercise substantial judicial, legislative, tax and expenditure, and regulatory authority. In this environment, tribes take on greater responsibility for their economic, social, and political affairs; and over recent years they have begun to diverge significantly in both choices and results.

From a research perspective, the assertions of sovereignty by American Indian tribes mean that the burden of explaining the state of their development shifts away from theories of the behavior of the federal bureaucracy. Focus now shifts toward understanding the collective choices and actions that tribes make and that determine the social, political, and economic environments of the various reservations. We do not mean to imply that this shift of focus is complete. It is clear that federal (and, to a lesser extent, state) Indian policies, as well as private sector actors and general market conditions, exert potent influence on the course of reservation development. Nevertheless, federal policy is relatively homogeneous across reservations, and inter-reservation variation, in particular, increasingly depends upon tribes' choices and contexts.

These are our focus here. The objective of this study is to put forth a framework for understanding both the general commonality of underdevelopment among

the heterogeneous tribes, as well as the signs of sustainable development on certain reservations. The core of this framework rests on the proposition that the primary determinant of the course and level of economic development in any sovereign society is the environment of incentives that is implicitly and explicitly arrived at by that society or impose upon it. With respect to its material well-being, the incentive problem for any society is to channel resources and effort into productive, rather than destructive, endeavors. That is, the material well-being of a society depends on its ability to overcome what the economist calls "destructive rent-seeking," or what the sociologist might call "destructive politics" (e.g., factionalism, abuse of authority, corruption). In any society, this problem is addressed through its formal (i.e., legal, regulatory, and constitutional) and informal (i.e., cultural) mechanisms of social control and organization.

The framework or model that we put forth tries to isolate those mechanisms of social control and organization -- the implicit and explicit public choices -- that are primary, testable determinants of tribal performance. In doing so, we recognize that the great analytic difficulty in really explaining tribal performance is that both the formal and informal mechanisms of social control are non-excludable public goods: There is no "meta-enforcer"[4] of social agreement that compels adherence to constitutions, social norms, and the like. This means that the emergence of more or less stable mechanisms of social control are not amenable to invisible hand explanations within a pure (i.e., rational individual choice theoretic) theory of public choice.

Following such analysts as Bates, North, and Douglas,[5] we argue that the process that generates adherence to mechanisms of social control and organization must

make reference to sociocultural processes. We offer ruminations on these processes, suggesting a model in which individuals have preferences (experienced as private goods in the form of normative sentiments) over the propriety of alternative mechanisms of social control. The specific content of these preferences is found in the answer to the challenges of social organization in the economic/political arena (e.g., Am I hostile or receptive to hierarchical divisions of labor?; Am I morally repulsed or attracted to privatizing my reservation's resources?; Do I believe it is proper to set up a separate tribal judiciary with a strong separation of powers?). Peoples' answers to these kinds of questions constitute the "glue" of the social contracts upon which collective goods such as political and economic institutions are based. The sources of these answers are imbedded in large part in culture.

The analysis that follows is based in large part on field work conducted by the Harvard Project on American Indian Economic Development. Since 1987, the Project has been examining the conditions under which economic development is being pursued on American Indian reservations. The heart of the research is the comparative analysis of approximately fifteen reservations in the Southwest, Northwest, and Northern Plains, using data from field visits and other primary and secondary sources.

We begin below in Section II with an overview of quantitative information on the state of reservation economies. Section III then examines some of the contrasts that arise among the tribes with which we have been working. Section IV briefly reviews competing theories of reservation development. In Sections V and VI, we put forth a model of reservation development that emphasizes the primacy of incentive mechanisms in channeling behavior toward productive ends, and the public goods character of these

mechanisms. In Section VII, we discuss implications of our focus on formal and informal (culture-based) mechanisms of social organization for the various social sciences. Research and policy conclusions are summarized in Section VIII.

II. The Nature and Extent of Reservation Poverty

By most indicators of economic well-being, American Indian reservations are extremely poor. The 1980 census showed that 14 percent of Indian reservation households -- three times the proportion in the United States as a whole -- had annual incomes under $2,500.[6] Nearly 45 percent of reservation Indians lived in households with incomes below the poverty level. A quarter of Indian reservation households were on food stamps.[7]

Significant household wealth is almost entirely absent from most Indian reservations. Housing is often of poor quality. The 1980 Census reported, for example, that 21 percent of reservation Indian households had no indoor toilet facilities; 16 percent lacked electricity; 54 percent had no central heating. Many of the last of these are in northern climates. At Pine Ridge, for example, half the Indian households lacked central heating, more than twice the percentage for rural South Dakota as a whole.[8]

Viable, unsubsidized economic enterprises are rare in Indian country. Most reservation economies today remain heavily dependent on tribal or Federal Government employment and federal welfare and other transfer payments. According to the 1980 Census, 65.7 percent of all Indian civilian workers on reservations were employed in tribal, federal, state, or local government, and the vast majority of these in the first two.[9]

As for welfare, in 1986 at least a third of the reservation members of the Rosebud Sioux Tribe in South Dakota were receiving welfare from either the BIA's General Assistance program or Aid to Families with Dependent Children.[10] This figure is not atypical.

Hand-in-hand with economic distress go many of the social indicators commonly associated with poverty. Community health is generally poorer and Indian life expectancies are generally lower than in the U.S. population at large. In the period from 1980-82, for example, 37 percent of Indian deaths in Indian Health Service service areas occurred in Indians younger than age 45, while only 12 percent of deaths in the U.S. population as a whole occurred in that age group.[11] Significant progress has been made in the last thirty years in some health areas, especially infant mortality and infectious disease. Over the same period, however, "social" or behavioral causes of death -- homicide, suicide, alcoholism -- have become more prominent.[12] In the early 1980s a reservation Indian was more than six times as likely to die from homicide as was a member of the general population. Reservation Indian deaths from liver disease and cirrhosis of the liver -- which correlate highly with alcoholism -- occurred at more than four times the rate for the U.S. population as a whole. In one Indian Health Service administrative area -- the Billings area, which includes reservations in Montana and Wyoming -- the rate was 10 times as high.[13] As for suicide, in the same period reservation Indians in the 15 to 24 year age group were killing themselves at a rate more than three times that of the same age group in the United States as a whole.[14]

Poverty on American Indian reservations is closely tied to employment conditions. Reservation unemployment rates are often extraordinarily high. As shown

in Table 1, the unemployment rate for reservation Indians nationally in 1989 was 40%, compared to a U.S. rate of only 5%. Moreover, unemployment among reservation Indians has increased significantly over the last decade, up from 27% in 1979 despite a generally strong national economy.

BIA figures on unemployment, which use a Bureau of Labor Statistics unemployment definition (i.e., those unemployed but actively seeking work), underestimate the extent of unemployment, since many reservations include large numbers of "discouraged workers" who have given up seeking work and left the labor force. Indeed, by the BIA's own estimates, 8 percent of the potential reservation work force nationwide are in this category (Table 1).[15] On the other hand, such surveys also tend to undercount the self-employed and miss entirely the informal or barter economy, which is significant on most reservations. But whatever the precision of the indicators, the employment picture is assuredly grim.

It is not, however, entirely uniform. Among the reservations we have been studying, there is considerable variation in unemployment rates. At Cochiti Pueblo, White Mountain Apache, and Flathead, for example, unemployment is higher than the U.S. average but considerably lower than the average for all reservation Indians (Table 1). Similarly, Mescalero Apache appears to have quite low levels of unemployment. In fact, the Mescalero case illustrates one of the difficulties encountered in research on reservation economic performance: Notwithstanding officially-collected employment figures, both the tribe and independent sources indicate that unemployment is very low indeed on the Mescalero reservation,[16] a conclusion supported by our own field experience.

At the other extreme, as Table 1 shows, unemployment rates are staggeringly high at Rosebud Sioux (90%), Crow (67%), and Oglala Sioux (61%). In fact, eight of the nine South Dakota Indian reservations are located in counties that were among the 25 poorest in the country in 1986.[17]

Perhaps more revealing of the economic problems of reservations is the structure of the employment that does exist.[18] Most reservation economies are heavily dependent on the "transfer" economy, i.e., tribal or federal governmental transfer or other public-assistance programs. This can be distinguished from employment in productive enterprises (private and public) which add output to tribal economies. According to the 1980 Census, 59% of all reservation employment was in the transfer economy in 1979, compared to approximately 17% for the U.S. as a whole (see Table 2; more recent data for most reservations are not yet available).

Reservation dependence on the transfer economy varies markedly across the cases we have been examining. As Table 2 indicates, as of 1979 this dependence was greatest at Hualapai, Oglala Sioux, Rosebud Sioux, and Crow. Relatively low levels of transfer dependence are found at Flathead, Yakima, and White Mountain Apache. (We believe the official figures for Mescalero are again misleading; the Mescalero economy is marked by substantial tribally-owned enterprises for which employment may have been recorded in the Census as non-enterprise government employment. A similar data problem may exist with Cochiti, where at least by 1989 substantial employment was in tribally-controlled enterprises.)

This overall discouraging situation prevails despite a lengthy history of policy interventions designed to get reservation economies "on their feet." At least since the

Meriam Report of 1928,[19] reservation poverty has been a matter of considerable concern to federal policymakers, while economic development programs have played an important role in Indian policy since at least the 1930s. Since the 1960s alone the United States has poured hundreds of millions of dollars into reservation economic problems.[20] We do not mean to imply that these efforts have been worthless. Significant progress has been made in, for example, housing, education, certain aspects of health, and overall family income (although much of the income improvement appears to be concentrated in the urban Indian population[21]). Nonetheless, substantive progress on the economic front has been frustratingly elusive, and many Indian tribes today appear to be stuck at or near the bottom of the economic ladder in the United States.

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lay in the hands not of the tribes but of the Federal Government, with a policy that at least suggested that tribes ought to exercise greater control over their own lives.

While the self-determination policy has by no means always lived up to its promise, as a result of this change and of supportive court decisions, since 1975 reservation development has moved increasingly into Native American hands.[22] Development programs on many reservations are beginning to follow Indian agendas, and success and failure are beginning to be measured in Indian terms. The result is an unprecedented development situation: for the first time, at least on a large scale, Indian nations are making their own strategic development decisions, in many cases are taking direct control of development programs, and are paying the costs as well as reaping the benefits of program performance.

One result is a flurry of development-related activity as tribes initiate their own development strategies. In years past these strategies were determined largely by non-Indians, usually the Federal Government, which controlled the purse strings and much of reservation decision-making. Now, in many cases, tribes themselves are deciding what to do. At the same time, their decisions are various: given the freedom to make their own choices, tribes are pursuing diverse sets of development strategies.

This activity is producing highly variable results. Two examples:[23]

The Crow Tribe of Montana occupies a 2.5 million acre reservation in the south-central part of the state. In 1989 the enrolled tribal population was about 8000. The tribe owns one of the largest reserves of strippable coal in the world -- some 400 billion tons by recent estimates -- along with extensive timber, range, agriculture, water,

wildlife, and mineral resources. In 1988 the tribe's coal and other assets were valued by the BIA at approximately $27 billion, representing over $3 million per person.

Despite this wealth, poverty at Crow is extreme. Today the Tribe reports three quarters of its work force as unemployed. Half the tribe's population receive some form of public assistance. Nearly three quarters of those who are employed work in federal, tribal, or state governmental services as opposed to productive enterprise. Social pathologies such as alcoholism, crime, and ill-health are rampant.

The primary income-producing economic activity within the Tribe's lands consists of a non-Indian owned and operated coal mine paying the tribe $1-1.5 million in royalties a year, equal to approximately half the market value in the region. In addition the reservation generates land lease payments from local non-Indian ranchers, also typically at far less than market value, and a modest stream of stumpage receipts from timber sales. Annual earnings on the $27 billion of tribal assets total approximately $3 million, for a rate of return of 0.01% per annum.

By way of contrast, the White Mountain Apache Tribe occupies a 1.6 million acre reservation in east-central Arizona. The Tribe has approximately 9000 members. Some 750,000 acres of the reservation are prime timber country; another 400,000 are good quality rangeland. The White Mountain Apaches operate nine tribally-owned enterprises, among them a major ski resort with seven lifts and $9 million in revenues per year; one of the most productive sawmills, Indian or non-Indian, in the western United States, with $30 million in annual revenues and a work force that is more than 90% Apache; a ponderosa pine forest that yields some $7 million in net logging royalties per year; and pay-per-visit wilderness hunting and fishing that produces annual revenues

of approximately $1.5 million. The Tribe has had repeated success in raising capital and attracting employers. Its economy makes the Tribe a major, if not dominant, political and economic force in the region, with numerous off-reservation businesses depending heavily on the tourism and other attractions of the reservation.

Unemployment among the White Mountain Apaches hovers around 20%. Approximately half the employment on the reservation is in enterprises as opposed to government services. Less than a third of the reservation's families receive public assistance. While significant problems certainly remain at White Mountain, the difference between it and Crow is striking.

In some ways, of course, both these tribes are non-representative. Both are large and resource-rich, while most Indian tribes are small and resource-poor. But they illustrate an important point: the aggregate picture of Indian poverty obscures considerable diversity.

This diversity raises an interesting set of questions. First, how are we to account for variation in performance? Why does development work here and not there? What conditions -- societal and otherwise -- encourage successful development, and what conditions do not? Second, how might we account for the choices that tribes make? That is, how do we account for the variation in development strategies? Third, and much more broadly, what are the sources of poverty and well-being in societies generally -- not only on reservations -- and how do societies or communities advance, under their own auspices and control, from the first to the second?

IV. Alternative Explanations

The literature on American Indian economic development is not all that helpful in providing concrete answers to these questions. There is little in the way of systematic research on the question of strategic choice.[24] On the other hand, effective tribal control of strategic decision-making is a recent phenomenon; the choice-relevant data is only just coming in.

There is a good deal more on performance, although systematic comparative research is rare. Abstracting from a large and diverse literature, the explanations of reservation economic performance fall into four general categories.

(1) Those that attribute underdevelopment to powerlessness, dependency, and expropriation.

These explanations attribute Indian poverty to the historical and contemporary appropriation of Indian resources by non-Indians, the enforced powerlessness that was a precondition of that appropriation, and the resultant dependency of Indian communities on outside sources of economic support and decision-making.[25] The implication is that Indian nations will be able to establish viable economies only as the weight of the colonial past and present are lifted -- as tribes are freed from paternalistic controls and exploitative economic relations with the larger society.

As a general explanation of Native American poverty this is persuasive. Resource losses, systematic discrimination, and powerlessness have severely and in many cases irreparably harmed Indian development efforts. But the problem is to account not

so much for poverty as for differential success in overcoming it. Most tribes today occupy or have come from similarly powerless, dependent positions, yet their economic performance varies. On its own, the dependency explanation cannot cope with such variation.[26]

On the other hand, dependency theories of underdevelopment do accord with one pattern that our field research reveals: relatively successful reservations such as White Mountain (as well as Flathead and Mescalero) are marked by a clear pattern of tribal control of strategic and day-to-day decision-making, with a corresponding subjugation of the role of the BIA. What is it that enables some reservations to assert and implement self-control, while many remain dominated by outside decision-makers? Dependency explanations do not provide answers to this question except insofar as current tribal aggressiveness or subjugation are themselves the result of past patterns of outside rule. Our own research suggests, for example, that the lack of development success on Arizona's San Carlos Apache reservation relative to that at White Mountain has to do in part with differing historical patterns of subjugation and their effects on indigenous social organization and leadership.[27]

(2) Those that treat differential outcomes as factorial in economic terms.

Factorial explanations of variation in performance emphasize the role of differential endowments of natural resources or human capital, or differential access to financial capital.[28] These are intuitively pleasing explanations: they are eminently plausible; they give us something we can readily measure; and they accord with economic models of production and growth.[29] But they run into problems with the data.

Certainly the natural resource argument is persuasive up to a point. Comparing Indian unemployment figures for all Arizona reservation service populations with those for all of South Dakota ones, for example, lends it support. The BIA reports approximately 50% unemployment on Arizona reservations, taken together, and about 75% on South Dakota ones.[30] One apparent difference between the two states is the relative resource wealth of certain Arizona tribes in comparison to those in South Dakota.

But too many cases in Indian country challenge this account.[31] Both the Crows and the White Mountain Apaches are resource-rich, but the wealthier tribe in resource terms is the poorer tribe by almost every measure of performance. Similarly, both White Mountain and San Carlos Apache reservations have significant -- if different -- natural resource endowments, but White Mountain has been considerably more successful than San Carlos at turning those endowments into productive enterprise.

As for financial capital, we can compare the Navajos and the Mescalero Apaches. Both have, in comparative terms, good access to capital (both also, incidentally, are natural resource-rich). But Mescalero appears to be the more successful tribe economically. Access to capital is no panacea for poverty. Indeed, our research suggests that access to financial capital is often a consequence of successful tribal political development. This suggests that such development is primary -- a theme we develop more fully below.

As for human capital, both the Flatheads in Montana and some of the Sioux tribes in South Dakota have relatively high levels of human capital: extensive and diverse kinds of expertise within the tribal community. But Flathead is among the most

economically successful reservations in the country; Pine Ridge (home of the Oglala Sioux Tribe) and Rosebud, two of the South Dakota Sioux reservations, are among the least. In the meantime, Cochiti Pueblo in New Mexico, which has a small indigenous human capital endowment, more closely resembles Flathead in performance than Pine Ridge. Human capital may be important in development, but it alone cannot account for variation in cross-reservation performance.

In short, differential success is more complicated than factorial explanations suggest.

(3) Those that cite intrinsic aspects of Indian societies, usually indigenous culture or tribal social organization.

This account has an impressive historical pedigree. It has been at the heart of federal Indian policy through much of the last two centuries and has been the theme of a good deal of analysis as well.[32] Unfortunately, however, this account does not hold up very well either. Cochiti Pueblo illustrates the point. The Pueblos, for the most part, are culturally conservative, devoting considerable energy to the preservation of indigenous patterns of organization, action, and belief. Cochiti is among the most conservative of the Pueblos: a theocracy in which the officers of the tribe are appointed each year by the cacique, the leading religious figure. Much of collective life and decision-making remain controlled today by cultural conceptions that are many centuries old, and that place the survival of the community -- of the collective -- above the concerns and rights of the individual. Yet Cochiti owns and operates one of the most successful community development corporations in Indian country, enjoys relatively low unemployment, and exhibits relatively less troubling signs of social disorganization and pathology.

Consider also the White Mountain Apache and San Carlos Apache tribes. They share, to a substantial degree, a common culture and an emphasis on the preservation of tribalism, but their economic performances are very different.

In sum, the evidence suggests that indigenous culture, in and of itself, is not the obstacle to development that it is often portrayed to be. It may shape both political and economic development in important ways -- more on that later -- but it is probably not necessary to stop being tribal or "traditional" in order to develop economically.

(4) Those that blame persistent poverty on the absence of effective governing institutions.

This finds the explanation of poor economic performance in the tribal institutional environment, and in particular in the lack of institutions capable of effectively regulating and channelling both individual and collective behavior.[33] It sees tribal decision-making, dispute resolution, and regulatory functions as politicized and unstable. This, in turn, squanders resources and discourages investment.

Our own evidence strongly suggests that this is indeed a critical problem on many reservations. But the solution often suggested -- transfer the institutions of the larger society to the tribal environment -- is simplistic.[34] This is what happened in the aftermath of the Indian Reorganization Act (IRA) of 1934, when the Department of the Interior, ignoring much of the diversity among Indian nations, urged tribes to adopt more or less generic, formal constitutions drawn from larger-society models. These became the basis of most of the ineffective governing institutions that plague reservation development efforts today.[35] While institutional reform is essential in many cases, generic reform will not solve the problem.

On the other hand, one of the things that marks the relatively successful tribes we have looked at, such as Flathead, Mescalero Apache, and Cochiti Pueblo, is their ability to solve a common set of governmental problems. These include creating an environment in which investment -- large or small, by tribal members or non-members -- is comparatively safe from political manipulation; and preventing those who have the power to settle disputes from using that power for their own enrichment. The institutional techniques for accomplishing these tasks, however, dramatically vary, from a benevolent theocracy rooted in indigenous culture (Cochiti) to a strong chief executive (Mescalero), to a parliamentary system (Flathead). The implied questions are: What institutional forms are effective and appropriate where, and why have tribes varied so much in their ability to find a good "fit"?

Each of these explanations of reservation underdevelopment is inadequate -- by itself -- to the task at hand, yet each provides a piece of the puzzle. We turn now to an attempt to integrate these pieces into a more complete account.

V. An Analytical Framework for Research

The research reported here attempts to answer two questions: How can we account for the development strategies tribes choose? How can we account for performance: What works where and why?

Economic development is a **social** problem. Among other things, it requires that people organize themselves in ways that take advantage of the fact that

specialization by individuals in their production activities is critically important to the advancement of their well-being. "Specialization" means concentrating one's labor and capital on fulfilling only a subset of human wants and needs, and then satisfying the full range of wants and needs by exchanging with other people who have specialized differently.

The mechanisms by which people are able to specialize in production and exchange with each other are the formal (e.g., governments, enterprises) and informal (e.g., sociocultural norms) institutions of social organization and control. It is these institutions that constitute a system of incentives, constraints, and "recipes" that direct individuals into productive or destructive activity, broadly conceived. These institutions are "public goods," i.e., institutions shared by all group members as their vehicles of collective action in the economic and other arenas. Viewed from this perspective, tribal economic development is a problem of collective action, of directing individuals toward the achievement of shared goals through the mechanisms of social organization and control. What needs to be explained, then, are the decisions tribes make and their ability to act effectively on behalf of those decisions.

We treat tribes as groups that, more or less cohesively and more or less self-consciously, pursue shared goals through a set of collective decisions made and implemented under particular sets of opportunities and constraints, leading eventually to concrete development outcomes. (See Figure 1.)

For the time being we take tribes to be the relevant actors in the development process. This makes sense given that our interest is in the ways that the situations and actions of tribes make successful development activity -- whether carried

out by tribes themselves or by individuals -- more or less likely on Indian reservations. More importantly, our conclusion that economic development is the outcome in part of more or less explicit collective decisions over institutions of social organization and control suggests a model in which the collective, the tribe, is the actor.[36]

Tribal development goals are complex. However, our evidence suggests that, at a general level, most tribes share three primary goals in the development arena:

- Economic well-being: An improved standard of living as measured by quality of life, and maximum opportunity for productive activity on the part of all tribal members;
- Political sovereignty: Maintenance of the tribe as a distinct political unit with maximum powers of self-governance;
- Social sovereignty: Maximum control over the impact of economic development on sociocultural aspects of tribal organization and daily life.[37]

Certainly many tribes have development goals much more specific than these,[38] but most appear to fit within this broad agenda.

The agenda itself has important implications for how we evaluate strategic choice and measure success. The analysis of success in economic development typically relies on common **economic** measures: per capita incomes, jobs, wealth. The above list of goals, however, suggests that, from the perspective of tribes, economic indicators alone are poor, or at least incomplete, measures of success. Non-economic goals are at least as important. Development strategies that offer significant economic payoffs but

undermine political or social sovereignty may be reasonably rejected, while strategies that reinforce sovereignty may be chosen despite limited economic payoffs.

The Warm Springs Indians in Oregon offer a good example. In recent years non-Indian developers offered to build a ski resort on the slopes of Mt. Jefferson, a volcanic peak on the western boundary of the reservation. The developers estimated annual tribal revenues from the resort in the millions of dollars. But Warm Springs turned them down. Tribal discussion revealed that, regardless of the economic payoffs, few tribal members wanted either outsiders or a ski resort on the slopes of Mt. Jefferson, which plays a significant role in tribal cosmology and dominates a huge area of the reservation that is primarily wilderness. The Tribe appears to have rejected an economic good in favor of a sociocultural good.

The goals outlined above are pursued subject to opportunities and constraints. We can divide these into external and internal factors (see Figure 2). External opportunities and constraints refer to the external or relational context of development: prevailing relationships between the tribe and the larger societal environment. The important factors here are economic and political. Economic factors include market opportunity, in particular the competitive position of the tribe in the market and its proximity to the market, and access to financial capital. The political factors have to do with the prevailing public policy environment, particularly at the federal level, and with the effect of that environment on tribal decision-making: what is the range of actions -- including economic actions -- tribes are entitled to take, and how much authority, relative to non-Indian actors, do tribes exercise over choice within that range?

The latter issue is essentially a question of property rights in the economists' sense of the term. If external actors -- governments, corporations, publics -- effectively control events and decisions on reservations, then the chances of self-determined economic development are severely reduced. To the extent that tribes themselves control such events and decisions, the chances of self-determined economic development are increased. This much, of course, is obvious by definition -- that is what self-determination means. Our evidence suggests, however, that when actors other than the tribes involved control major decisions, the chances of **any economic development at all** are substantially reduced. The successful tribes we have studied are uniformly marked by aggressive assumptions of authority over tribal development decisions.

Internal factors refer not to aspects of relationships with the surrounding environment, but to characteristics of tribes themselves. Three categories are important: economic, political, and sociocultural.

The relevant economic factors include natural resource endowments, human capital endowments, and the stock of capital investment (e.g., plant, equipment, and infrastructure) already in place. The appropriate question is: What economic assets does the tribe control that can be invested in development?

The primary political factor is institutions of governance. Here the appropriate question is: Are there institutions in place that are capable of (1) mobilizing the tribal community in support of a particular strategy; (2) effectively implementing strategic choices; and (3) providing a political environment in which investors -- large or small, tribal members or non-members -- feel secure? Such institutions have to operate at the level both of collective choice and policy (e.g., design

of the reservation economic system, rule and law making) and of day-to-day bureaucratic functioning (e.g., program administration, law enforcement).

This last point deserves emphasis. The ability to get things done, typically through a professional and capable bureaucracy, is a critical element in translating tribal policy choices into results. This bureaucratic capability appears to be a significant factor in the relative success of Flathead and Yakima and of selected operations at White Mountain and Cochiti. It may also be important in recent improvements in the development situation at Muckleshoot (see Table 1).

The sociocultural factors of interest include certain aspects of social organization and culture. The primary social organizational factor has to do with the goodness-of-fit between patterns of tribal social organization and centralized tribal governments. The reservation system in many cases either rigidified previously fluid group boundaries or constructed new groups out of previously unrelated peoples. In addition, the formal, centralized governing institutions that prevail on most reservations in many cases were products of non-Indian actions and decisions. Consequently, some reservations lack the cohesion their boundaries and institutions imply, and the institutions themselves lack legitimacy.[39] Without a "super-government," a powerful outsider, to coerce individuals' acceptance of their shared institutions of governance, it devolves upon culture to provide the legitimacy that empowers governing institutions and shuts down the Hobbesian struggle.[40] In any given case, does such a comprehensive cultural template exist? Or, put in different terms, is the tribe the primary object of collective identity and allegiance among its members, or are these focused at the subtribal (e.g., local community or kinship group) level? Our hypothesis is that tribes

with stark mismatches between their informal social organization and their formal governmental structures do relatively poorly in reaching and implementing the collective decisions required for development.

A comparison of Cochiti Pueblo and the Oglala Sioux at Pine Ridge provides an example. Both have centralized governments, but the patterns of allegiance and identity are very different. At Cochiti, primary allegiance and identity appear to rest with the Pueblo as a whole, while at Pine Ridge local communities, many of them still kinship-based, appear to compete with the tribe for control over reservation affairs and the allegiance of individual tribespeople.[41]

We attribute two relevant roles to culture. First, it specifies preferences, and these in turn shape to a considerable degree the goals that tribes pursue in the development process. Second, culture serves as a strategic guide to action. It does so insofar as it consists of a set of paradigms of self, of the world at large, and of appropriate modes of action and interaction that guide individual and collective responses to circumstance.[42] For example, such cultural paradigms of appropriate action and interaction guide supportable definitions of the range of acceptable powers for formal governmental and economic institutions. They thus can provide tribes' "answers" to such questions as whether or not public ownership of enterprises is acceptable, or whether or not a separation of political authority and judicial authority is appropriate. They also can offer strategic guidance at the level of economic activity, selecting for those activities that best fit with indigenous conceptions of self and of appropriate intragroup relations.[43]

It is important to note that tribes can alter some of these opportunity/constraint factors, but not all of them. Among the external ones, the economic opportunity set is largely outside tribal control, at least in the short run. The public policy environment -- and, through it, tribal autonomy -- is more subject to tribal influence, particularly through the courts and lobbying, although both require major investments of time and money, and the ultimate payoffs are hard to predict. Certain of the internal factors -- for example, human capital endowments and institutions of governance -- are also within tribal control to varying degrees, and provide possible targets for investment of tribal time and resources.

The implication is that, at least as far as the opportunity and constraint set is concerned, the largest payoffs to investments of tribal time and resources are likely to come in the area of federal policy and in internal human capital and institutional assets. As will be clear in the following section, we believe that -- at least in the current policy environment -- the last of these factors is particularly important.

VI. Collective Action

Tribes pursue their development goals within this context of economic, political, and sociocultural opportunities and constraints. The "action," so to speak, is around the collective strategies that tribes pursue in this context, and their implementation. It is here that we focus our research. These strategies have to do most importantly with three things:

- The political system (the structure and powers of political institutions; the system of self-governance);
- The economic system (how to organize economic activity; who will be the primary actors?);
- Development activity (what projects to undertake, at what scale, and how quickly).

To date, most tribal decision-making in the development area has focused heavily on the last of these -- specific development projects. Tribal governments typically devote much of their development-related time and energy to considering whether or not to pursue various project alternatives: a factory, a mineral development, an agricultural enterprise, a motel, and so on. We conclude that the expenditure of time and resources in the (often frenetic) pursuit of development activity at the expense of attention to tribes' political and economic systems is an important cause of many reservations' underdevelopment. Development success is marked, in part, by the sustainability of projects. Only when appropriate political and economic institutions and overall development strategies are in place do projects -- public or private -- become sustainable on reservations. Much of the development success we have seen has occurred where tribes have paid prior and on-going attention to the structure and powers of their political and economic systems.

The Political System

The primary need here is to create an environment that can channel behavior into productive as opposed to destructive activity. Whether or not this is accomplished

depends on the incentives and constraints that emanate from a society's formal and informal mechanisms of social control. By "formal and informal" we mean constitutions, charters, and legal codes on the one hand, and culturally-supported norms and approbations on the other.

In the area of economic development, these social control mechanisms or institutional arrangements have to solve at least two related problems.

(1) The Separation of Powers: Who Controls What?

All societies face the problem of preventing those who exercise the legitimate powers of government from utilizing such power to transfer social wealth -- or additional power -- to themselves. Such usurpations typically take the form of either direct takings and confiscations or indirect self-enrichment through the biasing of laws, rules, and regulations. Such "rent seeking" (i.e., the use of the power and resources of government to enrich those in power rather than to add to social wealth) is socially destructive. Not only does it unproductively consume resources, but it discourages investment, particularly in fixed capital that cannot flee once it is installed. The task is to limit the role of those in power to that of "third party" enforcer, rather than self-interested primary party, in disputes and social decisions over the use of a society's resources. Success at this task stands out as a distinguishing characteristic of those sovereign nations that have been able to develop economically from those that have not.[44]

This is as true in Indian country as it is elsewhere around the world. Too often, for example, those with claims against either the tribe as a whole or other tribal members, whether themselves tribal members or not, can appeal only to the tribal council, that is, to an interested party in the dispute. Such conditions discourage

investment because potential claimants see little chance of fair adjudication of their claims.

The range of attempted tribal solutions to the problem of limiting and allocating governmental power is fairly broad. Some tribes (e.g., Salish-Kootenai at Flathead) have formed strong, effectively independent judiciaries. Judges typically are appointed by the tribal council but not subject to direct council control, have terms of office longer than those of council members, can be removed only for gross improprieties, and have the power to resolve disputes. At Flathead, appeals of tribal court decisions are made not to the tribal council, but to an independent inter-tribal judicial board. Both Yakima and Rosebud, on the other hand, have experimented with tribal ethics boards empowered to review grievances against politician and bureaucrat behavior. At Rosebud, board members -- usually elders -- are chosen by the tribal council on the basis of their "wisdom, integrity, and knowledge of Lakota culture."[45] Those with grievances can appeal to the board, which hears cases in confidence and then makes recommendations to the council. The board has little formal power beyond its carefully guarded reputation for disinterested action, but that has been sufficient to give it substantial impact in a number of cases. A third solution is the submission of claims to outside adjudication through limited waivers of sovereign immunity or, since many tribes eschew such waivers, third-party arbitration. Finally, tribes may depend on strict constitutional delineations of powers or on cultural proscriptions on certain kinds of behavior to control what those in power do. But whatever the mechanism a tribe employs, its effectiveness requires the support of sufficient, and sufficiently influential, tribal members.

At Mescalero Apache and White Mountain Apache, for example, there are strong chief executive forms of tribal government supported by a mixture of the rule of law and the rule of custom. Single, often charismatic individuals effectively hold and exercise much of the power in the governing system, but within varying limits that restrict self-serving behavior. These limits emanate both from the formal (constitutional) organization of government and from culturally-rooted norms and expectations regarding the appropriate behavior of leaders and the nature and scope of centralized self-government.

A polar opposite is found at Crow, which operates under a constitutionally-based, general council form of government. The general council -- the legislature -- consists of all voting-age tribal members (and thereby has a membership in the thousands), is virtually unlimited in its authority over both the structure and powers of tribal government, and bears little resemblance to pre-reservation forms of Crow governance, which was based largely on clans and warrior societies. At Crow today there are no formal separations of power, no checks and balances.[46] The result is "winner take all" politics in which the power to control a quarterly council meeting is the power to command virtually all disposable resources (e.g., tribal government jobs and budgets in an environment that effectively lacks any private sector alternatives -- see Table 2), albeit for an insecure and typically brief tenure. Individual leaders have little incentive to invest in other than the patronage of their own political factions, at the expense of longer-term tribal interests in economic well-being and social and political sovereignty. The consequence for economic development is an environment in which the Tribe has extreme difficulty in attracting and keeping investment and employment

opportunities, a governmental bureaucracy that is paralyzed in its ability to carry out day-to-day administration, and social and political breakdown to the point of violence.

The Flathead case illustrates an alternative and more successful approach to the problem of effectively allocating and limiting governmental power. The reservation is home to an amalgam of tribes with weak pre-reservation histories of political association. It operates under a constitutional parliamentary system and effectively separate (i.e., professional and legislatively protected) judiciary. This provides a system of formal separation of powers and of "checks and balances" of the type often associated with western democracies.

The reliance on formal controls on governmental power at Flathead are in sharp contrast to the theocracy of Cochiti Pueblo. Cochiti has no written constitution or legal codes, but relies instead on culture-based, religious limits on self-interested behavior on the part of political leaders. Its relative success economically and the apparent sustainability of its major development efforts indicate that this approach works, at least for Cochiti. Indeed, the contrast with Flathead's governing system illustrates the crucial point that all tribes face the same problem of limiting self-serving behavior on the part of tribal leaders, but their solutions may be very different. This accords with (for example) Pommersheim's conclusion that tribal groups may reasonably reject "both the desirability and the necessity of reform [of tribal governance] along non-Indian lines but rather are desirous of developing policy and institutions that are socially and culturally resonant to tribal members."[47]

But the check is not blank. The solutions tribes turn to not only have to be appropriate to tribal situations, preferences, and paradigms; they also have to be

adequate to the task at hand. "Resonant" solutions that fail adequately to constrain the powers and behaviors of those that govern will only further undermine the possibilities of politically, socially, and economically successful development.

(2) The Separation of Electoral Politics from Day-to-Day Management of Business.

A second, related problem has to do with the direct role of tribal government in development projects. Tribal governments, as vehicles for collective decisions, play a critical role in tribes' overall strategic decision-making. It is through tribal governments that decisions over long-term goals and over such matters as the extent of public and private ownership on the reservation, the type and form of business law and regulation, and the investment of community-owned assets appropriately are made. At the same time, a staple of story-telling in Indian country has to do with political interference in business activity. Over and over one hears of voided leases, hired or fired cousins, politicized management, and enterprises drained of funds by council interference. Such problems are hardly unique to Indian country -- witness Chicago or Boston, or the Philippines or Mexico, where the politics of patronage and personal aggrandizement have notable histories. While the details vary across reservations and other sovereignties, their consequences are depressingly similar: costs are raised and competitiveness reduced; earnings are dissipated and capital is not replenished; investors fear being hostage to politics and turn away.

Again, the solutions are various, and some are essentially the same as those already outlined above. The effective ones now apparent in Indian country range from culture-based limits on self-interested behavior, as at Cochiti Pueblo, to constitutional

or legal limits, as at Mescalero Apache. In recent years a number of tribes -- for example, Salish-Kootenai, Lummi -- have put together their own development corporations to manage tribal enterprises. The successful ones, as at Flathead, place such management in the hands of appointed boards of directors that are accountable to the tribal council in the long run but independent of it in the day-to-day management of business operations. Certainly the success of such operations still depends on a host of other factors as well, such as skilled personnel and adequate markets, but through such corporations tribes can insulate their enterprises from politics and allow them to go about the business of creating social wealth.

The Economic System

Once effective political institutions are in place, the next issue facing strategic planning has to do with the organization of the economy. The question is: Who will be the primary actors in economic development?

Four major models are emerging in Indian country. Again, the critical issue is the appropriateness and effectiveness of each model in particular sets of internal and external conditions.

(1) Federal control.

Federal control is the default mode of tribal economic organization, and historically the most common. This is what happens if tribes are unable to assert control over development; in other words, this is what happens in the absence of effective institutions or sovereignty. It typically involves the BIA as supervisor and often

manager of tribal development. It also means the BIA usually has to pick up the pieces when enterprises fail, which is what makes it occasionally attractive.

Federal control can also be attractive to tribes because of the immediacy of their needs for income and employment. In the case of a relatively small tribe such as Hualapai (population just over 1000), federal projects and monies may be sufficient to employ a large fraction of the tribe. As the data on 1989 BLS-defined employment and on the percent receiving public assistance indicate, Hualapai is doing relatively well (Tables 1 and 2). But the tribe is the most dependent on government employment in our sample (Table 2), and tribal members and officials repeatedly express their dissatisfaction with this dependence.

Given tribal goals of political and social sovereignty, the federal control model is almost always radically inappropriate. It also is extraordinarily unproductive in economic terms: The historical lack of progress in reservation economies is substantially a consequence of non-Indian control.

(2) Tribal enterprise.

In this model the tribe itself is the developer. It owns and operates a set of tribal enterprises and manages the development of its own resources. One of the strengths of this model is that it takes full advantage of the economic payoffs to tribes' legal statuses. tribes are exempt from state and federal income taxation, empowered to levy their own taxes and devise their own business codes, and often exempt from federal and/or state economic regulation.

Tribal enterprise seems to be best suited to tribes where leadership is empowered to make management and investment decisions, but is constrained by cultural norms or formal restrictions from benefiting personally or politically from rent-seeking behavior. It also makes relatively more sense where social organization and culture emphasize tribal allegiance over sub-tribal or local community ties, and where there is normative support for combined political and economic decision-making.

Thus tribal ownership tends to be successful at Cochiti, Flathead, White Mountain Apache, and Mescalero Apache. It is less successful at San Carlos Apache, where there is less social cohesion at the tribal level, and repeatedly unsuccessful at Pine Ridge, where there is a deeply rooted history of local autonomy and little allegiance to centralized tribal government, and at Crow. These last two provide an interesting contrast. The primary problem with tribal enterprise at Crow seems to lie in political institutions that are incapable of sustaining collective decisions or compelling disinterested behavior. The remedy at Crow probably lies in self-determined institutional reform. Such reform is less likely to work at Pine Ridge, however, where the obstacle to tribal ownership lies in indigenous social organization. At Pine Ridge a different organizational model of the economy is more likely to produce results than is the reform of political institutions alone.

(3) Privatization with tribal member ownership and control.

The key to this strategy -- sometimes called microenterprise -- is individual or family entrepreneurship. This model envisions a reservation economy based on a diverse array of small businesses started, owned, and operated by tribal members. It

strength of tribes' formal and informal institutions of social control. Like tribal-member privatization, to be successful it also requires an institutional structure that assures investors that their investment will be safe from opportunistic politics.

As already noted, this last requirement is no easier to accomplish in Indian country than it is in other settings. One of the things that makes the Indian situation dramatically different from that of Chicago or Boston is the greater relative importance of a single development project. Far more is at stake with a supermarket, a small assembly plant, or even a locksmith or beauty salon on a reservation than in a major metropolitan area. Consequently both the competition for control of the resource and the societal costs of the politicization of that resource are much greater as well. Boston can afford a few politicized contracts and burned investors. Indian tribes cannot.

These four models are by no means mutually exclusive. Most reservations are likely to employ some combination of these, or at least of the last three, although one or another is typically dominant. Again, the appropriateness of the choices tribes make is driven by both external conditions and internal factors such as social organization and culture.

Development Activity

Finally, there are choices to be made over economic activities themselves: projects. Again, the appropriateness issue is critical. For example, large-scale manufacturing is unlikely to be successful where there is culturally-based resistance to

appears to be particularly appropriate where sub-tribal allegiances are dominant over tribal ones, where cultural norms support individual or familial accumulations of at least modest wealth, where access to financial and human capital are low and there is cultural resistance to the importation of non-Indian management, and where there are market opportunities in the retail sector.

Recent work by organizations such as the First Nations Financial Project and the Seventh Generation Fund suggests the viability of the microenterprise strategy on some reservations (for example, Pine Ridge). Of course, even under hospitable sociocultural conditions, this strategy also depends on political institutions capable of protecting investors and resolving disputes.

(4) Privatization with non-tribal member control.

This model usually involves the location of non-Indian enterprises on Indian lands, and/or the management of Indian resources by non-Indian companies, usually via a joint venture or royalty arrangement. The tribe's primary task is to construct an environment which, with tax breaks, labor costs, regulatory relief, or other incentives will attract non-Indian enterprise to the reservation. The Navajo Tribe in recent years is perhaps the leading example of this strategy, although it has used other approaches as well.

This model offers a solution to the often pressing problems of access to financial and human capital; on the other hand, it introduces significant outside actors whose interests may diverge radically from those of the tribe. This may or may not be seen as a threat to tribal political and/or social sovereignty, depending in part on the

hierarchical divisions of labor. Under such conditions it makes more sense for a tribe to pursue enterprises -- tribal, familial, or individual -- with flatter command structures.

Attitudes toward the commercialization of natural resources or toward patterns of work organization may also need to be considered in selecting from among possible projects. The White Mountain Apaches, for example, receive substantial tribal income from commercial hunting of their wildlife. These hunts not only produce impressive revenue, but they appear to fit comfortably within the Apache paradigm of Apacheness, and with their sense of the appropriate use of their resources. Yakima, on the other hand, has rejected the commercial hunting of their wildlife, in part because it doesn't fit with their sense of their own relationship to those resources.

Similarly, Crow and Northern Cheyenne have made very different choices regarding the exploitation of extensive coal reserves on both reservations. Crow has pursued coal development vigorously while Northern Cheyenne has been reluctant to do so. As Champagne has argued, the choices these tribes have made reflect, among other things, culturally-rooted preferences.[48] As with the White Mountain/Yakima comparison on wildlife commercialization, both tribes' choices appear to be culturally-informed, but the cultures involved vary. Consequently, the cultural information driving their decisions varies as well.

Figure 3 summarizes some of the "appropriateness" considerations that are relevant in selected economic sectors where tribes commonly look for development opportunities.

VII. Culture and the Limits of Social Science

At least three elements of the foregoing framework are driven by what the economist would call "tastes," or what the sociologists might call "culture." First, people are represented as having preferences over three primary dimensions: economic well-being, the sovereignty of their political institutions, and sovereignty (self-control) over their social systems (with no constraint that these terms have the same meaning across or even within all societies).[49] Second, people have preferences over and culturally-limited perceptions of the means by which these primary objectives in their social lives are pursued. That is, culture informs not only ends-related preferences, but also means-related preferences.

The third and most significant appearance of culture in the preceding dimension occurs in the choice mechanism by which we have represented the development process. That is, we have portrayed this process as one in which the **collective** chooses ends subject to constraints. While this set-up is familiar to the economist, the pivotal role of collective actions needs to be emphasized. At the heart of our conception of the development process are the propositions that: (1) it fundamentally depends upon the social incentive schemes (i.e., the rules of the game, or, in the economists' sense, property rights) that a society arrives at; and (2) these schemes themselves are public goods. Again, by "public good" we mean precisely the economists' technical definition in which one person's production and use of a good makes that good available to others.

The first proposition (that development hinges on the incentive environment of a society) is simply the "property rights" point. Although there may be considerable disagreement over which property rights regimes (private, theocratic, communal, despotic, etc.) perform the best, there is appropriately much less dispute with the contentions that a necessary condition for economic development is that a society be able to channel behavior and resources into productive endeavors, rather than destructive rent-seeking; and that it falls to societies' incentive systems to accomplish this end. This certainly seems to be a central lesson, for example, of the post-World War II era in which resource endowments have hardly been sufficient -- in and of themselves -- to generate economic growth.

Where do societies' incentive environments come from? They emanate from, and are embedded in, formal and informal mechanisms of societal control and organization. By "formal" we mean, as above, laws, constitutions, and legalistic rules and regulations. By "informal" we mean the culturally-shared mechanisms of approbation and censure that lower or raise the costs of certain kinds of behavior, and thereby encourage members to conform to societal norms. These mechanisms operate on the individual through honor, praise, group acceptance, affirmations of identity, and other rewards leading to acquisition or loss of self-esteem, self-righteousness and other emotional responses in a species characterized by self-awareness and instinctive gregariousness. In fact, just as it is possible and useful to think about formal mechanisms of social control and organization as types of contracts and agreements, so, too, can the informal mechanisms be viewed as forms of contract: e.g., "In my society,

we will pay for the acquisition of human capital by giving praise, group membership, and so on to kids who go on to college."

This kind of reasoning holds special appeal to economists. First, if the implicit "contracts" that are embodied in a society's culture can be identified (if not measured), it will be possible to generate testable hypotheses that could contribute to our explanation of variation in the economic development of diverse societies -- such as our suggestion above that differential norms regarding the legitimate power of centralized authority provide explanation of the success of selected Apache tribes relative to selected Sioux tribes (despite very similar formal constitutional foundations). Second, culture as a set of implicit contracts easily leads to "invisible hand" theories of both formal property rights regimes and cultural norms and standards. Notwithstanding the appeal of this latter reasoning by analogy from markets to social institutions, however, it is not justified -- indeed, is rejected -- by economic theory. Both the formal (legalistic) and informal (cultural) mechanisms of societal control and organization are non-excludable public goods. As such, they are subject to market failure -- i.e., suboptimal allocation and distribution.[50] The implication is that if an invisible hand is at work in these arenas, it is more like Charles Darwin's than Adam Smith's.

The formal mechanisms of societal control are clearly public goods -- the ultimate social infrastructure. This attribute, however, is not the source of particular analytic difficulty; invisible hands can readily supply public goods when would-be free riders can be made to reveal their demands.[51] The analytic problems for economics arise from the non-excludability of the formal and informal mechanisms of social control and organization. As Buchanan,[52] Hirshleifer,[53] and North,[54] have stressed, there is no

meta-enforcer of contracts by which we bind ourselves to abide by laws and constitutions, or by which those individuals who control the instruments of government at any particular time can be restricted from wielding that power in destructive rent-seeking. We cannot write a contract (i.e., a constitution) to abide by our constitution without falling into an infinite regress of such contracts. Formal mechanisms of social control should archtypically be subject to free riding, as ruling cliques whittle away at the constitution, otherwise well-meaning citizens let their neighbors bear the costs of policing these usurpers, and scofflaws cheat on their taxes and run traffic lights.

The situation is not as bad as the theory of public goods might imply. Constitutions are not instantaneously unstable; people vote; contracts are adhered to without litigation; taxes are paid; people occasionally take to the streets for ideological causes; and traffic laws are obeyed without enforcers in sight. To explain this, to explain the origin and stability of formal property rights regimes, is a central vexing problem of social and economic history. The answers must lie, at least in part, outside of economics and with economists' "sociologically-minded brethren."[55] The key lies in culture: it is only the implicit and informal contracts of culture that stand as the meta-enforcers of a society's mechanisms of control and organization.[56]

This observation does not, in itself, solve the public goods problem surrounding the origin and development of mechanisms of social control and organization, since the institutions of cultural norms and approbations can themselves be taken for a ride: If I am a member of society (or tribe) X, I can go right on ostracizing "uppity" peers who want to go to college (or who oppose hierarchical divisions of labor, or who oppose a theocracy, etc.) without imposing significant

opportunity costs on myself. The associated increases (or reductions) in aggregate social wealth from "enforcement" of such norms are public goods (or bads). Clearly, precisely these kinds of incentives are at work in societies that experience social breakdown and violent struggles for power. It seems to be taking hold at the Crow reservation, where the incapacity of a general council form of government is universally acknowledged, yet recent attempts at constitutional reform are unable to garner more that minor support.

Paralleling the case of formal institutions of social control and organization, we are not sanguine about the possibility of invisible hand theories of the development of informal, cultural institutions. Not only are these institutions likewise public goods, but performance under them appears to emanate from what the economist would call private consumption motives.[57] That is, individuals experience utility from the acts of giving and accepting guilt, acceptance, praise, self-respect, etc. In fact, economists will recognize the parallel here to their attempts to explain, for example, why people participate in the social institution of large majoritarian elections.[58]

The **capacity** for such utility seems to be related to the observations that specialization is productive for humans, and specialization requires social organization (i.e., shared systems of penalties and rewards). Without the capacity to harmoniously bind themselves to the provision of this public good, the development of human aggregates into productive societies would not have been feasible. Explanation of the origins of the capacities for such sources of felt well-being ("utility") or dissatisfaction as that associated with self-esteem, self-righteousness, altruism, alienation, guilt. and civic-mindedness may be the realm of the psychologist and, perhaps, the social biologist.[59]

Notwithstanding a shared **capacity** for the foregoing sources of utility, there appears to be room for a wide range of specific forms that such preferences take: In society X, hierarchical divisions of labor are abhorrent to individuals, while they are approved of in society Y. In society A, subjugation of the individual to the collective is morally repugnant, while in society B, the theocrat is all-powerful. An effectively separate judiciary beyond the electoral reach of the citizenry may be rejected as illegitimate by the Rosebud Sioux, but may be culturally supported as proper by the Salish-Kootenai at Flathead.

At the individual level, Becker[60] has shown that private consumption goods (e.g., my repugnance at my neighbor's endorsement of a separate judiciary as legitimate, and her experiencing my repugnance as a private cost to herself) are not generally subject to survivor tests that would weed out counter-productive tastes. This is particularly likely to be the case when preferences are primarily **socially** counter-productive in the public bads sense. But if tastes over formal and informal institutions ultimately form the glue that overcomes free rider problems and allows those institutions to be produced and sustained, it means that there will not be an **economic** (choice-theoretic) explanation for them.[61] We cannot have an economic theory of choice over preferences. Theories and models of the specific content (e.g., hostile or receptive to hierarchical divisions of labor) that fills up peoples' capacities for the moralistic, cultural preferences which are the bases for the mechanisms of social control and organization will have to come from sociology, anthropology, and other social sciences.

VIII. Conclusions

Clearly, much remains to be learned. Nonetheless, at a general level, several conclusions emerge from our analysis. From a development point of view, the critical recent change in Indian country is a political one. Tribes that are governed largely by decisions made elsewhere -- in Congress, in federal offices, in state governments, in corporate board rooms -- are unlikely to be successful developers. The move toward self-determination, coupled with aggressive Indian assertions of control, has begun to put decision-making power in Indian hands. In so doing, it has made widespread reservation economic development possible for the first time.

Put differently: Economic success follows sovereignty in Indian country. To say so is to contradict the common view. For some time federal officials and other analysts have argued that if tribes wish to be truly sovereign, they first need to build viable economies.[62] This is backwards. The most striking characteristic of the relatively successful tribes we have studied is that they have aggressively made the tribe itself the effective decision-maker in reservation affairs.

Yet much more is necessary. The changed political situation only makes development a possibility; it by no means guarantees it. Numerous obstacles still stand in the way, from the vagaries of markets to the resource endowments of tribes. But of those obstacles that Indian nations themselves can directly affect, we are convinced that the institutional one is paramount. Generous resource endowments, human capital, and access to financial capital will be virtually useless if tribes are incapable of making collective decisions and sustaining collective action, and if they lack the institutional

structures necessary to maintain a hospitable environment for human and financial investment. Even external political relations become virtually irrelevant under such conditions. On the other hand, institutionally capable tribes are more likely to be able to take maximum advantage of small resource endowments and other unpromising conditions. Effective sovereignty exists not simply in the recognized right to decisionmaking, but in the ability to make decisions and to carry them out. As Indian tribes develop effective formal and informal mechanisms of governance and social control, they empower themselves.

As for what those mechanisms should be, there is no one ideal solution for every tribe. While all tribes must solve similar problems as they wrestle with development dilemmas, the answers will be tribally specific, responding to particular sets of opportunities and constraints. The problem is to lay out the alternative answers and match them up with specific internal and external conditions so that tribes can make informed choices that pass the test of appropriateness.

In this process, culture is a strategic guide. Traditional studies of development -- those that dominated the 1950s and 1960s, for example, under the rubric of modernization studies -- tended to view cultures other than western culture as obstacles to development. Development would progress, they suggested, as distinctive cultures disappeared. More recent approaches that emphasize the centrality of the state in development have often ignored culture altogether, as have theories that link development primarily to resource endowments.

The Indian cases show that culture is indeed a critical factor. It informs and legitimizes conceptions of self, of social and political organization, of how the world

works, and of how the individual and group appropriately work in the world. In its political-economic manifestation, culture serves as a set of implicit contracts by which individuals are credibly bound to the system of incentives and constraints embodied in their formal and informal mechanisms of social control and organization. It does this by providing shared preferences and perceived options that dampen incentives to free ride on these mechanisms, which are classic public goods in the economists' sense.

We do not mean to imply here that there is cultural uniformity within or across tribes; on the contrary, diversity is pervasive. Nonetheless, to the extent that there is shared culture, of whatever kind, within tribes, Indian societies have collective templates that describe how they can and should organize themselves and respond to the political, economic, and social conditions they encounter. In the development arena, culture thus provides standards by which to measure the "goodness-of-fit" of goals, governing institutions, and economic strategies.

But cultural standards are not the only ones by which tribes are and will be testing their development choices. Those choices have to pass the test of adequacy as well. There are no blank checks in Indian country, or anywhere else. Under any given set of internal and external conditions, some institutional strategies work better than others. The task for tribes is to find those strategies that fit their cultures and preferences and, at the same time, are adequate to the requirements of sustained development. Once appropriate and capable institutions are established, tribes can feasibly look to the matter of particular development activities that best fit their own situation, their preferences, and the market environments they face.

The implication for tribes is clear. The strategic political and economic choices tribes make, and the adequacy and appropriateness of those choices, will determine to a significant degree their success or failure in achieving their development goals. For federal policymakers the fundamental issue is simpler. To the extent that federal policy reinforces the legal, political, and institutional foundations of tribal sovereignty, it increases the chances that tribes can find their own pathways out of poverty.

NOTES

1. Associate Professor of Sociology, University of California, San Diego and Professor of Political Economy, John F. Kennedy School of Government, Harvard University, respectively; and co-directors of the Harvard Project on American Indian Economic Development. We gratefully acknowledge the financial support of the Ford Foundation and the Northwest Area Foundation, and the research assistance of Manley Begay, Eduardo Cordeiro, Karl Eschbach, Inigo Garcia-Bryce, Marta C. Gil-Swedberg, Luke Lambert, Lee Leachman, Harry Nelson, Charlie O'Hara, and Deacon Turner. We have benefitted greatly from discussions with the members of our Advisory Board: Rebecca Adamson, Tom Allen, Carrie Bender, Lionel Bordeaux, Duane Champagne, David Lester, Richard Real Bird, Ron Trosper, and Dick Trudell. Extensive conversations with Michael Doss, Sky Houser, Eileen Iron Cloud, Chuck Johnson, Alan Parker, Don Wharton, and Susan Williams also have been extremely helpful. Finally, a number of American Indian tribes and organizations have been most generous with their time and advice. Through our site visits and in several hundred conversations and interviews, these tribes and organizations have provided most of the information on which this research is based. We, of course, remain solely responsible for the interpretations and conclusions presented here, as well as any remaining errors or omissions. A shorter, related version of this paper appeared in American Indian Culture and Research Journal 14, No. 1 (1990).

2. We argue below that people have preferences over social and political outcomes, as well as material things. Such preferences play important roles in the creation of social and political institutions in the face of otherwise rampant free riding.

3. See Stephen Cornell and Joseph P. Kalt, "The Redefinition of Property Rights in American Indian Reservations: A Comparative Analysis of Native American Economic Development," Harvard Project on American Indian Economic Development, Project Report Series, John F. Kennedy School of Government, Harvard University, 1988.

4. Jack Hirshleifer, "Comment on Peltzman," Journal of Law and Economics 19 (1976) pp. 241-244.

5. We are referring to Robert Bates, "Macro-Political Economy in the Field of Development" (unpublished), 1988, Duke University; Douglass C. North, "Ideology and Political/ Economic Institutions," Cato Journal 8 (Spring/Summer 1988). pp/ 15-28; and Mary Douglas, How Institutions Think (Syracuse: Syracuse University Press, 1986).

6. U.S. Department of the Interior, "Report of the Task Force on Indian Economic Development," Washington, D.C., 1986, p. 3. The most comprehensive and thorough treatment of reservation socioeconomic conditions is in C. Matthew Snipp, American Indians: The First of This Land (New York: Russell Sage, 1989).

7. U.S. Bureau of the Census, Census of the Population, 1980, Subject Report: American Indians, Eskimos, and Aleuts on Identified Reservations and in the Historic Areas of Oklahoma (Excluding Urbanized Areas) (Washington: Government Printing Office, 1986), Table 10, p. 77.

8. U.S. Bureau of the Census, Subject Report, Table 11, p. 86; U.S. Bureau of the Census, Census of Housing, Vol. 1: Characteristics of Housing Units, Part 1, United States Summary (Washington: Government Printing Office, 1983), Table 79, p. 53.

9. U.S. Bureau of the Census, Subject Report, Table 26, p. 404. See also David L. Vinje, "Economic Development on Reservations in the Twentieth Century," in Overcoming Economic Dependency, Occasional Papers in Curriculum Series, No. 9 (Chicago: The Newberry Library, 1988), p. 39.

10. Margaret Barnwell Hargreaves and Hedy Nai-Lin Chang, "Evaluating the Impact of Federal Welfare Reform Legislation in Indian Country: A Case Study of the Rosebud Sioux Reservation," Harvard Project on American Indian Economic Development, Project Report Series, John F. Kennedy School of Government, Harvard University, 1989, p. 8.

11. U.S. Congress, Office of Technology Assessment, Indian Health Care (Washington: Government Printing Office, 1986), p. 19.

12. For an overview see Alan L. Sorkin, "Health and Economic Development on American Indian Reservations," in C. Matthew Snipp (ed.), Public Policy Impacts on American Indian Economic Development, Development Series No. 4 (Albuquerque: Native American Studies, University of New Mexico, 1988), pp. 145-65.

13. U.S. Congress, Office of Technology Assessment, Indian Health Care, p. 22, p. 127.

14. Ibid., p. 22.

15. This figure is the difference between the 1989 percent of workforce employed and the 1989 BIA-defined employment figures in Table 1. The potential workforce includes reservation residents aged 16 years and over, minus those unable to work because of school or college attendance, child care responsibilities, disability, retirement, or old age.

16. See the statement by Chairman Wendell Chino in William MacDougall, "Apaches Make Their Peace with Modern World," U.S. News and World Report, April 5, 1982, pp. 64-65; also "Sierra Blanca," The Boston Globe, January 5, 1986, and "The New Capitalists: Economics in Indian Country," television program, Odyssey Productions Inc., aired on Public Broadcasting Service, October 10, 1984.

17. Douglas Johnson, "A Study of the 25 Poorest Counties in the Continental U.S.A. in 1986," United Methodist Church, 1987 (unpublished).

18. For further related discussion, see A. David Lester, "Transitions in Tribal-Federal Relations, 1989-1993," Council of Energy Resource Tribes, unpublished, 1988.

19. Lewis Meriam and Associates, The Problem of Indian Administration (Baltimore: Johns Hopkins Press, 1928).

20. On changes in federal Indian budgets, see Joane Nagel, Carol Ward and Timothy Knapp, "The Politics of American Indian Economic Development: The Reservation/Urban Nexus," in Snipp, Public Policy Impacts, pp. 39-76.

21. See Snipp, American Indians: The First of This Land. See also the discussion of improvements in Indian household income in Marta Tienda and Leif Jensen, "Poverty and Minorities: A Quarter-Century Profile of Color and Socioeconomic Disadvantage," in Gary D. Sandefur and Marta Tienda, eds., Divided Opportunities: Minorities, Poverty, and Social Policy (New York: Plenum Press, 1988), p. 28.

22. For a discussion see Stephen Cornell and Joseph P. Kalt, "The Redefinition of Property Rights in American Indian Reservations...."

23. The following profiles of the Crow and White Mountain Apache situations are based on extensive interviews with tribal administrators and program managers, as well as U.S. Census, BIA, and Indian Health Service data.

24. But see, for example, Duane Champagne, "Sociocultural Responses to Coal Development: A Comparison of the Crow and Northern Cheyenne," unpublished manuscript, 1983.

25. For example, Joseph G. Jorgenson, The Sun Dance Religion: Power for the Powerless (Chicago: University of Chicago Press, 1972); idem, "A Century of Political Economic Effects on American Indian Society, 1880-1980," Journal of Ethnic Studies 6 (1978): pp. 1-82; Lorraine Turner Ruffing, "The Navajo Nation: A History of Dependence and Underdevelopment," Review of Radical Political Economics 11, no. 2 (1979), pp. 25-41; C. Matthew Snipp, "The Changing Political and Economic Status of American Indians: From Captive Nations to Internal Colonies, American Journal of Economics and Sociology 45 (1986), pp. 145-57; idem, "American Indians and Natural Resource Development," American Journal of Economics and Sociology 45 (1986), pp. 457-74.

26. The dependency approach implies, of course, that performance might vary with the degree of resource loss experienced by individual tribes. However, it then becomes essentially a natural resource endowment explanation. See the discussion of economic factors below.

27. Stephen Cornell and Marta Gil-Swedberg, "Sociohistorical Factors in American Indian Economic Development: A Comparison of Three Apache Cases," Harvard Project on American Indian Economic Development, Project Report Series, John F. Kennedy School of Government, Harvard University, 1990.

28. For example, William J. Ewasiuk, et al., Finance and Management: The Key to Indian Self-Determination (Bozeman: Department of Agricultural Economics and Economics, Montana State University, 1973); and various chapters in American Indian Policy Review Commission, Report on Reservation and Resource Development and Protection (Washington: Government Printing Office, 1976).

29. For example, Malcolm Gillis, Dwight H. Perkins, Michael Roemer, and Donald Snodgrass, Economics of Development (New York: W.W. Norton, 1987).

30. U.S. Bureau of Indian Affairs, Population and Labor Force Estimates, Table 1.

31. Matt Snipp has shown that reservations with substantial energy resources "are somewhat better off than other reservations but not by a large margin." C. Matthew Snipp, "Public Policy Impacts and American Indian Economic Development," in Snipp, Public Policy Impacts, P. 16 and Table 2, p. 17.

32. In 1969 the Bureau of Indian Affairs was quite explicit on the point, stating: "Indian economic development can proceed only as the process of acculturation allows." U.S. Bureau of Indian Affairs, "Economic Development of Indian Communities," in Joint Economic Committee, U.S. Congress, Toward Economic Development for Native American Communities (Washington: Government Printing Office, 1969), p. 333. See also Peter Paul Dorner, "Economic Position of the American Indians: Their Resources and Potential for Development," unpublished Ph.D. dissertation, Harvard University, 1959; and Boise Cascade Center for Community Development, Indian Economic Development: An Evaluation of EDA's Selected Indian Reservation Program, vol 1 (Boise: Boise Cascade Center for Community Development, 1973).

33. See, for example, U.S. Department of the Interior, "Report on Indian Economic Development."

34. For some discussion, see Frank Pommersheim, "Native Americans, Traditional Development, and the Theory of Dependency: Some Reflections and Comparative Analysis," unpublished manuscript, University of South Dakota School of Law, no date.

35. Few of the governments developed in the 1930s reflect indigenous roots or preferences. Equally important, it is obvious to even a casual observer that the tribal governmental structures of the IRA period--whether based on IRA constitutions or not--were not designed with anything like the effective governance of truly sovereign societies in mind. Many are inadequate to typical tribal tasks of dealing with state and federal governments and major corporations, managing significant economic resources, exercising judicial authority, and making effective, community-based decisions regarding their own futures.

36. This means, of course, that there is a set of prior questions regarding how and how well the behavior and choices of individual tribal members are translated into collective outcomes. These topic are taken up in Section VII below.

37. This last issue is often discussed in terms of the preservation of "traditional" culture, and tribes occasionally are presented as desiring some kind of return to the status quo ante. Certainly many tribes are working hard to preserve indigenous ways of life, although these often have more to do with symbolic order and social relationships than with material culture or provisioning practices. Few tribes or constituencies, however, appear to be categorically opposed to change. The issue has more to do with maintaining control over the direction and speed of change, and with planning effectively for the long term.

38. See, for example, Ronald L. Trosper, "Multicriterion Decision-Making in a Tribal Context," Policy Studies Journal 16 (1988), pp. 826-842.

39. See Duane Champagne, "American Bureaucratization and Tribal Governments: Problems of Institutionalization at the Community Level," in The Impact of Indian HIstory on the Teaching of United States History, Occasional Papers in Curriculum Series, No. 5 (Chicago: The Newberry Library, 1987).

40. On this theme, see Robert H. Bates, "Macro-Political Economy in the Field of Development," unpublished manuscript, Duke University, no date; Mary Douglas, How Institutions Think (Syracuse: Syracuse University Press, 1986); Douglass C. North, "Ideology and Political/Economic Institutions," The Cato Journal 8, no. 1 (1988), pp. 15-28.

41. One student of Pine Ridge writes that many Oglalas "do not identify with the tribe as a political group and would prefer to run their own affairs at the local level, under the direction of local leaders whose support comes from community faith in their abilities." Raymond J. DeMallie, Jr., "Pine Ridge Economy: Cultural and Historical Perspectives," in Sam Stanley, ed., American Indian Economic Development (The Hague: Mouton, 1978), p. 274. We are grateful also to Rebecca Adamson of the First Nations Financial Project for her insights on this issue.

42. See, for example, Ann Swidler, "Culture in Action: Symbols and Strategies," American Sociological Review 51 (1986), pp. 273-286, and Vernon W. Ruttan, "Cultural Endowments and Economic Development: What Can We Learn from Anthropology?" Economic Development and Cultural Change 36 (1988), pp. S247-S271.

43. We do not mean to suggest that culture is unchanging or that it provides a self-contained explanation of action, but only that Indian tribes, like other societies, are carriers of cultural paradigms that mediate between circumstance and their response to it. Such paradigms change over time, partly in response to the very circumstances whose impact they mediate, and any complete explanation of action must account for the paradigms as well. This task, however, lies well beyond the scope of this paper.

44. See, for example, Douglass C. North, Structure and Change in Economic History (New York: W.W. Norton, 1981).

45. From the tribal ordinance establishing the Rosebud ethics board, quoted by Rose Bordeaux, board member, interview, Rosebud Reservation, summer 1988.

46. The Crow constitution, like many tribal constitutions, provides the Secretary of the Interior (or the Secretary's agent -- the BIA) with the right of disapproval over Council actions.

47. Pommersheim, "Native Americans and Theory of Dependency," pp. 18-19.

48. Champagne, "Sociocultural Responses to Coal Development." See also Rubie Sooktis and Anne Terry Straus, "A Rock and a Hard Place: Mineral Resources on the Northern Cheyenne Reservation," Chicago Anthropology Exchange 14 (1981), pp. 27-35.

49. We use "preferences" in the economic sense: people are willing to give up other things they desire in order to have their tastes for these "goods" satisfied.

50. In the sense of, e.g., George Stigler, "The Economic Theory of Regulation," Bell Journal of Economics 2 (1971) pp. 3-21.

51. See Harold Demsetz, "The Private Production of Public Goods," Journal of Law and Economics 13 (1970), pp. 295-306.

52. E.g., James Buchanan, "Before Public Choice" in Gordon Tullock, ed., Explorations in the Theory of Anarchy (Blacksburg, VA: Center for the Study of Political Choice, Virginia Polytechnic Institute, 1972).

53. See note 4 above.

54.See note 5 above.

55. Robert Bates, "Macro-Political Economy in the Field of Development," p. 64. For a similar discussion, see Douglass C. North, "Ideology and Political/Economic Institutions."

56. This is a central theme of, e.g., Emile Durkheim, The Division of Labor in Society (New York: The Free Press, 1965).

57. This interpretation is argued and tested for in Joseph P. Kalt and Mark A. Zupan, "Capture and Ideology in the Economic Theory of Politics," American Economic Review 74, No. 3 (1984), pp. 279-300 and "The Apparent Ideological Behavior of Legislators: On-the-Job Consumption or Just a Residual?," Journal of Law and Economics (forthcoming, 1990).

58. Uhlaner has called the preferences at issue here "relational goods," and demonstrated their role in counteracting free rider incentives. See Carole J.

Uhlaner, "'Relational Goods' and Participation: Incorporating Sociability into a Theory of Rational Behavior," Public Choice, 62, No. 3 (1989), pp. 253-87.

59. A review of thinking on the socio-economic role of such attributes is provided by Stephen Gould, "Biological Potentiality vs. Biological Determinism" in Stephen Gould, Ever Since Darwin (New York: W.W. Norton, 1979). For an economist's exploration, see, for example, Jack Hirshleifer, "Competition, Cooperation and Conflict in Economics and Biology," American Economic Review Proceedings 68 (1978), pp. 238-43.

60. Gary S. Becker, "Irrational Behavior and Economic Theory," Journal of Political Economy 70, No. 1 (1962), pp. 1-13.

61. For similar skepticism regarding invisible hand explanations of social norms, see Jon Elster, "Social Norms and Economic Theory," Journal of Economic Perspectives 3, No. 9 (1989), pp. 99-117.

62. For some early statements of this view, see U.S. Bureau of Indian Affairs, "Economic Development of Indian Communities," and Ewasiuk, Finance and Management.