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Mary Emery

North Central Regional Center for Rural Development

Milan Wall

Heartland Center for Leadership Development

Corry Bregendahl

North Central Regional Center for Rural Development

See next page for additional authors

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Economic Development in Indian Country: Redefining Success

Authors

Mary Emery, Milan Wall, Corry Bregendahl, and Cornelia Flora

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[MARY EMERY](#)

North Central Regional Center for Rural Development

[MILAN WALL](#)

Heartland Center for Leadership Development

[CORRY BREGENDAHL](#)

North Central Regional Center for Rural Development

[CORNELIA FLORA](#)

North Central Regional Center for Rural Development

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Abstract

In this paper we draw from lessons learned in four research projects to suggest effective strategies for building successful economies in Indian Country. Current thinking about economic development in Indian Country often focuses on the challenges of implementing successful models from outside Indian Country in a location considered deficient in the cultural, social, financial, and human preconditions necessary for successfully growing jobs and businesses. Recent research from the North Central Regional Center for Rural Development, Heartland Center for Leadership Development, and United Tribes Technical College counters this perception in three ways. First, despite some reports to the contrary, many successful entrepreneurs live in Indian Country. Second, while reservation communities do experience higher levels of poverty and unemployment than their non-reservation counterparts, Indian country abounds in unacknowledged and often uninvested natural, cultural, human, and social capital assets. Traditional mainstream approaches to job and business development typically overlook these assets. Third, our data indicates that many Native people define wealth in non monetary ways suggesting that successful economic development in Indian Country must be measured by the indicators that matter most to the people involved.

Introduction

American Indian societies are phenomenally resilient. In the last several centuries, they have faced winds of economic, political, and cultural change that have blown as fiercely over them as over any people in history. These winds have brought military violence and subjugation, epidemics of disease, seizures of land and property, vicious racism, and economic deprivation. Yet, as the twenty-first century approaches, hundreds of distinct Indian nations built upon dozens of cultural lineages still persevere and grow, variously bound together by ties of family, language, history, and culture. The lesson from Indian Country is a lesson of strength. This strength is still being tested. Among the most formidable challenges facing native peoples today are those rooted in economic conditions. American Indians living on the nation's nearly 300 reservations are among the poorest people in the United States. On most reservations, sustained economic development, while much discussed, has yet to make a significant dent in a long history of poverty and powerlessness (Cornell and Kalt, undated, p. 1)¹.

The need to address persistent poverty on Indian Reservations has elevated the topic of economic development in Indian Country on many policy agendas. Contemporary trends pushing this agenda include: the current and future impact of welfare reform on low-income Indian people, the rise of regional economies as the arena for development initiatives, the creation of Federal economic incentives (Clement, 2006b)² for investment in communities with persistent poverty, and the success of specific strategies such as gaming in bringing new money to reservation communities. Indeed, recent successes in creating jobs and wealth as well as in reducing the number of people dependent on welfare (Cornell and Kalt, undated)³ demonstrate the potential for transforming what is often described as landscapes of loss (Nothdurft, 2002)⁴ to landscapes of opportunity or as Cornell says (Clement, 2006b)⁵ from a transfer-based economy to productive economies. In this paper we make the case that both economic development and support for generating entrepreneurship can lead to successful alternative economies.

Using results from four research efforts, we examine how these landscapes are transforming. First, the [North Central Regional Center for Rural Development](#) (NCRCRD) completed a scan of economic development efforts in Indian Country for the [National Rural Funders Collaborative](#) (NRFC) to identify a number of promising practices, capacity building organizations, and successful economic development efforts (Flora, Fey, and Emery, 2006)⁶. Second, NCRCRD also conducted research with Native American e-commerce entrepreneurs using talking circles to learn about the challenges, opportunities, and successes of these ventures (Bregendahl and Flora, 2003)⁷. Third, the Heartland Center for Leadership Development and the United Tribes Technical College engaged in an EDA-funded research effort to develop case studies of what is working well to foster sustainable economic development in Indian Country (Wall and Mantonya, 2006)⁸. Finally, NCRCRD in partnership with the NRFC and eight Tribal and Native-serving colleges also collected promising practices related to increasing access to education, fostering wellness, and expanding economic opportunity (Emery, Fey, and Flora, 2006)⁹.

Current Business Development and Job Creation Strategies for Economic Development in Indian Country

In our review of the literature, we identify three strategies currently in place to generate and support economic development in Indian Country: tribal-based enterprise development as illustrated by many of the gaming ventures, the focus on growing their own via entrepreneurship support programs, and use of Federal incentives to encourage outside investment in growing local jobs on reservations.

Tribally-based Enterprise Development: The advent of gaming demonstrated the possibilities inherent in this strategy. However, the way in which these enterprises function on a reservation varies greatly depending on tribal policy. According to Clement (2006)¹⁰, “casino wealth transformed a few small Indian communities, but most Indian reservations remain islands of extreme poverty in an ocean of national wealth.” Gaming, while perhaps the best known tribal venture, is not the only example of tribal enterprise development. Tribes have successfully invested in a number of ventures including energy, e-commerce, and natural resource-related businesses. Tribes also use profits from these ventures in a variety of ways. For instance, in some tribes, gaming profits become per capita payments providing tribal members with regular income regardless of their connection to that enterprise much like stock dividends. For example, the per capita income of people on Shakopee Mdewakanton Sioux in 1999 was \$110,000. At the other end of spectrum, the average per capita on the Crow Creek Reservation was around \$4000 (Clement, 2006)¹¹. Other tribes have developed long-term economic and social development plans in which to invest these profits. Cornell and Kalt’s research identified the conditions under which tribally owned business ventures are most likely to succeed concluding that sovereignty, institutions, and culture matter (Cornell and Kalt, 1988)¹².

Entrepreneurship: A common myth circulating about Indian Country says that cultural traditions and past dependent relations foisted upon Indian people make entrepreneurship not only a rare phenomena, but also a chancy business. Recent work by the [Corporation for Enterprise Development \(CFED\)](#) provides us with powerful data to contest this myth. In addition, the [Northwest Area Foundation](#) reports that the US Indian Arts and Crafts Board reported 1997 sales well over \$100 Billion. Similarly, the NWAFF references a report from the Santa Fe Indian Market indicating sales of \$19 million over a two-day period. And not all Indian-owned businesses rely on culture, tourism, and crafts; many professionals are running successful technology-based businesses that manage data, design web sites, and provide a wide range of other electronic information services.

Additional research by the Northwest Area Foundation, the North Central Regional Center for Rural Development, and the Heartland Center and United Tribes Technical College (Wall and Mantonya, 2006)¹³ has provided us with glimpses into the wide variety of entrepreneurial activity nurtured by reservations communities and, in many cases, growing at remarkable rates. According to the Minneapolis Federal Reserve Bank (Clement 2006b: p.2)¹⁴ “the number of Indian-owned firms increased 35 percent in Minnesota from 1987 to 2002, 225 percent in Montana, 159 percent in North Dakota, 248 percent in South Dakota, and 74 percent in Wisconsin.”

Cornell sees the emergence of “citizen entrepreneurship” as one of the most positive trends. According to one entrepreneur “small business activity has a tremendous psychological and emotional impact on reservation people, particularly reservation youth. When they see businesses sprouting up, they see hope for the future” (Cornell, 2006: p.4)¹⁵.

Job Creation Based on Incentives: Several tribes have been very successful in attracting investment from outside using incentives (Clement, 2006b)¹⁶. Most often, this strategy focuses on attracting manufacturing and service industries to provide jobs for reservation residents. Cornell and Kalt (undated, p. 35)¹⁷ contend, “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 enterprises to the reservation.” While this strategy provides a solution to the lack of financial and human capital, it brings with it significant challenges (Cornell and Kalt, undated)¹⁸. Cornell and Kalt posit that for “tribes with strong capacity and where hierarchical “bosses and workers” systems are not seen as personally demeaning by tribal workers, it can provide jobs and income to tribal members” (Cornell and Kalt, undated, p. 35)¹⁹. Turtle Mountain, for instance, used these incentives to attract several industries. At one time this endeavor increased employment [and/or employment opportunities] on two reservations. Yet as with many economic development efforts employing a strategy of attracting outside industry, the effort at Turtle Mountain declined as capital migrated in search of better incentives and lower wages..

Opportunities and Challenges

Research on economic development in Indian Country affirms the importance of culture and political sovereignty (Cornell and Kalt, 1988²⁰, Bregendahl and Flora, 2003²¹, Wall and Montonya, 2006²²). Cornell and Kalt’s work focused on identifying the development factors that influence economic success and those “that tribes can actually do something about as they try to expand tribal sovereignty and improve the economic welfare of their people” (Cornell and Kalt, undated, p 5)²³. As the Harvard-based study on American Indian Economic Development indicates, these business development efforts succeed in some environments better than others (Cornell and Kalt, 1988²⁴ and undated²⁵). Cornell and Kalt also developed a schema to evaluate how much control tribes have over key economic development possibilities in three areas:

- 1) External opportunities including political sovereignty, market opportunity, distance from markets, and access to capital;
- 2) internal assets including natural resources, human capital, governing institutions, and tribal culture; and
- 3) development strategies including economic policy and development activity.

They determined that tribes have a high degree of control over development strategies and natural resources. They then discussed how tribes can reshape governing institutions, strengthen political sovereignty, and improve the use of internal assets to increase their chances of successful economic development. Finally, they looked at various economic development strategies and the assets required to act on them. Their study also reported that council-controlled

enterprises had a 1.4 to 1 chance of succeeding while independently controlled enterprises had 6.8 to 1 chance of being successful (Cornell and Kalt, undated)²⁶.

The research conducted by the [Heartland Center for Leadership Development](#) (HCLD) and [United Tribes Technical College](#) (UTTC) looks at both tribal enterprises and entrepreneurial efforts on five reservations: Flathead, Turtle Mountain, Wind River, Winnebago, and Rosebud (Wall and Mantonya, 2006)²⁷. Using Appreciative Inquiry as the lens through which data was collected and analyzed (Ospina and Schall 2001)²⁸ researchers interviewed 10-15 people on each reservation to learn what the respondents felt local and tribally-based institutions were doing to support and generate successful economic development efforts. They also asked informants to speculate on what characteristics of those institutions and what elements of the situation contributed to successful efforts. In analyzing the results of the interviews, the research team came up with a number of characteristics of successful reservation-based economic development. These characteristics were presented to a group of tribal planners for validation.

Table 1: Characteristics of Successful Economic Development Strategies in Indian Country (Wall and Mantonya, 2006)²⁹

<i>Characteristic</i>
1. Balance between traditional wisdom and new approaches.
2. Proactive council that works in tandem with economic development professionals.
3. Separation of politics and business.
4. Continuity in tribal government
5. Commitment to economic self sufficiency.
6. Multiple revenue streams created through diversified economic strategies.
7. Keen awareness of internal assets combined with smart use of external resources
8. Tribal commitment to supporting entrepreneurial efforts and encouraging entrepreneurial spirit.
9. Evidence of an investment culture.
10. Adoption and/or creation of a uniform commercial code.
11. In-place structure guaranteeing an autonomous judiciary.
12. Positioned to take advantage of incentive programs such as 8A, 638.
13. Use of failures and successes to build collective knowledge about managing enterprises.
14. Evidence of a strategic focus in both economic and community development.
15. Willingness to collaborate within the tribe and with other entities.
16. Proactive stance with respect to both internal and external opportunities.

17. Emphasis on the value of spending dollars locally
18. Recognition of the importance of sovereignty.
19. Recognition of the importance of cultural relevance.
20. Attention to multiple capitals that include social and cultural networks, human capital, financial capital and infrastructure.
21. Strategy to develop tribal financial institutions and/or build successful partnerships with external financial institutions.
22. Importance of having “champions” for community and economic development.
23. Evidence that the tribe is discarding “the BIA mentality.”
24. Support for child care, K-16 and lifelong education.
25. Importance of strong, locally-based institutions (health and wellness, social services, education, etc.).

Similarly, Bregendahl and Flora (2003)³⁰ analyzed data from their study on native entrepreneurs engaged in e-commerce activities to identify challenges and opportunities. They conclude their study with suggestions for policy makers at all levels on how to strengthen the reservation environment for sustainable economic development and entrepreneurship. Looking at assets with the seven community capitals (Flora, Flora, with Fey, 2004)³¹, Bregendahl and Flora find that “infrastructure build up alone is not a sufficient condition for the effective use of e-commerce...social, human, and cultural capital were also found to be critical factors” (2003, p. 5)³². They also identified three themes important to Native American business owners:

- 1) marginalization and exploitation
- 2) empowerment, sovereignty, and policy, and
- 3) the meaning of culture (p.1)³³.

This analysis leads them to 7 components of a successful business development strategy:

- 1) services and access
- 2) credit and financing
- 3) value chains and marketing
- 4) building social capital
- 5) making the most of cultural capital

- 6) augmenting human capital, and
- 7) enhancing tribal assets” (p. 1-2).

Analyzing the data from their learning circles, they identified 10 indicators of business success:

Contributions to community service

Ability to build a robust local economy

Lifelong education opportunities

Improved quality of life for tribal members

Building of individual, community and tribal confidence

Formation of quality interpersonal relationships

Connections between the land and business owners and their families

Preservation and protection of cultural values

Veneration of cultural rituals and heritage

Generation of a sustainable income. (2006, p. 59)³⁴

They conclude that:

In order for the mainstream to make any real contributions, they must listen and learn from Native American groups, and offer Native American business owners appropriate access to built capital, social capital and human capital. Inclusion and access alone, however, are insufficient. Quality of access and inclusion are important too. This requires learning about how to engage in equal partnerships and the participation of and consultation with populations that will benefit from technical assistance and training (p. 61)³⁵.

The Regional Scan of Indian Nations in the Great Plains and Indian Country compiled by the North Central Regional Center for Rural Development found a growing number of non-profit intermediaries providing technical support and training in financial literacy, economic development, and entrepreneurship (NCRCRD 2006). For instance Oweesta provides financial literacy and technical assistance. The Lakota Fund has made capital and technical assistance available to a number of small enterprises on the Pine Ridge Reservation. The scan also found Extension programs and tribal colleges engaged in asset building activities that contribute to generating income and developing both tribal and family self sufficiency.

NCRCRD's study of promising practices identified strategies Native and Tribal-serving colleges are using to build human capital and enhance economic development. Fostering entrepreneurship training is fast becoming a priority at many of these colleges. Several listening sessions on entrepreneurship in Indian Country generated great enthusiasm and support for entrepreneurship as a strategy to address poverty and bring wealth to Indian communities. (Emery, 2005)³⁶.

Redefining Success

The research indicates that a fundamental difference between economic development efforts in Indian Country versus economic development off the reservation lies in defining success (Cornell and Kalt, undated³⁷; Bregendahl and Flora, 2003³⁸; Emery et. al. 2006³⁹). For instance in our interviews with tribal college personnel and their partners, we asked how the promising practice led to wealth creation. Almost without exception, that question was answered in a non-monetary fashion as respondents referred to preserving heritage, generational transfers of cultural, education, and helping the tribe or community (Emery, et. al. 2006)⁴⁰. Similarly, Bregendahl and Flora (2003)⁴¹ found that contributing to community service, preserving culture, and improving the lives of tribal members was also important.

Native American business owners view their work as a community service... While businesses do provide jobs and employment for members of the community, some learning circle participants equally cherish the relationships they build from engaging in business activities. In addition to the community service and social aspects of owning a business, many owners strive to educate the people with whom they interact. In this sense, they are building human capital through their social and cultural capital (2006, p.43)⁴².

Furthermore, Bregendahl and Flora found that the economic development goals connected to Native business development are:

expected to be only one part of a process that leads to the achievement of broader social outcomes. The protection and enhancement of tribal sovereignty and self-determination are two of these outcomes. While both concepts are linked to notions of independence, there is a subtle difference. Sovereignty is freedom from external political control (including the power to make and enforce laws, impose and collect taxes, and determine citizenship criteria), while self-determination is associated with the particular path a tribe chooses to follow in the process of managing its internal affairs... (2003, p.3)⁴³.

Discussion

Clearly, one-size-fits-all approaches to sustainable economic development will not work in Indian Country. As the research described above indicates, the characteristics of each reservation differ, particularly in regard to political and cultural capital. These differences influence not only the type of economic development strategies employed and the success of these strategies, but also the opportunities for successful entrepreneurship among tribal members. Figure 1 illustrates

the interaction of decision-making structures and investment of tribal funds. Well-developed governance structures often include 4 year staggered terms, independent judiciaries, enterprise development boards, appropriate commercial codes, and business licensing procedures. These environments contribute to increased access to financial capital and opportunities for business stability. Less-developed governance structures often lack continuity which impacts access to capital and the ability of investors to ascertain risk. Tribes also vary on how they invest income from tribal ventures. In some cases this revenue is allocated primarily as per capita payments. The belief that this money will continue to support tribal members can act as a brake on enterprise development. In contrast, other tribes invest profits from these businesses into supporting the educational goals of tribal members thus increasing human capital, providing capital for entrepreneurial start ups, enhancing natural resources and cultural assets, and diversifying their ventures. Where a particular reservation might fall in this graph would determine to a large degree the opportunities and challenges facing entrepreneurs and enterprise development boards.

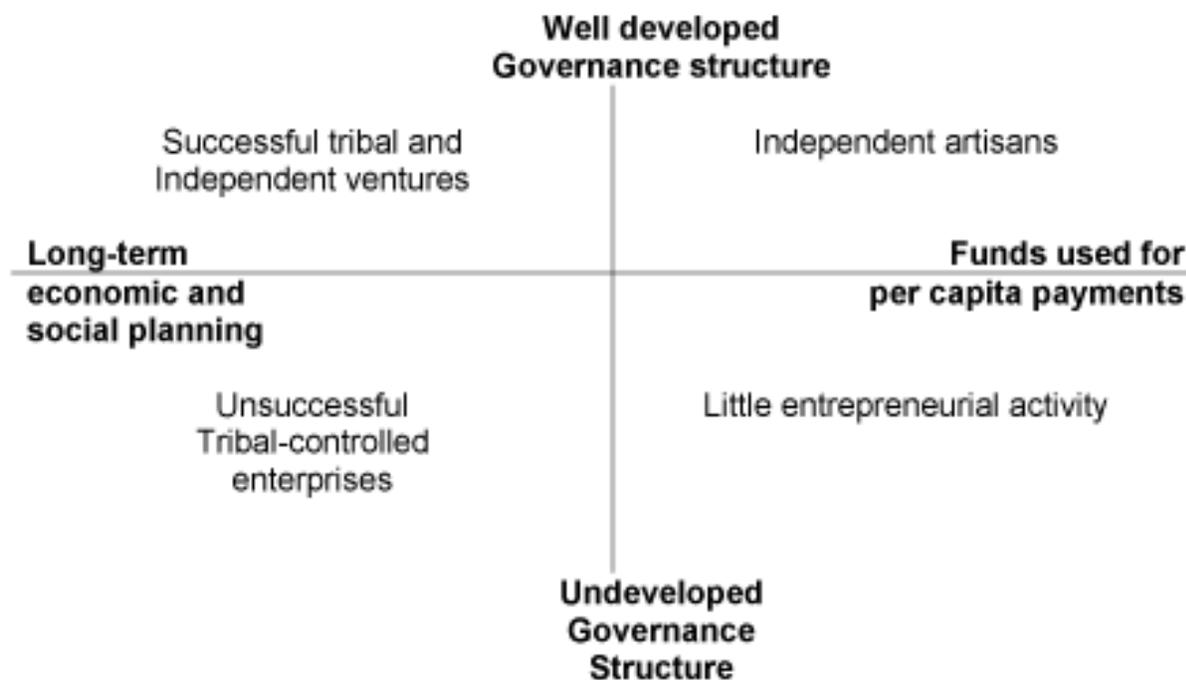
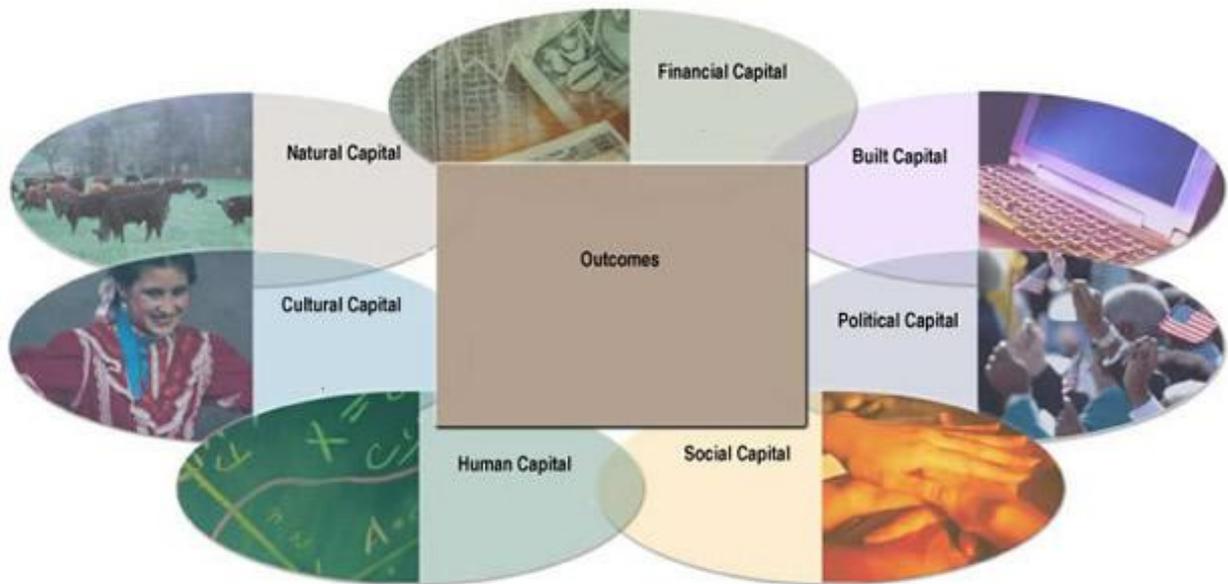


Figure 1: Interaction of decision-making structures and expenditures of tribal funds.

Using the Community Capitals Framework (CCF) (Flora, Flora with Fey, 2004)⁴⁴ to analyze the research on economic development in Indian Country demonstrates the importance of cultural, political, and natural capital to business development efforts in Indian Country. The CCF provides a systemic view of strategies by looking at the stocks and flow of assets in each of seven capitals: natural, cultural, social, human, political, financial and physical or built capital. This approach allows us to focus on assets rather than deficits and to better understand the unique sets of assets that can fuel economic development efforts. Table 2 includes assets identified in each of the research reports related to sustainable economic development in Indian

Country. In viewing the data we see a dramatic contrast to standard economic development with its focus on built, financial, and human capital as compared with approaches in Indian Country particularly in regard to importance of cultural capital, political capital, and natural capital.

Table 2: Using the Community Capitals Framework to Identify Assets that Can Be Invested in Sustainable Economic Development in Indian Country



NORTH CENTRAL REGIONAL CENTER FOR RURAL DEVELOPMENT
 Iowa State University, 107 Curtis Hall, Ames, IA 50011-1050
 (515) 294-8321, (515) 294-3180 fax, www.ncrcrd.iastate.edu

Social Capital
<ul style="list-style-type: none"> • Willingness to collaborate within the tribe and with other entities. • Km soc cap; • Proactive council that works in tandem with economic development professionals.
Natural Capital
<ul style="list-style-type: none"> • Sustaining natural resources on reservations land including minerals, forests, agricultural land, and recreational facilities.

Built Capital

- Telecommunications
- Tribal contracting opportunities for building, maintenance, and expansion of housing, road, and facilities.

Financial Capital

- Multiple revenue streams created through diversified economic strategies.
- Strategy to develop tribal financial institutions and/or build successful partnerships with external financial institutions.
- Tribal loan programs.
- Development of CDFIs and credit unions.

Cultural Capital

- Commitment to economic self sufficiency.
- Keen awareness of internal assets combined with smart use of external resources
- Evidence of an investment culture
- Evidence of a strategic focus in both economic and community development.
- Proactive stance with respect to both internal and external opportunities
- Recognition of the importance of cultural relevance.
- Evidence that the tribe is discarding “the BIA mentality.”
- Importance of strong, locally-based institutions (health and wellness, social services, education, etc.).
- Attention to multiple capitals that include social and cultural networks, human capital, financial capital and infrastructure.
- Emphasis on the value of spending dollars locally
- Use of failures and successes to build collective knowledge about managing enterprises
- Balance between traditional wisdom and new approaches

Political Capital

- Separation of politics and business.
- Continuity in tribal government
- Tribal commitment to supporting entrepreneurial efforts and encouraging entrepreneurial spirit
- Adoption and/or creation of a uniform commercial code.
- In-place structure guaranteeing an autonomous judiciary
- Positioned to take advantage of incentive programs such as 8A, 638
- Recognition of the importance of sovereignty.
- Independent courts.

Human Capital

- Importance of having “champions” for community and economic development.
- Support for child care, K-16 and lifelong education.
- Tribal college programs and workforce development.
- Artist entrepreneurship programs.
- Business expos.
- Financial literacy programs.

The Predominant Role of Cultural Capital: Each of the research efforts described above points to the overwhelming importance of cultural capital. Cultural capital includes both the tangible assets of heritage collections, dress, and other manifestations of cultural identity and history. It also includes the intangibles: values, expectations, norms, customs, and ways of thinking, understanding and doing. Cultural capital influences human capital both in relation to the specific knowledge and skills passed on to others (Bourdieu, 1986)⁴⁵ and in determining the value and usefulness of various types of knowledge and skills. The reliance of many Native cultures on the natural environment for understanding the world and thus shaping appropriate behavior links natural capital and cultural capital in how those beliefs impact everyday life (Bregendahl and Flora, 2003)⁴⁶. Traditional use of natural capital assets in farming, foraging, grazing, fisheries, etc. also impacts the overall value of those assets. Cultural capital also informs

social capital by impacting what kinds of relationships may exist among tribal members and outsiders and how they are formed.

Cultural capital plays a strong role in shaping business practices. Bregendahl and Flora find that for Native American business owners,

...business outcomes are multiple. Their enterprise must contribute to their clan, community and tribe; the business must allow members to remain in the community and connect them to the land; it must adhere to cultural values; and it must provide a reasonable income. For these Native Americans, business is closely knit to their culture. These goals, not economic ones, define success for Native American business owners (p.19)⁴⁷.

Cultural capital also impacts political capital as many tribes seek governance strategies that adhere to traditional practices and at the same time meet the need for legal structures that can preserve sovereignty and deal effectively with the Federal government and outside partners. Customs and traditions influence financial capital as well--particularly in regard to responsibilities to support kin, as indicated in this quote from one of the learning circles: [*Native American business owners*] ... *humorously accept profit shortfalls, alluding to their businesses as "nonprofit organizations"* (Bregendahl and Flora, 2003)⁴⁸ Traditional values often play a role in the development of built capital on reservations. Finally, cultural capital impacts how people develop social capital and often plays a role in the radius of trust (Fukuyama, 1999)⁴⁹ within which Native business people operate both within the reservation and with outsiders.

Not only does cultural capital have a dominant effect in framing the other capitals in reservation-based economies, but it also plays a key role in how people are motivated to be entrepreneurial, in the products and services around which businesses develop, and how business owners interact with others. In our work on reservations, we often hear comments about the need to replace the welfare dependency approach to life with one that encourages achievement and entrepreneurship in addition to challenging people to do their best. Where entrepreneurship is flourishing on reservations, we find people highly motivated and engaged in their business development efforts. Cornell speaks of this change in attitude as an important shift in Indian Country (2006)⁵⁰. The process of replacing dependency on the Federal government with tribal self development and individual or family self reliance is mediated by the cultural values and ways of thinking, understanding and doing. Cultural assets also provide a rich environment for entrepreneurship to grow, ranging from tribally organized tourism to individual artisans creating products and providing services connected to tribal heritage and customs. In relation to these business development opportunities, many tribes have engaged in a long-term discussion on what can be for sale and what is sacred and must be preserved and protected from commercialism.

Political Capital: Framing the Opportunities and the Risk in Economic Development:

While the political environment surrounding economic development and support for entrepreneurship varies among states, particularly in regard to allocating resources to various strategies, mainstream businesses and investors have legal assurances in regard to how their investments are protected. They also have access to clear rules and guidelines regarding options

for financing, business structures, and legal responsibilities. Mainstream businesses use that information in addition to a market analysis of their product or service they plan to provide to assess risk and access capital and other resources. In contrast tribal governments across Indian Country vary greatly both in the degree to which legal structures are in place and the types of legal structures and business development resources in place. Thus, assessing risk in Indian Country brings with it a great deal more ambiguity than many investors are comfortable with. As Jeff Yost with the Nebraska Community Foundation is fond of saying, “capital flows to certainty” which describes the tenuous relationship between political capital and financial capital on many reservations. Similarly, some tribes have allocated funding to support tribal enterprises that may or may not succeed often because of the connection of that venture to politics. Political capital also shapes opportunities in Indian Country by allocating funding to support business development and to diversify tribal enterprises. For example, at Cheyenne River, the local tribal council has insisted that the fund be set up as a private nonprofit to prevent it from getting caught in any “political frays” (Fogarty, 2002)⁵¹. Local banks have also made donations to the fund,” (Bregendahl and Flora, 2003)⁵². In this example, assets in political capital led not only to identifying reservation-based financial assets, but also in accessing external assets.

Natural Capital: Accessing Resources for the Seventh Generation: As mentioned earlier, natural capital plays a unique role in Indian Country not only because of its role in shaping cultural capital, but also because of its role in informing and initiating enterprise development and individual entrepreneurship. Many tribal governments concerned with creating good jobs for tribal members and gaining self determination look first at the natural resources available within the reservation boundaries be they minerals, forests, rivers, or agricultural land. Political capital also occupies a unique and vitally important place in Indian Country in relation to natural capital because the BIA controls Indian Trust Lands making these resources difficult or impossible to access for economic development. So while some reservations may appear to have a wealth of natural capital at their doorstep, the political and legal environment that governs access and management may actually deny tribes the right of using it for development.

Social Capital: The Controlling Power of Bonding Social Capital and the Capacity Building Power of Bridging Social Capital: The culture of many native communities places a great deal of importance on obligations toward kinship networks, societies, clans, and families. The strength of these ties (Granovetter, 1983)⁵³ results in strong bonding social capital that can lead to distrust of others. Strong bonding social capital can be a two-edged sword; it can provide valuable support to new business start ups and can sustain ongoing and growing ventures. It can, however, also place demands for sharing income across the group up to and beyond the degree to which the business can be sustained.

Bridging social capital, the networks and norms of reciprocity across groups and to outside sources, also influences opportunities for economic development and entrepreneurship. Bregendahl and Flora find the worlds of the Native American and the mainstream “bound in a web of interdependence where complete autonomy is neither possible nor probable” (2003, p. 14)⁵⁴, yet the bridging social capital connecting these worlds suffers from the “relationships of the past” and distrust for the future. In many cases the weak ties emerging from these relationships remain weak lacking the strength of such ties as Granovetter describes them

(1983)⁵⁵. As tribes develop their governing structure, the opportunities for improving bridging social capital has expanded. Furthermore, bridging social capital across reservations has grown as tribal members engage and interact with members of other tribes around strategies for increasing family and tribal self sufficiency.

Built or Physical Capital: Built capital remains a challenge to business development on many reservations: poor roads, lack of rural addressing, poor telecommunications, etc. all impact business development opportunities (Bregendahl and Flora, 2003)⁵⁶. The increase in successful Indian contractors demonstrates the interaction between business development and infrastructure improvement on reservations, such as housing stock, community centers, and pow wow grounds.

Conclusion

Reservation-based alternative economies will vary greatly across tribal nations. Not only tribal customs, but also local natural resources provide a backdrop for these differences. Upon this foundation, differing governance structures and investment strategies lead to unique economic development ventures. Using the community capitals framework to analyze economic development possibilities from a systems point of view, we see that transformations in political and cultural capital are necessary to create the preconditions for implementing economic development strategies that can lead to both tribal and family self sufficiency. Social capital, often thought of as the glue that knits together institutions and actors leading to successful enterprises, shapes the radius of trust necessary for successful business endeavors. In some cases the existence of strong bonding social capital leading to tight knit groups isolated from one another limits local markets and diminishes support for economic development.

Furthermore, limited bridging social capital leads to increased isolation as these ties lack the strength to connect entrepreneurs to outside resources that could provide access to technical assistance, capital, and markets. In contrast, where bonding social capital is mediated by strong bridging social capital across groups leading to discussion on common goals and interests, bonding social capital helps entrepreneurs access the human, social, and cultural capital assets that build and sustain strong enterprises. Such environments are also conducive to developing assets in political capital that address the need for a less risky business environment.

Newly emerging chambers of commerce, like the one at Pine Ridge, offer an example of this kind of cross group on-reservation bridging social capital. Ultimately, the interaction among cultural, political and social capital assets determines where on the grid a particular tribe exists, as well as the opportunities available for future economic and entrepreneurial growth.

End Notes: Mary Emery, Milan Wall, Corry Bregendahl, Cornelia Flora, and Barbara Schmitt. "Economic Development in Indian Country: Redefining Success," [Online Journal of Rural Research & Policy](#) (2006.4).

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Author Information

Mary Emery ([back to top](#))

Mary Emery, Associate director of the North Central Regional Center for Rural Development, co-manages the Rural Community College Initiative and is working on a multi-institutional, multi disciplinary on-line masters degree in community development.

Dr. Emery also has worked on a variety of rural and community development issues. She is vitally interested in strategies that assist rural communities in transitioning into the 21st century, in implementing approaches that help communities grow their own jobs and businesses, and in helping reservation and non-reservation communities work together for sustainable regional economic development.

She also has worked with small businesses and communities on how they can benefit from new technologies. She holds a PhD in Sociology from Rutgers University.



Milan Wall ([back to top](#))

Milan Wall, Co-Director of the Heartland Center for Leadership Development, is a management and communications expert with more than 30 years experience in dealing with the critical issues facing American society and culture. Mr. Wall has been a newspaper reporter and editorial columnist, a university lecturer and a speaker at regional and national conferences on such topics as educational leadership, economic development, and uses of technology in education. Before he helped found the Heartland Center, he was Executive Vice President of the University of Mid-America, a multi-state consortium that was recognized internationally for its imaginative approaches to adult education.



With Dr. Vicki Luther, he is co-author of a number of publications on leadership and community development, including *The Entrepreneurial Community: A Strategic Leadership Approach to Community Survival*, *Clues to Rural Community Survival*, and *Schools as Entrepreneurs: Helping Small Towns Survive*. Previously, he served as editor of the *Nebraska School Leader*, which won three national awards for excellence among state publications on education during his tenure. In 1993, Mr. Wall was honored with the Award of Excellence, the distinguished alumni recognition of the University of Nebraska-Lincoln Teachers College.

Corry Bregendahl ([back to top](#))

Corry Bregendahl is an Assistant Scientist at the North Central Regional Center for Rural Development. She earned an M.S. in Rural Sociology from Iowa State University in 2001.

Corry is a co-author of *Native American Business Participation in E-Commerce: An Assessment of Technical Assistance and Training Needs* and has published articles on the impact of bringing high-speed Internet access to unserved and underserved populations across the U.S.



Her current research efforts focus on the contributions of community-based alternative food systems to community and economic development. corry@iastate.edu

Cornelia Flora ([back to top](#))

Dr. Cornelia Flora has conducted ground-breaking sociological research on the impacts of human communities and the ecosystem, community processes, and gender and social institutions. Many of her articles have been widely used by nonprofit organizations that work with farmer groups, particularly in sustainable agriculture, to build stronger communities and a stronger economic base.

Flora has held several academic positions and has also been a program officer for the Ford Foundation. In addition to her responsibilities at the Center, Flora also works on international development issues with World Bank and the U.S. Agency for International Development.



A number of honorary societies have recognized her work and have elected her to positions of authority. Her doctoral students are employed in liberal arts colleges, major land-grant universities, and international development organizations.

Flora received a bachelor's degree from the University of California-Berkeley and a master's degree and doctorate degree from Cornell University, which recognized her with an Outstanding Alumni Award in 1994. She joined the Iowa State University faculty and was named director of the Center in 1994.