

Sovereignty and improved economic outcomes for American Indians: Building on the gains made since 1990

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By Equitable Growth

Overview

The exercise of American Indian tribal sovereignty over the past 30 years resulted in more economic growth and improved well-being for American Indians than during any other point in the more than 500-year history since contact with European colonists and settlers. Increased self-governance over tribal lands and resources created new economic and employment opportunities for American Indians, and for non-American-Indians on or near tribal lands and resources as well.¹

Yet large hurdles remain before American Indian tribal governments can fully realize their economic and political opportunities to provide full employment through public or private enterprises for their citizens. Reductions in family poverty rates and unemployment rates almost doubled real per capita income between 1990 and 2015, but significant income gaps remain. In response, three areas that hold the most promise for improving earnings and employment for the American Indian population on reservation lands are:

- Supporting tribal sovereignty and industry innovation
- Reducing barriers to economic development
- Improving data collection for American Indians

This factsheet explores each of these policy proposals, based on the essay “[Sovereignty and improved economic outcomes for American Indians: Building on the gains made](#)



since 1990,” by economist Randall Akee at the University of California, Los Angeles. The essay is part of [Boosting Wages for U.S. Workers in the New Economy](#), a compilation of 10 essays from leading economic thinkers who explore alternative policies for boosting wages and living standards, rooted in different structures that contribute to stagnant and unequal wages.

Economic and labor conditions of American Indian workers and their families

Economic conditions for American Indians residing on tribal reservations are often depicted as dire. In fact, conditions are quite variable, depending upon the tribe and the time period examined. There are 324 reservations or joint-use areas—areas where multiple American Indian reservation governments share legal and political jurisdictions—in the lower 48 states, with wide geographic, regional, and economic variations.

Yet despite improvements, family poverty rates and unemployment rates for American Indians are substantially higher and their labor force participation rates are lower compared to the United States as a whole. The sections below outline three broad policy proposals that could strengthen the overall conditions for improving employment and earnings on American Indian reservations.

Support industry innovation and tribal sovereignty

Supporting the full exercise of tribal sovereignty over land, resources, and citizens is an important step in improving the economic conditions of American Indians residing on reservation lands. The gaming industries and provision of federal government services by tribal nations are two examples of tribal nations exercising their own sovereignty and authority in new economic endeavors. They serve as guideposts for future innovation by tribal governments, described below.

Create new innovative industries

Expansion into novel industries such as climate mitigation and renewable energy generation would reinforce existing aims and goals of tribal governments while diversifying the economic base in tribal reservations. And expanding tribal jurisdiction and ownership of reservation lands would improve the ability of tribal governments to enact economic development projects on larger scales that may be necessary for nonmarket-based economic activities.

Enact a tribal jobs guarantee program

Given the high levels of poverty and unemployment, on average, on American Indian reservations, a federal jobs guarantee program for tribal citizens and residents would provide an important mechanism to improve earnings on reservations. The jobs needed should be determined at the tribal level, with the flexibility to adjust employment decisions to strengthen tribal sovereignty and long-run economic development planning.

A tribal jobs guarantee program also would align employment activities with large-scale climate mitigation efforts and/or ecosystem restoration efforts. Further, the jobs guarantee program could focus on other areas where there are well-identified deficits, such as healthcare services.

Restore tribal lands to tribal nation governance

Today, some American Indian reservations are “checkerboarded” in terms of land ownership, where one square block may be owned by a tribal government or an

individual American Indian landowner while the adjacent parcels are held by non-American-Indians. This makes governing difficult, and it makes economic development and investment especially difficult because the parcels may not be large enough to support economies of scale.

Reduce barriers to economic development to spur more job creation and nonwage income

There are significant obstacles to economic development on reservation lands, and tribal nations have taken important steps to improve those conditions in the past few decades.

One obstacle is the lack of access to capital, which is essential to increase the opportunities for entrepreneurship for individual tribal citizens. There are several policy options that would either increase asset ownership or access to credit for tribal members, including fully funding and extending the Section 184 of the Indian Home Loan Guarantee Program administered by the U.S. Department of Housing and Urban Development and increasing the capitalization of American Indian-owned and American Indian-serving Community Development Financial Institutions.

Another policy solution is increasing investment in infrastructure on American Indian reservations. This is an important means to improving access to employment and educational opportunities. There are two policies that could significantly upgrade or establish different types of infrastructure on tribal lands—improving the physical infrastructure on reservation lands and increasing broadband access in rural and reservation communities.

Finally, educational attainment, on average, is lower for American Indians than the average U.S. citizen,² and there is evidence that school quality lags behind that of other race and ethnic groups in the United States.³ Therefore, the U.S. Congress should increase federal funding for reservation-based schools and funding for the Bureau of Indian Education, as required by dozens of U.S. treaties with American Indian nations. The Bureau of Indian Education is a direct mechanism to improve educational quality and access on reservations, while fully funding existing tribal colleges and universities would improve access to higher education in culturally relevant settings.

Improve data quality and collection to improve economic programs and policy evaluation

A pervasive obstacle to diagnosing and tracking economic development and earnings growth of the American Indian population is the lack of timely and disaggregated data. Due to their relatively small population size in the United States, American Indians comprise anywhere from 1 percent to 2 percent of the U.S. population, depending upon the definition used for American Indian. National longitudinal surveys tend to have very few American Indian observations in their samples. As a result, the only reliable data for this population tends to be data from the U.S. Census Bureau's decennial censuses and the American Community Surveys.

The U.S. Congress should increase funding for the creation of longitudinal datasets focused on the American Indian population. Alternatively, existing surveys such as the U.S. Bureau of Labor Statistics' National Longitudinal Study of Youth could oversample for these populations so that there would be a usable sample population.

Additional longitudinal datasets such as the University of Michigan's Health and Retirement Study could do the same. All of these efforts would all lead to increased tools for assessment of the earnings and well-being of the American Indian population over time and under different policies and programs.

Read the full essay

[“Sovereignty and improved economic outcomes for American Indians: Building on the gains made since 1990,”](#)
by **Randall Akee**

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<https://equitablegrowth.org/boosting-wages/>

Endnotes

- 1 This analysis focuses primarily on American Indians in the lower 48 states residing on tribal reservation lands. There are other Indigenous peoples in the United States such as Alaska Natives, Native Hawaiians, Samoans in American Samoa, Chamorro in Guam, and Taino residing in Puerto Rico.
- 2 Stefanie Fischer and Christiana Stoddard, “The Academic Achievement of American Indians,” *Economics of Education Review* 36 (2013), available at <http://dx.doi.org/10.1016/j.econedurev.2013.05.005>.
- 3 Ibid.