

Growing Economies in Indian Country: A National Summit

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[Applause]

David Kaufmann: Thank you, President Kocherlakota, for providing us a thoughtful grounding on the distinctives of growing economies in Indian Country, and for also spending the day with us. And we encourage folks to engage President Kocherlakota in conversation during breaks and as you have opportunity throughout the day. We're going to move to the next portion of our agenda, "Framing the Issues". And if Miriam Jorgensen could make her way forward, that would be great.

Miriam is the Research Director for the Harvard Project on American Indian Economic Development. She's a distinguished scholar in the indigenous governance and economic development area. And we're thrilled to have her here with us, and we've asked her to kind of give us kind of a framing of the issues to start the day. And then we've invited her to come back, and she'll be moderating the final panel that we'll discuss next steps. So please join me in welcoming Miriam Jorgenson.

[Applause]

Miriam Jorgensen: Thank you so much. It's a pleasure to be here. For those of you who know me pretty well, you know that a lot of the last 18 months I've spent going back and forth to Australia working on a research project there. And a lot of times we think about the knowledge gained about nation building and economic development from indigenous peoples of the United States being shared to Australia, but one of the most important things that I've learned there, that I'm trying consciously to bring back to the United States, is an awareness that official functions like this one about whose land we stand on. So I want to spend this moment just acknowledging the

indigenous peoples of this territory, the Powhatan people, and pay my respects to their elders past and present. That may seem a very strange way to you to start this presentation, but I think one of the things that we're doing is we're entering into a new era. We're not just in the self-determination era. We're in the era of the declaration of the rights of indigenous peoples. And this is an era in which we more consciously understand the sort of co-nationhood of nation states like the United States and their indigenous nations. And it's in that context that I offer that paying of my respects.

I've been asked by the Board of Governors, and as David pointed out, to provide some lenses, some framing through which to view the rest of the conversation today. To think about the four panels that you'll be viewing. And Dr. Kocherlakota provided a number of really important lenses, I think, self-determination, culture, population retention, land ownership and land usage. I want to sort of pump these up to a little bit bigger level and try to put some challenges on the table as well. Maybe some slightly more controversial ways to think about what's going on. Because we really are trying to push toward solutions and ideas and ways to move forward.

So the first lens I want to offer you is that as we think over the next decade, two decades and more, what Indian Country needs is not just more capital and more capital access, but access to a greater variety of kinds of capital and packaging of capital, different access points, different packages of capital. What do I mean by this?

When I first began to work in Indian Country about 25 years ago, there was really a lot of talk about the excitement around CDCs or community development corporations. And that was sort of the cutting edge of where finance of Indian Country was at. There was a lot of tight engagement between tribes and tribal communities and usually an off-reservation border town regional bank that almost had a client list strangle-hold relationship on the tribe and this was sometimes useful, sometimes not useful to the tribe. That kind of characterized financial relationships in the community.

Limited banking among the citizens of the tribal nation, and to the extent that there was, you know, sort of more positive engagement with the banking system was sort of few and far between. We had the fledgling Lakota Fund that our friend Sherry Black worked with for a long time. It was getting off the ground. We had something called the Seventh Generation Fund that was working reasonably well. I don't think it exists anymore. Many of these were modeled on the Grameen Bank Model, and some had roots back to the Ford Foundation or private investments in Indian Country. This was kind of where the excitement was and kind of what was the cutting edge, like I said a moment before.

One of the other positive relationships we had or developments we had was in '89, the Citizen Potawatomi Nation gained a controlling share in what was then First National Bank of Shawnee, Oklahoma, and by 1994 had full ownership of the bank. So, that was, you know, that was kind of really new and different at the time. There wasn't that kind of thinking that indigenous nations in the United States with the owners of banks participate with the sector, but they wouldn't own banks. So that was the picture 25 years ago. Speed up to 2012. We have a very different scene. We have the emergence of CDFIs, native CDFIs, community development financial institutions, to in a sense, complement and replace those smaller, older community development corporations, many of which have taken on the task of being CDFIs as well.

We have a lot more tribes that have escaped what I call those clientalistic relationships, some of which is because of “Washington policy” of changes in regional banking rules or the full implementation of the Self-Determination Act, which has given tribes more control over their own financial resources and money and given them a little bit more power on the scene. The rise of stronger Indian economies, not only through gaming, but through other aspects, as well of capitalizing upon natural resources or finding other niche markets where there were comparative advantages, so that they had more power when going to the negotiating table with banks.

So you can tell things have really changed. The picture is quite different. But my challenge to you is to say, this isn't enough. There needs to be more and different kinds of relationships and access to capital. Access is certainly expanded. We need more of it, but we need that same kind of flowering looking to the next 10, 15, 25 years that we've seen in the last

25 years of expanding the different access points to capital, expanding the ways in which it's packaged. Here are just a couple of examples. And I am not going to claim to be any expert, but I look to you guys, especially the panelists to provide some of that expertise. What about expanding the different kinds of bond financing that are available? What about having more bridging from CDFIs to the divisional banking system? So that the small business owner no longer needs the, you know, \$10- or \$15,000 loan, but needs the \$250- to a million dollar loan has an easier way and an easier path ahead. What about rethinking the way the banks lend to tribes? What does it mean to lend to a sovereign nation? How is that different than lending to a state or to a corporation? We do explore these kinds of packages for capital access, these kinds of access points for lending. We need that new flowering, that new pathway.

The second point I want to make is not going to be a surprise to those of you who know the literature of the Harvard Project in the Native Nations Institute, the institutions that I've worked with for a long time. I think that our work points strongly to the idea that maybe we've got it wrong when we say that, or at least somewhat wrong, when we say that the main problem is a lack of capital access. Maybe that's a symptom, rather than the cause of the problem, problems around economic development in Indian Country.

I think this is an obvious point that a lot times, and as Dr. Kocherlakota already talked about, that institutions clearly matter for economic development. But I think what we really need to wrap our head around is what do those institutions look like that promote positive economic development in Indian Country. And again, I'm repeating a little bit of what you've heard before, either from my mouth or from the previous speaker, but I think it's important to think about. It's really important to imagine what institutions would appear like that are truly indigenous, that reflect a nation's ideas and ideals and cultural values and what it wants to do in its community and that work in the contemporary financial market.

A lot of our work in the past is focused on, I think, the highest level government institutions. What's the constitution of the nation got to look like to make this work? Then we've sort of peeled down to the next layer. What does the executive branch need to look like? What does the legislative structure and law-making structure need to look like? What does dispute

resolution need to look like? How do you achieve both efficiency and legitimacy within those institutions so that they can engage well with the financial sector?

And then I think we're at a stage, looking again at the next 25 years, where we have to peel down one more level and say, what do the fundamental laws and regulations look like that implement those things? Those too, need to reflect that notion of cultural legitimacy, community legitimacy, and effectiveness. I think most critically those things cannot be imposed from above. They can't be designed in Washington or Minneapolis or Chicago or Seattle or San Francisco or St. Louis or Chicago or -- I said Chicago -- Kansas City or Dallas. I don't think I got all 12 of the regional banks, but they have to come from the community. And the financial system and the federal system has to be flexible enough to work with those unique institutions, constitutional institutions, government institutions, legislative and regulatory institutions and in the way that they play out in person-to-person engagement.

The final lens that I'd like to offer you is this. And I think, to me, this is the biggest challenge of the day. And I'm so glad that there's so many federal partners assembled. And I'm conscious to use that word, partner. I think the lens I want you to look at is to see the federal government is not the solution, but they're valuable partners.

Now, think of the history of this. Certainly, the federal government has this history of imagining that it does have the solutions on the table. That's what the Allotment Program was about. That's what the Reorganization Act was about. That's what Tribal Termination was about. That's what the development of the EDA programs that dominated the 1970s was about. In a sense, that's even what the 1976 Self-Determination Act was about. But the reality is that those solutions can't be imposed from above. They have to bubble up from the grass roots, and there is a role. And when I say, grass roots, I really mean from the tribal level, from the native nation level. But there is a role for federal government and it is as partners. And it means changing those approaches of the past that have been very, sort of, top down. And thinking about how can your agencies, how can your organizations stand hand-in-hand, link arms together with native nations?

This is actually a wampum belt from the tribes in Pennsylvania that drew treaties with William Penn. That's what the hat is. That's a Quaker hat. And so this is a very early notion of what the engagement between the colonists, later Americans, and the Native people would be. And encourages in this era of this declaration of the rights of indigenous peoples to return to that original treaty notion that says this is about partnership and about new engagement opportunities, not by imposing Washington-based or area-based or regional-based solutions. So how is that going to happen? And I think that's a real challenge to think about looking to the future.

The last thing I want to say is that part of this partnership is also reflected in language, which is one of the reasons I opened the way that I did. I encourage us to get away from language that refers to indigenous nations as reservations. Reservations are their land bases. They're not the nations themselves. Even "tribes" is a term I have trouble with sometimes. So I think if we think in this format as indigenous nations and really enacting the nation-to-nation relationship, that's part of the challenge I lay on the table and a lens to which I'd like you to think about the policy solutions we discuss today. And with that, I've got the stop sign several times. Thank you to my timer, and I look forward to the rest of the day. [Applause]