

Quotes from Terry L. Anderson: Sovereign Nations or Reservations: An Economic History of American Indians

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“Cornell and Kalt conclude that ‘evidence suggests that indigenous culture, in and of itself, is not the obstacle to development that it is often portrayed to be.’”

– Anderson, Terry L. p. 4.

“Contrary to popular belief, Indians used varying degrees of private ownership for many assets including household goods, horses, land, and hunting and trapping territories. Prior to the arrival of Europeans, Indians understood the importance of individual rights to property and enforced those rights through formal and informal institutions.”

– Anderson, Terry L. p. 8.

“Whatever the level of collective activity, collective decisions raise two important problems. First, there is the question of whose values should be represented. . . .The second problem with collective decisions is how to structure the reward and penalty system to encourage productive endeavors.”

– Anderson, Terry L. p. 8-10.

“All societies face the problem of preventing those who exercise the legitimate powers of government from using such power to transfer societal wealth—or additional power—to themselves. . . .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.”

– Anderson, Terry L. p. 10. quoting Cornell and Kalt; p.234-235 in Property Rights and Indian Economies.

“This places the Indian 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 well.”

– Anderson, Terry L. p. 15 quoting Cornell and Kalt; p.217 in Property Rights and Indian Economies.

“So the search for the magic growth recipe continues, with the focus turning increasingly to institutions. The simple fact is that incentives matter – whether considering the former Soviet Union, IBM, or the Crow tribe. To understand why economies grow or stagnate, the first step is to understand what incentives the institutions produce. If individuals or groups are rewarded for investments in physical or human capital, these investments are more likely to grow. On the other hand, if there is a higher return to lobbying government to obtain wealth transfers, potentially productive efforts will be diverted to this alternative. As noted earlier, such activities are not only counterproductive in their incentive effects but consume resources that could be used more productively. These activities also involve confrontational politics and tear at the social fabric.”

– Anderson, Terry L. p. 18.

“As you shall see in this chapter, life among the various groups of North American Indians was anything but chaotic and disorderly, but it was seldom ruled by strong centralized governance.”

– Anderson, Terry L. p. 24.

“Faced with the reality of scarcity, Indians understood the importance of incentives and built their societies around institutions that encouraged good human and natural resource stewardship.”

– Anderson, Terry L. p. 43.

“Unsound rights structures generally implied lower population size and, perhaps, the disappearance of the society.”

– Anderson, Terry L. p. 48. quoting Martin J. Bailey in *Journal of Law and Economics*; p. 183; 1992.

“The evolution of property rights in this setting of small groups as opposed to rules handed down from central governments was more likely to approach ‘approximate optimality.’”

– Anderson, Terry L. p. 54.

“Left to their own devices, Indians can and have changed their institutions when they needed to do so. ...Customs, traditions, and ideology played a vital role in the eighteenth- and nineteenth-century adaptations, but they were supplanted with centralized bureaucratic controls directed from Washington.”

– Anderson, Terry L. p. 54.

“The history of Indian-White relations is often portrayed as one in which whites ran roughshod over the rights of Indians...But armed conflict did not always dominate Indian-white relations.”

– Anderson, Terry L. p. 69 and 70.

“Historians generally agree that peaceful negotiations were more prevalent than battles in the history of Indian-white relations”

– Anderson, Terry L. p. 73.

“Thomas Jefferson found land acquisition by negotiation had been the norm, and land takings not extensive, noting – ‘that the lands of this country were taken from them [Indians] by conquest, is not so general a truth as is supposed. I find in our historians and records, repeated proofs of purchase,’”

– Anderson, Terry L. p. 74. Thomas Jefferson; *Notes on the State of Virginia*; 1787; 1955; p. 96.

“Felix Cohen, perhaps the most thorough legal scholar of Indian property rights, referred to this early period as one of ‘fair dealing.’ He estimated that some \$800 million had been paid for Indian lands by 1947 and concluded that paying \$800,000,000 for a principle is not a common occurrence in the world’s history.” [Editor’s note: For comparison, the U. S. paid \$15 million for the Louisiana Purchase in 1803.]

– Anderson, Terry L. p. 74.

“Where violence did occur during the early years of interface, it was often due to the inability of the governments of both sides to prevent their principles from violating the terms of agreements.”

– Anderson, Terry L. p. 75.

“Without clearly defined property rights that could be bought and sold, it is not surprising that armed conflict replaced negotiation.”

– Anderson, Terry L. p. 82.

“Europeans faced two choices; they could trade or raid... Initially, both Indians and whites chose trading over fighting... As raiding replaced trading for Indian resources, the late nineteenth and early twentieth centuries saw the fate of American Indians move away from their homelands and into the political arena in Washington.”

– Anderson, Terry L. p. 85 and 86.

“Many reformers saw allotment as the only way to ‘Americanize’ the Indian...Carlson concludes that ‘reformers came to see allotments as the panacea for the problems of American Indians’ (1981, p.8), thus making ‘it difficult to find statements opposing the proposal’ (Prucha, 1973, p. 122).”

– Anderson, Terry L. p. 92.

“Every change in the sequence of allotment events from 1887 to 1934 led to an increase in the involvement of the federal government in Indian affairs, and each change can be explained by its ability to generate more work for the Indian bureaucracy.”

– Anderson, Terry L. p. 107. quoting Fred S. McChesney in *Property Rights and Indian Economies*; p. 127. Reprinted with permission of the Pacific Research Institute for Public Policy.

“Again, the story that emerges is that the Indians were quite adaptable prior to federally imposed [land]tenure arrangements and that trusteeship under the BIA has raised the costs of organizing agricultural productivity sufficiently to thwart production.”

– Anderson, Terry L. p. 113.

“[T]he per-acre value of agricultural output was found to be 85 to 90 percent lower on tribal trust land than on fee simple land and 30 to 40 percent lower on individual trust land than on fee simple land.”

– Anderson, Terry L. p. 127.

“This ratio does not suggest that reservations are made up of the worst land in the area and therefore that land quality is the main cause of the differences between the value of output on trust and fee simple lands.”

– Anderson, Terry L. p. 131.

“The bottom line is that accountability is a key to productivity, and accountability is difficult to obtain under trusteeship of a large federal bureaucracy.”

– Anderson, Terry L. p. 133.

“The allotment era ended with the Indian Reorganization Act (IRA) of 1934, another law supported by reformers bent on imposing the right institutional framework on Indians. Led by Commissioner of Indian Affairs John Collier, these reformers believed they were offering ‘a model of community that all Americans might in some ways follow’ (U.S. Department of Interior, 1986, p. 72). Collier would not heed warnings from anthropologists regarding the likely success of the proposed IRA, ‘because he wanted the Indians to offer an alternative way of living for individualistic-oriented white America’” (Philip, 1977, p. 159).”

– Anderson, Terry L. p. 139.

“Rather than allowing Indians to adapt their institutions in ways consistent with their cultural heritage, the New Dealers tried to make tribal governments the model for collective action.”

– Anderson, Terry L. p. 140.

“The fact that opposition to Collier’s reforms was strongest in areas where allotment had progressed the most suggests that some Indians had adjusted quite well to allotment. Throughout Indian Country, tribes and individuals responded like the Arapaho tribe on the Wind River Reservation in Wyoming: ‘They called the idea of community government foreign to the Plains Indians and opposed communal ownership of property as unsuited to their tribe’ (Philip, 1997, p. 139).”

– Anderson, Terry L. p. 142.

“Despite opposition to his reform proposals, Collier was undaunted in his efforts and succeeded in having President Roosevelt sign the IRA into law on June 18, 1934. In addition to ending allotment, the act authorized Congress to spend \$250,000 annually for the purpose of formalizing government entities on reservations and an additional \$2 million annually for land acquisition.”

– Anderson, Terry L. p. 143.

Collier's reforms began with the premise that all Indians had a heritage of communal organization and that formal constitutions would solve the problems inherent in governmental structures. In fact, he was wrong on both counts. Among the Plains Indians there was little tradition of centralized control."

– Anderson, Terry L. p. 144.

"It was because the IRA did not integrate a constitutional framework consistent with traditional 'rules of the game' for the various tribes that the IRA was a missed opportunity that led to another failed Indian policy."

– Anderson, Terry L. p. 144.

"Collier used the IRA to mold and reform all Indians in his communal image."

– Anderson, Terry L. p. 144.

"By 1984, the BIA was responsible for only 33 percent of the total Federal expenditures on Indians (U.S. Department of Interior, 1986, p. 73)."

– Anderson, Terry L. p. 147.

"Moreover, the broadened bureaucratic base resulting from diversification of funding gave more agencies a stake in perpetuating wardship."

– Anderson, Terry L. p. 148.

"Rather than change the rules of the game under which tribal governments operate, it encouraged tribal leaders to invest in obtaining political clout by being the ones to control federal benefits. . . . At the tribal level, the increased possibility of federal funds and the greater diversity of agencies controlling those funds meant that 'tribal governments generally had to learn how to operate in a much broader political and economic environment than the traditional relationship with the BIA'(U.S. Department of Interior, 1986, p. 73)."

– Anderson, Terry L. p. 149.

"It is becoming increasingly clear to Indian scholars that reservation development is less a function of resource endowments, physical or human, though these do make a difference, and more a function of the institutional environment."

– Anderson, Terry L. p. 153.

"Therefore, the fundamental problem of political economy is how to endow the collectivity known as government with enough power to establish and enforce rules that can expand the size of the pie without that power being used to garner returns for those with the power. To the extent that political power can be used to redistribute wealth as opposed to create it, individuals will compete to capture that power through what economists call rent seeking. Campaign contributions will be made and expended, lobbying will dominate the decision-making process, and political favors will be returned for support. As resources are consumed in rent seeking competition, the size of the economic pie shrinks. Short-term decisions that enhance the wealth and power of those in control are substituted for long-term true economic development."

– Anderson, Terry L. p. 155.

"The Anglo-American tradition of respect for private property and of not allowing government to take private rights without due process and just compensation may do more to protect property rights than laws and locks. Indeed, without that tradition of respect, it is questionable whether property rights can be enforced. More generally, without a link to cultural constraints that evolve over time and bind societies with informal rules, it is problematic at best to hope that written constitutions can create the institutional environment necessary for prosperity."

– Anderson, Terry L. p. 157.

“When these rules got the incentives right, Indian tribes did well; when they did not, both resources and prosperity suffered.”

– Anderson, Terry L. p. 163.

“The history of western land policy is replete with examples of problems that arise when institutions are imposed from the top down, and Indian policy is no exception. . . . the problem with allotment and subsequent policies lies in the top down nature of institutional design and not necessarily privatization itself.”

– Anderson, Terry L. p. 164 and 165.

“If Indians choose to retain trusteeship over their natural resource assets, they must accept the position of the weaker party dominated by the stronger guardian. As with any ward-guardian relationship, this implies less than sovereignty for the ward and rules out the prospect for real self-determination.”

– Anderson, Terry L. p. 168.

“With the debate centering on which governments are sovereign, almost no attention has been given to the derivation of tribal authority and the basis of its sovereignty vis-a-vis individual tribal members... Nearly all the Plains Indians lived in relatively independent groups (usually families or clans) where individual freedom was paramount... Before Indian tribes, especially those with a tradition of individualism, can establish their sovereignty, they must establish the nature of the relationship between individual Indians and tribal government... To develop collective sovereignty, Indians will have to return to the basics of individual sovereignty and build from the ground up...Self-determination begins with the individual, as it did prior to European contact, and builds to collective action”

– Anderson, Terry L. p. 169-171.

“Until sovereign tribal governments are able to bind themselves in ways that ensure returns on long-term investments, economic progress on reservations is likely to be elusive.”

– Anderson, Terry L. p. 175.