

Welcoming Remarks

Conference on the Law and Economics of
Indian Country Economic Development

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I'm pleased to welcome you to the Federal Reserve Bank of Minneapolis for this Conference on the Law and Economics of Indian Country Economic Development. The Minneapolis Fed has played a significant role in facilitating economic development in tribal communities for many years. We are delighted to host this event, as a way to assess lessons from recent research and to figure out ways to move forward given those lessons.

I mentioned that the Minneapolis Fed's work in Indian Country goes back many years. My own presidency is much newer, but I have to say that I've been excited about our Indian Country work for almost all of that time. This excitement dates to a visit to our Helena Branch in the fall of 2009, shortly after I became president. On that trip, I spoke with Branch Director Joe McDonald, then the head of Salish-Kootenai Tribal College, and with Helena staff member Sue Woodrow, who was and is deeply involved in our Community Development Department's work with tribes and tribal communities. They helped me grasp both the need for faster economic development in Indian Country and the opportunities for Federal Reserve Banks to contribute, such as through Sue's efforts to help develop tribal commercial codes.

Today's agenda—appropriately—highlights both progress and challenges in the journey of Indian Country economic development. As several of the authors note, the gap in income and wealth between reservation residents and Americans overall has closed some in recent decades, but remains disturbingly wide. Most of us here today are economists, lawyers or policy analysts or advocates. Thus, when we think about closing the income and wealth gaps in Indian Country, we tend to focus on how social institutions and policies affect behavior and economic outcomes, through their effects on incentives and resource constraints. Specifically, we look at institutions and policies with respect to responsive and effective governance, the impartial rule of law and resolution of disputes, clear property ownership and property rights, efficient resolution of externalities, sound decisions regarding public goods, and efficient taxation and redistribution. Today we will be hearing about many of these topics, in papers that discuss the optimal assignment of powers to tribal versus other governments, the effects of constitutionally determined tribal electoral systems, and domestic and international perspectives on the importance of tribal business environments, including the nature of laws regarding the use of personal property as collateral for loans. New evidence on these topics will be presented and discussed, giving all of us—including the Federal Reserve Bank of Minneapolis—a clearer understanding of how to enhance economic growth in Indian Country.

Nonetheless, we have much more to do and learn. It is fitting, therefore, that we will close the conference with a discussion of the future direction of research on Indian Country economic development. The Minneapolis Fed's Community Development Department is currently updating its strategic plan, including for its work and research in Indian Country, so this discussion is very timely for us. Let me briefly share a few of my own thoughts about how we can deepen our understanding of Indian Country economic development. I see opportunities in both empirical work and theoretical modeling. On the empirical side, we need better reservation-specific measurement of business inputs and outputs, as well as of land ownership and business-relevant policies and regulations. These data would help us better evaluate specific program initiatives and generally understand how and why economic performance differs between reservations and nearby off-reservation economies.

But improved data are not enough. Indian Country researchers can make additional progress by drawing upon the advances in economic theory and modeling in related fields such as the economics of institutions, economic development and regional science. Ideas from those fields are already present in the papers at this conference. Still, I see opportunities to more thoroughly apply the models and model evaluation techniques widely used in those fields. Finally, I look forward to the further involvement of tribal scholars and policymakers in the conduct and use of Indian Country economic development research. In that light, I am pleased that we have a mix of American Indian and other professionals on the program and in the room today.

Over lunch you will hear from Dorothy Bridges, our senior vice president for Community Development and Outreach. She will explain how we currently have a very full slate of Indian Country initiatives and that we are committed to continuing to help develop and better understand Indian Country economies. To be effective, we will need to stay in touch with the people in this room and the rest of the Indian Country economic research community. I look forward to learning from you and with you as we work together to bring prosperity to America's Indian nations. Thank you.