

Northwest Economic Adjustment Initiative Assessment: Lessons Learned for American Indian Community and Economic Development

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Economic development interventions often do not account for the social, cultural, and political differences among populations being served. Factors that make economic development projects successful in Native American communities are not well known or adequately studied. Drawing on a capital asset framework and the governance hypothesis advanced by Cornell and Kalt, the authors analyze how six Pacific Northwest tribes applied Northwest Economic Adjustment Initiative funds to diverse projects, which strategies were successful, and why. The data presented show that culturally congruent, community-based projects that meet multiple tribal goals are particularly successful. The authors discuss the necessity of investing in tribal cultural, institutional, and social capital, the value of efficient tribal bureaucracy that maximizes the benefits of sovereignty, the particular importance of building outside entities' understanding of tribal legal and cultural differences, and how the initiative interfaced with existing tribal structures. They offer lessons learned for tribal economic and community development.

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Economic development is more than “jobs and income”¹—it includes activities that lead to and sustain competitiveness (Malizia & Feser, 1999); foster broad “structural and institutional change,” according to Beauregard (cited in Reese & Fasenfest, 1997); and increase long-term stability, local control over markets, and economic and political empowerment (Kindleberger & Herrick, 1977). Economic development in Indian country in the Pacific Northwest is both challenged and encouraged by isolation, natural assets, and tribal sovereignty. Between 1994 and 2000, the Northwest Economic Adjustment Initiative (NEAI), a large-scale federal economic development intervention, provided funds to communities throughout the Pacific Northwest to offset the impacts of a declining timber industry, without differentiating between Native and non-Native, or “Anglo,” communities. In this article, we explore the impact of those NEAI funds on six tribes, with attention to capacity building and Native economic, political, and cultural contexts. We analyze what strategies worked best for these tribes, why they worked well, and what might have been done better. We begin with a note on defining economic success and discuss the intervention and context of its implementation, with examples from diverse projects.

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In this article, we explore the impact of . . . NEAI [Northwest Economic Adjustment Initiative] funds on six tribes, with attention to capacity building and Native economic, political, and cultural contexts. We analyze what strategies worked best for these tribes, why they worked well, and what might have been done better.

DEFINING SUCCESS

Evaluating the success of economic development efforts is at least partially a subjective process, dependent on the evaluator's political position, cultural orientation, theoretical frame, mind-set (Trosper, 1992), and values. Reese and Fassenfest (1997) argue that what the evaluator chooses to list as an outcome of an economic development intervention is based on the evaluator's valuation of outcomes (pp. 282-283). For example, businesses employing large numbers of people may not be the biggest measure of success in a context where longer term stability is achieved with numerous, networked microenterprises. As noted by Hoopa Valley Tribe Self-Governance Coordinator Daniel Jordan (personal communication, January 26, 2006),² multiple small businesses engage numerous small business owners in the skills of business management, building overall community capacity.

Differentiating economic development on reservations from mainstream economic development, Trosper (1992) describes how organizational values and cognitive structures vary across cultures and groups, producing variation in how people plan and implement economic development. The standard economic development (or growth) models are based on specific values and may not be successful across sociocultural contexts. Jordan (personal communication, January 26, 2006) emphasizes strategies that build on tribal members' skills, capital,³ and cultural values. The Hoopa Valley Tribe has developed business codes that provide a regulatory framework for reservation-based businesses based on local opportunities, constraints, and resources. As such, success is defined by using a "community standard," or "what people are used to now."

NEAI: SOCIAL AND INSTITUTIONAL CONTEXT

In 1993, when President Clinton created the Northwest Forest Plan to address the court injunctions halting forest management, he also initiated a \$1.2 billion economic development companion plan—the NEAI. The goals of the NEAI included assisting timber workers in transition, diversifying timber-based economies, and rebuilding and enhancing communities. The NEAI brought representatives from diverse agencies (including the U.S. Department of Agriculture–Rural Development [USDA-RD], the Economic Development Administration, and the Forest Service Rural Communities Assistance Program) together with state economic development agencies to create state community economic revitalization teams (SCERTs).

Proposals typically came to SCERT members after they had been through at least one lower tier of evaluation at the county or subregional level. Representatives from county and regional institutions met in county or subregional community economic revitalization teams (CERTs) to discuss proposals. Selected proposals were sent to SCERTs where state and federal agency representatives conducted the final review and recommended funding. Proposals not forwarded from county or subregional levels were remanded to applicants for improvement and resubmittal.⁴ This organizational system coordinated agency efforts, focused county and state attention on rebuilding rural economies, and allowed community needs to drive the program. The NEAI pumped \$1.2 billion into diverse infrastructure and capacity-building projects throughout the rural Pacific Northwest. This article focuses on NEAI projects with six tribal communities: Makah, Skokomish, and Omak, Washington; Warm Springs, Oregon; and Hoopa and Happy Camp, California.

There were a total of 7 tribes in Oregon, 26 in Washington, and 30 in California that were eligible for NEAI funds. A challenge for tribes was the NEAI's lack of differentiation between tribes, as sovereign nations with conditions of economic underdevelopment that predated the Northwest Forest Plan and Anglo communities. For tribes, the standard NEAI procedure of submitting a proposal to a county or subregional entity was inappropriate. In the case of the Confederated Tribes of Warm Springs, the tribe submitted projects directly to the SCERT for review. The efforts of the Hupa in California and the Makah in Washington created tribal economic development planning positions, making the NEAI process more appropriate and accessible for tribes.

Although most tribes already had existing relationships with federal agencies, many chose to participate in the CERT process and to submit proposals to the SCERT along with nontribal applicants. They did so because the CERTs brought agencies together in a unique and streamlined way and focused energy on the Pacific Northwest. Instead of agencies independently soliciting proposals and funding projects, they often collaborated to leverage project funds. For rural, resource-based communities (tribal and otherwise), the NEAI was an opportunity to move projects through; engage in colearning with other communities, agencies, and funders; help outside entities improve their understanding of tribal sovereignty and tribal goals; and improve relations among tribes, counties, and states. Tribes were also able to reestablish linkages with agencies with which they had lost regular contact—just by attending one of the CERT meetings, where multiple agency representatives would be present. Alliances with tribes became increasingly attractive to nontribal applicants once they realized that tribes were not directly competing with them for funds and that tribes could access additional funds earmarked for tribes.

As sovereign entities with their own governments, tribes were often much more organized than community groups seeking funding. However, tribes also faced some of the direst conditions of economic underdevelopment in the region: Persistently high unemployment, few job opportunities, and limited financial resources were the norm on tribal lands, the fruit of more than a century of discrimination and destructive federal policies.⁵ Many analysts take an ahistorical approach,⁶ dismissing the impacts of these policies, which directly led to current depressed reservation economies. Although the downturn in the timber industry and the impact of the Forest Plan were direct blows for many rural communities, the effect on tribal communities varied with their amount of private landholdings and their reliance on federal timber supplies and labor contracts with the Forest Service. Lumping tribes together with the largely Anglo rural communities for NEAI economic development assistance ignored important historic and contemporary differences in history, governance, and economic development needs.

LENS OF ANALYSIS

We draw on two perspectives to highlight different and essential aspects of economic and community development. Bringing the two frames together allows for a synthetic and innovative way of examining the cases in our study.

We used the capitals framework to analyze the 34 communities (31 case studies) in the initial NEAI study. Building community capacity—the collective ability of residents to respond to external and internal stresses, create and utilize opportunities, and meet local needs (Baker & Kusel, 2003; Kusel, 2001)—has six dimensions:⁷ (a) physical capital, which consists of infrastructure, buildings, and facilities; (b) financial capital, or access to money, credit, and other financial resources; (c) natural capital, the extant natural resources; (d) human capital, the skills, education, experiences, and abilities of residents; (e) cultural capital, or the beliefs and norms that organize groups and facilitate survival; and (f) social capital, which is the willingness to work together toward community goals.

The capitals framework is used to understand the process of capacity building, that is, determining a community's needs and strengths and developing ways of using the strengths to meet the needs (Smith, Littlejohns, & Thompson, 2001). In the capacity-building model, the government and economic developers become facilitators, providing opportunities for communities to build and invest in each of the six capitals. This places a community in an advantageous position to leverage and build on economic development opportunities.

The directors of the national American Indian Economic Development Project advance an institutional nation-building framework for Native American economic development. According to Cornell and Kalt (1992, 1995, 1998), economic development cannot be achieved without strong governance institutions that create and sustain the “rules of the game.” An effective tribal governance structure is marked by (a) institutions that are reflective of and congruent with cultural norms; (b) the formal separation of powers, including an independent judicial system and effective

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conflict resolution systems; (c) tribal control and sovereignty; and (d) institutions with power and “teeth” to enforce agreed-on rules.

Noting Trosper’s (1992) work, however, we see that objectives such as “formal separation of powers” may be based on Western organizational values. To make these objectives applicable to tribal communities, tribes will have to delve into their own traditions to see what endogenous practices meet these objectives (Cornell & Kalt, 1992, 1995). A tribal government that is culturally grounded and has the support of tribal members can create a secure environment for economic development. In keeping with Trosper’s assertions, Cornell and Kalt (1995) emphasize that economic development goals must be defined by the tribe in accordance with tribal economic, cultural, and social aspirations. Cornell and Kalt (1998) outline a list of factors that allow tribes to reach economic development goals, such as (a) capitalizing on existing market opportunities and human or natural resources, (b) maintaining tribal control, (c) creating a safe political environment for investors, (d) creating business codes that streamline decisions and form a base for progress, (e) creating record-keeping systems and personnel codes, and (f) creating institutions for conflict resolution.

It could be argued that this framework mirrors the structure recommended by the Indian Reorganization Act, by which tribes were required to mimic the American governmental system to establish their own governments. Meeting the above objectives may create incongruities between tribal values and Western organizational structures. However, Cornell and Kalt (1992, 1995) also emphasize the importance of modeling tribal governments after traditional, tribe-specific modes of organization.

Mirroring the distinctions between economic development and economic growth presented by Reese and Fassenfest (1997), Malizia and Feser (1999), and others, Cornell and Kalt (1992, 1998) emphasize that economic development is a broad, deep, and holistic set of strategies and that tribes that emphasize a narrow “jobs and income” focus and try to “pick winners,” or projects that seem most likely to succeed, will not be successful. This is evident in our research, as is the importance of building community capacity.

TRIBAL INVESTMENTS

The NEAI utilized multiple approaches to tribal community and economic development. We highlight examples from six types of projects to illustrate this diversity.

Natural Resource Enterprises

This section focuses on the “natural resources” businesses—the mills, marinas, nurseries, and nontimber forest products projects that communities established to fill the void left by a declining timber industry. Tribes and rural Anglo communities faced similar decreases in natural resource employment, but under different conditions. Because tribal lands were under tribal jurisdiction, some tribes continued to harvest timber at levels that preceded the Northwest Forest Plan (i.e., Warm Springs and Hoopa), even when mills in the counties and communities around them were closing because they could not access federal timber. Changes were occurring in jurisdiction over tribal lands as the Bureau of Indian Affairs (BIA) transferred management authority over timber and other resources to tribes under the Indian Self-Determination and Education Assistance Act of 1975.⁸ This gave tribes greater control over their land bases and the ability to develop long-term management plans that met multiple cultural, economic, social, and ecological goals. When the price of timber began to fall because of cheaper international imports, tribes also felt the squeeze on their natural resource industries. The decline in harvests on surrounding federal land also left Native contractors with fewer jobs in terms of tree felling, reforestation, and other harvest-related employment. The link to resource-related employment remained strong, however, and many of the NEAI-funded tribal projects focused on rebuilding the natural resource sector.

In Happy Camp, California, in 1996, the Karuk Tribe received \$140,000 from USDA-RD and the BIA to fund Tribal Design Works, a rustic furniture business. Additional funding came from the Forest Service and the First Nations Development Institute. When the business opened in 1998, it employed five people and a marketing representative, but by 1999, only one person was needed to fill orders. Tribal Design Works closed when grant funding was depleted. Tribal members cited a host of factors for this closure, such as limited business management experience and training, unsuccessful marketing (perhaps because of a focus on product development at the expense of product marketing), overreliance on grant funds, and lack of technical assistance.

Although early research showed a market for rustic furniture, not enough, if any, potential wholesalers made commitments, nor were enough markets established to sustain the business. Particularly in a context of declining wood product values, it is difficult to make products from low-value forest products (e.g., slash and small-diameter timber) pay for the cost of their removal. Nonetheless, utilization of biomass for economic development remains a hot topic in the rural West. According to Karuk Community Development Corporation (KCDC) Director Ben Riggan, the lasting benefits of this funding were infrastructure and tools for furniture construction (personal communication, January 22, 2006). The KCDC may yet resurrect Tribal Design Works. In 2005, they applied to the Siskiyou Resource Advisory Committee for \$180,000 to build prototype model homes using waste, small-diameter material.⁹ If successful, the homes may include companion small-diameter furniture and accessories.

Several of the projects proposed by the Makah Tribe of northwestern Washington were related to the construction and development of a large marina despite the declining fishing economy. The size of the Makah fishing fleet and a diversified set of economic development strategies associated with the marina, including aquaculture, a shellfish cooperative, and tourist fishing, all of which appeal to different markets, made the venture feasible. There was strong community support for the marina: It had been in the planning stages for nearly three decades, and fishing remains a culturally important Makah subsistence strategy. Using the capitals framework, this project emphasizes physical capital but builds on and strengthens tribal social and cultural capital. Applying Cornell and Kalt's nation-building framework highlights the importance of the Makah Tribal Council (MTC) in building the base for this project's success. As of 2006, the marina remains a "huge improvement," as it provides a "home" for the Makah fleet, leaseable spaces for nontribal boats, a base for tourist fishing, and space for the Olympic Coast National Marine Sanctuary Visitors Center. According to Bob Buckingham, Director of the Port of Neah Bay (personal communication, January 25, 2006), the NEAI "helped pull funding from a lot of different sources" and enabled the construction of the protective breakwater and the marina itself.

In 1997, the Hoopa Office of Research and Development received \$58,000 from the Forest Service to develop a wildlife guide for reservation-based ecotourism. The grant was also a job opportunity for four Hupa interns who were to be trained in the guide's production. However, the guide was hampered by low community support including resistance to ecotourism. The consultant contracted to produce the guide incorrectly emphasized animals that are important in Hupa cosmology and not to be sought out by visitors. The project's lack of success exemplifies the importance of cultural congruence in economic development.

Although Porter's (1997) focus is the inner city and ours is the rural Pacific Northwest, his recommendations mirror ours for these projects. In both urban and rural contexts, the main source of income (manufacturing in the city and woods work in the rural areas) has disappeared. As we encourage building community capacity through fostering existing capitals, Porter similarly calls for long-term strategies acknowledging that the industrial economy cannot be recreated, lists potential strengths that can be maximized, and notes the importance of detailed marketing studies to identify the most promising strategies.

Restoration Projects

Restoration projects through the Jobs in the Woods (JITW) program were generally successful among the tribes in our study. The program provided training for displaced timber workers

in ecological restoration, and trainees were pleased with the opportunity to maintain a woods work lifestyle. However, JITW projects in Anglo communities suffered from the inability of federal agencies (i.e., the Forest Service) to offer work opportunities following training. In tribal communities, tribal governments were the land managers and could often provide follow-up work for trainees. On the Skokomish reservation in Washington, the JITW program resulted in tribal employees' still working in restoration today.

However, even efficient and successful restoration training projects still required intensive capital inputs. On the Hoopa reservation, the restoration of Mill and Bull Creeks was funded by \$300,000 from the BIA. This project provided paid training to heavy equipment operators in removing sediment from creeks and establishing monitoring stations. Using existing data collected by Pacific Watershed Associates for the Hoopa Tribe's Restoration Environmental Assessment, the tribal forestry department showed substantial monetary savings from the reduction in downstream sediment because of the restoration. This is the kind of information that will eventually help restoration pay for itself.

In each of our six case studies, tribes reaped multiple benefits from JITW restoration projects. Natural, social, cultural, and human capitals were increased as the tribal land base was improved, members received job training, and the work was reportedly enjoyable and culturally congruent. Tribal governments exercised effective and beneficial management of natural resources, and the JITW funding and projects allowed tribal natural resource departments to expand. On the Skokomish reservation, JITW restoration projects brought back rare native oysters and sweetgrass, a basketry material. As one Skokomish tribal staff person said, "It was a complete restoration. We were honored in the longhouse. It was close to heart for people" (Kusel et al., 2002).

Macro Infrastructure

Neoclassical economic development models emphasize physical infrastructure projects that lay the groundwork for future development. The sheer scale of the effort and funding involved often gives community members high hopes for job opportunities. For the tribes in our study, physical infrastructure is just one ingredient in a complex of factors, including multiparty collaboration and market opportunities, that lead to successful economic development. A sample of tribal infrastructure projects follows.

In 1996, the Confederated Tribes of Warm Springs received \$200,000 from the Forest Service to automate their water treatment facility and modernize their wastewater treatment facility. Although this project resulted in a very small increase in jobs (1.5%), it enabled the tribe to come into compliance with federal and tribal drinking water standards, reduced overall operating costs, and helped to build a relationship with the Oregon Health Program and, indirectly, the Oregon Department of Environmental Quality. Although the tribe does not have to legally comply with state standards for water treatment,¹⁰ by meeting state standards, the Warm Springs tribe improved its relationship with state government, and workers trained on reservation-based water treatment projects are now certified to work elsewhere in the state. As such, this project contributed to both people-based and place-based economic development. As of 2006, the tribal economic development director noted that the project had enabled business expansion, thereby providing a foundation for other economic and community development ventures.

In 1998, the Hoopa Valley Tribe received \$45,000 from the Forest Service to retool the Tsemata Nursery for drying and processing herbs in response to a request from an herbal processing business (High Mountain Herbs). According to the Tsemata Nursery manager, the nursery had actually requested \$80,772 in hopes of getting funding for a three-phase project that would include creating the product, education and outreach, and marketing (personal communication, March 20, 2006). When the link was made with High Mountain Herbs and a market seemed to be assured, the marketing component of the grant was not funded. However, because of internal conflicts and fluctuations in the international herb market that reduced the buyer's economic viability, High Mountain Herbs was forced to withdraw from the project, leaving the nursery without a committed buyer. The responsibility to market the herbs (with no specific

funding for marketing) then fell on the manager, who was also overseeing other projects. As imported herbs became less expensive than domestic herbs, the nursery was unable to market the herbs. Although the factors that caused the herb market to change were beyond their control, the lack of complete funding and overreliance on High Mountain Herbs contributed to this project's lack of success. The funding received did provide the nursery with infrastructure, which is presently being used to dry native grass seed for sale to the Forest Service. The nursery continues to explore the viability of entering the herb market.

In 1996, the Skokomish Tribe received a planning grant for \$23,000 for the development of a retail corridor along Highway 101. The tribe did a feasibility study of a four-phase business development plan along the highway. One phase was the development of stalls for tribal artisans to vend their products. In 1998, the tribe received \$124,000 from the USDA-RD Rural Business Enterprise Grants program to purchase and remodel a farm market building, creating a place for tribal members to sell artwork and foods. Although some tribal members questioned the enterprise's profitability and job-creation potential, the tribe went ahead with business development, and the farm market opened 3 days per week, funded by grants as employees received training in business management. Although the goal was for the farm market to become self-sufficient and to be run by a tribal manager within 3 years, the business foundered and closed. The tribe attempted to lease the building but was unsuccessful, and it sat empty for 2 years. The tribe continues to acquire and develop properties along the Highway 101 corridor and recently received permission from the Forest Service and the U.S. Department of Agriculture (which funded the farm market) to expand its successful casino to include the farm market building. In keeping with a requirement that federally funded facilities are not to be used for gaming enterprises, the casino will include an area the size of the farm market without gaming machines.

The Makah tribe in Neah Bay, Washington, brokered the largest physical infrastructure project of all of the tribes in our study. The Makah marina obtained \$5.35 million from the Army Corps of Engineers, USDA-RD, and the Forest Service for marina construction. An additional \$1.7 million from the Economic Development Administration, the USDA-RD, and the Forest Service supported related land-based development. The Forest Service also contributed \$72,000 for developing marina facilities and the nearby downtown, and untracked sources provided \$119,000 for aquaculture and \$660,000 for buildings and marina administration.¹¹

The MTC had been planning the marina for more than a decade before the NEAI was created. Once NEAI funds became available, the MTC inserted itself into the Washington State CERT process and hosted summits in Neah Bay to discuss projects and to mobilize support for the marina. Although the marina was a potentially risky venture, its saving grace was that it served multiple distinct, yet overlapping, economic development goals and catered to several markets, including (a) water-based tourism (including an established and growing market for sport fishing), (b) land-based tourism (focused on the downtown area around the marina), (c) industrial fishing (the new marina provided a stable home for the Makah fleet), (d) local industry (the developing aquaculture project had willing buyers and a market, and (e) subsistence fishing (a culturally and economically important activity for the Makah).

Business Support Services

Changes in economic development practice are typically characterized in three waves. The first is industrial recruitment or "smokestack chasing," the second focuses on fostering local firms, and the third works to overcome the limited scale and scope of focusing on local firms (Eisinger, 1995). Business support services are located somewhere between the second and third waves, as they attempt to go beyond the local by building the human capital necessary to both create and attract increased economic opportunity.

Although business support services are a documented demand-side approach to local economic development, Malizia and Feser (1999) note the challenges facing small businesses' entrepreneurship efforts—most new firms fail, and most firms are so small they do not create new jobs. Entrepreneurial investments remain a risk but often represent progress toward long-term

economic development aims. On reservations, efforts that empower local residents economically can have broad positive social effects. In an effort to support long-term, on-reservation economic development, most of the tribes in our study either invested in, or utilized and benefited from, business support services. These nonprofit entities provided business counseling, training, and seminars to help would-be tribal entrepreneurs. Ultimately, most of the centers were unable to encourage local business development and could not pay for themselves. Lessons learned from the centers may help improve their effectiveness for rural Native business clients.

The Business Enterprise Development Center and the Tribal Business Information Center in Happy Camp, California, were supported by funds totaling \$365,000 obtained through the KCDC between 1996 and 2000. Together, the centers provided entrepreneurship and business management training, technical assistance, a business information library, and access to computers and business software. By late 2001, 30 jobs had been created or retained as a result of the centers' services, and two local entrepreneurs received NEAI funds. However, neither of these entrepreneurs provided jobs for other residents. The Happy Camp Centers were confounded by declining population, low demand for services, and relative isolation, making it difficult for other tribes to access the regional Tribal Business Information Center. According to KCDC Director Ben Riggan, Happy Camp lost most of its jobs and population when the timber industry declined (personal communication, January 22, 2006). Although the Business Enterprise Development Center still provides job training, offers computer services, and hosts college classes, the KCDC is challenged to retain youth and trained individuals in Happy Camp.

Similar to the Hoopa Business Support Center, the Happy Camp Centers provide valuable services, but at the time they were formed, there were not enough other supportive conditions to foster business development. As with the JITW projects, there were few jobs for graduates once training was complete.

Loan Programs

One successful NEAI strategy was the provision of loan dollars to a regranting institution, which then provided secondary loans to community members. Secondary loans are typically small and can provide necessary capital for emerging businesses. Large funding agencies are often more comfortable loaning to trusted regranting institutions, and community members may have more incentive to repay a local institution. Microenterprise has been celebrated internationally as a way to build the capital of low-income individuals, build on existing capacities, and empower people to economic self-sufficiency. In American Indian communities, bank loans have historically been difficult to access because of low credit ratings and redlining. Revolving loan programs may represent one of the few chances for tribal members to obtain loan dollars.

Microenterprise programs have been criticized both for providing brief opportunities but not addressing systemic problems and, if they provide training and other services, for doing social welfare interventions, which are seen as individualistic and not supportive of economic development (Servon, 1997). The microenterprise effort on the Hoopa reservation, coupled with business codes that foster tribal business development, attempted to address systemic economic development issues in addition to helping individuals develop entrepreneurial capacity.

In 1998, the Hoopa Valley Tribal Loan Department received \$105,000 from USDA-RD to administer a revolving loan fund. The tribal loan officer advertised the loans through public meetings, and all reservation residents, including nontribal members, were eligible to apply. Of the approximately 30 loans that were made, most of them were for \$2,000 or less and went to tribal members. Loan recipients started or expanded businesses, made repairs, and bought equipment. The repayment rate was close to 100%. This is attributed to the small community in which most people know each other and maintaining honor is important and to the council's threat to reduce tribal dividends to those individuals who did not repay their loans (a power that was never exercised).

Cultural Programs

Some of the projects funded through the NEAI specifically and uniquely focused on strengthening tribal culture, thereby building local cultural and social capital. In 1998, the Forest Service granted \$30,000 to the Hoopa Office of Research and Development and the Language, Culture, and Education Program for “Collecting, Preserving, and Sharing Our Past.” Participants catalogued existing tapes, made new recordings of elders to preserve oral history, wrote an educational publication on oral history that was used in Hoopa elementary school curriculum, and created a summer program attended by 30 girls each year. Participants were mostly women and girls, and the project emphasized sharing histories, stories, and values across generations.

LESSONS FOR SUSTAINABLE ECONOMIC DEVELOPMENT

The governance and capitals frameworks support one another and offer a helpful format for conceptualizing lessons learned from projects in each of the six categories listed above across the six Native communities in our study. The governance framework enriches the capitals framework with a specific focus on strengthening tribal government based on cultural, social, and human capitals. Building on the assets presented by the remaining capitals—natural, physical, and economic—fosters community capacity, which we define here as a goal of sustainable economic development.

We have discussed several ways tribes are distinct from Anglo communities, although the organization and implementation of the NEAI did not structurally recognize these differences. Tribal sovereignty underlies the government-to-government relationship between federally recognized tribes and the federal government. As such, tribes bypass county and state jurisdiction to deal directly with federal agencies,¹² creating another layer of interaction in multileveled interventions such as the NEAI.

The capitals lens allowed us to look both internally at the dimensions of capacity and externally at the aspects of engaging in place-based collaboration. Within the context of the NEAI, it was clear that, although tribes had their own institutions, they were also part of an institutional matrix. Successful economic development is not only about focusing internally but also externally, and our cases show that engagement with other institutions was helpful for tribal economic development. Although we are not saying that sovereign tribes must engage with outside institutions, choosing not to may ignore important leveraging and learning opportunities. Flora, Flora, and Fey (2004) do not specifically address tribes, but their argument that “linkages,” particularly to “outside sources of information,” are key for community development is applicable here (p. 350).

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SOVEREIGNTY

Sovereignty is a valuable tool for tribal economic development once institutions are in place. Hoopa Self-Governance Coordinator Jordan (personal communication, 2006) noted the challenges posed by initiating economic development with no codes, agreements, or guidelines to structure the manufacture, marketing, standardization, and sale of products. In *What Can Tribes Do? Strategies and Institutions in American Indian Economic Development*, Cornell and Kalt (1992) write of the importance of sovereignty in terms of holding tribes accountable for their losses and gains, whereas other entities that could be in charge of tribal programs (e.g., the BIA) have less to lose or gain if something goes wrong, giving them little incentive to improve processes (p. 13). Cornell and Kalt remind tribes that sovereignty “offers distinct legal and economic market opportunities. . . . [It] is one of the primary development resources tribes now have” (pp. 15-16).

As tribal councils work to oversee economic development, manage social services and education, guide natural resource management, and perform all functions of a sovereign nation,

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council members must fill multiple roles. Many councils already possess substantial human capital, and focused training in economic development and other areas of tribal administration would only enhance these existing skills. Several programs exist in the greater West to assist current and future tribal leaders.¹³ Training in successful tribal governance, including financial planning, is particularly important for Native youth, who will move into tribal management positions in the future.

As small, often isolated, governments, tribes are also challenged to find an economic development model that works within their context. According to Jordan, on the “outside”—beyond reservation boundaries—the economy is composed of the three-legged stool of private, public, and nonprofit sectors. Within reservations, tribal governments often dominate the economy and generate the majority of employment:

That flexibility you find in the private sector—expanding and contracting—doesn’t always happen with government. The tribes are trying to run on a one-legged stool because the government owns business and nonprofits. Having one leg of the stool [tribal government] working for the local economy cannot achieve the sustained goal of reducing or eliminating high unemployment levels in Indian communities. With the codes, we accept that we need a private sector, and we’ve created a mechanism for the profit and nonprofit legs to exist. (personal communication, January 26, 2006)

Although the Hoopa tribe agreed to allow private business on the reservation, they also mandated that any business created on the reservation has to be incorporated by a tribal member. Since the codes were completed in 1998, Jordan says he has issued more than 70 profit and nonprofit business licenses, and microenterprises have generated more than \$5 million. Both profit and nonprofit corporations provide on-reservation employment alternatives, enabling talented individuals to find work locally and stay in the area.

SUPPORTING ON-RESERVATION BUSINESS DEVELOPMENT

The challenges facing on-reservation microbusiness owners include developing human capital to improve marketing and management abilities, increasing the accessibility of investors, and expanding physical infrastructure. Business support services can play a valuable role in building the business skills of small-scale entrepreneurs, but, as we saw, business support services cannot function in a vacuum, preparing people for opportunities that do not yet exist. To reach untapped markets, training should proceed alongside developing business codes, building financial capital, and networking enterprises.

In terms of increasing financial capital, the Hoopa microloan program provides a good example of serving individual and tribal economic development goals while building on social, cultural, and existing physical and natural capitals to be successful. The loan amounts offered to Hupa tribal members were actually lower than minimums set by USDA-RD, and the success of this program may influence the agency to reduce its minimum loan rates. However, the loan program does not operate in a vacuum either, and administrator Joyce Johnson (personal communication, January 26, 2006) notes that space is a key problem for loan recipients today—there are just not enough facilities to house emerging reservation businesses.

Once physical capital is in place (e.g., with the Makah Marina, the Warm Springs Treatment Plant, or the Skokomish Farm Market building), tribal members must continue to build the other capitals to maximize the opportunities provided by the new infrastructure. The marina project was effective in creating jobs and stabilizing existing businesses because effective tribal governance created an environment that fostered collaboration and, ultimately, project success, and the project drew on natural, social, and cultural capitals to leverage financial capital and build physical capital.

Strategies that foster each of the capitals must be simultaneously pursued to build a community’s capacity for economic development. Particularly on isolated tribal lands, businesses or infrastructure investments that provide locally consumed products and services and services for

outsiders may be more successful and garner more support than those solely serving visitors. For this reason, tourism, notably, ecotourism, remains a tricky proposition on tribal lands.

ECOTOURISM: PARTICULAR CHALLENGES FACE THIS ON-RESERVATION BUSINESS STRATEGY

Tribal lands are an unmarked patchwork of sites designated for family and individual stewardship. Ecotourism raises the concern of bringing tourists onto lands that have long existed in a complex balance of shared resources between different groups of tribal members. Because tourism has been defined as “the chance to go and see what has been made trite,” tourism in tribal homelands becomes particularly sensitive. If not carefully molded to fit the “community standard,” ecotourism on reservations can be “like mixing oil and water,” according to Jordan (personal communication, January 26, 2006). As with the Hoopa Watchable Wildlife Guide, opposition to projects must be identified and addressed before funding is sought. When community members do agree to pursue tourism, a cluster strategy similar to what the Skokomish are developing along Highway 101 (Porter, 2000) may provide a good model. Having multiple attractions in one area increases visitation and economic activity and concentrates tourism in a single location.

BUILDING A BASE: “STARTING WITH WHO WE ARE”

As the Hoopa Collecting, Preserving, and Sharing our Past project shows, sometimes economic development takes surprising forms. Investment in community and institutional capacity helps reach the long-term goal of restoring tribal well-being, which includes tribal economies. The Collecting, Preserving, and Sharing Our Past project on the Hoopa reservation resulted in few jobs, and the outcomes stayed in the community; however, the project built cultural and social capital, empowered community residents, and connected people around meaningful work. According to one of the project’s leaders, “Getting people involved increases their sense of self-worth and self-identity. These projects have a greater impact than just jobs—they build self-esteem” (personal communication, January 26, 2006).

Projects such as this build community cohesion and the individual and collective self-esteem necessary for economic development. Cornell and Kalt (1998) list three ingredients for forming strong institutions:

- Cultural homogeneity (tribal members share a common culture and values that translate into a system of laws and government)
- Tribal sovereignty (control over institutions)
- Institutional teeth (the ability to enforce laws and get things done)

More programs that build on and increase cultural and social capacity to leverage economic opportunity are needed. We applaud the willingness of the agencies and CERTs within the NEAI structure to fund such efforts.

Literature on culturally specific economic development (e.g., see Bates, 1997) underscores the need to tailor economic development investments to community needs built on culture, historical factors, and social norms. Bates (1997) explicitly addresses ethnic differences in economic development through culturally comparative analysis. Without this type of work, economic development interventions continue to ignore the social, cultural, and political differences among populations being served. Projects such as Collecting, Preserving, and Sharing our Past, which are not necessarily replicable or relevant in an Anglo context, represent a vital opportunity for tribal members to build and retain the shared cultural values that form the base for successful institutions and economic development. These projects help to leverage social and cultural capitals against the odds of economic development on tribal lands.

Our data from the NEAI’s impact on these six Pacific Northwest tribal communities show that culturally congruent, community-based projects that met multiple tribal goals were particularly

successful; that it is necessary to invest in tribal cultural, institutional, and social capital; that an efficient tribal bureaucracy can maximize the benefits of sovereignty; and that it is particularly important to build outside (local, regional, state, national) entities' understanding of tribal legal and cultural contexts. The NEAI might have worked better for tribes if there had been a specific tribal economic development strategy integrated into the initiative.

CHALLENGES: TRUST AND COLLABORATION

In several of the communities we studied, including Omak and Skokomish, Washington, and Happy Camp, California, there was a legacy of mistrust between tribal entities and the neighboring Anglo communities and counties. Only during the later years of the NEAI did tribes and surrounding communities begin to see themselves as necessary partners for economic development, based on shared natural, economic, and financial resources because of their proximity and similar economic problems. Once initial steps were made (e.g., KCDC staff's attending and contributing to Happy Camp Action Committee meetings) and both sides realized they had something to gain, collaborative efforts could cautiously proceed.

Although engaging in the CERT process took time and energy for tribes and was an avenue different from directly accessing federal agencies, as befits sovereign governments, it was valuable in terms of building coalitions, raising the profile of tribal issues, and moving projects. The Makah marina, for example, may not have come together as quickly if the Makah had not participated in the Washington CERT. And the Makah were very active participants—they hosted Washington State CERT meetings, held tribal economic summits, and convened separate meetings with entities that they needed to work with most closely.

CONCLUSION

To determine whether the NEAI investments were successful for tribes and what types of economic development strategies are and are not most efficient, monitoring, feedback, and retrospective review activities are necessary. A combination of the capitals approach and the governance approach offers a useful framework to evaluate projects by assessing the project in terms of the six capitals to determine what, if any, community capacity is being developed and paying particular attention to the development and function of sovereign tribal governments. Whatever the monitoring method, given the time lag between project implementation and production of benefits, projects need to be tracked for multiple years, and data must be returned to tribal councils to allow them to improve current and future work.

With funding from the Intertribal Timber Council, this article extends Forest Community Research's assessment (Kusel et al., 2002) of the NEAI to focus on tribal communities and the specific lessons learned for tribal entities from NEAI investments.¹⁴ We hope that this article will catalyze conversations and actions within and between tribal entities and within the diverse partnerships built among tribes and agencies, communities, and counties during the NEAI years.

Although the NEAI funding has come to an end, tribes continue to access funds targeted toward both place- and people-based economic development through specific relationships with federal agencies and to maintain ongoing efforts for economic development that also benefit surrounding rural communities. We hope that this study builds on lessons learned from the past, helps to catalyze new approaches and monitoring efforts for adaptive development, and provides a useful set of tools with which to conceptualize future economic development efforts on tribal lands.

NOTES

1. In contrast to economic development, economic growth is seen as a narrower set of strategies focused primarily on short-term gains, such as numbers of jobs (not necessarily job quality) and income levels.

2. *Hoopa* refers to the name of the place (the Hoopa Valley of northwestern California), whereas *Hupa* refers to the name of the people.
3. We differentiate among six types of capital that contribute overall to community capacity and define *capitals* as *assets* that can be reinvested.
4. The regional community economic revitalization team is a supra-community economic revitalization team, above the state community economic revitalization teams.
5. In addition to the debilitating impacts of targeted warfare and then forced assimilation, in part through Indian boarding schools, several policies had widespread and ongoing effects on Indian lands and communities. These include the Homestead Act (1862), the Dawes, or Allotment, Act (1886), and House Concurrent Resolution 108 (1953).
6. See Trosper (1992) for examples.
7. Flora, Flora, and Fey (2004) also propose “political capital,” defined as “the ability of a group to influence the distribution of resources within a social unit, including helping set the agenda for what resources are available and who is eligible to receive them. Political capital includes organizations, connections, voice, and power” (p. 10). We have chosen to retain Kusel’s (2001) conception of the capitals framework and to view political capital as a second-order capital formed through a combination of social, cultural, and human capitals.
8. The Indian Self-Determination and Education Assistance Act (1975) authorized the Secretary of the Interior and the Secretary of Health and Human Services to contract with Indian tribes and other Indian organizations to provide federal services.
9. The Siskiyou Resource Advisory Committee was established through federal legislation (the Secure Rural Schools and Community Self-Determination Act, 2000) and makes recommendations to the Forest Service about funding projects that improve federal forest resources and community employment. See Kusel et al. (2006) for an in-depth assessment of the Secure Rural Schools and Community Self-Determination Act, including a case study focused on the Siskiyou Committee.
10. The Clean Water Act (1987) amendments mandate that the Environmental Protection Agency treat tribes as states for most purposes and programs of the act. See, for example, Royster and Blumm (2002, p. 228) for more information.
11. These are funding sources that we were unable to identify through our databases and case study research in the initial assessment (Kusel et al., 2002).
12. For example, in P.L. 280, 67 Stat. 588, Congress gave five (later six) states (including California and Oregon, except the Warm Springs Reservation) broad civil and criminal jurisdiction over Indian tribes.
13. These include the master of public administration with a tribal government concentration offered at Evergreen State College in Olympia, Washington; the Institute for Tribal Government at Portland State University in Portland, Oregon; the Native Nations Institute at the University of Arizona in Tucson; the AAS degree in tribal governance offered at San Juan College in Farmington, New Mexico; and the services available to tribal governments from the Oklahoma City University School of Law.
14. Now the Sierra Institute for Community and Environment.

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