

Foreword

In many ways, this book has been inspired by the work of Hernando de Soto. In *The Other Path* (1989) and *The Mystery of Capital* (2000), he showed the importance of individual property rights in the Third World. The absence of well-defined and enforceable rights to land not only jeopardizes the security of ordinary people in their homes, farms, and businesses, but it also deprives them of investment capital by which they could improve their lives.

Similar observations can be made about the native people of North America. Their reserve lands and reservations are encumbered with a complicated variety of collective and suboptimal individual property rights that often get in the way of productivity and investment. Their efforts at entrepreneurship have to run a gauntlet of administrative and regulatory authorities. And, perhaps worst of all, their rich history of entrepreneurship has been revised to fit a view that individual property rights are alien to Native American heritage, rather than an essential part of it.

This book tries to illuminate “the other path” that Native Americans could take—the path of self-determination, individual ownership, investment in human and physical capital, and competitive achievement in the market economy. The authors in this collection argue that self-determination and sovereignty, essential as they are, will be fruitless if they only mean the transfer of political control from Washington and Ottawa to band and tribal authorities without limits on the sovereign. Self-determination must become economic as well as political.

The chapters are, more or less, ordered according to their chronological coverage of Native American property rights and sovereignty. Chapters One and Two debunk the myth that property rights were inimical to prereservation Indian economies. Chapters Two, Three, and Four emphasize the importance of customary property rights for modern policy. Chapter Five

introduces the issue of sovereignty to the mix, and Chapter Six provides empirical estimates of the importance of property rights, the rule of law, and sovereignty to economic performance on US reservations. Chapter Seven brings the focus squarely onto sovereignty and discusses the “paradox” that sovereign powers create for reservation governments. Chapter Eight shows how sovereignty plays a major role in the success or failure of gaming and how other sovereigns, especially states, compete for gaming profits. Chapter Nine provides a case-study of a Canadian tribe that has achieved real self-determination and used its sovereign status to promote diversified economic progress. Finally, Chapter Ten summarizes and draws implications regarding property rights and sovereignty for modern tribal policy.

We are honored to have Nobel Laureate Douglass North write the introduction to this volume. Without his pioneering work in institutional economics, our application of the property rights theory to the problems of Native Americans would scarcely have been possible.

As the editors of this volume, we owe a great deal to Michelle Johnson who kept us on track, communicated with the authors and the press, proof-read better than we did, and yet all the while kept her good humor. Thanks Michelle!

We are also grateful to the Donner Canadian Foundation, which funded the research and production of this volume from the beginning. Its philanthropic efforts illustrate how fortunes created under a regime of individual property and economic freedom contribute to nonmaterial values of free inquiry and open discussion.