

Introduction

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The history of Native Americans has been fundamentally colored by the perceptions—or the belief systems if you will—of the writers. This is true of all history, but is particularly so in this case. Whether written as a story of conquest, exploitation, paternalism, or greed, it deserves a better story—one that tries to comprehend the complex evolution of Native Americans from their lifestyles before the advent of European occupation, through the era of disruption that occurred in the conflict with the conquerors, to the reservation system and, finally, to the variety of efforts to confront the consequences of that system. It requires a far richer understanding of the complex nature of human cultures, and equally, of the fundamentals of economic and societal change than we have possessed.

The enormous variety of human cultures that has evolved has reflected the experiences of humans in different physical settings—experiences that crystallized into different understandings of the human condition. The beliefs that humans possess as a result are the essential determinants of the choices that humans make. Although economists have correctly understood

economics to be a theory of choice, they have neglected to understand the complex nature of the human mind and its intimate interplay with the environment that produces those choices.

Societal change is a consequence of demographic change, change in the stock of knowledge that underlies the human command over nature, and change in the institutional structure that is the underlying source of human interaction, and that therefore, defines the incentive structure of a society. Although a complete analysis would entail a theory of all three components and their interaction, no such integration exists; nor indeed, do we have complete theories of the individual components. However, in the past several decades we have made a great deal of progress on each of the components, and as a consequence, can tell a much better story than heretofore. The essays that follow do just that.

I wish to set the scene for what follows by putting the chapters in a historical context and highlighting some of the implications for a better comprehension of that overall history than we have had heretofore.

The interplay between human comprehension and the environment is most strikingly apparent when a fundamental change in the environment occurs. The introduction of the horse into the life of the plains Indians and, to a lesser degree, the introduction of the fur trade in the Hudson Bay area, were exogenous sources of change that induced alteration in many dimensions of the societies. The basic institutional structure responded to the consequent changes in relative prices. The alteration in property rights that resulted, however, can be properly understood only in the context of the overall structure of the affected societies. We need to take into account both the demographic and stock of knowledge interactions. We can then have a far richer story than we can get by a narrow focus on property rights changes alone.

Such a qualification in no way detracts from the major theme running through all the essays, which is that the institutional structure, and specifically property rights, are essential and fundamental determinants of economic and societal performance. In particular, the interplay between exogenously imposed rules and culturally derived tribal rules and norms has resulted in a fundamental but still incompletely understood aspect of societal performance. In the light of our still far-from-understood characterizations of economic development in third world countries, this is not a surprising finding, but it does illustrate the importance of this collection of essays that goes beyond its

illuminating features of Native American history and contributes to a deeper comprehension of overall economic development issues.

One other feature of this collection of essays deserves special attention. Although property rights are a necessary condition for understanding performance, they are not a sufficient condition. They must be supplemented by leadership and investment in knowledge in order for Native Americans to escape the tragic consequences of the reservation system. The introduction of casinos has received much publicity and, in some instances, has dramatically increased tribal income. However, there are a number of other proposals put forward in the essays that offer more positive long-run prospects.