

**Statement of Michael J. Anderson,
Deputy Assistant Secretary For Indian Affairs
United States Department of Interior
Before the Senate Committee on Indian Affairs
United States Senate
on S. 2010, A Bill
To Provide for Business Development
and Trade Promotion**

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Good Morning, Mr. Chairman and members of the Committee. My name is Michael Anderson, Deputy Assistant Secretary for Indian Affairs at the U.S. Department of the Interior. I am always honored to have the opportunity to appear before you and to share the views of the Department of the Interior on matters of vital interest to us and Indian country. Today, I am pleased to offer comments on S. 2010, a bill to provide for business development and trade promotion in Indian country.

Over the past decade, this country's economy has experienced phenomenal growth. The stock market, despite some recent ups and downs, has sustained the longest bull market in history. Unemployment is low, inflation is low, we are looking at a federal budget surplus, and from all economic indicators, America's economy is very strong.

This is a strong America. With economic turmoil surfacing throughout the world, all eyes are turned toward this country for leadership and direction. We are an affluent society that enjoys the basic human needs of food, shelter and clothing. For most Americans, the objective is to live decently amid a world of plenty.

However, there is another America that exists. As most of you know, much of Indian country resides in this other America. Many Indian communities lack decent employment opportunities. Some are without adequate education and medical care and while most families have a roof over their heads, it is shared with far too many other families. We have numerous studies that show what these deficiencies do to the body. Equally important is what these deficiencies do to the mind and spirit.

I fear we may be seeing the development of a generation of young American Indians whose opportunity for economic, professional and personal growth is shrinking every day as we watch the "prosperity gap" between mainstream America and Indian country grow wider every day.

Indian country's lack of widespread economic success isn't hard to explain. Since the days of the Great Depression in the 30's, federal initiatives have boosted mainstream America through the New Deal, the Fair Deal, the New Frontier, the Great Society and the War on Poverty. At the same time, federal Indian policy consisted of reorganization, assimilation and termination. It wasn't until the Federal budget began to feel the cumulative strain of these programs that the era of self-determination and self-governance was introduced. Finally, Tribes were allowed the freedom to make their own

choices, but without the support and assistance the rest of the Nation had been receiving for over 60 years.

With budgetary constraints severely limiting the availability of federal funding for social and governmental programs, American Indian nations must turn their attention toward their own economic growth to meet their community's needs.

The recent gains some Tribal communities have made as a result of gaming and other commercial ventures is laudable and a good start towards the road of economic growth. But, such examples are still too few and Indian communities are separate distinct entities. Economic prosperity doesn't necessarily cross reservation borders any more than it does in urban areas where affluent and poor communities exist side-by-side.

This Committee's interest, concern and efforts to assist Indian country achieve economic prosperity are commendable and the Department and the Administration look forward to joining with you to achieve these goals.

Recently, an Economic Development conference was held in Washington, D.C. where the President, six Cabinet members, and numerous tribal and business leaders took part. The Department of the Interior was proud of its role in working with the Department of Justice and other Federal agencies such as the Small Business Administration, to make the conference an unqualified success. During this conference, we developed a number of aggressive goals to increase business in Indian country, expand economic opportunity for Tribes and individual Indians and to encourage the non-Indian community to seek tribal business partners. Mr. Chairman and members of the Committee, it is my personal challenge to see that those goals are achieved.

The bill being discussed today, S. 2010, provides a good first step toward meeting the economic needs of Indian country. It provides a solid direction, includes Tribal input, seeks to expand Indian trade markets and capitalizes on an important "natural" resource of many Tribes -- their geographic location in desirable tourist destination spots.

We have carefully analyzed all of the proposed activities considered in the legislation and offer the following comments. We fully agree with the establishment of a tribal task force to remove obstacles and impediments to economic development. An integral component in any comprehensive national effort must be Tribal involvement and support. A number of Tribes have already overcome such barriers. It is essential to capture this valuable experience and expertise.

American Indian trade and export promotion opens up valuable new markets for Indian country. Extensive interest in American Indian products exists throughout the world and federal support to encourage and promote these activities would be of valuable assistance to Tribes.

Perhaps the most potentially promising area is the expansion of inter-tribal tourism. Much of Indian country is located in geographic areas that have unlimited potential as tourist destinations. Balancing the potential economic gain with the important cultural, religious and social considerations that Tribes

must consider will be a challenging, but achievable task. At the Department of the Interior, we have already begun working in this area by contributing to the development of a tourism study in the Four Corners area that will explore not only inter-tribal tourism opportunities, but how Tribes and the surrounding non-Indian communities can better coordinate their resources.

For this reason, prior to Mr. Kevin Gover assuming the position of Assistant Secretary for Indian Affairs, the Bureau of Indian Affairs had already taken the steps to create a separate Office of Economic Development within the Department of the Interior that takes part in the daily conduct of Indian affairs and is capable of performing the important tasks that you have outlined in your legislation. In fact, this Office has begun exploring many of the subject areas you list in the legislation such as the tourism study that I mentioned earlier and its past sponsorship of a tribal trade delegation to Europe last year.

We can assure you that the Bureau of Indian Affairs through the Office of Economic Development continues to work to improve and increase economic opportunities in Indian Country in the following ways:

First, as we are all aware, there is a strong connection between many of the issues that impact Tribal governments today. The Bureau of Indian Affairs' Office of Economic Development is working to address those related issues which impact on economic development, such as land use, natural resources, employment, job training and others. Virtually every topic that the Department encounters in Indian country has an economic component. The Office of Economic Development is charged with the mandate outlined in your legislation to provide a strong impetus for future administrations to address economic development in all BIA activities and initiatives. The Department of the Interior's role as trustee of Indian lands and resources requires that it be an integral partner with Tribes in the pursuit of economic success.

Second, tribal leaders are accustomed to working with the Department on a wide variety of issues and subjects. The Office of Economic Development provides an effective and efficient transition for tribal leaders to mesh discussions on related topics when they have an economic component.

Third, we currently administer economic development programs, such as a Loan Guaranty program that provides valuable capital for Indian economic ventures. We have already begun to expand this program to meet the goals listed by President Clinton at the recent Economic Development conference and the needs of tribes and individual Indians. For example, we have committed to increasing new Indian businesses by over \$500 million in the next five years through an aggressive marketing of the Indian Loan Guaranty program. We are streamlining our processing procedures and application requirements to make it easier for Tribes and individuals to receive loans. As part of this process, we are also fostering stronger ties between tribes, tribal members and commercial banks.

Fourth, the Department of the Interior's role with the Indian community affords it an excellent opportunity to act as an intermediary with its federal partners in coordinating the delivery of services to Indian country. As stated above, we are presently teaming up with the Small Business Administration, the Department of Commerce and other Federal partners on an economic

development strategy required by the August 6, 1998, Presidential Memorandum.

Finally, and most importantly, I would like to cite a recent study conducted by Mr. Stephen Cornell, co-Director of the Harvard Project on American Indian Economic Development. In that study, Mr. Cornell points out that the traditional manner for most Tribes to initiate economic development activities is by seeking new industries and creating their own business to stimulate employment and income. He also points out that more of those businesses fail than succeed.

Mr. Cornell then presents an alternative scenario, using a number of tribal case studies to support his conclusions. He makes a convincing argument that the true road to economic success for Tribes is through “Nation-Building”, the development of a strong, stable and “business friendly” Tribal environment where outside organizations wish to do business because it presents an opportunity for profit, not because they wish to perform a charitable act.

Mr. Cornell points out that Nation-Building is conducted by making self-governance and self-determination a reality. It is through the strengthening of tribal bureaucracies, the separation of politics and business and the separation of government powers, which basically means having a strong and independent judiciary.

I fully support Mr. Cornell’s conclusion. Tribes that wish to expand their economic base must do so through the strengthening of their own tribal institutions. One important means of achieving this goal is to strengthen the existing Office of Economic Development.

It should also be noted that the President has directed the Secretaries of the Interior and Commerce and the Administrator of the Small Business Administration to report back to him by November 4, 1998, with a strategic plan for coordinating existing economic development initiatives, including initiatives involving the private sector. Pending completion of that plan, it is premature to consider whether to create any new offices to provide better coordination.

We hope that you will consider our recommendations and we will provide any necessary information you may need.

I will be happy to answer any questions you may have.