

“Red Power:” Indigenous Culture Change Toward Self Sufficiency

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ABSTRACT:

The trials and tribulations of Native Americans have long been ignored, then eventually accepted, and finally, now, beginning to be addressed. Historically, their travails were finally confronted by the United States government, states, and churches. But such efforts were usually operated top-down by policy makers and/or large charitable foundations. Involving Native people themselves as co-participants was the norm, so they were often ineffective, or even worse, damaging to Native people’s psyches, cultures and lifestyles. Finally, in recent years new approaches have evolved in which a shift has begun, from dependency to dignity. With local leadership among tribal organizations new initiatives have begun to be implemented. A major new effort is that of microfinance in which tiny microloans are offered, along with training and other services, which combine to help build family social and economic wellbeing. After providing an overview of the problems, this paper describes, analyzes new organizational efforts to empower Native American communities.

KEYWORDS: *Native American, Microfinance, Poverty, United States, Policies*

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In the late 1870s, the great Lakota Sioux warrior, Crazy Horse declared “Upon suffering beyond suffering, the Red Nation shall rise again, and it shall be a blessing for a sick world. A world filled with broken promises, selfishness and separations. A world longing for light again.” (Crazy Horse, 2022). *Thašúnke Witkó*, as his name is written in the Oglala language, was murdered by an American soldier after peacefully surrendering through an agreement that he would be safe and treated with respect. Assassinated by a guard’s bayonet in the back instead, his legacy has made him one of the most famous warriors in U.S. western history. His death at Fort Robinson in present day Wyoming, the hero Crazy Horse became among the most recognized warriors of history because of his success at the “Battle of the Little Bighorn” in 1876. At that time, he led perhaps 1,500 Indians as they fought for their freedom, and the Sioux took down Colonel George Custer’s 700 soldiers in a final indigenous effort for freedom, resistance, and red power known as “Custer’s Last Stand.”

For more than a century since that rebellion, Native Americans have hoped for less suffering and fewer broken promises. This paper on their plight even today integrates several important academic disciplines: Anthropology, cross cultural studies, sociology, political science, economics, and even education in addressing America’s indigenous communities. Among the toughest struggles of dependency Native Americans have faced for a century

currently are questions of empowerment, self-sufficiency, and economic well-being in modern life.

In drafting this paper, I've looked at the research literature and also drawn on my personal experience throughout many decades when engaging with Navajo families in the tribal deserts of Arizona and Southern Utah. Visiting families in their mud hogans, collecting experiences of youth out in the red rock and sagebrush as they herded their family's sheep, and learning leadership approaches of Native elders around the evening campfire collectively motivated me to understand and support such communal people. I recall as a young man standing vigil throughout an entire day and night, adhering to sacred Native customs in the Rocky Mountains. Through the decades, I've immersed myself in tribal lore and customs, participating in Native American powwows, watching women and young warriors dance as we beat rhythmic drums with other musicians and chanted old songs and stories of tribal lore. Two years ago, I spent time interviewing Paiute tribal leaders as to their financial struggles and cultural decline on their reservation in the West. Through the decades, my research on indigenous issues has taken me numerous times to collect data from women, men and youth, as well as native elders, among what's known as the Great Sioux Nation, consisting of tribal lands and communities within the U.S. states of North and South Dakota. There, I've done action research, and gathered stories among the various Sioux tribes such as Standing Rock, Yanktonai Western Dakotas, Rosebud, and Oglala. With this context, we turn to examine the challenges and dreams of these Native peoples, as well as new mechanisms for social change.

An emerging strategy to support indigenous educational and economic goals today consist of various methods for what is referred to as microfinance, collectively including microcredit, microenterprise and microentrepreneurship on reservations across America, terminology articulated a quarter century ago by Woodworth (1997). This article attempts to describe what such developments are and how they are gradually benefitting Native tribes in moving toward self-reliance.

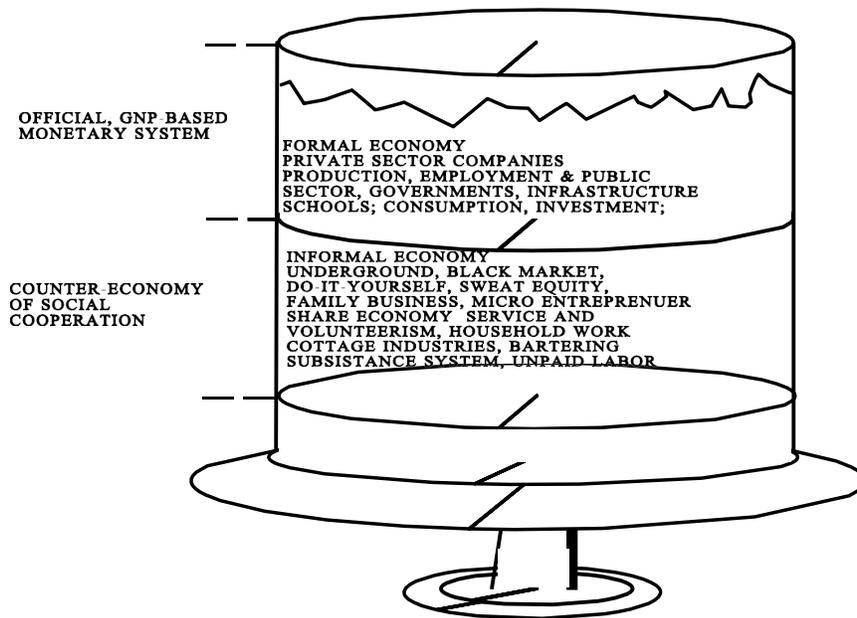
The Global Context and Native American Economic Challenges

In much of the developing world, economic conditions have been getting both better for some, and worse for others, especially among women and children. There has been some good news from the allocation of capital and various programs by the World Bank, United Nations, USAID, and more. Yet after several decades of reducing poverty worldwide, sadly, the problem is now significantly worsened due to the 2020-2021 pandemic. It's been the worst increase in a quarter of a century. Today, "Of the 736 million people living in extreme poverty worldwide, half live in just five countries: India, Nigeria, Democratic Republic of the Congo, Ethiopia, and Bangladesh" (World Bank, 2022).

Startling new statistics reveal that during the first two devastating years of the 2020-21 COVID-19 pandemic, America’s billionaires greatly increased their economic power, as reported in analyses of economic data that showed the combined wealth of all U.S. billionaires grew by \$2 trillion (70 percent) between March 2020, and October 2021, from approximately \$2.9 trillion to \$5 trillion (Inequality, 2021). Of the more than 700 U.S. billionaires, the richest five (Jeff Bezos, Bill Gates, Mark Zuckerberg of Facebook, Google co-founder Larry Page, and Tesla’s Elon Musk) saw a 123 percent increase in their combined wealth during this period, from \$349 billion to \$779 billion. Meanwhile Native Americans struggled mightily against both the Coronavirus pandemic and declining incomes.

Traditionally, social scientists have conceptually divided a society's economic activities into the formal sector, such as labor at a factory or work as a government employee in an office, or the informal sector—survival on the street as a vendor or provider of services. Informal or underground economy workers are essentially considered to be problems themselves by some experts. The figure below illustrates the difference as illustrated in Third World or developing nations, or even in regions within a big country.

THIRD WORLD PRODUCTIVE SYSTEM’S TWO LAYER CAKE



These are small, clandestine, unregistered individuals or family-based economic activity that do not produce taxes to the state. Typically, such people can be observed in developing

nation cities living in shanty towns or functioning as street vendors. Often marginalized, they subsist by “hustling” or sweat equity, making up for the shortcomings of formal jobs such as factory employment or government positions. While the informal economy has often been viewed by traditional economists as a minor phenomenon, or a temporary reaction to natural or financial disasters, reality suggests the opposite.

Microfinance and More Tools

Models for economic development among indigenous people in the past have tended to consist of large-scale, top-down approaches like the Green Revolution through which huge multinational agribusinesses attempted to overcome world hunger with John Deere tractors and Monsanto seeds. Today, there are many new, small, grassroots methods like microfinance microenterprise as alternatives for fighting poverty from below.

This new tool, the creation of small, street-hustling microbusinesses emerging with funding known as microcredit, and innovation referred to as microentrepreneurship have yielded impressive results. My early book on these issues, *Small Really is Beautiful: Micro Approaches to Third World Development—Microentrepreneurship, Microenterprise, and Microfinance* (1997) describes and analyzes the basics of these pioneering approaches from the bottom-up in a dozen nations.

Described simply, such strategies consist of developing technical assistance centers that provide microenterprise start-up training and microloans as well as savings programs, often with mentoring and consulting, to create self-employment and income-generating activities. Such workers bootstrap themselves, essentially creating their own jobs. Most of this type of work requires one's own sweat and equity, perhaps including that of one's family. It is a bottom-up method for building an income and becoming self-reliant, enjoying considerable success in certain countries as a new, innovative path to earning a living and caring for one's own. Often, training is provided, along with access to capital (microcredit) so that the small entrepreneur is able to acquire raw materials, equipment, or whatever else is needed in order to grow the business.

Global microcredit may be classified as small-scale loans of \$30 to \$100 that are accessible to the very poor, primarily in the developing world. With even a small amount of such capital, microenterprises may be started, or perhaps expanded. In the mid 1990s, the World Bank conducted an analysis of microentrepreneurial schemes, finding that there were in excess of nine hundred institutions in 101 nations that offered microcredit to the poor (Paxton, 1995). Today there are many thousands more of newer, smaller such programs not included in the bank's original analysis. Today the numbers are far in excess of those from the 1990s. According to research (Thunstrom, 2021) recent efforts to establish microenterprises and provide access to microlending services for the poorest individuals throughout the entire planet has mushroomed to

more than 140 million borrowers enjoying a total loan portfolio estimated at \$124 billion.

While microenterprise as a strategy seems to hold much promise for the world's poor, it seems particularly relevant for Native Americans and other indigenous groups. We turn to such relevance now.

Tribal Realities of Poverty and Development

The picture of Native American life is often hidden from white America. Today there are 574 federally recognized Native tribes with over 1.9 million American Indians and Alaska Natives in the country. Their poverty is not unlike that of Third World indigenous peoples. There are huge gaps between the white majority and the native minority in education, healthcare, employment, decent housing, and income. On the positive side, some justify this by pointing out that at least indigenous Americans enjoy government payments for reservation abuses, as well as welfare and unemployment benefits, oil reserves from multinational corporations, growing tourism, and in recent years, increasing revenues from the casino economy on many reservations that are independent of state regulations.

On the negative side there are factors such as centuries of exploitation, forced relocations to lands with few natural resources or arable land, a brutal history of genocide, and today's often contentious relationships between the tribes and local Anglo government entities. Add to these, inept BIA officials, mismanagement, and corruption, along with ongoing questions about tribal sovereignty and inter-tribe conflicts, and the results include alcoholism, poor health and high mortality rates, feelings of dependency and helplessness in the lives of many. Of course, a 28 percent unemployment level from the Brookings institution only exacerbates many of these problems (Sanchez, 2021) revealing that they are "the most economically stressed of any racial/ethnic group."

So, what is to be done? This article suggests a different method: Rather than big grants to tribal corporations that only last short-term and suffer from accompanying governmental bureaucracies and inefficiencies, independent Native American microenterprise development could become a viable alternative. Indeed, small, grassroots-operated microenterprise strategies may become a catalyst for achieving greater tribal self-sufficiency. One example of native microenterprise is a New Mexico case. A public service project called Finance New Mexico that connects native people to resources that helps microbusinesses expand. It draws on both private and public entities which share the goal of increasing economic activity and development among native communities. Native Americans as small business owners may be linked to a range of resource opportunities which exclusively focused on tribal members' enterprises, both on or off the area's reservations (Finance New Mexico, 2021).

Another native microfinance program is from Capacity Builders, Inc. (2021) which has provided financial support to Diné (Navajo) and other Native American communities for the past two decades. It's N.A.T.I.V.E. Project (Navajo Artists Technology Innovation and Vision Enterprise) offers financial and consulting assistance to Native Americans in the Four Corners region of Utah, Arizona, New Mexico and Colorado where several tribal organizations come together geographically.

Perhaps one of the most important sources of Native American microenterprise development is the Lakota Funds which will be described and analyzed in more detail below.

The Lakota Nation Case

One of the best Native American tribe-initiated small business efforts has been the Lakota Funds which became the first microenterprise financing program explicitly established for Native Americans in 1986 (Lakota Funds, 2022). This effort on the Pine Ridge Indian Reservation was launched because the region in South Dakota was among the poorest within the United States. When I first visited there in the early 1980s, tribal members' unemployment tended to range between 70-85 percent.

In the past, the 22,000 Native Americans at Pine Ridge have largely survived on federal funds to schools, healthcare and tribal government. Otherwise, agriculture has been the only source of income except for a few small private firms. Thus, the Lakota Funds was established in Kyle, a central village in the reservation. Over the past several decades, hundreds of tiny loans have been accessed by tribal members starting new microenterprises. Two different programs within the Lakota Funds operate with their respective financial services. One is that of "Circle Banking," based on the group lending model of the Grameen Bank. Small peer groups of 4-10 individuals form their group and participate in five microentrepreneurial training sessions. Most participants would not be considered "credit worthy" according to traditional U.S. banking criteria.

Upon completion of the Circle business education, the group is "certified" and its members may then determine who will receive what amount of loans, usually ranging from \$400-\$1,000, with which to start. Like other microcredit programs, Lakota uses the social collateral of others in the Circle to guarantee that each loan is repaid. As co-debtors, this practice assures a high loan repayment rate of about 90 percent. As loans are repaid, another loan for a larger amount may be borrowed to expand one's microenterprise.

The project began as a microlender serving microentrepreneurs on the Pine Ridge Reservation realize their dreams through \$500 loans. Back then there were only two Native

American-owned businesses on Pine Ridge. Eighty-five percent of people had never had a checking or savings account; seventy-five percent never had a loan; and ninety-five percent had no business experience. Regular financial institutions in the area deemed tribe members to be “unbankable,” so they languished in a broken-down environment for decades. As the strategy rolled out successfully, its loan portfolio has grown to some \$4 million, having deployed over 1,200 loans to create hundreds of microenterprises among tribal members (Lakota Funds, 2021).

From my trips and interviews on the reservation, early on, I learned of several interesting cases as microenterprises were established, step by step. They illustrate the type of borrowers and businesses financed through microlending. For example, Roselyn Spotted Eagle was an older woman who lived on the Pine Ridge Reservation in a two-room house without running water or decent heating. She supported not only herself, but a grandson who was afflicted with fetal alcohol syndrome. Ms. Spotted Eagle made beautiful, beaded crafts for the tourist market, and through microcredit she was able to purchase new tools and a greater inventory of beads and other materials to expand her microenterprise. Other microentrepreneurs obtain loans for agricultural projects. Bamm Brewer owned a piece of tribal land for starting a buffalo herd. With a Lakota Funds loan, he was able to construct a strong fence to contain the animals, and Robert Hornbeck established a floral shop and video store. Many microentrepreneurs are indigenous artisans making and selling their crafts.

There are key factors in Lakota Funds’ achievements. One has been its native control. Rather than be operated by Anglos or other outside “experts,” the fund has a staff of four members from the tribe. They are overseen by a board of directors who, with one exception also live on the reservation as tribal members. Another facet that ensured the Lakota Fund’s achievements was strict adherence to tight policies. In the early 1980s when the project began, it was simply a small business program giving individual loans to tribal members. It experienced a number of failed start-ups and very high delinquency rates. So, its staff flew to Bangladesh to see first-hand how the country’s early microcredit pioneer, Grameen Bank, had succeeded so well. According to a Lakota loan officer at the time, Dani Not Help Him, “We didn’t go to [any] model... [but] went to the real one ... in Bangladesh” (Garr, 1996). Upon returning to the reservation, leaders revamped the fund’s operations so that the staff rigorously adhered to Grameen’s group lending program. It dramatically turned around a troubled system. The Lakota Fund also insisted that borrowers deposit at least \$5 every two weeks as a nest egg of personal savings, also a replication of the Grameen system. Thus, members invested in the process personally and learned important financial practices like savings and long-term planning.

Microbusiness Loans

Another mechanism for entrepreneurial start-up was the Lakota Funds’ Small Business Loan (SBL) program. In contrast to microcredit for Circle Banking enterprises, SBL started by

giving initial loans for up to \$25,000, quite a bit more money than that of the microenterprise level. However, candidates had to first participate in a seven-week training program by its staff where they obtained the basics of small business success and developed a feasibility plan. These methods helped to screen applicants so that only the most sincere, hard-working candidates would survive. The grueling requirements of preparation thus became an additional factor in ensuring success and high loan repayments at Lakota. Back then, the interest rates on SBL's loans was around 11 percent for large amounts, to be repaid over 5 years. Examples of successful enterprises needing more capital than Circle Banking included such businesses as construction, electronic repairs, gravel hauling, restaurants, and hair salons (Garr, 1996). Over time, the organization multiple other pilot projects which generated employment, empowered Native Americans, and produced revenue for the creation of more small enterprises early on (Lakota Funds, 1998).

Conclusion

Can Native American self-help strategies for building economic sustainability survive? Are they replicable elsewhere? I think the answer to both questions is a resounding, "Yes!" The Lakota people have developed new capacities perhaps never before envisioned by the white Americans, nor by indigenous participants themselves. With microloans, business training and financial literacy, a new, more sustainable culture of indigenous economics has emerged. Other Native American tribes are observing, learning and beginning their own approaches to tribal microfinance.

Hence, quite a microenterprise track record of expanding impacts and applications seem to be occurring from a small simple idea. Lakota Funds is clearly becoming a model for other tribal entities. Strong indigenous communities within U.S. reservations tend to have a high degree of trust, collective norms, and interpersonal networks. All of these factors may be more fully integrated thorough the pursuit of shared tools for economic betterment. Collectively they make up what I call "social capital" — the availability one has in times of hardship to draw upon support and concern from other people, to be able to "count" on them when needed.

It just may be that Native American social capital is the most critical factor in expanding the access to financial capital among U.S. tribes. In the future, microcredit may become a more constructive and widely used strategy in achieving that objective. It holds much promise for empowering "the poorest of the poor" among indigenous families across the USA. Once proud tribal members who overlong decades suffered from a lack of self-worth may again become confident warriors as they move from dependency to dignity. Their slogan, "Red Power," may once again generate confidence and pride in their centuries of Indian culture from the Atlantic to the Pacific Oceans. While the pathway will still be a challenge, Native promises, dreams, and prophecies may yet come to fruition.

As a young man many years ago, on a mountaintop, I engaged in a call-out ceremony of which I was selected to participate in a kind of “stress test” as to my character and future possibilities. I spent 24 hours in solitude, dressed in simple Native American clothing, buckskin leggings and beaded moccasins. The hours were spent fasting, praying and meditating about the Great Spirit, as well as indigenous values of stewardship, wildlands and forests, ethics and bravery. I learned a few terms in the language of the Lenape and Delaware culture, indigenous peoples of the Northeastern Woodlands of the USA and Canada. “Wimachtendienk. Wingolauchsik. Witahemui,” terms to roughly suggest Native service to humankind. My responsibility during all of that process was to keep a small fire burning so it never went out day or night, symbolizing a never-ending American Indian future. After this, a special ceremony was held to understand native clans, honor indigenous traditions, and engage in the ancient tribal Grass Dance.

We conclude with powerful words from the great warrior Crazy Horse (2022) just before his assassination as he ceremoniously smoked the Sioux tribe’s sacred pipe during his final vision with Chief Sitting Bull. “I see a time of Seven Generations when all the colors of mankind will gather under the Sacred Tree of Life and the whole earth will become One Circle again.”

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