

American Indians

Economic Opportunities and Development

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The 1980's may have marked a new era of economic development for American Indians. However, rapid but uneven economic development does not necessarily translate into improvements in labor market opportunities for American Indians. The geographically isolated rural areas in which many American Indians live mainly offer low-wage manufacturing and consumer services jobs. American Indians continue to be overrepresented in less remunerative occupations and industries and to face high unemployment. Unless economic development on or near American Indian reservations departs from the typical urban and rural division of labor, with much of the economic development in rural areas in the form of low-wage jobs, it may not reduce the economic disadvantages faced by American Indians.

The 1960's and 1970's were relatively good years for American Indians living in rural America.¹ During this time, American Indians, like other rural minorities, began to emerge from economic backwaters into the tributaries of the economic mainstream. However, ethnic and racial minority status, and economic isolation resulting from living in geographically isolated and disadvantaged rural regions or "forgotten places" (Lyson and Falk, 1993) are powerful deterrents to full participation in the American economic structure. American Indians, the most rural of minority groups, consequently remain one of the most economically deprived groups of people in the United States. As such, they are particularly vulnerable to the economic problems faced by rural America.

Recent studies of rural minority populations show that the forward momentum gained by Blacks and Hispanics faltered during the 1980's as rural areas encountered high underemployment, sluggish earnings, and deteriorating incomes. However, whether American Indians progressed, plateaued, or declined economically has been more difficult to

determine. Data that adequately identify and represent American Indians are difficult to obtain. Moreover, generalizing about American Indians from other minorities is risky. Their path to economic development follows a singular terrain unfamiliar to most other population groups. A history of geographic isolation and the lack of demand for their labor leaves American Indians socially and economically isolated.

The 1980's may have marked a new era of economic development for American Indians. Until recently, responsibility for economic development on their reservations fell largely to the Bureau of Indian Affairs. However, because of a unique legal status based upon the inherent sovereignty of Indian Nations, American Indian tribes today shoulder more responsibility for their economic development than at

¹ The terms American Indian and Native American are often used synonymously. However, in recent years the term "Native American" has caused some confusion due to its lack of precision. According to the Bureau of Indian Affairs (BIA), the term "Native American" was originally used in the 1960's to identify groups they served: American Indians, and the Alaskan Eskimos and Aleuts (often referred to as Alaskan Natives). However, some Federal programs have more recently used the term to also include Native Hawaiians and Pacific Islanders. Subsequently, the term "Native American" fell into disfavor with some groups of American Indians (U.S. Dept. of the Interior, 1991) and Snipp (1991) finds that its use has declined considerably. In this chapter, I focus specifically on American Indians and Alaskan Natives and policies that affect these two groups, although I recognize that the Alaskan Eskimos and Aleuts are two culturally distinct groups and may be sensitive to being categorized as American Indians. However, because of the relatively small number of Alaskan Eskimos and Aleuts, all three are grouped together in the 1980 Census, and the 1989 and 1990 CPS. Most of this population, 96.1 percent, consists of American Indians. I follow Snipp's (1991) shorthand convention of referring to the group of Native Americans composed of American Indians, Eskimos and Aleuts as American Indians.

Rural people are defined here to be those who live in counties outside the boundaries of metropolitan areas, as defined by the Office of Management and Budget at the time of the census. See appendix for a complete definition.

any other point in this century. Unprecedented and lucrative economic opportunities for American Indians appear to be mushrooming, a phenomenon that seems to contrast sharply not only with the rural setting and poverty of most reservations, but with the experiences of other rural minorities as well.

Passage of the American Indian Self-Determination and Education Act in 1975 opened the door for many tribes to participate in revenue-generating projects. Anecdotal evidence implies that economic development on some reservations is proceeding at a rapid pace. Nonetheless, comparisons of data from the beginning and end of the 1980's suggest that American Indians made little, if any, improvement in economic well-being. In other words, the economic development taking place in and around American Indian reservations does not necessarily translate into higher incomes and less poverty, an apparent paradox ultimately tied to uneven economic development and the failure of some economic development strategies to be directly or strongly remunerative to tribal members.

Because some of these economic development strategies may benefit tribal community services more than the personal earnings and income of American Indians, socioeconomic indicators alone may provide an unrealistic picture of their economic status. Consequently, it is important to investigate the structural factors that contribute to economic well-being. In the second part of this chapter, I examine changes in labor market opportunities in rural areas during 1980-90, and the processes that link individuals, especially American Indians, to labor markets.

Changing Social and Economic Forces

The sovereignty of American Indians has been recognized, at least in theory, since the 1700's. Nonetheless, freedom to exercise self-government and economic determination has always been limited to some degree. During the mid-to-late 19th century, for example, American Indians were confined to federally controlled reservations. The Indian Reorganization Act of 1934 sanctioned the creation of federally sponsored tribal governments and supported the expansion of reservation economies. The 1940's and 1950's witnessed efforts by the Federal Government to dismantle the reservation system and assimilate American Indians into mainstream American society. In the 1960's, tribal leaders persuaded the U.S. Government to abandon the policy in favor of policies

contributing to self-determination (Cornell, 1988). Today, although not all American Indians living in rural areas live on reservations, most live near a reservation and those that leave the reservation generally maintain close ties. Nagel, Ward, and Knapp (1988) report significant rates of return migration to reservations.

In 1975, the Congress passed the American Indian Self-Determination and Education Act (PL 93-693). This act may prove to be a watershed for American Indian economic development. The act provides tribal governments with the option to assume responsibility for tribal administration and to increase their control over their reservations and tribally owned resources (Nagel, Ward and Knapp, 1988; Snipp and Summers, 1991). Self-determination "reaffirms the concept of tribal sovereignty...tribal leaders are free to develop their community however they please, regardless of state and local restrictions and subject only to federal oversight" (Snipp and Summers, 1991: p.171). The promise of self-determination has enhanced the ability of tribes to participate in revenue-generating projects, and recent evidence suggests that economic development proceeds more reliably when American Indian tribes assume more responsibility for making development decisions (Cornell, 1992).

Since the late 1970's, tribes have become increasingly involved in both tribal and private enterprise as means to self-development such that today reservations have more businesses owned by tribes, individual American Indians, and non-Indians than ever before. Tribally owned business ventures include lucrative (and controversial) smoke shops, which are tax-free tobacco outlets, and gambling operations (Snipp and Summers, 1991). As of July 1993, 67 tribes in 19 States offered some form of gambling activity, including casino games, lottery, slot machines, and pari-mutuel wagering on horse and dog racing (NIGC, 1993). Private businesses owned by American Indians consist largely of small grocery stores, construction companies, gas stations, and repair shops. Outside firms have either set up shop on reservations, such as the American Greetings facility on the Choctaw Reservation in Mississippi, or contract with tribally owned enterprises for work. Residents of the Mississippi Choctaw Reservation produce wiring harnesses for General Motors, while members of the Navajo Reservation assemble electronic components for General Dynamics. As defense contractors, the Devils Lake Sioux in North Dakota manufacture camouflage netting (Millman, 1991; White, 1990).

However, the avalanche of publicity about prosperous tribal enterprises, gambling (or gaming), tourism, businesses, and other lucrative self-development ventures may be misleading. Citing hundreds of millions of dollars in tax-free revenues and the expansion of small bingo halls into multimillion-dollar casino complexes, much of the recent coverage implies that reservation economies are booming and that American Indians are moving up from the bottom of the socioeconomic rankings. This is hardly the case. If American Indians have improved their economic standing, it is not evident from data on income and poverty; over a third of rural American Indians continue to live in poverty (see appendices).

In light of recent economic development on and around reservations, why haven't American Indians made obvious economic gains? First of all, not all communities have experienced economic development; development has been uneven. Second, economic development does not necessarily translate into good jobs and improved economic well-being.

Development Is Uneven

Economic development strategies are not pursued with the same enthusiasm by all American Indians. In some cases, reluctance to engage in deliberate economic development may reflect a great diversity of attitudes found among American Indians. According to the 1990 Census, over 2 million American Indians and Alaska Natives live in the United States; approximately half of this population lives in rural areas. There are 278 federally recognized reservations, and 510 federally recognized tribes (including 200 village groups in Alaska), as well as additional Indian tribes and groups that are State-recognized (U.S. Dept of the Interior, 1991). Each of these communities, with their unique histories and myriad cultures, may embrace diverse goals. A market-oriented economy may be unappealing to communities resisting assimilation (Cornell, 1988).

Community-related obstacles to economic development include low levels of education and shortages of skilled workers, as well as physical properties such as non-arable land and geographic isolation (Nagel, Ward, and Knapp, 1988). The geographic isolation of some communities, combined with poorly developed infrastructures, ensures that few market-oriented enterprises will locate on or near reservations. Between the late 19th century and the early 1930's (often referred to as the reservation period), American Indians living east of the Mississippi were relocated to small, geographically

isolated sites west of the river and away from major population centers. Even today, reservations such as the Supai Indian village located at the bottom of the Grand Canyon in Arizona remain distant from major growth and development centers and viable transportation arteries. Critical physical and institutional infrastructures, such as roads, utilities, and banking and financial services, are poorly developed, and in some cases, nonexistent. The Supai village is accessible only by foot, horseback, mule train, or helicopter (Wingenbach, 1991). Moreover, reservations encounter great difficulty in generating finance capital (Smith, 1990).

The sovereign status of tribal governments, which opens some doors for economic development, closes others by limiting State jurisdiction on reservations. As a consequence, private businesses owned by outside individuals or firms are reluctant to locate on reservations (Sandefur, 1989). Numerous failed efforts to attract private enterprise often leave tribal leaders suspicious of business with non-Indians, and reluctant to expend more time and effort to attract other businesses to the reservation. For example, the Lakota Sioux on the Pine Ridge Reservation in South Dakota bitterly relate the story of a company that received a Federal grant to locate a meatpacking plant on the reservation and hire Indian labor. It did neither (Valente, 1991).

Still other obstacles to development are embedded within the organizational framework of American Indian affairs at all levels of administration. These barriers include (1) factional politics at the tribal level; (2) local and State conflicts over some of the more lucrative forms of economic development such as gambling; and (3) administration at the Federal level, the scattering of programs among various agencies, and interagency rivalries (Nagel, Ward, and Knapp, 1988; Snipp, 1988).

Development and Jobs

Economic development does not guarantee good jobs and enhanced economic well-being. Not all business enterprises are profitable. Indian and tribally owned businesses, often managed by individuals with little entrepreneurial experience, are highly susceptible to failure. The rate of failure is higher for reservation businesses than off-reservation businesses (Sherbloom, 1990). Moreover, even when business enterprises are successful, they do not necessarily contribute greatly to the earnings of tribal members.

In some cases, like that of the 80-year-old sawmill on the Menominee Reservation in Wisconsin, the

primary purpose of the enterprise is to provide jobs for tribal members; profitability is secondary. Consequently, the sawmill cannot pay wages comparable to those in the immediate community. In other cases, although profits from tribally owned enterprises are sometimes paid to tribal members as per capita payments, channeling proceeds into community services for reservation residents is a common practice (White, 1990). For example, the Oneida Indians of Green Bay, Wisconsin, funnel proceeds from bingo, LottOneida, a chain of convenience stores, tribal smoke shops, a reservation-owned hotel, and other tribal enterprises into diverse social services for tribal members. These services, which include a health center, a tribal school, public transit, day care facilities, and recreation centers, contribute to communal well-being. The Sycuans of El Cajon, California, use proceeds from bingo to subsidize community services: fire, police, housing, and a medical clinic (Yoshihashi, 1991). Clearly, residents of the Oneida and Sycuan Reservations benefit from the gambling activity, although it may not contribute directly to their personal income.

More often than not, however, economic development efforts do little to improve the quantity or quality of jobs in sparsely settled rural areas where Indians tend to reside. Jobs are not equally allocated across urban and rural labor markets. Rural labor markets disproportionately depend on low-skill, labor-intensive routine industries and consumer services. In the 1980's, the division of labor between urban and rural areas increased (McGranahan and Ghelfi, 1991), with much of the economic development in rural areas in the form of low-wage jobs.

Jobs and Economic Opportunities in the 1980's

Limited human resources reduce the ability of American Indians to compete in the labor market. But the lack of demand for American Indian labor is an equally important cause of economic hardship. Labor demand is determined by complex interactions of market and social conditions, and the low demand for Indian labor in certain areas is consistent with historical patterns.

Since the demise of the fur trade and of their direct involvement in colonial and European trade markets, American Indians have found their land more valuable than their labor (Cornell, 1988). Today,

American Indian land remains in high demand, as abundant agricultural, timber, and mineral resource leases attest (Ortiz, 1980; Snipp, 1988). Mineral leases are particularly sought by corporate interests. Vast reserves of mineral resources, including a third of the western low-sulfur coal and over half of uranium reserves (Nafziger, 1980), lie under approximately 15 percent of American Indian land (Snipp, 1988). Yet, most tribes do not have the capital, technology, or expertise to develop these resources. Consequently, they enter into lease agreements with large corporations, which "virtually have given away Indian resources" (Snipp, 1988:9), or sell resources as raw materials rather than transforming them into finished goods (Reno, 1981). By leasing and selling resources as raw materials, American Indians forfeit the higher returns accruing to fabricated goods, as well as the higher paying jobs associated with transforming raw materials into finished products. According to Cornell (1988:31), "[H]ad Indian labor remained fundamental ... in the period following the collapse of the fur trade, it seems likely that Indians would have been much more widely integrated as individuals into local or regional economies." A noticeable demand for American Indian labor did not emerge again until the 20th century, and even now, the demand appears sporadic and sketchy, especially in certain areas. The gravity of the slack demand for American Indian labor becomes even more apparent with the recent recognition that economic problems in rural areas derive not so much from a shortage of qualified workers as from the remoteness of the areas and limited labor markets therein (McGranahan, 1991).

Assessing Recent Changes

The recent promise of self-determination has encouraged tribal leaders to promote economic development and job opportunities for American Indians through self-development of productive enterprises. The apparent proliferation of self-development projects and businesses owned by American Indians implies that job opportunities have expanded, but as of yet, no empirical data support this assumption. One way of assessing the impact of recent development efforts is to examine (1) changes in the industrial structure, (2) changes in the occupational structure, and (3) current patterns of labor force participation for American Indians and Whites in rural areas.

However, reliable data on American Indians are often difficult to obtain, and the data in this study are compiled from several sources. As a consequence, some of the data reported in this chapter represent

Table 1—Industrial distribution, rural¹ American Indian and White men and women, 18-65 years old, 1980 and 1990

Industrial sector	American Indians						Whites					
	1980			1990			1980			1990		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Percent</i>												
Extractive	15.9	4.8	10.7	12.2	2.7	7.5	14.2	3.2	9.4	11.6	3.1	7.5
Agriculture	7.3	2.6	5.1	6.4	1.4	3.9	9.6	2.8	6.5	8.2	2.6	5.5
Forestry/Fisheries	3.7	1.4	2.6	2.9	1.0	2.0	0.5	0.1	0.4	0.6	0.2	0.4
Mining	4.9	0.8	3.0	2.9	0.3	1.6	4.1	0.3	2.5	2.9	0.3	1.6
Construction	17.4	1.0	9.7	17.3	1.7	9.6	12.6	1.2	7.5	12.8	1.4	7.4
Manufacturing	18.0	16.8	17.4	1.7	12.6	14.9	26.5	20.7	23.8	24.8	16.4	20.9
Nondurable	5.5	10.5	7.8	5.7	7.7	6.7	9.3	12.1	10.5	8.7	9.0	8.9
Durable	12.5	6.3	9.6	11.3	4.9	8.2	17.2	8.6	13.3	16.1	7.4	12.0
Transportation, com- munications, and utilities	7.6	2.1	5.1	8.4	3.1	5.8	9.1	3.2	6.4	9.1	3.8	6.4
Trade	8.9	15.2	11.9	13.5	21.1	17.1	16.0	24.1	19.7	17.2	24.5	20.7
Finance, insurance, and real estate	1.0	1.8	1.3	1.5	2.4	2.0	2.6	5.4	3.9	2.7	6.0	4.2
Personal services	5.7	9.1	6.3	7.4	11.3	9.3	5.2	8.0	6.4	6.8	8.7	7.6
Professional services	11.8	33.8	22.1	13.1	34.8	23.8	9.2	29.6	18.4	10.4	32.9	21.0
Public administration	13.7	15.1	14.4	9.7	10.2	9.9	4.6	4.4	4.5	4.5	3.9	4.2

¹ Nonmetropolitan.

Source: Compiled by Economic Research Service from Public Use Microdata Samples, 1980 and 1990.

different populations. For example, data on industrial and occupational structure, as well as on occupational segregation (tables 1-3) come from the 1980 and 1990 Censuses. Representing American Indians and non-Hispanic Whites, these data are consistent with the data provided in the report's appendix tables. In contrast, the labor force participation data (tables 4-7), come from the 1989 and 1990 Current Population Survey (CPS) Monthly Earnings Files and portray slightly different populations.² In the CPS data, Hispanics could not be excluded from the sample of Whites as they were in the census data. Also, these data encompass a wider age range (16-64) than the census data. The wider age range more accurately reflects (1) the definition of those in the labor force used by CPS and (2) the age distribution of American Indians, which is younger.

Industrial and occupational structures are operationalized as employment shares, or the percentage of the workforce falling into different industry and occupation groups. Labor force

² CPS, a monthly household survey conducted by the Bureau of the Census, provides demographic, social, and economic information on the population of the United States. Households in the sample are rotated, such that a household is interviewed monthly for 4 months, drops out of the sample for the next 8 months, and then is included again the next year for the same 4 months as in the previous year. In the last month of each 4-month rotation, specific data regarding earnings are collected. These earnings data (collected from one-quarter of the sample) are compiled in the CPS Earnings files. As a consequence of sample rotation, there is a 75 percent monthly, and a 50 percent year-to-year overlap in households in the sample. Because the number of Native Americans in the sample is relatively small, the 1989 and the 1990 CPS are combined for this study. Social scientists use several approaches to combine CPS data from different years. The most conservative method is to pool the year-to-year data, excluding the 50-percent year-to-year overlap. The least conservative method is to pool the monthly data and retain all cases. A moderate approach is to pool the year-to-year data, and to retain the 50 percent of cases that overlap. I adopted the moderate approach for two reasons. First, among people at the lower end of the economic scale, lives may change dramatically from year to year. Second, CPS is a household survey, and the families and individuals in the household at one point in time may not be the same as those residing in the housing unit a year later.

participation is similarly measured as the percentage of the working-age population falling into each category of the labor force.

Industrial Structure

The industrial makeup of an area determines the population's economic well-being. Industrial restructuring in the 1980's shrank the proportion of the rural workforce employed in manufacturing. Many manufacturing jobs were replaced by lower wage, part-time, and temporary service and retail jobs. This restructuring displaced many rural workers, especially American Indians, for whom the shift from manufacturing to services has intensified existing employment inequities.

In 1980, manufacturing and service industries accounted for almost half of White and American Indian employment (table 1) and continued to do so in 1990, although the distribution of White and American Indian workers within these sectors varied. In 1980, roughly equal proportions (24 and 25 percent) of Whites were employed in manufacturing and services. By 1990, the share of Whites working in the service sector had increased from 25 to 29 percent while the share in manufacturing dipped from roughly 24 to 21 percent, a gap of about 8 percentage points. In contrast, American Indian service sector employment shares increased from 28 percent in 1980 to 34 percent in 1990, and manufacturing shares dropped from 17 percent to 15 percent, a gap of 19 percentage points. American Indian women shouldered most of the burden associated with the decline in manufacturing jobs. In 1990, the service sector employed twice as many American Indians as the manufacturing sector.

White and American Indian women alike are disproportionately represented in the service sector, which is skewed toward professional services. Most of these jobs are in elementary and secondary schools and health-related services such as hospitals, health clinics, and nursing facilities. Typically perceived as women's jobs, these jobs tend to pay less than jobs in other fields requiring comparable levels of education and training. Professional service industries alone account for over a fifth of the jobs held by all American Indians, and more than a third of the jobs for American Indian women. Overall, the proportion of American Indians employed in professional services remained about the same over the 1980's.

Personal services, businesses such as laundries, barber shops, photographic studios, and shoe repair shops, tend to pay low wages and provide few benefits to

employees. Although consumer-oriented services constitute less than 10 percent of employment for Whites and American Indians alike, the demand for these labor-intensive jobs is rapidly expanding. During the 1980's, employment shares in personal services increased across the board for Whites and American Indians. However, employment in personal services grew more for American Indians than for Whites.

Industries that rely on sales (trade) have traditionally employed disproportionately more women than men, and more Whites than minorities. Because these jobs do not usually require high levels of human capital investment, minorities are not likely to be excluded from them on the basis of skills and credentials. Rather, their lack of participation in these industries is often attributed to discrimination on the part of employers; owners may believe that customers want to buy from, and co-workers want to work with, members of their own ethnic/racial group (Noyelle, 1987; McCreary, England, and Farkas, 1989). The proportion of Whites employed in wholesale and retail trade (20 percent) held steady over the 1980's. However, the proportion of American Indians in trades is fast approaching the White employment level, especially for women. In 1980, less than 12 percent of American Indians were engaged in selling goods, but by 1990, 17 percent were involved in sales. This increase may reflect increased demands for sales personnel in the local labor market areas where relatively high numbers of American Indians live, or it may reflect the increasing number of American Indian-run businesses. These industries lean heavily toward low-wage jobs.

Public administration provides about twice the percentage of jobs among American Indians as among Whites. Public administration activities consist primarily of tribal administration and services. Tribal government jobs are usually filled by American Indians, but they tend to pay low wages (White, 1990). Despite the assumption of greater responsibility for tribal administration, the relative number of American Indians working in public administration declined substantially in the 1980's. No comparable decline is evident for Whites during that period.

Financial, insurance, and real estate (FIRE) industries, often referred to as producer services, typically support very high incomes. However, because of their role in the "transnationalization of capital," they are primarily associated with major urban centers (Sassen, 1988:130). Although this sector generates

Table 2—Occupational distribution, rural¹ American Indian and White men and women, 18-65 years old, 1980 and 1990

Occupation	American Indians						Whites					
	1980			1990			1980			1990		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Percent</i>												
Managerial	6.0	4.7	5.4	8.8	6.7	7.8	15.9	6.4	11.7	14.1	8.8	11.6
Professional specialties	6.0	11.1	8.4	5.0	11.4	8.2	7.8	12.1	9.8	8.2	14.2	11.0
Technical, sales, and administrative support	6.5	26.0	15.6	8.7	31.4	19.8	10.9	37.7	22.9	12.3	36.3	23.6
Supervisory	4.7	1.5	3.2	4.9	2.8	3.8	8.8	3.0	6.2	8.9	3.9	6.5
Services	12.1	30.7	20.8	14.8	29.2	21.9	6.2	20.1	12.5	7.6	20.0	13.4
Resources	10.8	3.2	7.2	7.9	12.0	4.6	4.9	1.5	3.4	4.4	1.1	2.8
Production and crafts	20.1	3.1	12.2	20.6	3.7	12.3	18.2	1.9	10.8	18.4	2.3	10.8
Operators, fabricators, and laborers	33.8	19.7	27.2	29.6	13.6	21.6	27.3	17.3	22.8	26.2	13.4	20.2

¹ Nonmetropolitan.

Source: Compiled by Economic Research Service from Public Use Microdata Samples, 1980 and 1990.

few employment opportunities in rural areas, there are relatively more Whites than American Indians working in these industries. Employment changes during the past decade are negligible.

Despite the emphasis on resource development, the proportion of American Indians employed in extractive industries (agriculture, forestry, fisheries and mining) fell during the 1980's, as it did for Whites. Though certainly an important source of revenue for some American Indian communities, extractive industries do not provide as much employment as generally thought. In 1980, agriculture, fishing, forestry, and mining accounted for 11 percent of employment among American Indians; by 1990, less than 8 percent.

Occupational Distribution

Occupational groups, characterized by distinct skill and educational levels, command fairly specific wage and salary structures. Consequently, the occupational structure also governs labor market outcomes. Although most industrial sectors employ a wide array of occupational groups, not all sectors employ the same occupations in the same proportions, and many industries vary considerably in the proportion of occupations they use. In general, industries with a significant proportion of upper-level managerial, professional, and technical jobs are partial to urban areas, and industries relying on less expensive

blue-collar labor favor rural areas (McGranahan, 1988).

Contrary to popular stereotypes, "traditional" American Indian occupations, such as native healers, sheepworkers, jewelers, and handworkers (weavers, basket makers, beaders), are not a major source of employment for American Indians today (U.S. Dept. of Commerce, 1986).³ Rather, American Indians living in rural areas work in the same occupations as White rural workers (table 2). In 1990 rural areas provided relatively large numbers of jobs for American Indian and White technicians, salespeople, and administrative workers, as well as for fabricators, machine operators, and laborers. Relatively few supervisory jobs or resources-related jobs were available for either group, a consequence of the declining reliance of rural areas on resource extraction. Thus, much of the similarity in the occupational distribution of American Indians and Whites is related to the limited employment opportunities in rural areas. And, like rural Whites, American Indians did not realize much occupational

³ Traditional crafts and subsistence activities are thought to play a much greater role in the informal economy, a set of economic activities that bypass the formal market (Portes and Sassen-Koob, 1987). Anecdotal evidence from numerous sources suggests that the vast majority of American Indian households are involved in some form of informal economic activity. However, how much these activities contribute toward economic well-being is unknown.

**Table 3—Occupational segregation, rural¹
American Indians and Whites, 1980 and 1990**

Race/Ethnicity	Occupational segregation	
	1980	1990
	<i>Percent²</i>	
American Indians and Whites	17.9	13.1
American Indian men and White men	20.2	16.1
American Indian women and White women	15.9	10.9

¹ Nonmetropolitan.

² The index of dissimilarity indicates the percentage of American Indians that would need to switch occupations to match the distribution of Whites.

Source: Compiled by Economic Research Service from Public Use Microdata Samples, 1980 and 1990.

mobility in the last decade; the occupations in which they were employed in 1980 were roughly the same in 1990. Yet, despite these similarities, important differences endure in employment opportunities for American Indian and White workers in rural areas.

Occupational segregation reflects the degree to which racial groups compete for the same jobs. Where the segregation is high, members of ethnic and racial groups are allocated to different positions within the occupational distribution. Minorities are less likely than Whites to secure positions in relatively complex or technical occupations that allow upward mobility. Positions dominated by non-Whites are generally acknowledged to yield fewer rewards, even when differences in skills and working conditions are taken into consideration (Baron and Newman, 1990; Fossett, Galle, and Kelly, 1986). Consequently,

ethnic and racial "group differences in occupational distribution are an important indicator of the degree of racial inequality in American society, and a key measure of the extent of assimilation experienced by a group" (Fossett, Galle, and Kelly, 1986).

The index of dissimilarity, a frequently used measure of occupational segregation, indicates the minimum percentage of Whites or American Indians that must change places to make the occupational distributions equal (Fossett, Galle, and Kelly, 1986). A comparison of the index of dissimilarity for American Indians and Whites for 1980 and 1990 demonstrates that American Indians are still excluded from some occupations (table 3). Over 16 percent of American Indian men and almost 11 percent of American Indian women would have had to switch occupational groups for the distribution to be identical to the occupational distribution for Whites.

Despite the increased need for Indians with managerial expertise and administrative skills generated by self-development initiatives, better paid managerial, supervisory, and professional specialty jobs are still disproportionately filled by Whites. Whites are also more likely to be employed in technical, sales, and administrative support positions than are American Indians (table 2).

In contrast, American Indians are much more likely to be employed in general services, agriculture, forestry, or fishing. Service jobs, for the most part, are poorly remunerated and offer little job security and few opportunities for advancement. Farming, forestry, and fishing occupations may be intrinsically more rewarding and desirable to American Indians, but they often pay little more than subsistence wages (Reno,

Table 4—Labor force status of rural¹ American Indian and White men and women, 16 to 64 years old, 1988 and 1989

Labor force status	American Indians			Whites		
	Men	Women	Total	Men	Women	Total
	<i>Percent</i>					
Employed	60.7	48.2	54.1	80.6	63.0	71.7
Full-time	49.8	33.9	41.4	71.8	44.2	57.9
Part-time	10.9	14.3	12.7	8.8	18.8	13.8
Unemployed	11.5	6.9	9.1	4.5	3.5	4.0
Not in labor force	27.7	44.8	36.8	14.9	33.5	24.3

¹ Nonmetropolitan.

Note: Totals do not add to 100 due to rounding.

Source: Compiled by Economic Research Service from 1989 and 1990 Current Population Survey Monthly Earnings Files.

Table 5—Reasons for working part-time given by rural¹ American Indian and White men and women, 16-64 years old, 1988 and 1989

Item	American Indians			Whites		
	Men	Women	Total	Men	Women	Total
	<i>Percent</i>					
Share employed working part-time	18.0	29.7	23.5	10.9	29.8	19.3
Reasons for working part-time:						
Slack work	21.4	15.4	17.8	15.2	8.3	10.8
Material shortage, plant repair	0	1.4	.8	.6	.2	.4
New job	1.9	1.2	1.5	1.0	.7	.8
Job terminated	1.1	0	.4	.7	.2	.4
Holiday	0	0	0	3.7	2.3	2.9
Labor dispute	0	0	0	.1	0	0
Bad weather	0	0	0	7.0	.6	2.9
Own illness	.4	3.1	2.0	6.7	4.7	5.4
On vacation	0	0	0	8.2	4.2	5.7
Could only find part-time work	37.4	20.1	26.9	9.3	11.0	10.4
Too busy, did not want full-time	29.7	51.5	42.9	32.4	51.5	44.5
Full-time under 35 hours	3.0	5.7	4.6	3.9	8.4	6.7
Other	5.1	1.7	3.0	11.2	7.8	9.1

¹ Nonmetropolitan.

Note: Totals do not add to 100 due to rounding.

Source: 1989 and 1990 Current Population Survey Monthly Earnings Files.

1981) and generally involve physically demanding labor and the performance of tedious, menial tasks. Moreover, like service occupations, most of these manual-labor jobs guarantee little, if any, job and economic security. Having limited access to positions within the occupational structure, American Indians' economic opportunities are even more circumscribed than those of most rural residents.

The index of dissimilarity also indicates that American Indians, especially women, have more access to the traditional "White" jobs than they did 10 years ago. However, greater occupational equality presents somewhat of a paradox. When there is little occupational segregation, ethnic and minority group members must compete for the same jobs, often resulting in high unemployment, as opposed to employment at low wages, for the minority group (Tigges and Tootle, 1993).

Labor Force Activity

During the 1980's, changes in the structure of labor market demand left Americans fewer opportunities to fully participate in the labor market. The 1980's witnessed unmistakable increases in unemployment, part-time employment, and temporary work

(Christensen and Murphree, 1988). These trends were particularly visible among American Indians, who were subject to higher rates of unemployment, part-time employment, and irregular participation in the paid labor force than Whites.⁴ Unemployment among American Indians is twice as high as among Whites, and the percentage of American Indian men who are not in the labor force is also twice as high as for White men. The differences in labor force activity for women are not as pronounced (table 4).

Variable labor force activity is frequently justified on cultural and historical grounds; American Indians have long participated in societies that traditionally eschewed wage labor and market concepts. Granted, this argument is valid, but it tends to obscure socioeconomic origins of inconstant labor force activity. Closer examination of the components of labor force status (employment, unemployment, and

⁴ Individuals are defined as in the labor force if they are employed or unemployed. They are considered to be unemployed if they are not currently employed but are (1) actively looking for work, (2) waiting to be called back to work from which they were laid off, or (3) waiting to report to a new job. All others are defined as not in the labor force (NILF).

Table 6—Reasons for unemployment among unemployed rural¹ American Indian and White men and women, 16-64 years old, 1988 and 1989

Reasons	American Indians			Whites		
	Men	Women	Total	Men	Women	Total
	<i>Percent</i>					
Laid off	17.6	4.2	12.2	24.6	15.2	20.4
Lost job	41.8	22.0	33.8	36.9	22.8	30.6
Left job	7.2	12.4	9.3	12.2	16.5	14.1
Re/new entrant	33.5	61.4	44.7	26.2	45.4	34.8

¹ Nonmetropolitan.

Note: Totals do not add to 100 due to rounding.

Source: 1989 and 1990 Current Population Survey Monthly Earnings Files.

participation in the labor force) sheds more light on the differences in labor force activity between American Indians and Whites.

Part-Time Employment

By historical standards, the number of Americans working part-time is particularly high. Nearly a fifth of the American workforce is employed part-time, and women are more likely to work part-time than men. About a third of employed American Indian and White women alike work part-time. However, part-time employment is more prevalent among American Indian men (18 percent of employed men) than White men (11 percent) (table 5).

However, the interpretation of this finding is not straightforward. First, the American Indian population is relatively young, and part-time employment is common among young people, many of whom are still in school (Plewes, 1988). Second, part-time employment is multifaceted. For those who voluntarily choose part-time employment, it can be superior to full-time employment. Part-time jobs enable workers to work flexible hours, supplement other income, and pursue interests outside of the workplace. On the other hand, involuntary part-time work, a form of underemployment, tends to penalize the worker; part-time jobs usually pay lower wages, provide fewer benefits, and afford infrequent opportunities for upward mobility (Blank, 1990). The only way to clarify the social and economic repercussions associated with part-time work for American Indians is to examine the reasons given by respondents for working part-time.

Although many American Indians, like many Whites, voluntarily work part-time (they are either too busy or

simply do not want to work full-time), over a third of American Indian men working part-time cited the inability to find full-time work as a major reason (table 5). In contrast, less than a tenth of White men working part-time attributed their work status to the inability to find full-time work. American Indian women were also more likely than White women to work part-time because they could not find full-time work.

Another major reason for working part-time cited by American Indians is slack work. Slack work may refer to work that slows down periodically in response to market conditions, or to work that is seasonal. Over 20 percent of American Indian men and 15 percent of American Indian women work part-time because of slack labor demand, compared with 15 percent of White men and 8 percent of White women.

Unemployment

The context of unemployment is different for American Indians and Whites because the structure of unemployment is determined largely by the structure of employment. Schervish (1981) finds that unemployed skilled workers are more likely to have become unemployed through short-term layoffs and voluntary terminations than are workers in less complex jobs, who are more likely to have been released from their jobs permanently.

Whites predominate in the complex and better paid jobs. Although unemployment is primarily attributed to job losses for Whites and American Indians alike, unemployed Whites were more likely to have been laid off or to have quit their jobs voluntarily than were American Indians (table 6). Only a quarter of

Table 7—Reasons for not participating in the labor force given by rural¹ American Indian and White men and women, 16-64 years old, not active in the labor force, 1988 and 1989

Reason	American Indians			Whites		
	Men	Women	Total	Men	Women	Total
	<i>Percent</i>					
In school	33.7	15.5	21.7	29.1	13.3	18.1
Illness or disability	18.2	7.5	11.3	23.2	6.9	11.8
Home responsibilities	3.2	59.4	39.6	2.4	66.1	46.9
Retired	10.6	2.4	5.3	22.1	3.7	9.3
No desire	17.3	7.9	11.2	17.8	5.9	9.5
Employers think too young/old	.3	.5	.4	.2	.1	.1
Lack of education or training	1.5	.5	.8	.3	.3	.3
Other personal handicap	.2	.5	.4	.3	.2	.2
Couldn't find work	3.5	2.0	2.5	.8	.5	.6
Thinks no work available	9.0	1.6	4.2	1.3	.9	1.0
Other	2.5	2.4	2.5	2.4	2.0	2.1

¹ Nonmetropolitan.

Note: Totals do not add to 100 due to rounding.

Source: 1989 and 1990 Current Population Survey Monthly Earnings Files.

the unemployed American Indian men, compared with a third of the unemployed White men, were laid off or quit their jobs. The differences are more dramatic for women; less than 17 percent of unemployed American Indian women, and more than 31 percent of unemployed White women, attribute their status to layoff or voluntary termination.

Unemployed American Indians are also more likely than unemployed Whites to be either new or re-entrants into the paid labor market.⁵ The difference is more pronounced for women, and women are more likely than men to be unemployed as a consequence of intermittent employment. Almost half of unemployed White women, and over half of unemployed American Indian women were either entering the job market for the first time or were re-entering the job market after a period of being out. Higher levels of unemployment due to new entry or re-entry into the labor force among American Indians may reflect a disrupted or incomplete transition from school to the full-time labor market (Nagel, Ward, and Knapp, 1988), or may be a consequence of participation in the informal

economy. Many of the activities within the informal economy are subsistence-based and seasonal, such as hunting, trapping, and food-gathering. Family and household commitments may make intermittent employment a more common pattern for women.

Lack of Participation in the Labor Force

Much has been written about factors (such as education, marital status, and number of children in the family) that motivate labor force participation, but very little is known about reasons why people, particularly American Indians, do *not* participate in the paid labor force. For the most part, American Indians report very similar reasons for lack of labor force participation as Whites, suggesting that economic opportunity is a stronger determinant of labor force participation than culture (table 7). In fact, labor force participation patterns vary more by gender than by race and ethnicity.

Both American Indian and White men report attending school, illness and disability, retirement, and no desire to work as the major reasons for not participating in the labor force. The most often cited reason for lack of labor force participation is school attendance. The surprising higher value for school attendance among American Indian men over the age of 16 may be a consequence of sporadic school attendance associated with incomplete school-to-work

⁵ New entrants are defined as individuals who never worked on a full-time job lasting at least 2 weeks. Re-entrants are individuals who previously worked on a full-time job for at least 2 weeks, but who were out of the labor force prior to beginning to look for work (U.S. Dept. Labor, 1988).

transition, and a tendency to complete high school education as an older student.

Illness and disability also limit labor force participation, especially for men. Yet, despite the high incidence of poverty among rural American Indians, and the serious poverty-related health problems experienced (Sorkin, 1988), American Indian men are less likely than White men to attribute their lack of labor force participation to illness and disability. White men are also twice as likely to be retired. These findings may stem from the fact that American Indian populations are disproportionately young and contain relatively few elderly (Snipp, 1989).

American Indians appear to be no less likely than Whites to desire paid employment; roughly 17 percent of American Indian and White men who are not in the labor force express no desire to work. However, American Indian men are more likely to be discouraged workers, those who have quit searching for work because they believe there is no employment available for them. Previous research documents disproportionately high levels of discouraged workers among minorities. Nearly all (92 percent) of White men attribute their lack of labor force participation to either their educational endeavors, retirement, illness or disability, or to disinterest. However, these four explanations are given by only 80 percent of the American Indian men who are out of the labor force. Over 10 percent of the American Indian men not in the labor force are either unable to find employment or believe there is no available employment. This figure contrasts sharply with 2 percent of comparable White men.

American Indian women's labor force participation is more similar to that of White women than to that of American Indian men. Labor force participation of both American Indian and White women is constrained primarily by household responsibilities. Relatively more White women cite household responsibilities as their reason for not participating in the labor force. This finding may reflect a greater tendency among American Indians than among Whites to live in family environments and larger households (Snipp, 1989). In such households, responsibilities may be shared by household and family members so that household responsibilities become less of a constraint on labor force participation.

Conclusions

Despite the promise of self-determination, American Indians in general made little economic progress in the 1980's and remain well below economic parity with Whites (see report appendices). American Indians, who continue to lag far behind their White counterparts in terms of education and marketable job skills, may be less competitive in the labor market, but the economic impasse experienced by American Indians cannot be attributed solely to a shortage of qualified workers. For most people, economic well-being is determined primarily by labor market outcomes, such as employment and earnings. Although these outcomes can be influenced by attributes of the individual, they are basically determined by economic structures and opportunities.

The 1980's provided few opportunities for American Indians to improve their economic well-being. They continue to be overrepresented in less remunerative occupations and industries. At the aggregate level, Indians and Whites continue to occupy different positions within the industrial and occupational structure. American Indians are overrepresented in industries associated with few labor market rewards and underrepresented in the better paid white collar and relatively complex occupations. American Indians, employed in essentially the same industries and occupations in 1990 as in 1980, have been unable to narrow the employment gap with Whites. American Indians also have fewer opportunities than Whites to be employed full-time in steady jobs and are plagued by high levels of unemployment. Their relatively low participation in the labor force is related more to inability to find work than to lack of interest in working. All of these conditions suggest that the current wave of economic development on and around reservation lands does little to improve economic opportunities.

Does this mean that American Indians have not entered a new era of economic development? Not necessarily. Economic development in rural America, and more so on reservations, is uneven at best, and American Indians living on and around some reservations have reaped the benefits of economic development. Others continue to face the legacy of social, geographic, and economic isolation experienced by American Indians in varying degrees over the past 200 years. They have inherited, and are still grappling with, formidable barriers to development.

However, economic development per se may not provide the solution to economic hardship and poverty for American Indians. Although not all reservations are located in remote rural areas, the overwhelming majority are, and rural areas, especially the more remote areas, tend to specialize in low-wage manufacturing and consumer services jobs. Unless economic development on and near reservations departs from the typical urban and rural division of labor, it may not reduce the economic disadvantages faced by American Indians. Rural economic development is enigmatic; it does not always contribute directly to greater earnings and income for individuals. As Cornell and Kalt (1992) suggest: "There are no quick solutions to the problem of economic underdevelopment in Indian country. There also are no uncomplicated solutions."

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