

Political Economy, Markets, and Institutions

Incorporating Indigenous Nations into International Political Economy

Rachel L. Wellhausen^{1 a}

¹ The University of Texas at Austin, Austin, Texas, United States

Keywords: hierarchy, native american, international political economy, indigeneity

<https://doi.org/10.1525/gp.2021.22151>

Global Perspectives

Vol. 2, Issue 1, 2021

This comment elaborates on and extends the roundtable's discussion by turning to the context of Indigenous peoples. Even setting aside normative motivations, expanded study of Indigenous peoples provides clear opportunities for theory development in international political economy and international relations more broadly. For example, the legal status of American Indian Nations' 326 unique political jurisdictions can inform the political economy of marginalized identity groups in a non-Westphalian but nonetheless international context.

This weighty roundtable brought together international and comparative political economy scholars doing compelling work that incorporates racial and ethnic politics into international economic relations. Without minimizing the normative importance of this work, a clear takeaway is that allocating more of our scarce research resources to identity politics and economic globalization is crucial for theory development (Reinhardt 2021). At the same time, the panelists make clear that shallow research designs can be red herrings leading us away from rightful research priorities. Baker and McNamara, in particular, addressed how reverting to identity-group dummies in research design collapses variation and reports only a net effect of many possible underlying factors. Here, I would like to further elaborate on and extend these points, turning to the context of Indigenous peoples. Again, even setting aside normative motivations, engaging with the political economy of Indigenous peoples provides clear opportunities for theory development born of the unique status of Indigenous Nations in international relations.

First, in the developed-country context, Guisinger reflected on how we have compelling evidence that dominant-group attitudes toward racial minorities are implicated in their views toward economic integration (e.g., Chilton, Milner, and Tingley 2020; Guisinger 2017; Baker 2015). What we know less about is the flip side: how do racial and ethnic minorities themselves experience and view economic globalization? Given the growing scholarly consensus that the backlash against globalization is born of long-accruing unequal effects (see Walter 2020; Naoi 2020), it is clear that understanding the politics of backlash among groups to whom inequity is nothing new is of general theoretical importance.

Second, in the developing-country context, scholarship



This segment was recorded on September 30, 2020, as an installment of the Global Research in International Political Economy webinar series, organized by Layna Mosley (Princeton), Stephanie Rickard (London School of Economics) and B. Peter Rosendorff (New York University).

has knocked the bottom out of globalization's grandest promises to improve outcomes for marginalized groups (Rudra and Tobin 2017; Pandya 2016; but see Osgood and Peters 2017). Singh's discussion dismissed the usefulness of research homogenizing developing-country experiences and offered far more compelling research priorities. Even with regard to an identity group as formally defined as a caste, Suryanarayan established that it is an unforced error to assume in-group homogeneity in experiences and attitudes around political economy (e.g., Suryanarayan 2019).

Indigenous peoples' orientation toward international economic relations is born of a specific, unique political

a rwellhausen@utexas.edu

economic context that provides fertile ground for theory development. First, retaining and building their sovereignty suggests a notable political resiliency. Sheryl Lightfoot spoke to this in the telling subtitle of her pathbreaking book, *Global Indigenous Politics: A Subtle Revolution* (2016). Turning to the United States, there are 326 independent political jurisdictions in what is known as Indian Country. American Indian Nations governing these jurisdictions have never had full access to the powers of the state. Nonetheless, they have retained and built considerable sovereign authority over their domestic political economies, such as policy regarding cross-border capital flows, taxation, regulation, and commercial licensing. The title of Laura E. Evans's seminal book is telling: *Power from Powerlessness: Tribal Governments, Institutional Niches, and American Federalism* (2011a). Evans and others have developed theories born of "salami tactics," the notion that tribes have found ways to, bit by bit, shape the narrative around their identities and leverage their status to influence external actors (Akee, Spilde, and Taylor 2015; Evans 2011b). The strategies by which Indigenous groups turn sovereignty into a verb connects to work on social networks, mitigating transaction costs in market exchanges, maximizing public goods provision, and so on (Evans 2014). It is appropriate to consider variation in Indigenous Nations' domestic political economic policy and inter(-Indigenous-)national cooperation in the context of inter(-Westphalian-)national relations (Wellhausen 2017b).

A key priority in American Indian/Alaskan Native political economy is to understand the troubling levels of financial exclusion experienced by AIAN people. Careful scholarship demonstrates that the unique semi-sovereignty found in the 326 Indian Country political jurisdictions has eroded and continues to erode welfare via disparities in access to capital (Brown, Cookson, and Heimer 2019). For example, AIAN individuals pay higher interest rates on mortgage debt (Cattaneo and Feir 2019), and they have systematically lower credit scores (Dimitrova-Grajzl et al. 2015). Without minimizing the normative reasons to prioritize research on these disparate outcomes, the political economic context of AIAN people allows us to examine the relative importance of racism or other factors as proximate causes of financial exclusion (Wellhausen 2017a). It may be that the institutions of the US financial system are systematically biased against AIAN individuals, and/or that the AIAN people face outright, unlawful discrimination (Guedel and Colbert 2016). The distinct AIAN legal status facilitates research designs that can better isolate institutional from inter personal mechanisms and, in turn, that can uniquely inform policy, with potential external applications to other marginalized groups without special legal status.

Consistent with the panel's discussion, disaggregating Indigenous experiences offers even more opportunity for theory development. It is worth remembering that the term "Indigenous," defined as the first inhabitants of a place, is an identity born of territory. Indigeneity has meaning only because of the existence of subsequent groups of inhabitants. Of course, far from being an innocuous marker, subsequent inhabitants engaging in settler colonialism have found it useful for their purposes to collapse unique Nations and cultures under one label. For example, it is far easier to

rationalize the US federal government having broken hundreds of bilateral treaties signed with many different Indigenous sovereigns if those many treaty partners are no longer perceived as individual counterparties. However, it is a red herring to presume that something like an "Indigenous dummy variable" will sufficiently capture variation worthy of our scarce research resources. For example, aggregating AIAN people makes invisible the striking variation in socioeconomic conditions across Indian Country (Wellhausen, Feir, and Thrall 2021).

Raising the scholarly profile of Indigeneity in international political economy would tie into a forceful argument made by Singh in the roundtable concerning the concept of hierarchy in international relations. Singh reminds us that our day-to-day choices over defining puzzles, engaging with or excluding bodies of scholarship, and defining terms are inextricably rooted in normative evaluations (e.g., Singh 2020). Singh challenges us to recognize that hierarchy, while a common term in today's international relations research, is, in fact, an intensely normative concept. Research agendas organized around the study of hierarchy overwhelmingly center the hierarchical power and look down to its constituent political units. Singh argues that assuming such a top-down perspective is sufficient for the study of hierarchy is incorrect. In his words, based on that definition, the term serves as shorthand for "systems of subjugation, oppression, and structural racism in the world." Indigenous political units in particular have always sat uncomfortably in a top-down framework built around political units subjugated via colonialisms other than settler colonialism (Arias and Dirod 2014; Bruyneel 2007). But the so-called puzzle of how to fit Indigenous peoples into studies of hierarchy disappears if we reject top-down hierarchy and instead center the political economic communities that are subjugated. By flipping the script, the relevance of variation across Indigenous and other racial and ethnic minorities becomes visible. How is it that marginalized groups navigate economic globalization, and how might variation in the existence of (semi-)sovereign political borders change individuals' lived experiences and attitudes?

Finally, in pursuing research agendas on race and identity, the roundtable had much to say about methodology. McNamara raised the relevance of in-depth ethnographic methods to these research agendas, and she and Baker reinforced the importance of pulling interdisciplinary insights and strategies from fields other than economics (e.g., Atal 2021; McNamara 2009). Singh emphasized the importance of measurement and quantitative analysis. The AIAN context again illustrates the usefulness of these insights. For example, in understanding—and fighting—AIAN peoples' inequitable access to US financial systems, the most efficient way to allocate scarce scholarly resources to pressing questions is to embed those allocation decisions in AIAN communities. Interdisciplinarity relieves political scientists from reinventing foundational concepts, especially those in which a political science approach does not provide a comparative advantage. And, in the absence of go-to downloadable datasets, incorporating the Indigenous political economic context into IPE research quite obviously necessitates creative approaches to measurement. I walked away from the roundtable convinced that there is room for

those with a variety of methodological comparative advantages to do this work, whether in an Indigenous setting or otherwise.

.....

COMPETING INTERESTS

The author has no competing interests to declare.

AUTHOR BIOGRAPHY

Rachel L. Wellhausen is an Associate Professor of Government at the University of Texas at Austin. She is also an Associate Professor (by courtesy) in the Business, Government, and Society Department at the McCombs School of Business. Rachel is co-director of Innovations for Peace and Development, an interdisciplinary research lab at UT Austin that provides mentored research opportunities for graduate and undergraduate students.

Rachel's primary field of interest is international political economy, and specifically the political economy of international investment and finance. Her book *The Shield of Nationality: When Governments Break Contracts with*

Foreign Firms (Cambridge University Press 2015) won the Best Book Award (2015-2017) from the International Political Economy Society. Rachel has published in the *American Political Science Review*, *American Journal of Political Science*, *International Organization*, *Journal of Politics*, *Quarterly Journal of Political Science*, *British Journal of Political Science*, *International Studies Quarterly*, *Journal of Conflict Resolution*, *Review of International Organizations*, and other outlets. She received the Michael Wallerstein Award from the American Political Science Association for the best paper published in political economy in 2016.

Rachel has ongoing research interests in developing nations' policy flexibility given economic globalization. Her current book project, *The Politics of Sovereignty in the Global Economy*, establishes how variation in economic autonomy generates latitude for "semi-sovereigns" that is unavailable to recognized sovereign states, drawing on evidence from Indian Country and the greater United States. In related work, Rachel is collaborating with the Federal Reserve Bank of Minneapolis Center for Indian Country Development and Native partners on increasing access to formal banking services in underserved Native communities.

Submitted: November 03, 2020 PDT, Accepted: March 07, 2021 PDT

REFERENCES

- Akee, Randall K. Q., Katherine A. Spilde, and Jonathan B. Taylor. 2015. "The Indian Gaming Regulatory Act and Its Effects on American Indian Economic Development." *Journal of Economic Perspectives* 29 (3): 185–208. <https://doi.org/10.1257/jep.29.3.185>.
- Arias, Luz Marina, and Desha M. Dirod. 2014. "Indigenous Origins of Colonial Institutions." *Quarterly Journal of Political Science* 9 (3): 371–406. <https://doi.org/10.1561/100.00013135>.
- Atal, Maha Rafi. 2021. "Measuring the Wages of Whiteness: A Project for Political Economists." *Global Perspectives* 2 (1). <https://doi.org/DOI>.
- Baker, Andy. 2015. "Race, Paternalism, and Foreign Aid: Evidence from U.S. Public Opinion." *American Political Science Review* 109 (1): 93–109. <https://doi.org/10.1017/s0003055414000549>.
- Brown, James R., J. Anthony Cookson, and Rawley Z. Heimer. 2019. "Growing up without Finance." *Journal of Financial Economics* 134 (3): 591–616. <https://doi.org/10.1016/j.jfineco.2019.05.006>.
- Bruyneel, Kevin. 2007. *The Third Space of Sovereignty: The Postcolonial Politics of US- Indigenous Relations*. U of Minnesota Press.
- Cattaneo, Laura, and Donna Feir. 2019. *The Price of Mortgage Financing for Native Americans*. Center for Indian Country Development Series 4-2019. Federal Reserve Bank of Minneapolis. <https://doi.org/10.1007/s41996-020-00069-8>.
- Chilton, Adam S., Helen V. Milner, and Dustin Tingley. 2020. "Reciprocity and Public Opposition to Foreign Direct Investment." *British Journal of Political Science* 50 (1): 129–53. <https://doi.org/10.1017/s0007123417000552>.
- Dimitrova-Grajzl, Valentina, Peter Grajzl, A. Joseph Guse, and Richard M. Todd. 2015. "Consumer Credit on American Indian Reservations." *Economic Systems* 39 (3): 518–40. <https://doi.org/10.1016/j.ecosys.2015.01.005>.
- Evans, Laura E. 2011a. *Power from Powerlessness: Tribal Governments, Institutional Niches, and American Federalism*. Oxford University Press.
- . 2011b. "Expertise and Scale of Conflict: Governments as Advocates in American Indian Politics." *American Political Science Review* 105 (4): 663–82. <https://doi.org/10.1017/s0003055411000347>.
- . 2014. "Tribal-State Relations in the Anglosphere." *Annual Review of Political Science* 17 (1): 273–89. <https://doi.org/10.1146/annurev-polisci-073012-112513>.
- Guedel, W. Gregory, and J.D. Colbert. 2016. "Capital, Inequality, and Self-Determination: Creating a Sovereign Financial System for Native American Nations." *American Indian Law Review* 41 (1): 1–49.
- Guisinger, Alexandra. 2017. *American Opinion on Trade: Preferences without Politics*. Oxford: Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780190651824.003.0003>.
- Lightfoot, Sheryl. 2016. *Global Indigenous Politics: A Subtle Revolution*. Routledge.
- McNamara, Kathleen. 2009. "Of Intellectual Monocultures and the Study of International Political Economy." *Review of International Political Economy* 16: 1.
- Naoi, Megumi. 2020. "Survey Experiments in International Political Economy: What We (Don't) Know About the Backlash Against Globalization." *Annual Review of Political Science* 23 (1): 333–56. <https://doi.org/10.1146/annurev-polisci-050317-063806>.
- Osgood, Iain, and Margaret Peters. 2017. "Escape Through Export? Women-Owned Enterprises, Domestic Discrimination, and Global Markets." *Quarterly Journal of Political Science* 12 (2): 143–83. <https://doi.org/10.1561/100.00015177>.
- Pandya, Sonal S. 2016. "Political Economy of Foreign Direct Investment: Globalized Production in the Twenty-First Century." *Annual Review of Political Science*.
- Reinhardt, Gina Yannitell. 2021. "A New Decision Calculus: Race in International Political Economy Studies." *Global Perspectives* 2 (1). <https://doi.org/DOI>.
- Rudra, Nita, and Jennifer L. Tobin. 2017. "When Does Globalization Help the Poor?" *Annual Review of Political Science* 20 (1): 287–307. <https://doi.org/10.1146/annurev-polisci-051215-022754>.
- Singh, J.P., ed. 2020. *Cultural Values in Political Economy*. Stanford, CA: Stanford University Press. <https://doi.org/10.1515/9781503612709>.

Suryanarayan, Pavithra. 2019. "When Do the Poor Vote for the Right Wing and Why: Status Hierarchy and Vote Choice in the Indian States." *Comparative Political Studies* 52 (2): 209–45. <https://doi.org/10.1177/0010414018758752>.

Walter, Stefanie. 2020. "The Backlash Against Globalization." *Annual Review of Political Science* 817582 (817582): 1–33.

Wellhausen, Rachel L. 2017a. "Sovereignty, Law, and Finance: Evidence from American Indian Reservations." *Quarterly Journal of Political Science* 12 (4): 405–36.

———. 2017b. "The Political Economy of US Territories and Indian Country." *PS: Political Science & Politics* 50 (2): 510–14. <https://doi.org/10.1017/s1049096516003097>.

Wellhausen, Rachel L., Donna Feir, and Calvin Thrall. 2021. "The Promise of Economic Integration: Evidence from the First Bank in an American Indian Nation." Center for Indian Country Development (CICD) at the Federal Reserve of Minneapolis.