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Honorable Senator James Lankford  
Washington, D.C.

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Anadarko, Oklahoma

Testimony Topic: A Native American Economic Development Perspective

Honorable Senator Lankford,

Sir, I am honored to have the opportunity to address the United States Senate Indian Affairs Committee in this field hearing session today. I am a native Oklahoman, as well as a Native American; being both Comanche and Choctaw.

### **Experience and Credentials:**

I currently serve in the capacity as the Executive Director of the Washita Valley Regional Partnership (WVRP), which is a private/public economic development organization covering the rural area in and around Caddo County, Oklahoma. WVRP's partners are: The City of Anadarko, Caddo County Industrial Authority, Caddo Kiowa Technology Center, Caddo Electric Cooperative, Western Farmers Electric Cooperative and Public Services of Oklahoma.

I also serve, having been elected by my peers and colleagues, as the Chairman of the Oklahoma Southwest Alliance, which is a twenty county economic development consortium covering the twenty counties west of I-35 and south of I-40 in Southwest Oklahoma. We are primarily comprised of economic development professionals, mayors, city managers and other partners interested in the economic growth and prosperity of the southwest quadrant of our state.

I am a member of the Comanche Nation and am a Choctaw descendant as well. I am a graduate of the University of Oklahoma's Economic Development Institute. A member of the Oklahoma Economic Development Council, the International Economic Development Council, the Oklahoma Southwest Alliance and the Southwest Oklahoma Impact Coalition's Front Line Team. I am further honored to be the first non-Delaware to serve on the Delaware Nation's Economic Development Authority. I hold both undergraduate and post-graduate degrees and served proudly in the United States Army for twenty-nine years both in peacetime and in combat.

Accordingly, I feel well qualified to address issues regarding the economic development environs within which our proud Native American nations lie not only here in Southwest Oklahoma, but in Oklahoma and the United States as well.

### **Definitions:**

**Economic Success.** Defining economic success is vastly different than saying we have some tribal businesses that are still open. Native American "self-determination" is often heralded as a key ingredient in an over-arching belief that this leads towards either tribal or individual financial independence. Needless to say, tribal and individual definitions are also, vastly

different. Economic success varies from a macro to the micro perspective as much as financial independence varies from tribal to individual. A basic understanding of these precepts is important, if one is to assign a value to the claim of economic success. Accordingly, I will present both a tribal and individual level set of standards for testimonial purposes.

Tribal (Sovereign Nation) Economic Success would exist when a tribe is functioning at a level beyond simple sustenance in its ability to provide for its people.

Tribal Financial Independence would exist when a tribe is functioning at a level that displays true competitiveness in a global economy and excels in its ability to provide for its people without outside (read federal government) funding.

Individual tribal member and/or business success does not have the requirement to provide for a people. This micro level is qualified as providing for oneself, one's family or one's business.

Individual tribal member and/or business financial independence results when there is no longer a requirement for any sort of financial assistance from the government. Financial independence is displayed when an individual earns their income solely on salary, profit or investment. The business model would display success when it is earning its income on a business profit and loss statement in an open market without tribal and/or federal monetary assistance.

**Economic Development.** Economic Development is the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services. This academic definition for economic development generally applies to entities beyond the individual or individual business. In this testimony, we are referring largely to tribes or sovereign nations. However, as is the case with the federal government, tribal governments are not equipped with the skill sets to create wealth with the legislative bodies. Federal and tribal governments, that are successful models, have established internal agencies that help guide the environment to provide for a situation where wealth creation can occur. In the proper environment, in our nation, the open market, business people will either win or lose in the world of business. The open market is driven by supply and demand of goods and services.

**Six principles of economic development.** There are six key components of economic development that are widely accepted in the economic development community. These principle components must all be in place for there to be true economic growth and wealth creation. These principles are: Workforce Development, Leadership Development, Community Capacity Development, Business Retention and Expansion, Entrepreneurial Development and Business and Industry Recruitment. The baseline requirements for economic development are the first three; workforce, leadership and community capacity development. Without those three in place, the business development components are meaningless. The primary production tiers are business retention and expansion (which accounts for 85% of all business growth and development in the United States) and entrepreneurial development. The final tier, business and industry recruitment is the pinnacle of economic development. It only happens when all of the other five elements are in place and working well.

## **Observations and Recommendations:**

- I. Personal observations are replete with exceptions, contrary examples and false perceptions. I do not discount that; however, my experience and observations come with the aforementioned credentials and professional acumen in the area of economic development. In the world of business, there are winners and losers. Government policies can alter the environment and amend competition to favor disadvantaged demographics; however, in the open market there will still be winners and losers.

Tribal Sovereign Nations create separate governmental constitutions and tribal structures for prosecution of the will of their inherent population. There are 39 federally recognized tribes within the State of Oklahoma, each with its own individual constitution and structure. There are 9 federally recognized tribes within Caddo County, Oklahoma and they are the Comanche, Kiowa, Apache, Wichita, Caddo, Delaware, Fort Sill Apache and the Cheyenne-Arapaho. Several of these regional tribes have suffered nearly complete collapse in their governmental structure within the last five years. Several of these regional tribes have also suffered loss (bankruptcy) of their gaming institutions and its flow of speculative dollars. At least one, is now dealing with abject corruption in its former leadership and will continue to suffer the consequences of direct interference from tribal politics in its otherwise functional economic development arm. Sadly, this kind of failure, when related to the world of business is a red flag and accordingly, there is a reticence from the external business community to have anything to do with these or any Native American tribes.

**Recommendation:** For tribal businesses to function and compete successfully in a global market environment, a tribal structure must be in place that buffers tribal businesses from tribal politics.

- II. The “Trust” and/or “Sovereign” land dilemma. “Trust” land is a two-edged sword. The advantages of “Trust” land for some Native American enterprises is that of tax avoidance. Solely owned Native American businesses, such as gaming institutions, use this to advantage. There are certainly unique examples of other businesses flourishing on “Trust” land. However, free market (non-Native) businesses largely will not invest in nor partner with businesses on “Trust” land. They perceive, and rightly so, that they will have no legal recourse nor actual ownership in a business that is not on “Fee Simple” real estate.

**Recommendation:** Move “Trust” and/or “Sovereign” land out of trust to attract free market investment and partnerships. Laws that govern business in the open market still apply and legal recourse is available to both parties involved.

- III. There has been a regional tendency to create businesses without first doing the business basics. The standard metric for new business start-ups is a failure rate of nearly 80% both nationally and internationally. It is a tough prospect to take a business from ground zero to actually being clear of red ink and showing a profit. For the record, there is also a tendency for government programs to push start up ideas and grants on tribal entities that

are not set up to run and manage a business. The idea sounds good or the money looks great, but the reality is that business basics are a must.

**Recommendation:** Follow business basic guidelines with start-up businesses.

1. First priority is always a solid Business Plan.
2. Second priority is always to know and have your financials in order.
3. Ensure your workforce is in place before starting or investing in a business.
4. Use all available resources for entrepreneurial and business start-up efforts.
5. Do all of the above or DO NOT start.

IV. Tribal Entities which have gained real market share in the world economy and have seen actual tribal and economic growth have made two specific changes to their internal membership structure. These changes have been the paradigm shift from economic stagnation to economic success on par with modern, competitive businesses nationally and internationally. The key features of these changes have been the ability to grow demographically, which equates to strength and resources and the ability to invest in workforce development. These positive changes are:

1. Membership eligibility has been changed from “Blood Quantum” to “Legacy/Decendancy”. Those tribes that have remained blood quantum oriented have stagnated and/or declining growth. Anthropologically speaking, they will eventually become numerically extinct.
2. Per Cap distribution from gaming revenues to tribal membership was stopped and those funds were invested in education and workforce development programs for tribal workforce growth and in medical/health care facilities to improve healthcare and quality of life for their tribal members.

**Recommendation:** I strongly urge Native American sovereign nations to enact both of these critical changes. The results are immediate and positive.

Sovereign immunity remains at the core of the divide. The Non-Native business community will simply never feel that the environment is equitable in a market place when favoritism is being exercised. Business waits for no one. Competitive businesses have learned that the easiest way to deal with sovereign immunity issues is simply to avoid them. Accordingly, economic development does not occur “naturally” in the closed market caused by sovereign immunity in regions where that exists. Always remember, “Change is inevitable, progress is optional.”

Very Respectfully,

Wm. Clark Southard