

# American Indian Wealth in the Early 20<sup>th</sup> Century

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Wealth and income are valuable, in part, because they increase the ability of people to live well—whether it be by purchasing secure shelter, feeding themselves and their families, riding out temporary earnings shortfalls, or investing in their futures.

In this paper, we provide the first evidence of the wealth of Indigenous nations in the early 20<sup>th</sup> century United States, as measured by Western standards. We digitize several statistical tables from the Bureau of Indian Affairs’ Annual Reports between 1912 and 1927. We examine the variation both across nations and between Indigenous nations and other racial and ethnic groups in the same time period.

While economic historians have written extensively on the economic history of the early 20<sup>th</sup> century in the United States, much less is known about the economic history of Indigenous nations (Harmon, 2010; Harmon, O’Neill and Rosier, 2011; Anderson, 2016; Carlos, Feir and Redish, 2022). This is a particularly important period for Indigenous nations, with populations being at a nadir at the start of the 20<sup>th</sup> century and many communities losing access to traditional resources, such as the buffalo (Feir, Gillezeau and Jones, 2023).

In real terms, aggregate per capita wealth in 1912 was high relative to other groups but it declined systematically until 1927.

We find substantial heterogeneity in per capita wealth across communities and a community’s location in the distribution of wealth was relatively persistent during the time period of our analysis.

## I. Background

Several considerations make the study of Indigenous wealth unique. First, Indigenous notions of wealth may have differed from European concepts, and thus, it is worth acknowledging that we are measuring wealth as constructed by the Bureau of Indian Affairs.

Second, the measurement of per capita wealth must address the distinction between individual and tribal wealth. Before 1887, the majority of Indigenous Peoples living on reservations owned land communally. In that year, the US government passed the General Allotment Act (also known as the Dawes Act), which provided for the breakup of reservations; specifically, that individual tribe members would be ‘allotted’ land which would be held in trust by the government for 25 years after which the individual would own it in fee simple. Subsequent legislation permitted reductions in the 25-year period. So-called ‘surplus land’ that was not allotted would be sold to settlers. The process of allotment was gradual as rolls of eligible allottees were developed, and nations challenged the process.

As a consequence of these legislative changes, in the period we cover, land was held in a diversity of tenures, even within the same reservation: there was land allotted and held by tribe members in fee simple or allotted but held in trust by the US government; surplus lands may have been sold to non-Indians; lands were also tribally owned. Additionally, land under any of these tenures could have been leased and occupied by individuals other than the own-

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Finally, much of the wealth promised to Indigenous nations by the federal government was funds held in trust whose use was not at the discretion of the nation or its members.

The Dawes Act is widely viewed to have damaged Indigenous access to resources and economic productivity (Carlson, 1981*b*; Anderson and Lueck, 1992; Leonard, Parker and Anderson, 2020; Dippel, Frye and Leonard, 2020). However, land sold for the tribe and held in trust by the federal government represented significant wealth on paper, as would government leasing of lands to non-Indigenous farmers, loggers, fishers, or mining activities which occurred on tribally held lands or land allotted but still held in trust.

## II. Data and Methods

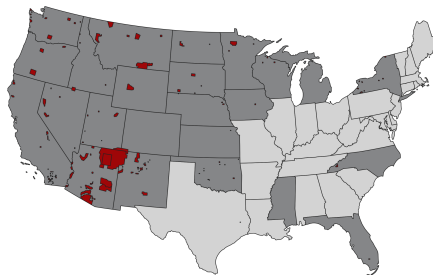
We draw on data from the reports of the Bureau of Indian Affairs (BIA) between 1912 and 1927. The reports present a wide range of data on the demographic, economic, and social conditions of Indigenous peoples by superintendency and on occasion tribe.<sup>2</sup>

Our analysis uses the tables that report population and wealth. These data are population data for those living on reservations. Our time frame is largely driven by data availability. Before 1912, detailed statistical reports of wealth were not available. Data on population and wealth were included in the report until 1927.

The wealth tables report on the asset holdings broken down by type of asset (e.g., land, funds in trust or the bank, household goods) and by whether tribally or individually owned. Our analysis focuses on total (tribal plus individual) wealth. Before 1927, oil and gas wealth was ex-

cluded from the statistical tables.<sup>3</sup> This is a potentially important omission and should be part of future research. This total wealth measure is not directly comparable with wealth measures in the literature since these would generally exclude the public wealth of governments. Thus, we also present some statistics separately for individual and tribal wealth. Additionally, the data are measures of assets rather than ‘net’ wealth since data on liabilities are not included in the reports. While there is evidence of predatory lending in the 19th century, we do not have data on the extent of such lending in the 20<sup>th</sup> century. There is some evidence that it had become less pervasive, as in 1909 the Bureau of Indian Affairs stated that it would no longer assist creditors who wanted to collect from Indian borrowers. The Bureau believed that this dramatically reduced such lending.

Population data, which are reported by tribe, are aggregated to the level of the superintendency. Superintendencies varied in their size—some were as few as 89 Indigenous inhabitants in 1912 and 93 in 1927, and others as many as 101,287 in 1912 and 101,506 in 1927. The average superintendency population was 3,438 in 1912 and 3,836 in 1927. We combine population and wealth to generate measures of total per capita wealth by superintendency. We present wealth in real 2019 dollars using the CPI deflator (Jordà, Schularick and Taylor, 2017).<sup>4</sup>



<sup>1</sup>By 1934, when the Dawes Act was repealed by the Indian Reorganization Act, reservations measured only 52 million acres, smaller than the 156 million acres in 1886. For more on the Dawes Act and its economic consequences, see Carlson (1981*a*); Dippel, Frye and Leonard (2020); Leonard, Parker and Anderson (2020).

<sup>2</sup>Superintendencies were the local administrative unit of the BIA.

<sup>3</sup>In 1927, the first year that included oil and gas assets, the top four superintendencies accounting for 97% of that asset class.

<sup>4</sup>We use version 6, “JSTdatasetR6”.

Figure 1. : States in our sample, and location of reservations (1930): States that are shaded dark grey are included in our sample. Red indicates reservations in 1930.

Given that the tribes under each superintendency can change over time, we harmonize the superintendencies and present all results for a balanced panel of 82 superintendencies that reported population and wealth in all years. Figure 1 depicts the location of reservations (as of 1930) and states in our sample.

### III. Results

Our descriptive analysis produces three primary results. First, at the beginning of the period, per capita wealth among the superintendencies in our sample was high relative to other groups, but it declined between 1912 and 1927. This is clear in Figure 2 which plots total, individual and tribal wealth for every year relative to White and Black wealth in 1912 and 1926 (estimates drawn from (Derenoncourt et al., 2023)),<sup>5</sup>

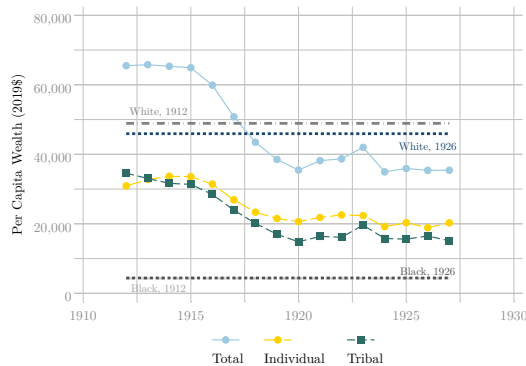


Figure 2. : Per capita wealth over time. Horizontal lines depict White and Black wealth in 1912 and 1926. All values in 2019 dollars.

Total wealth was above White wealth in 1912, and was high even if we focus on individual wealth. All forms of Indigenous wealth declined substantially, beginning in

<sup>5</sup>Technically, the Derenoncourt et al. (2023) estimates are for Black and “non-Black” wealth, but since the majority population was White during this time period, we use this simplified language here.

about 1915. Much like the discussion of Black land loss in Francis et al. (2022), it is likely that the dispossession of land through the General Allotment Act played a role in the decline in Indigenous wealth during this period. Among superintendencies in our sample, land was overwhelmingly the largest asset, comprising about 63% of total assets in all years.

Second, our estimates document wide differences in the level of per capita wealth across the superintendencies in our sample. Figure 3 displays a bar graph of total wealth per capita, by superintendency, in 1912 (left panel) and 1927 (right panel).

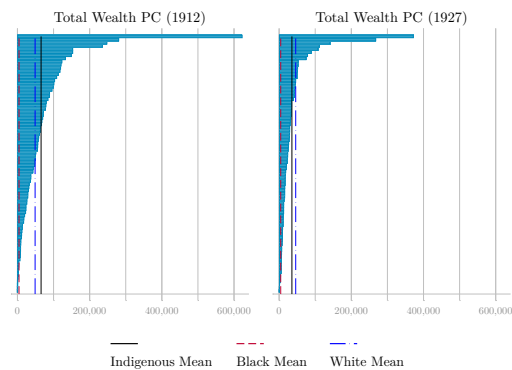


Figure 3. : Total wealth per capita across superintendencies. Vertical lines depict total Indigenous per capita wealth in 1912 and 1927, and individual White and Black per capita wealth in 1912 and 1926. All values in 2019 dollars.

There was a non-trivial number of relatively wealthy superintendencies which runs counter to the common perception of uniform poverty during this period Harmon, O’Neill and Rosier (2011). In 1912, the wealthiest superintendency had total per capita wealth levels above \$600,000 in 2019 real terms, while total per capita wealth was just \$90 in the least wealthy superintendency.

Finally, despite the large changes in Indigenous wealth over the period, the superintendency’s percentile rank in the per capita wealth distribution of 1912 was highly correlated with their rank in 1927. This finding is evident in Figure 4, which depicts a scatter plot of this relationship.

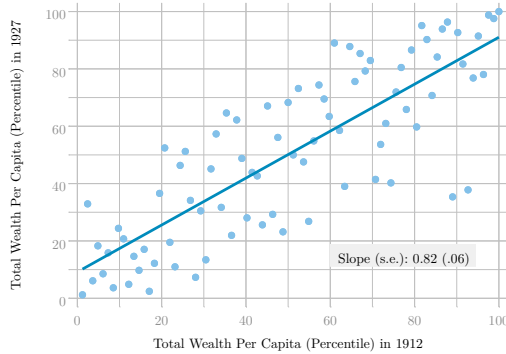


Figure 4. : Percentile rank in the distribution of total wealth per capita in 1912 (horizontal axis) compared to 1927 (vertical axis).

Thus, even though wealth declined substantially, the distribution of total wealth per capita and therefore, inequality, was relatively stable during the time period of our analysis. That the distribution of wealth remained stable implies that the decline in wealth occurred proportionately for all superintendencies.

#### IV. Discussion

Our results suggest that, on average, Indigenous Peoples in the early 20<sup>th</sup> century had substantial levels of wealth per capita, although there was wide diversity in wealth levels. Between 1912 and 1927, wealth per capita declined by nearly 50% in real terms.

Today, relatively little is known about wealth holdings among Indigenous peoples. The Survey of Consumer Finances (SCF), which is the leading data source on personal wealth in the United States, does not include a representative sample of Indigenous peoples. Indeed, publications that use the SCF to examine economic differences across racial and ethnic lines include Indigenous peoples in the “other” category. To our knowledge, the only study that has systematically analyzed economic wealth among Indigenous peoples is that of Zagorsky (2006) which uses the National Longitudinal Survey of Youth (NLSY79) to compare the net worth of Native American individuals to the overall group of people who make up the “young baby boomer”

generation.

Unfortunately, this survey suffers from many of the same issues as the SCF—the sample of Native Americans in 2000 was 53 compared to an overall sample of 7,905. Nevertheless, the statistics are striking. In 2000, the median individual in this cohort had a net worth of \$65,000 (2000 USD) compared to \$5,700 among Native American respondents. This places the ratio of Native to non-Native wealth at 1:8.7, which exceeds the Black-non-Black wealth gap of 1:6 computed by Derenoncourt et al. (2023).

Two case studies on modern Indigenous wealth also suggest lower levels of contemporary wealth in comparison to other groups. Akee et al. (2017) study Indigenous wealth in the urban context of Tulsa, Oklahoma, which has a large Indigenous population, particularly citizens or decedents of the Five Tribes. Unfortunately, the samples in this study were also small. Overall, Native net worth was 89% of White wealth, but there was large heterogeneity, with the nation with the least wealth holding approximately 25% that of White wealth. Black wealth in Tulsa was 10% of White net worth.

The second study analyzes the modern wealth of those living on reservations. Feir, Vogel and Moreno (2022) use data from the Cheyenne River reservation for residents who are clients of Four Bands Community Fund, a large Native-owned community development financial institution. Using a sample of 213 Indigenous clients, the results of their analysis suggest that Cheyenne River residents have wealth that is roughly 3% of White wealth.

Taking these estimates at face value suggests a dramatic widening of the Indigenous-White wealth gap. If our estimates of the wealth gap are correct, then even using a lower bound of wealth derived from the individual estimates among our balanced set of superintendencies suggests a movement in the wealth gap from close to close to 2:3 to 1:9. This result is in stark contrast to the patterns in the Black-White wealth gap documented in Derenoncourt et al. (2023). Future research should

explore the causes of this decline in wealth, perhaps most obviously, the role of the Dawes Act. There should also be large scale studies of modern Indigenous wealth to more fully understand the evolution of the wealth gap.

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