

Examining the Impact of Native American Welfare Policies on Socioeconomic Well-Being: Evidence from the Indian Reorganization Act of 1934

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Honors Thesis, Environmental Economics and Policy

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Introduction

- Goal of economists: understanding economic impacts of policies targeting disadvantaged communities
- Rich qualitative research and literature surrounding policies targeting Native Americans, lack in quantitative research
- **Research Question:** What was the impact of the Indian Reorganization Act (IRA) on socioeconomic outcomes for Native Americans?

Background: The Indian Reorganization Act of 1934

- A Native American–specific piece of legislation written by the Bureau of Indian Affairs (BIA) commissioner John Collier amid the Great Depression alongside Roosevelt’s New Deal
- Ended future land allotment, allowed the voluntary exchange of allotments to consolidate checkerboard reservations, restored surplus lands created by the Dawes General Allotment Act to tribal ownership, provided Indians with economic aid through a \$10 million credit fund, and provided loans for livestock and farm equipment
- Tribes could vote whether or not to ratify
- Efficacy has been questioned

Data Collection and Composition

Data:

- Repeated cross-section dataset observing individuals over a 6-decennial census period, from 1900 to 1960, at each census year, from the 1% population sample
- downloaded from the Integrated Public Use Microdata Series (IPUMS)
- a total of 4,092,215 individuals are observed, each observation of an individual includes their race

Dependent Variables:

- Socioeconomic index, *sei*
- Siegel prestige score, *presgl*
- Occupational income score, *occscore*
- School attendance, *inschool*

Regression Models

Difference-in-Differences:

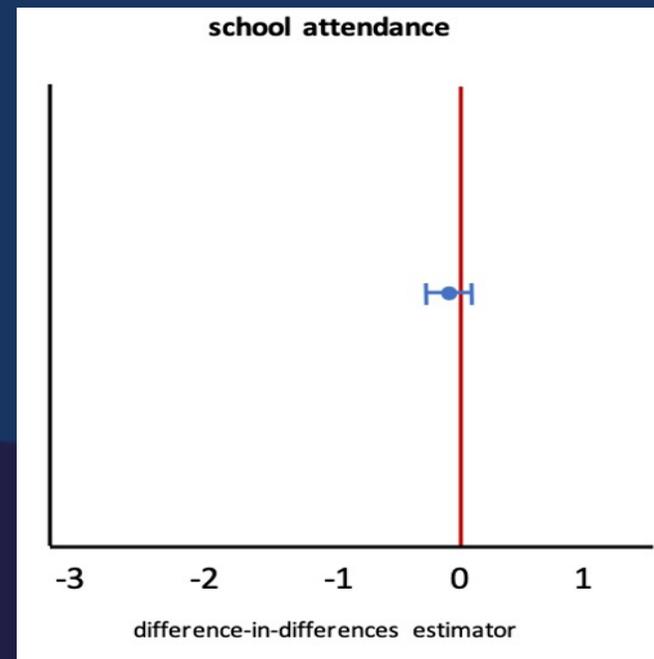
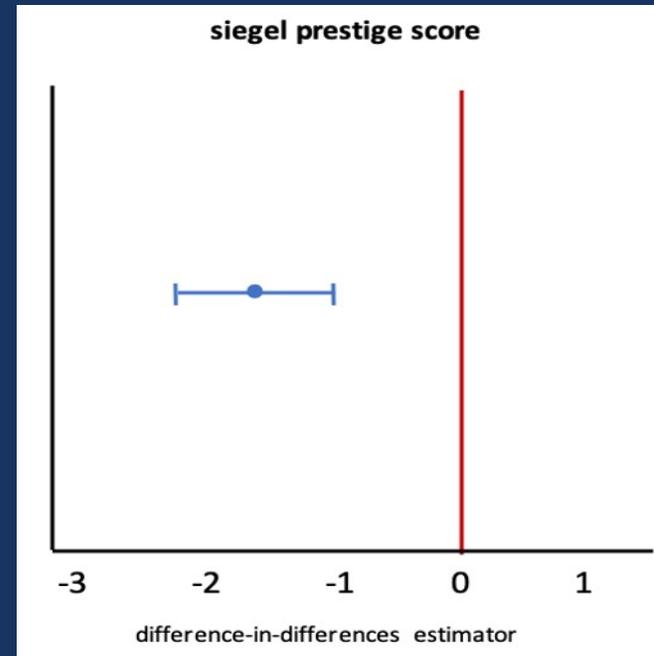
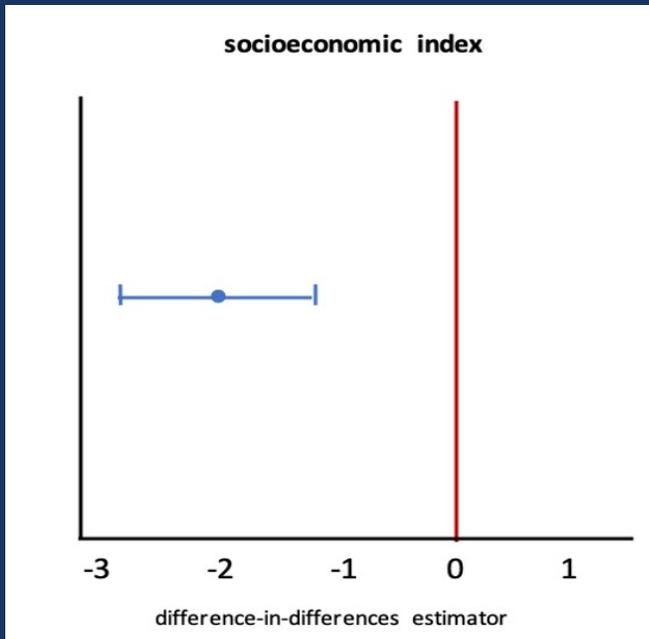
$$Y_i = \beta_1(Treat * Post)_{it} + \alpha_t + race_i\lambda + \varepsilon_i$$

Event Study:

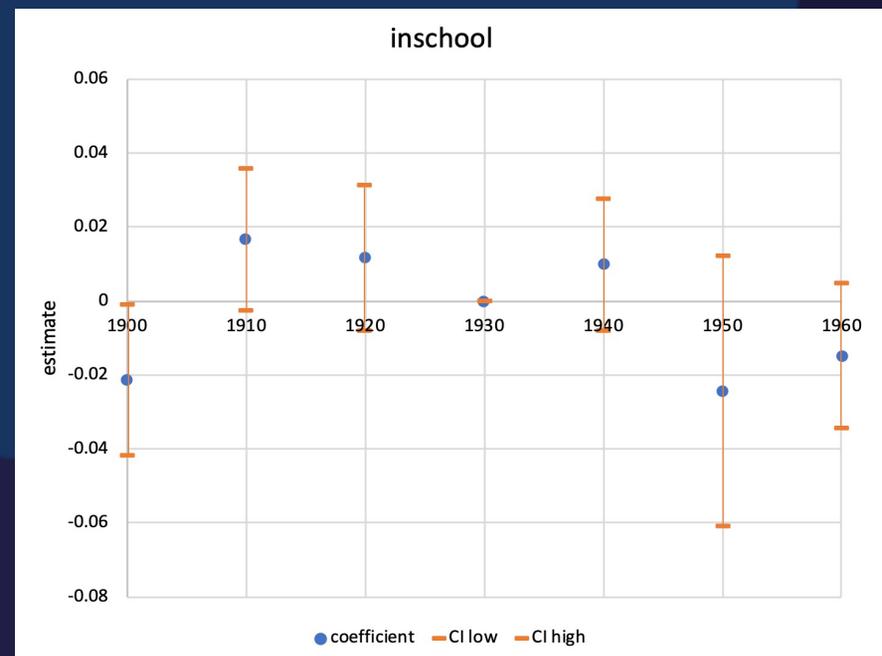
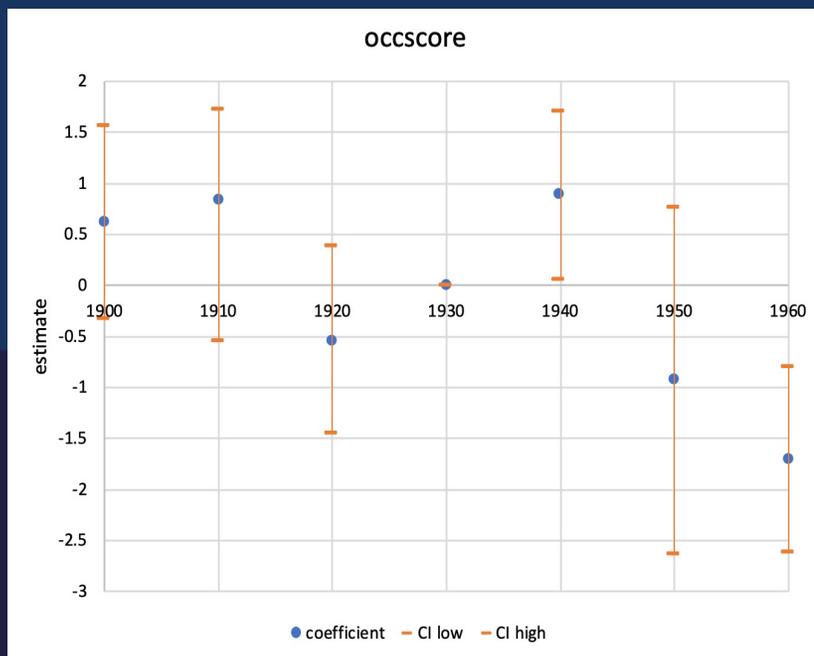
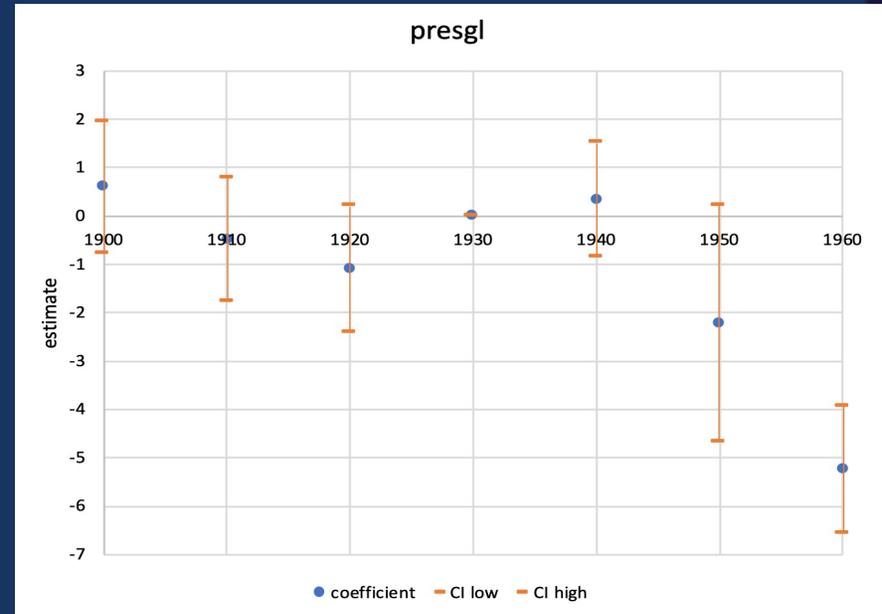
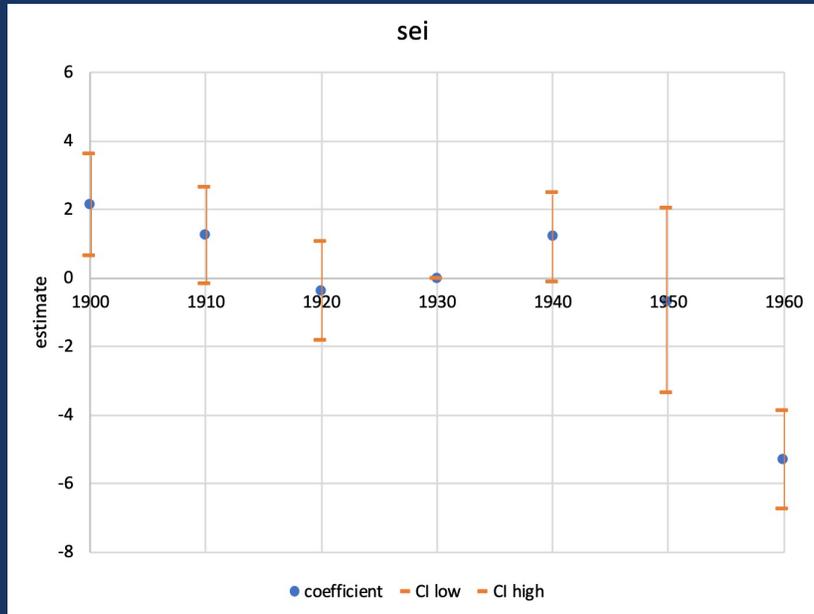
$$Y_i = \sum_{t=1900}^{1960 \setminus \{1930\}} \beta_t Treat_{it} + \alpha_t + race_i\lambda + \varepsilon_i$$

event study will display the test for parallel trends

Results: Difference-in-Differences



Results: Event Study



Discussion

When examining the census years following the IRA implementation in a “post-policy” period (diff-n-diff), it appears as though the IRA had a negative effect on Native American socioeconomic well-being, but once this trend is broken down to observe time-variant treatment trends we see:

- Small or insignificant changes in Native American socioeconomic well-being in the two decades following its implementation
- Essentially all of the captured negative effect occurring in 1960

Discussion

- Suggestive evidence of economic harm caused by policies of termination and relocation (1950's and 1960's)
- Linkages between the IRA's inability to effectively improve socioeconomic well-being of Native Americans and the credibility gained by termination and relocation
- IRA's "failure" as a case study for crafting effective, minority-specific welfare policy

Conclusions

- I compare changes in economic outcomes over time between Native Americans and those of other races to estimate the effect of the Indian Reorganization Act (IRA)
- The difference-in-differences model depicts the IRA having a negative effect on Native American economic well-being
- Upon observing time-variant treatment effects, we see nearly all of this negative effect occurring in 1960 (this illustrates a null effect of the IRA and provides suggestive evidence for harm done by termination and relocation)
- Supports existing qualitative research