

INDIGENOUS NATIONS AND THE DEVELOPMENT OF THE US ECONOMY*

Land, Resources, and Dispossession

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Abstract

The benefits of abundant land and strong property rights are conventionally viewed as two of the key factors that explain how a handful of struggling European settlements transitioned into the most successful economy in the world. This meta-narrative of success relies on the “Pristine Myth” of an empty undeveloped land. While North America had abundant land, that land, already made productive, was the recognized sovereign territory of Indigenous Nations. The dispossession of those nations is the focus of this paper and, in particular, we argue that the strong property rights of individual European/American settlers was mirrored by the attenuation and increasing disregard for indigenous property rights by the US government over the course of the nineteenth century. We introduce the idea of sovereignty externalities and discuss its link to property transactions, settlement and shifts in bargaining power that led to the eventual economic marginalization of Indigenous nations. Given the centrality of abundant land and good property rights to narratives of US economic history, the absence of discussion of the evolving economic relationships with Indigenous nations results in a misunderstanding of the core themes of US economic history.

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