The initial orientation of an economic diversification program might be toward the establishment of various "services" on the reservation—welding, automobile repair, shoe repair, and the like. The particular services on any reservation would be determined by an analysis of current expenditures for items considered "necessary," and an appraisal of which of these might be locally provided. This appraisal could also determine the feasibility of producing goods for an Indian market (e.g., the establishment of sawmills, or the growing of produce for local sale).

Personnel to operate these ventures are in part available from the pool of BIA-trained people who have returned to the reservation from relocation areas, especially in the light of the possibility that many of the returnees came back not because they were "failures" at their jobs, but because they valued the particular qualities of their reservations. Others would need to be trained, and all would need technical assistance in business management—a set of problems distinct from selling the goods or performing the services of the businesses themselves.

Problems of training personnel to participate in a program of economic diversification are related to problems of motivation. Granting adequate motivation, training is not difficult. Evidence now available supports the contention that the prime motivation to participate would be the conviction that benefits could be gained relatively quickly. Indeed, one problem with CAP programs as they now exist is that the benefits to be gained appear to many Indians to be very distant when contrasted with the immediacy of the poverty pressures they face.

The advantages of a program leading to economic diversification can best be expressed by examining the relation of this sort of program to others which attempt to bring industries which cater to a national market to Indian reservations.

In the first place, there are economic and political difficulties involved in bringing in "outside" industries. The Economic Development Administration (EDA), which can help finance such moves, is legally entitled to aid only those plant expansions which may entail operations in a new area, and to assist in the establishment of new business organizations in poverty areas. EDA cannot enable a plant to move from one location to another on the grounds that such a move would simply shift unemployment from one area. Furthermore, industries that move from place to place are usually labor-intensive in their operations rather than capital-intensive, and except for those cases where a firm may move to a more favorable tax climate, are usually seeking the cheapest labor they can get. An industry looking for the cheapest possible labor, is perhaps not the best arrangement for relieving Indian poverty.[14] However, there are times when any job is better than none, so that the situation is somewhat ambiguous.

Secondary, the attractions of Indian reservations for these "outside" industries are limited. This is not only due to problems of the lack of basic economic infrastructure—water, electricity, sewage, transportation, and the like—but also to the relative unattractiveness of reservation social amenities—schools, housing, and medical facilities—in the eyes of the management personnel who would come into the area with industry.

Thirdly, external industry does only a limited amount of good for the reservation in general. Other than the people on the payroll, and those in the distributive networks who share in the payroll, there is little benefit to the reservation. This might be solved by having most of the available Indian labor force on some one payroll, but the unlikelihood under foreseeable conditions of bringing in industry on this scale is demonstrable.

A program of economic diversification, however, would seem likely to multiply the benefits to be gained not only from OEO funds, but also from the payrolls of such industries as currently do operate on (or might in the near future come to) reservations. Toward this end we suggest a program of research to further investigate the feasibility of, and to develop models for, diversification of economic activities on Indian reservations, and to lay down guidelines for feasibility studies on selected reservations.

Following the development of models embodying economic diversity on Indian reservations, it would be suggested that efforts be made to explore the appropriateness of, and the willingness for, cooperation from other Federal—and perhaps state—agencies. There are, furthermore, branches of OEO that would properly be

[14] We may note that all industries operating on the six reservations studied, or in the vicinity of these reservations, but employing a high proportion of Indian labor, paid on a piece-rate rather than hourly-wage basis.