“Collateral Law and Enforcement Risk: Evidence from Native American Reservations” by Leo Leitzinger

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2026 EFA Meetings – Ghent

What the paper does

- **1985** — First STL adoptions begin
- **1998** — Kiowa: immunity reaffirmed
- **2001** — C&L Enterprises: waivers enforceable
- **2005/06** — Bulk of STL adoption wave
- **2016** — Panel ends

Design 1: The 2001 enforcement shock

– DiD: pre-2001 STL vs. non-STL counties, around the C&L ruling

– Identifies the return to enforcement, conditional on collateral law already in place

– Result: +10.2% avg. loan size in STL counties post-2001 (Table 4)

Design 2: Staggered STL adoption

– DiD: treatment switches on when a tribe adopts an STL

– Identifies the direct return to collateral-law adoption itself

– Result 1: +10–13% avg. loan size, intensive margin only (Table 6)

– Result 2: pre-2001 STL effects are imprecise, while lending rises substantially after C&L (Table 7)

Two designs… but one economic hypothesis

Design 1: C&L ruling (2001)

Changes enforceability

+

Design 2: STL adoption

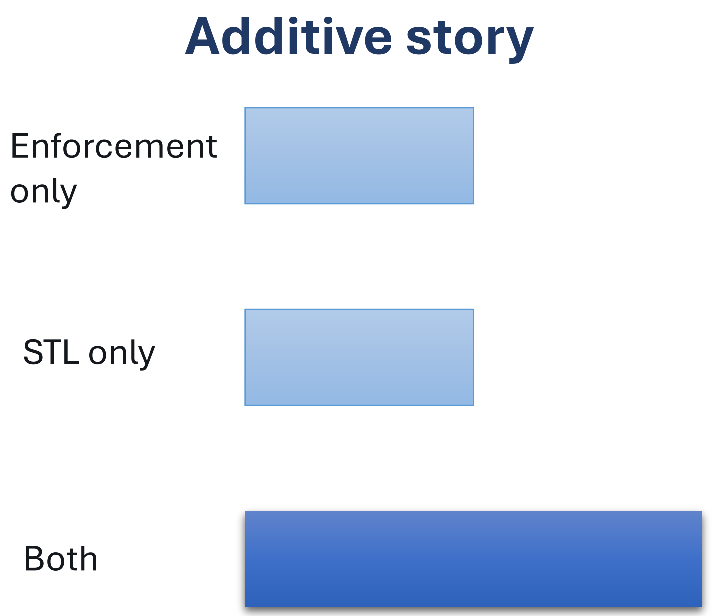
Changes pledgeability

Institutional complementarity

The value of each institution depends on the other

Do the empirical designs identify institutional complementarity (and its mechanism) directly?

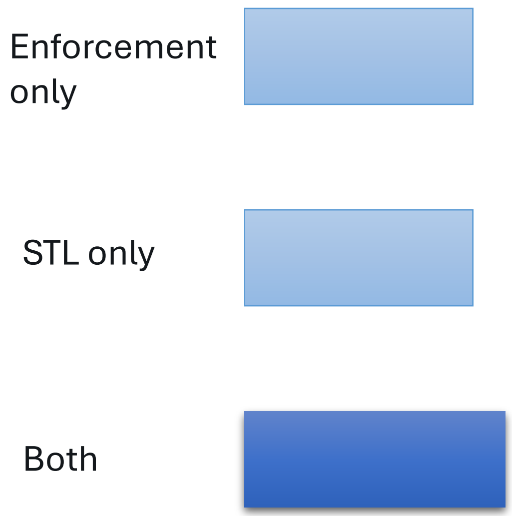
Institutional additivity?



Each institution independently helps

Institutional substitutability?

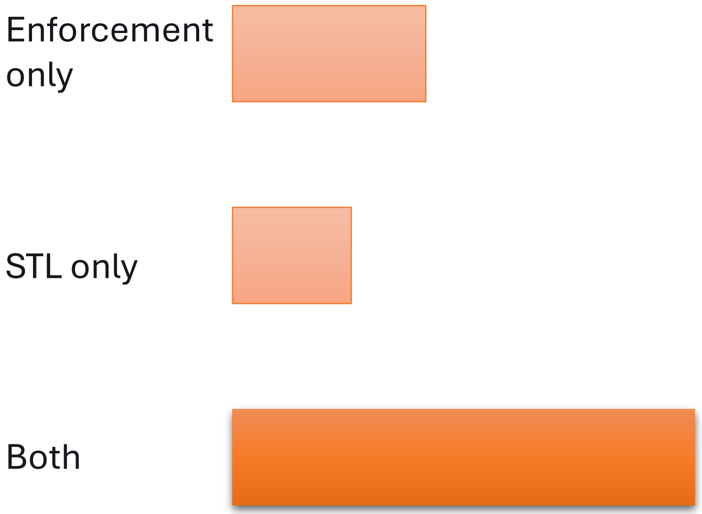
Substitution story



One institution partly substitutes for the other

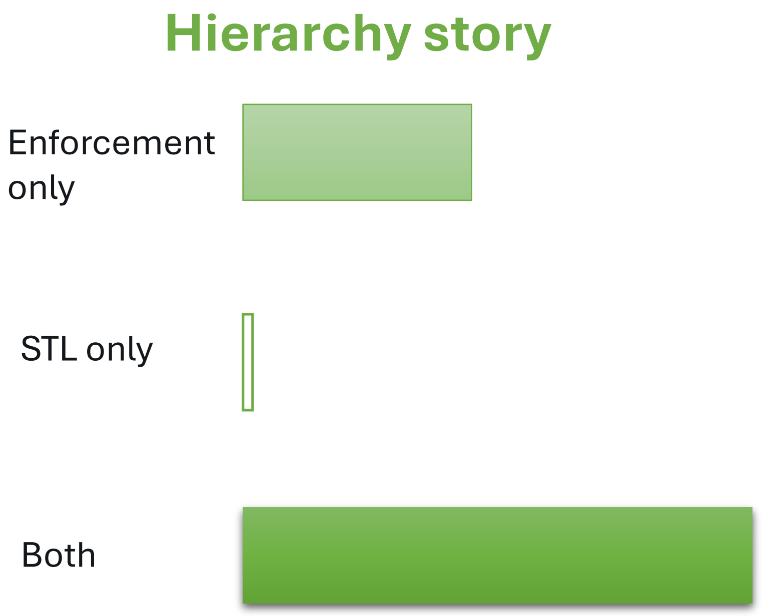
Institutional complementarity?

Complementarity story



Each institution raises the value of the other

Institutional hierarchy?



Enforcement is foundational;
STL works only when enforcement exists

The decomposition that is missing

CONTRACT ENFORCEMENT

COLLATERAL PLEDGEABILITY	Pre C&L ruling	Post C&L ruling
No STL	**Baseline** Baseline group; no legal shock, no collateral law → Table 2	**Enforcement only** Enforcement alone (non-STL, post-2001) → Show in Table 4
STL	**Collateral law only** Collateral law alone (pre-2001 STL adopters) → Table 6 (imprecise)	**Enforcement + collateral law together** Enforcement alone (STL, post-2001) → Table 4 Pre-2001 adopters, post-2001 yrs → Show directly in Table 7 with an interaction

Unobserved mechanism: show movable collateral!

1 **CRA data**

The CRA data do not report collateralization, maturity, interest rates, or borrower identity. And, the “movable-asset” result is inferred from loan-bin reallocation and sectoral employment. This creates a substantial disconnect between theory and measurement.

2 **Contractual waiver provisions**

How broad is the enforcement risk shock? C&L does not generally eliminate tribal sovereign immunity; it clarifies when contractual provisions constitute waiver. So more evidence that this materially changed lenders' expected enforcement technology is needed.

3 **Thin treatment + Oklahoma**

The C&L design runs on 13 treated counties. A single well-endowed state (Oklahoma: >40% of tribal bank assets, Table A2/A3) could be pivotal.
A leave-one-reservation-out should be reported.

4 **Indian Land Consolidation Act amendments of 2000**

ILCA changed rules governing fractionated tribal ownership, created/expanded mechanisms to consolidate fractional interests. It also changed rules relevant to leasing fractionated land.
A *Post × ILCA Exposure* should be tested as it may load onto *Post × STL*.

How far does “reservation” travel?

What’s special about the setting

- Sovereign immunity and tribal courts have no analogue in EU/EM reform debates discussed in Section 6
- Land held in trust: movable collateral is not a “choice, ” it's the only option. That's clean identification but an unusual economy
- Thin credit markets (12 tribal banks nationally); 86% of activity in Oklahoma

What is economically general?

- How much of the magnitude (on complementarities) travels vs. just the sign?
- Is the mechanism “movable collateral” per se or any credible pledge in a low-trust environment?
- Does this speak to bank credit specifically or credit access broadly (fintech, community lenders)?

My take

- ✓ Creative, well-executed natural experiments with interesting policy implications
- ✓ Strengthen the theoretical framework (2x2 matrix) and reorganize/strengthen the evidence around it
- ✓ Provide more direct evidence on the “movable-asset collateral” channel
- ✓ Good luck!

Thank you!

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