

## Permanent Fund Dividend No Government Handout

By Representative Harry Crawford

It is clear that the Permanent Fund dividend is under attack. The Voice of the Times -- even the Anchorage Daily News -- is perpetuating "the big lie" that the dividend is a government handout. Alaskans stand accused of laziness and greed, of living only for the next dividend, and of robbing the state of millions of dollars. The Times went so far as to call the dividend "senseless, nutty, madness and insanity" and "one of the worst decisions ever made". Many Republican legislators freely admit that they want to spend not only government's share of oil-related revenues, but the people's share as well.

In their zeal to eliminate the dividend, these critics are second-guessing some of the finest minds to help shape Alaska's history. In structuring the Permanent Fund and the dividend program, visionaries like Hugh Malone, Chancy Croft and Jay Hammond sought to achieve the directive in our state Constitution that says, "The legislature shall provide for the utilization, development, and conservation of all natural resources ... for the maximum benefit of its people."

Croft especially was influenced by the gross inequities he had seen in states like Texas, Louisiana and Oklahoma, where corporate and private owners of oil-rich land became incredibly wealthy, while the states and citizens remained incredibly poor. Determined to avoid similar results here, Croft and his colleagues crafted a constitutional amendment requiring that one-quarter of oil-related revenue be deposited into the Permanent Fund principle. Because of their wisdom and foresight, investment earnings generated by the principle are distributed as a benefit to every Alaskan as an annual dividend.

The remaining three-quarters of oil revenues goes directly to government. Although we have been warned for years that government spending would eventually exceed this income because of declining oil prices, the Legislature has failed to create a responsible fiscal plan. Instead, the government now has its eye on the people's one-quarter share. The Republican majority already voted to divert \$50 million a year from dividends to government, and many are talking openly about taking most or all of the dividend for government spending.

There are several arguments against this, the first being that it is the equivalent of an extremely regressive tax under which low-income Alaskans would pay the highest percentage of annual income. More important, however, spending the people's share of Alaska's oil wealth does not equal wise management of government finances, especially in the face of the Legislature's inability to devise a long-range fiscal plan.

BP, Exxon and Conoco Phillips, all influential oil players in Alaska, pay healthy dividends to shareholders on earnings derived from Alaska oil. No one would dare suggest that those shareholders relinquish their dividends to support Alaska's government -- yet no one accuses them of greed or robbery. Why, then, are Alaskans expected to willingly relinquish the dividend paid as their share of Alaska's oil wealth?

The dividend creatively and effectively achieves the Constitutional requirement that all Alaskans -- not just the state, well-funded corporations or lucky landowners -- benefit from Alaska's resources. It injects needed capital into an economy that lacks a manufacturing base to create wealth, and is responsible for much of Alaska's prosperity and economic stability. It ripples through the economy again and again in the form of home down-payments, tuition, rent, and purchases of cars, clothing and groceries. It often provides that little extra that allows seniors and disabled citizens to live independently. Far from being a "handout", the dividend is the means by which every Alaskan derives the maximum benefit from Alaska's oil.

There are better ways to balance the budget than taking the dividend, but they require accountability and hard work. I echo former Governor Hammond, that the best way to make government accountable is to get as much money as possible into people's hands, then claw back whatever they will allow government to have. As for the hard work, I am ready to dig in and structure a long-range fiscal plan that protects the dividend and is fair to all Alaskans. I hope my colleagues will join me in that effort.

*Harry Crawford represents District 21 in the Alaska State House of Representatives. <http://crawford.akdemocrats.org>*