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Permanent  
Fund

issues vs PF dividend  
existing constituency idea  
future 1991

April 1, 1982

The Honorable Al Adams  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Al:

I am increasingly convinced that an ongoing Permanent Fund dividend program should take priority over such programs as subsidized loans, revenue sharing, and any number of existing government programs which now convey hidden "dividends" to a favored few at a collective cost to all Alaskans.

The latter programs are now more than 90% funded by oil wealth which belongs to all Alaskans. Unfortunately, however, all Alaskans are not beneficiaries. Accordingly, we are taking wealth which belongs equally to both the "haves" and the "have nots" and distributing it to only a few of the "have somes."

Some inconsistently oppose an ongoing dividend program, yet ardently support inequitably distributed hidden dividends such as those inherent in subsidized loans. Their rationale is that the latter are warranted to bolster Alaska's economy.

However, A.H.F.C., for example, issued 12,000 loans over an 18-month period. Of these, only 25% were for new construction which generates jobs. Moreover, only 1,300 were to persons whose income level precluded their eligibility for loans from other sources. Very few went to rural residents.

Because of such revelations, more and more legislators and economists have concluded that a distribution system which puts dollars in the pockets of all will provide a far greater boost to the Alaskan economy per dollar spent than would either loans or capital projects.

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Some fear that a dividend program might increase the public's dependence on government. Compared to what? An ongoing dividend program would do so far less than the status quo. However, to enhance this aspect, if we, say, dispense 150 million in dividends to all Alaskans we should cut an equivalency of "non-essential" programs, such as funding rifle ranges; loan subsidies; paying for one's campaign contributions; etc., etc., etc. These are programs which foster government dependency. Far better, in my view, to cut them and permit the people to make their own choices as to how a share of their wealth will be spent. Having government make all those choices for them is what creates far more unhealthy dependency.

Let me urge you to support an ongoing program. A one time only program makes no sense, save perhaps politically. It does nothing to create a constituency which will safeguard against invasion of the Permanent Fund. It does nothing to recognize that the oil wealth is our children's legacy and belongs not just to those here today. Nor does it derive from a source of recurrent revenue such as would the dividend program.

Here's our chance to strike a small blow against those who'd make drones out of folk who could meet their own needs were they simply granted a chance to use a share of their wealth for what they, not government, determine are their greatest needs. What's wrong with that? Why must we filter all dollars through a bureaucratic blanket in the vain hope they will trickle down with any equity? Haven't we learned we cannot?

The B.I.A. has tried this for years, yet Indian families remain the nation's most destitute. I'm told that if that agency were eliminated and their last year's budget instead equally distributed, each Indian family could receive \$30,000 per year! Sure, some would blow it. However, I suspect most would use it in ways which would improve the collective lot of their people far beyond what has occurred.

Al, let's not make that mistake up here. We have the chance to try something different which demonstrates a greater faith in the people to do some things better than can government. I think it is long overdue. Moreover, it requires nothing more than that we give back to the people

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at least a small portion of wealth which is already theirs. Remember also, we're only talking about a tiny portion. The vast bulk can still go into government programs -- both good and bad. I urge you to support the ongoing dividend program as structured in my draft legislation. I can almost guarantee if you do that ten years from now most Alaskans will find it's the only thing they can point to as a benefit they got from oil.

Sincerely,

Jay S. Hammond  
Governor

bcc: Keith Specking  
Chuck Kleeschulte  
Jerry Reinwand  
Susan Greene

JSH:lsg