



DOING DEMOCRACY

Discussion Guide

Alaska's Fiscal Crunch: Challenge & Opportunity

FISCAL CRUNCH

On Thursday, January 8, 2015 Governor Walker informed the people of Alaska we are in a “fiscal crunch.” He explained, “this year, for the first time in state history, we are making less than zero from a tax meant to compensate Alaska for the taking of its oil resources.” ...“Next year, the problem is expected to worsen, with the state netting negative \$400 million on what has traditionally been our biggest source of unrestricted revenue.”¹

So, what is a fiscal crunch? Fiscal refers to government revenue. And, Crunch is defined as “a crucial point or situation, typically one at which a decision with important consequences must be made.”² Governor Bill Walker in his State of the Budget Speech described our situation and explained:

“...about 90 percent of the State’s general fund comes from oil revenue.”³

“With oil worth only about half what it was when our current State budget was developed, a \$3.5 billion gap has formed between the amount being spent and the amount of oil revenue the State receives.”³

“The operating and capital budget passed last session totaled \$6.1 billion, with expected revenue at \$2.6 billion, or even less, if the price continues to drop.”³

“Our state has many unique challenges. It would be nearly impossible to reduce government to fit the revenue of \$50 per barrel of oil.”³

“Alaska has \$14 billion in available savings. This gives us a bridge, but at current spending levels and with oil prices where they are, that bridge will only last three years.”³

Government revenue pays for facilities and services that benefit all Alaskans – benefits on which we rely for our well-being and quality of life. For example, a rough estimate of state funding provided to the Municipality of Anchorage in FY 2014 is \$764, 768,540.⁴ That is three quarters of a billion dollars, and some estimate it could be closer to 1 billion.

Resolving the fiscal crunch will require making choices about what government services to reduce or eliminate and what taxing options will be best for increasing revenue. Whether we like it or not, these choices will redefine our government. (Crunch is also defined as “a loud muffled grinding sound made when crushing, moving over, or hitting something”.²)

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OUR CHALLENGE

We live in a constitutional democracy with a government of elected representatives. Our state constitution gives us, the people, **all** the power. Section 2 of Article 1 states, “All political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole.”⁵ We not only have all the power, we also are the only ones who can articulate how government should act “for the good of the people as a whole.”

This is our challenge. Our political power is an expression of our collective will and exists only when that will can be expressed. We can only exercise our power if we can come to a consensus of **what is good** for the people as a whole. It is not necessary that we know **what to do** in any particular crises. It is necessary that **we stipulate the criteria**, moral and otherwise, by which political choices must be made.

How can we strong, individualistic Alaskans create a democratic public with the ability to define and advocate for the common good? This is not a new problem. John Dewey described it in 1927 when he wrote, “The prime difficulty is that of discovering the means by which a scattered, mobile, and manifold public may so recognize itself as to define and express its interests.”⁶ For Dewey the answer resided in his belief that we create democracy by creating community and we create community through communication. He observed, “We have the physical tools of communication as never before.”⁷ But, we do not use them to share our deeper feelings, interests, and desires. Sound familiar? Too much of what passes for communication today is a babble of battling beliefs and ideologies – an adversarial advocacy for competing interests. It is not the communication that builds relationships of shared interests, meaning, and purpose.

We need a different kind of communication, a public dialogue that:

- creates a safe space for us to share our deeper feelings, desires and interests,
- fosters the exploration of shared values, interests, and desires, and
- creates the possibility for the emergence of a collective will, a democratic public, with the wisdom to define the common good and the power to stipulate the criteria by which our elected representatives must act on our behalf.

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OUR OPPORTUNITY

Perhaps for the first time since our State Constitution was written we have an opportunity to define the government we desire. More accurately, we have a constitutionally required obligation to do so. Section 2 of Article 1 of our State Constitution after defining our rights, ends with the injunction “all persons have corresponding obligations to the people and to the State.”⁵

The resolution of our fiscal crunch will require taxing and spending choices that will change our government. Our constitutional obligation is our opportunity to change it for the better. We are a different community now than when our constitution was written. The state has more wealth now than when our constitution was written – even with this fiscal crunch. Individual Alaskans have more wealth than when our constitution was written. And, Governor Bill Walker has pledged “to engage the talent and capacity of all Alaskans” ... “thoughtfully, judiciously and together.”³

We have the means and the opportunity to change for the better. We have ridden the successive waves of boom and bust for too long. It is time we pause to consider how our resource wealth can do more than enrich us – to consider how it can sustain our communities and improve the well-being of all Alaskans now and in the future.

What is the “good of the people as a whole?”

What are our “obligations to the people?”

What are our “obligations to the ... state?”

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Sources

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