

## Capital move no answer to corruption

GREGG ERICKSON  
COMMENT

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Where you sit pretty well determines where you stand on the question of moving the Legislature.

My wife and I own a house in Juneau, and a big part of our income comes from businesses that report on the Alaska Legislature. It's no surprise that I'm no fan of having the next special legislative session in Anchorage.

The Anchorage Daily News has had a tough time covering recent legislative sessions, and an even tougher time keeping a reporter in Juneau, so it was no surprise to read the paper editorializing earlier this month for holding a special legislative session closer to their newsroom, a newsroom which has been squeezed by internal budget cuts.

No matter. We all have axes to grind. If we dismiss arguments just because the people making them have self-interest, we miss a lot of useful information. More efficient news coverage of the Legislature could mean better coverage, and that would be good for Alaska whatever impact it has on the bottom line at the Daily News.

The special session question has become a big deal because those who thought it was a bad idea to tax oil industry profits, notably Democratic lawmakers Harry Crawford and Les Gara, have harnessed the ever-expanding story of political corruption in Alaska to buttress their call for revisiting the oil tax increases adopted last year.

Virtually every economist who studied the tax issue -- myself included -- endorsed the idea of taxing profits, but Crawford and Gara, both from Anchorage, argued that the notion of oil profits was too easily manipulated. They wanted a simpler tax, one that

completely ignores costs and is based solely on the number of barrels produced and world crude prices.

They are now arguing for a "do-over" session on grounds that passage of the new oil tax was infected by corruption. "And why did that corruption fester?" asked the News, rhetorically: "In part, because the capital is so isolated from the scrutiny of ordinary citizens."

Reliable data on corruption across a large number of countries first became available in the early 1990s, spawning a host of statistical studies to pin down causes. Identified in the fallout from this work were a dozen or so economic, political and cultural factors that were associated with increased corruption. Isolation, geographic or otherwise, wasn't among them.

Corruption is a crime of opportunity that can occur anywhere, but Harvard researchers, in a statistical study covering 129 countries, recently nailed down what earlier studies had suggested: The best predictor of corruption is economic inequality.

Where the difference between rich and poor is wide, corruption tends to flourish: "As income inequality increases, the rich have more to lose through fair political, administrative, and judicial processes. With the increased inequality, the rich also have greater resources that can be used to buy influence, both legally and illegally."

The Harvard researchers, writing in the February 2005 issue of *American Sociological Review*, also found evidence of a vicious circle: "(As) inequality fosters a norm of corruption as acceptable behavior, that corruption is likely to reinforce or widen existing inequalities."

Sure sounds familiar, doesn't it, particularly if you factor in that this same inequality is growing in Alaska. This is a pernicious trend, occurring despite the leveling influence of the Permanent Fund dividend, especially evident in the contrast between an increasingly rich urban center and a relatively poor hinterland. The growing gap between Alaska's rich and poor has a multitude of causes, but certainly the increasing concentration of the state's wealth and power in a single, all-powerful city is part of the mix. Ditto the concentration in that community of the state's richest and most powerful corporate citizens, the very corporations that sit in the eye of the current corruption hurricane.

Moving the Legislature temporarily or permanently closer to Anchorage might produce some efficiencies. But nothing we know about the causes of corruption suggests that such a move would reduce the susceptibility of Alaska's government to the dishonest exploitation of political power. It would -- without question -- lead to further concentration of that power. From where I and many Alaskans sit, that's another worrisome trend.

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