

LIFE | LIBERTY | PROPERTY | HAPPINESS

A series to inspire a recommitment to free enterprise and our nation's founding principles as the driving forces for economic prosperity and happiness for all in Sarasota County

Advertisement

Advertisement

Part V

The Summer of Disconnect

What happens when voters fail to consider the consequences of cause and effect.

'When a man is impressed by the effect that is seen and has not yet learned to discern the effects that are not seen, he indulges in deplorable habits, not only through natural inclination, but deliberately ...'

Frederic Bastiat,
What Is Seen and What Is Not Seen

'The state that controls the production is going to control the distribution of what is produced; and the state that distributes the product must, eventually, control production.'

Leonard Read,
Anything That's Peaceful

This is the summer of disconnect. Nearly a month ago, a market researcher hired by the Greater Sarasota Chamber of Commerce conducted a focus group to gauge how Sarasotans felt about business, growth and the economy. The results astonished him.

He had conducted similar focus groups in other communities and expected some of the same tensions observed there — those who favored growth and development and those who opposed them.

He got what he expected — and then some.

The researcher saw the split between the business community and residents over growth and development was wider than he had ever seen. More astonishing was how little understanding existed about cause and effect among those who opposed growth. They didn't realize there was a connection — that there are negative economic consequences to no growth.

This is the disconnection — a lack of economic understanding that undermines the short- and long-term future of Greater Manatee and Sarasota counties. This is the living example of what French economist and statesman Frederic Bastiat wrote as the *seen* and the *unseen*.

"In the economic sphere an act, a habit, an institution, a law produces not only one effect, but a series of effects," Bastiat wrote at the time of the French Revolution. "Of those effects, the first alone is immediate; it appears simultaneously with its cause; it is seen. The other effects emerge only subsequently; they are not seen; we are fortunate if we foresee them.

"[And] for it almost always happens that when the immediate consequence is favorable, the later consequences are disastrous, and vice versa."

Bastiat's seen and unseen manifest themselves locally in the burdens of government planning and zoning regulations and when elected officials render decisions that make it so costly for individuals to invest in their properties. These decisions dissuade people from homesteading and businesses from opening or locating here.

Elected and government officials rationalize these actions by saying they are protecting the public from uncontrolled growth, from sprawl and from traffic. These are the "seen." Residents can see growth. They see traffic. They can see and envision open space. They can see and envision their version of Walden Pond.

What Sarasota voters don't see, and therefore don't think about, is what happens when growth stops, what happens in the absence of economic and population growth. It's much more appealing to think about streets that are

not crowded than it is to envision the economic consequences of little or no population growth or job growth.

To a large extent, we are living the unseen now. Florida's housing recession and the national recession have stopped what many falsely labeled "uncontrolled growth." The recession, in fact, has reversed growth; the economy over the past two years has shrunk. We have become poorer. Unemployment in Sarasota County has risen from 3.1% in May 2005 to 5.6% today. We hear daily of businesses shutting down because of a lack of income. We hear daily the toll the shrinking economy is exacting on our governments — budget cuts, layoffs and tough choices about what services will be kept or cut.

Traffic is down, yes. Driving is less time-consuming. But is this worth the price of shrinking wealth? Of becoming poorer?

The case of Longboat Key

Or consider the case of Longboat Key, the wealthy barrier island town. It is a microcosm of the long-term effects of the seen and unseen. It is Sarasota and Manatee counties' economic futures.

Twenty years ago, Longboat Key voters and political leaders put a lid on development by capping density. Any increase in residential density that already was not approved could be changed only by a popular vote. What's more, Longboat Key elected officials likewise restricted redevelopment. They enacted strict development codes that discouraged developers and drove up the cost of property. Hotels and resorts seeking to redevelop could do so only at half or less of their existing densities. Residential property owners were banned from renting their second homes to visitors for less than a month.

All of this had a pleasant effect for a while for those who wanted Longboat Key to be primarily a residential barrier-island town. With its scarce supply of developable land and strict density requirements, the price of homes and condominiums rose to levels that only the wealthy could afford. And many of these wealthy buyers were such that they were only three- to six-month residents. In the summertime, it's not unusual to see only a few lights on at night in most of the island's high-rises. They're virtually empty.

It's peaceful and quiet on Longboat Key. Too peaceful. Longboat Key primarily has become a community of part-time residents. Seventy-percent of its nearly 10,000 residential units are non-homesteaded, occupied only parts of the year. This has been good for the town government. It has a steady flow of tax revenues, but it has fewer demands on services than it would otherwise with full-

time residents.

Economically, though, Longboat Key over the past five years has been wrestling with what was the unseen 20 years ago. What had become in the 1980s and 1990s a self-contained, thriving community of restaurants, retailers, personal service businesses and professionals has reversed. The disincentives to redevelop caused hotel and resort properties to convert to seasonal condominiums. Commercial areas are struggling with constant retail vacancies. Restaurants open and close with the change of each season. And because the cost of redevelopment has become uneconomical — commercial property owners cannot charge the rents to pay off redevelopment costs — the commercial properties are physically deteriorating. While Longboat Key remains an attractive, pricey residential community, its economy has been faltering.

The trend has finally awakened the town's leadership and voters. This spring, in an unprecedented move for Longboat Key, voters overwhelmingly changed their charter to encourage a revival of tourism and to allow property owners to redevelop at existing densities. Today's residents saw what residents did not see 20 years ago. They saw the debilitating and dangerous effects of not understanding the consequences of shutting off the economy.

What is at stake

The disconnection became a connection. The voters on Longboat Key saw cause and effect. What their predecessors did not care about — the long-term consequences — became real.

The disconnection between the seen and unseen in Sarasota and Manatee counties and between the desire to stop growth versus the desire to encourage economic growth bring to mind the insight of Llewelyn Rockwell Jr., founder of the Ludwig von Mises Institute. In a recent speech, Rockwell, an indefatigable advocate of freedom and free enterprise, spoke of the importance of understanding economic cause and effect:

"What is at stake is our prosperity. It is our standard of living. It is the well-being of our children and all of society. It is freedom and the flourishing of civilization that stands in the balance. Whether we grow and thrive and create and flourish, or wither and die and lose all that we have inherited, ultimately depends on the abstract ideas we hold concerning cause and effect in society. These ideas do not usually come to us by pure observation. They must be taught and explained."

This is the obligation that we have today: to educate constantly this and the next generation to the consequences — *the seen and unseen* — of the politico-economic choices we make.

This series is sponsored and paid for by

**THE ARGUS
FOUNDATION**

The Observer Group

The Observer Group Inc.: 1517 State St., Sarasota, 34236;
366-3468; yourobserver.com

The Argus Foundation: 2033 Main Street, Suite 405
Sarasota, FL 34237; 365-4886; www.argusfoundation.org

Tell us what you think. Email us at argus@earthlink.net and let your voice be heard.