

Kenosha/Racine Land Trust article for the JT Community Newsletter

Milton Freeman to the Rescue

Milton Friedman, the late Nobel Prize winning economist, in his book “Free to Choose”, espoused the principle that free markets, not governments, drive decisions which are best for the greater good. And while not much good can be found in the current recession, if the “land” could express itself, it would be smiling.

Although many Kenosha and Racine County municipalities have land use plans, these have done little to slow the conversion of agricultural land and natural areas to residential use. With a booming free market came rampant development of thousands of acres of irreplaceable land in our rural areas. Ironically, these same free market forces that were devouring rural land are now protecting it.

With the economic slow down has come a huge drop in demand for rural homes and, at least temporarily, brought a virtual halt to new development. Moreover, high fuel prices, tight credit, long commutes, and growing concern for the environment have caused people in higher population areas of the country to reconsider where they want to live. Increasingly, they are choosing urban rather than rural living, thereby signaling what may be the beginning of the end of the move to the suburbs that began after WWII. Hopefully, a similar trend will take hold in SE Wisconsin.

“There is no such thing as a free lunch”

Friedman would often quote this famous passage in making a point about how free markets make the best decisions for the greater good. With cheap, easy credit fueling an unsustainable building boom, the recent free lunch was bound to come to an end. And it has done so in the form of a nasty and, probably, prolonged recession. But if you believe Friedman, in the long term, it will be for the greater good.

Reforms dictated by the recession, such as sensible lending standards and a move to urban living, will lead to a greater good by helping maintain farm land and natural areas in their current uses. These lands serve as the bases for addressing increasing food costs, carbon sequestration to fight global warming, and, possibly, production of alternate fuels. And, unlike the typical sales pitch “once they’re gone, they’re gone”, in this case it is true. There is no substitute for land.

The greater good would also be served by an end to the previously mentioned post WWII flight from the cities. Although K/RLT works with municipalities on conservation development, our preference has always been for redeveloping cities, rather than converting farm land to residential use. Redevelopment of blighted urban areas is a much better option, as it boosts property values, supports public transportation, creates jobs, and increases much needed tax revenues, without disturbing additional land.

Oversupply and Tight Credit Bring Local Development to a Halt

Between 2002 and 2007 K/RLT accepted conservation easements on about 500 acres in 13 subdivisions. In 2008 development virtually stopped and there have been no new easements to accept. Between a historical oversupply of about 2000 lots on the Racine County market and the snail's pace of sales, due to the slow economy and tight credit, it appears it will be many years before significant development resumes.

Will the Recent Drop in Gas Prices Encourage Rural Development?

Although the price of gas has dropped dramatically, a study just concluded by the Paris based International Energy Agency (IEA) indicates that in a couple years it will rise again to around \$4 and then continue to increase as world demand grows and supply struggles to keep pace. Significantly, the IEA study also showed that global oil production has leveled off at about 85 million barrels a day and will struggle to peak at 100 million by 2020. Previously, the expected peak was 117 million. During this time, any reduction in consumption by developed countries is expected to be more than offset by increases in the developing world, particularly India and China.

Recent bargain gas prices notwithstanding, the general populace appears to be assuming high prices in making decisions on where to live. Consequently, in many parts of the country home sales are stronger in urban areas, and homes in these areas are generally retaining their value better than those farther away from population centers.

To obtain membership information, including our Fall/Winter Newsletter and brochure, write to K/RLT at P.O. Box 085153, Racine, WI 53408-5153 or call us at 262-552-6861. Additional information is available on the web at www.krlt.org.

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