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the chalkboard
Coverage from around Southwest Florida from The News-Press education team.

Distance education: Economics 101

Sometimes, you need to step away from the forest to see the trees.

I have written plenty about the disjointed relationship between Southwest Florida's business and education systems, highlighted by an eight-part series on the economy in 2009 and our Market Watch Education Summit in 2011. A second summit will be held Thursday.

Through all of the reporting, one simple concept never dawned on me, not until I stepped away. And by away, I mean 10,000 miles.

This summer, I spent one week in the rural town of Arayat in the Pampanga province of the Philippines. It is an extremely impoverished community, one where indoor plumbing, air conditioning and satellite TV are reserved for the elite. Front doors stay open, welcoming neighbors and the occasional stray animal. Long before sunrise each morning, residents hawk freshly baked pastries from a basket strapped to their bicycles, recognizable by their distinguished pattern of honking. Trash isn't put curbside once a week; it's burned daily in the street and backyards.

Arayat is a city that makes do without 4G, incessant drivel on Twitter and megamalls. I bought a bottle of soda for 6 pesos, which equals 14 cents here, and paid the equivalent of 48 cents for a sidecar taxi ride anywhere within city limits. Those who dare raise their prices won't generate more revenue; they'll lose customers.

At first glance, Arayat's economy couldn't be more different than Southwest Florida. It has virtually no tourism (I was the first white person children had seen on their street), no industry, no higher education and no office buildings. Its economic engine isn't sputtering; it is dormant.

Then it hit me.

Arayat's economy isn't in the dumps because of a housing collapse, stock market crash or bad investing. The city simply generates no "new money." Little is exported, so little money is imported.

For simplicity sake, let's say there are 10 people with $10 in their pockets. Each sells a product that costs $1. So the baker, for example, sells loaves of bread for $1 each, but he needs fish, which cost $1 apiece. The fisherman then has to buy milk, which cost $1. The dairy farmer then buys grains for $1, but the plot farmer needs to buy clothing. And so on.

At the end of the trading cycle, no one got wealthier. They survived another day and the same $100 remained in town, even though it traded hands time and time again.

I made it through graduate school without taking Economics 101, so perhaps lesson No. 1 explains how you generate "new money." There really are just two ways: manufacturing something people on the outside will buy, or bringing outsiders (and their wallets) into your community. Arayat needs someone from a nearby town to buy its fish, pan de sal and handmade crafts.

Now, coming back to Southwest Florida, how can we generate "new money?" After a recession-fueled downward blip, our tourism industry is on the upswing. When seasonal residents, spring breakers and Europeans come here, we'll gladly take their money. Unfortunately, not a whole lot of food, clothing, equipment and gadgets are made here, so we're sending that money right back where it came from.

Southwest Florida needs a positive cash flow. Money doesn't grow on trees; it grows on innovation, dedication, inspiration and other -ions.

I'll be heading back to Arayat next summer, and doubt anything will have changed. The mechanisms simply aren't in place for economic growth. Southwest Florida, however, has reason for optimism: the beaches and sunshine are here to stay, business and education leaders are strategizing, and more than 46,000 residents are enrolled in the region's colleges and universities.

So, does that pretty much sum up Economics 101?