

## Will Punishing the Mouse End Florida Cronyism?

Florida Gov. Ron DeSantis recently signed legislation that strips Walt Disney World of its independent, special district status after the company objected to the state's new law regarding discussion of sexual orientation or gender identity in classrooms. While the motive behind this action is problematic, some of its supporters argue that there is nothing to fret about, since it was time to revoke a cronyist privilege granted to Disney 50 years ago anyway. But if this is really a fight against cronyism, the legislation goes about it the wrong way.

Cronyism is the unhealthy alliance of business and government. It takes the form of government officials at the state, local and federal levels granting special privileges to particular companies or industries. These privileges can include special tax breaks, government loans, direct subsidies or -- as in Florida -- so-called "special districts." I spend a great deal of my work hours researching the harm cronyism causes to citizens. That's because, as my colleague Matthew Mitchell wrote a decade ago, "Whatever its guise, government-granted privilege (to private businesses) is an extraordinarily destructive force. It misdirects resources, impedes genuine economic progress, breeds corruption, and undermines the legitimacy of both the government and the private sector."

So, is Disney benefiting from a handout that should be stripped away? Yes. Disney certainly has been getting an incredible privilege to act as its own government within the limits of Orange and Osceola counties. For instance, it runs its fire department, administers planning and zoning rules, writes building codes, employs its own inspectors and is exempted from local regulations and some \$200 million in taxes. It levies the remainder of the taxes it owes.

Removing special district status means these types of responsibilities would be absorbed by the two counties in which Walt Disney World sits. Local taxpayers would then shoulder the cost for all municipal services on the property -- a cost estimated to be \$1 billion. The company, in turn, would be subjected to the same subpar local government services and regulations that most of us are accustomed to. In addition, Florida will be tied up in years of costly litigation to figure out how to disentangle the company from the counties.

But maybe untangling this special treatment is worth the cost. Just don't expect it to result in a fairer regime. Indeed, if this setup is so unacceptable -- a claim most Republicans didn't seem to make for the half-century the special district has been in place -- it should also be unacceptable for the other 1,844 Florida special districts. Of these, 1,288 are, like Disney, independent districts. But we aren't hearing significant Republican complaints about these.

In other words, GOPers want to continue the practice of extending privileges selectively. What legislators should have done is decide whether any such special districts are a good idea. If so, access to them should be made available to any company that meets certain minimum and clear criteria and denied to any company that does not.

From a local competition perspective, there is some value to the idea of independent special districts. Indeed, they allow people to see the differences between areas where municipal services are run privately (meaning somewhat efficiently) versus the jurisdictions most of us are subjected

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to with unfixed potholes in the streets, broken public bathrooms and unequal police protection.

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However, this approach would require consistent thinking and policymaking. And while Florida Republicans are today cheering the removal of Disney's special-district status and the idea that such privileges to large firms are problematic, they had no problem granting Disney's streaming services an unfair exemption from a 2021 tech regulation that imposes daily fines of \$250,000 when candidates for statewide office are blocked from a social-media platform for more than 14 days. Lawmakers didn't extend the same exemption to Netflix or Hulu.

This episode should serve as a warning for companies angling to score special privileges from government. Governments give arbitrarily and unfairly, and they take back with equal arbitrariness and unfairness. In addition, when a company's profitability depends heavily on government largesse, it must make sure not to anger its government overlords. Disney obviously failed to do that.

This sad affair has done nothing to change cronyism in the state of Florida, but it has once again exposed the arbitrariness of government in our lives and the cost of depending on its favors.

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