

Recent Economic Trends in South Florida

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FOR THE LAST FIFTY YEARS the history of South Florida has been closely connected with the history of transportation in the United States. The region's economic development started with the laying of the first railroad into South Florida by Henry M. Flagler in 1894. Its first phase came to a conclusion and a new phase was opened when, by the time of the first World War, popular motor transportation developed. We are now entering a third phase of our economic growth which is marked by the institution of large-scale air transportation.

During this fifty-year period, South Florida has grown from a sparsely populated area with less than two persons per square mile, into a large metropolitan district with a wide, though still thinly populated "hinterland". While the census of 1895 registered only 3,322 inhabitants in Dade County, the census of 1940 noted a population of 267,000 in the county, and a population of over 500,000 in the 19 counties which now form South Florida. Wealth and incomes have grown correspondingly, or even in excess of the population increase. For Dade County alone, property valuations before the war were over \$500,000,000; and the income produced in the metropolitan area of Miami has been conservatively estimated at \$170,000,000.

The beginning of South Florida's economic development was agricultural, with a very modest share of resort trade sprinkled in. The lifeblood of economic growth, however, was supplied by the transportation element. Henry Bradley Plant, the first of the two noted railroad builders, came to Florida in 1853 because of his wife's illness. An executive of the Southern Express, he recognized the possibilities which the undeveloped country offered and gradually developed the West Coast system, which started in 1879 and grew into a complex of 14 railroad lines.

Henry M. Flagler had already made a fortune in the Standard Oil Company when he devoted his energies to railroad development in Florida. He obtained his first railroad in 1886, buying old properties and

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not building his own railroad before 1892. When Flagler's line entered South Florida at West Palm Beach in 1894, and reached Miami in 1896, the northern part of the state was already criss-crossed by hundreds of miles of railroad tracks. It is interesting to note that Flagler made his large investments in Florida railroad construction, in hotel building and in ship lines with a very long-range viewpoint of economic development rather than with the intention of getting quick profits. From a broader economic viewpoint, his enterprises have proved to be even more profitable than he could have dreamed of at the time that he started his gigantic plan. If it is true that Flagler invested altogether \$75,000,000 in Florida properties and enterprises, this money has paid generous dividends to the people of Florida, whose yearly income is now ten times Flagler's investment.

On the other hand, it cannot be denied that Flagler's investments in South Florida were very slow to show returns to the investor himself. In the first phase of our economic development, South Florida was a region with a pronounced agricultural pattern. Flagler's railroad work had linked Miami with northern markets and had created an outlet for the fruit and vegetable crops that were grown in the region. At the same time, the trend had been started which made Miami and Palm Beach a big attraction for winter visitors, but this development was slow, despite the grandiose hotel structures which Flagler erected all along the East Coast. Until 1920, not a single city over 50,000 had developed in South Florida. Miami at that time had 29,500 inhabitants, West Palm Beach had 1,100 residents.

The real beginning of South Florida's growth into a major resort area did not come until the time when the popular-priced automobile made motoring the most widespread and popular of all recreation activities. It can be estimated that three-quarters of all tourists entering the state of Florida before the war came here by motor car. Not only was motoring the major means of reaching the state from out of state locations, it was also the very transportation agent which made the growth of Miami possible. Miami was visited each year by hundreds of thousands of transient tourists who would otherwise have stayed at resort places further north. Even at the present time the importance of the transient motorist is not fully evaluated. On the basis of a tourist survey made some years ago, we may assume with reasonable safety that the transient motorist who stays a week or less in the community, contributes a major part of total tourist spending. Tourists collectively

account for about one-third of Dade County's total consumer spending. Twelve million dollars annually was spent in hotels. The tourist crowd has increased our restaurant business to a point where it outranks the business done in Minneapolis, a city with twice the population of Dade County. Altogether some \$60,000,000 a year may be estimated as being expended by visitors in Dade County alone, this figure based on pre-war monetary values.

The tourist business is a rather incongruous term for a series of operations which include not only hotel and residential rentals, spending in restaurants and drinking places, spending at horse tracks, and other places of amusement; but also such expenditures as gasoline, food purchased in stores, dry goods, gifts and even furniture for tourist homes and hotels. The resort trade, in other words, is not a single industry, but an agglomeration of various industries and trades.

As compared to the tourist industry, agriculture, manufacturing and other productive activities have made less progress during this second phase of our development. Farming, once a major source of South Florida's industrial pursuits, now holds low rank in the scale of income-producing industries. It has grown to a \$10,000,000 business, but it produces comparatively less income than even personal and business services, not to mention the trades. First rank among the productive industries is now claimed by the construction business, which before the war grossed about \$30,000,000 annually. Manufacturing has never amounted to a major industry in South Florida and probably will not grow into a major complex in the near future. True enough, even before the war Dade County alone had a manufacturing industry with a value of \$22,000,000 worth of products annually. But the major part of this industry was devoted to the production of local consumer goods such as printing, bottled beverages, ice, bread, ice cream, furniture and woodwork. Little of it had importance nationally, and few were the products exported from the state. The war has greatly increased manufacturing activity in the county and strenuous efforts are being made to preserve at least some of the gains for the future.

The initiation of long-range air transportation has opened a new phase in the history of South Florida. The development has been much too recent to allow any evaluation of what air transportation will finally mean for the destiny of South Florida. From all the evidence it may be assumed, however, that the effects of air transportation will be not less revolutionary than was the development of popular motoring. Lo-

cated at the tip of the Florida peninsula, South Florida in the past was handicapped by long distances more than by any other economic factor. This region still is one of the least developed and most sparsely populated districts of the state and is capable of harboring a population double or treble the present size. In all probability air transportation will have three major influences. For one thing, it will make Miami one of the greatest transportation cross-roads of the nation, if not the world. We hope that in the post-war period Miami will preserve some of its war gains as a point of exit to the Caribbean, to South America, Central Africa, and South Asiatic countries. This includes sea lane traffic and railroad communications which cannot be dissected from an air transportation center of growing importance. To what extent this development will immediately influence economic activities inside the area cannot be predicted now. A great deal depends on the speed and intensity of Latin American growth. Although it would be wise to plan for future expansion, it cannot be denied that past history points to slow growth rather than to a sudden upsurge of foreign trade.

The second most important influence of air transportation will be the stimulation which air travel will give the tourist trade. Undoubtedly the time element has been the major handicap for many people who wanted to visit Miami, but who were not able to bridge the long distance during a short vacation. Long-range flying has now placed Miami within six hours of the major centers of United States populations. Unless all signs fail, the tourist stream, within ten years after the end of hostilities, will be greatly intensified. Figures on traveling in California suggest that we are far from reaching the point of saturation. Although slightly over 2,000,000 tourists visited Florida annually, approximately six times as many tourists traveled to California. Post-war transportation may well make us reach California's record.

A third influence which air transportation exerts on the economic life of an area, is to be found in the shift that it produces in manufacturing and wholesaling industries. Air express and freight by air will make it possible to ship many products of the area direct to urban markets. Goods which formerly had to be placed in cold storage or refrigeration may thus be shipped directly north. It also will be possible to ship into the area advantageously raw materials and supplies for our growing industries.

It would be utopian to assume that, through air transportation, manufacturing and other heavy industries could be located in South Florida

on a large scale. We have neither the labor sources, nor the raw materials, nor the energy resources required to make the area a center of large-scale manufacturing or processing. It can be hoped, however, that many small-scale industries, many wholesaling and exporting activities, warehousing and storing, conversion and assembly plants, can be developed in the area. Through such encouragement of industries, we may hope that the air-age will produce a better balanced economy for South Florida.