Anti-Florida Propaganda and Counter Measures during the 1920's

By FRANK B. SESSA

The extraordinary growth of Florida over the past ten years, particularly of the Southeast section known nationally as the Gold Coast, has tended to obscure an equally wondrous development some three decades earlier. Land booms are an accepted part of the American scene, yet none has ever captured the imagination of the American people to the same extent as did the Florida boom of the 1920's. We may call it that in retrospect; to many of those who were on the scene it was anything but a boom. The natural optimism of the native and the quickly acquired enthusiasm of the recent arrivals would admit of no such interpretation. Florida land values, like the stocks on the New York Board, were on a "permanent, high plane." Floridians, therefore, were extremely sensitive to any criticism which might conceivably hurt their bonanza.

Interstate rivalry and friendly bickering between residents of states are no novelty in our country. There were quips about submerged Florida real estate and "land by the gallon" long before the famous boom of the 1920's. It was during the boom, however, that the character of anti-Florida propaganda changed markedly. Good natured jibes about reaching one's home by row boat changed to serious charges of fraud in real estate ventures. The suggestion that it was hot in Florida in summer gave way before pointed discussions of the enervating or debilitating character of the climate. Charges, too, were made that water must be boiled before being used; that good meat was unobtainable in Florida; that dangerous reptiles were prevalent in areas adjacent to thickly populated centers, and the like. Anti-Florida propaganda reached a high point in the late summer and early fall of 1925 and had a dampening effect upon the rising curve of Florida real estate.

Difficult indeed to estimate is the ultimate damage done to the Florida boom by such anti-Florida propaganda. That Floridians were early stung by it, is evident in the increasing references in Miami to "sour grape" editorials in the newspapers of various other sections of the country. The *Miami Herald,* on May 1, 1925, commented on an editorial appearing in the *Daytona*

(Florida) *News* on wildcat land schemes, entitled "Caveat Emptor." For wild sections of the state, the warning was timely, said the *Herald* editor, but "this does not apply, of course, to anything in the immediate vicinity of Miami." In August, the *Herald* reported that Savannah had become alarmed over the exodus to Florida. Twenty thousand people had left the city for Florida points; the post office had received more than 6,000 requests for change of address. Under the circumstances, should Georgia papers continue to boost Florida? The source of the paper's information, F. Basil Abrams, state news editor of the *Savannah Evening Press,* had come to Miami to visit his parents; he concluded that the boom would bring prosperity to the South and that Savannah would get the overflow business.

The *Miami Herald* also observed that the way northern states were becoming frightened over the rush to Florida indicated that from their point of view the movement must be serious; the very alarm of the North presented the best evidence of the permanence of the migration to Florida. It might also be noted, continued the *Herald,* that Florida had no desire to depopulate the North.

Reaction to the Florida boom steadily became more strenuous and a more serious threat to Florida prosperity. Ohio passed "blue sky" laws that forbade certain firms to sell Florida real estate in Ohio. The purpose of the move, reported the *Cleveland Plain Dealer,* was to protect the investor who had no means of investigating the reliability of such real estate ventures. State Commerce Director Cyrus Locher and Norman E. Beck, Chief of the Securities Division, had journeyed to Florida to investigate the properties offered; their joint conclusion was that, for the safety of the small investor, the companies asking permission to sell their securities in Ohio should not have their request granted. Said Locher, "Real estate operators do not talk 'revenue' but resale. There is a boom. No one knows how long it will last or what values will be when it is over." Later Locher had more to say: "When the boom had subsided, there would be headaches all over America. Realty projects that had applied for licenses to operate in Ohio simply did not come up to requirements. Florida was no place for the realtor who believed "in high ethical practices of business," for in Florida all rules for measuring values were disregarded. The rise in Florida would continue, he said, just so long as northern money was sent there. The end would be that of every boom "few prosper and many hold the bag at the end."

Walter J. Greenbaum, Chicago investment banker, also voiced his opposition to the Florida movement. At the St. Petersburg meeting of the Investment

Bankers Association of America, he proposed to launch the fight against wildcat land speculation in Florida. He would demand that the association legislative committee draft legislation against unsound land speculation that could be inserted in a national "blue sky" law. Greenbaum, when he made this statement, was in New York surveying speculative Florida investments. "Land Schemes in Florida," he said, "were being floated all over the country and involved a total of 20,000,000 lots, which would require a population of 60,000,000 people in Florida to support." Other states would do well to follow Ohio's lead, for gambling in real estate was no better than any other form of gambling and should be regulated by law. "This Southern land boom is a fertile field for pirates of promotion."

So many investors in Massachusetts savings institutions withdrew their funds for land speculation that the Massachusetts Savings Bank League began cautioning depositors. It noted, beginning about August, withdrawals had increased steadily and alarmingly. It meant that a new class of investors had been tapped, for "savings bank depositors are mostly people who cannot afford speculation." Yet, according to Dana S. Sylvester, Manager of the Massachusetts Savings Bank Association, about 100,000 of the 3,000,000 savings bank accounts in Massachusetts had been drawn upon for Florida investment. His estimate of withdrawals equaled $20,000,000.

J. H. Tregoe, Executive Manager of the National Association of Credit Men, also undertook to sound a warning. Although he felt that what was substantial in Florida would endure, he feared a great element of gambling had entered the picture and would inevitably lead to deflation with "a resulting anguish to many investors." Florida possessed good, latent possibilities with her chief sources of income from manufacturers, agriculture, and tourists. Recently a great many human vultures had entered the state and lots would "be sold beyond the three-mile limit." "Unless care is exercised," he continued, "there will be a number of disastrous failures in Florida and a neglect of sound procedure in selecting credit risks will be the one thing that will account for it."

With regard to the flow of northern capital to Florida the *New York Times* observed that withdrawals from northern, middle-western, and western banks had been enormous. It would not be human nature were bankers to watch "earning assets" dwindle and refrain from protest, but, the paper continued, "it may be said for the bankers thus affected that their protests have been upon a broader ground than that of self-interest."

In a somewhat different vein but to the same purpose was the following statement published in the Minnesota Department of Conservation, *Immigration Bulletin* in October:

TERRIBLE CRASH IS SURE TO COME
Oscar H. Smith, Commissioner of Immigration, Predicts Florida Boom Will Burst With a Bang

Minnesota people who are tempted by stories of fabulous fortunes being made in Florida real estate had better think twice and investigate closely before offering themselves as possible victims of the most monumental real estate boom that has ever been artificially produced in the United States, if not on the face of the globe, (says Oscar H. Smith, Commissioner of Immigration.) When this boom bursts, which it will just as sure as the sun shines, it will result in a crash the likes of which has never before been experienced in this country. . . .

The flood of literature boosting Florida as a land of sunshine and flowers, where the horn of plenty is overflowing and where "the poor man can be prosperous" has been supplemented by wild stories of fortunes made over night that are magnified each time they are repeated. This has attracted a horde of victims, all bent on "getting theirs while the getting is good." Laboring men by the thousands are flocking to Florida seeking the attractive wages that are being offered but forgetting to take into account the increased cost of living. Likewise came an immense horde of flivver hoboes, many of them lacking even the price of a gallon of gasoline, and these are furnishing one of the big problems of the big boom. . . .

Prices of all commodities have gone sky-high. Any old kind of a shack built up on stilts to thwart the snakes and sand fleas brings a rental of $100 per month. Minnesota butter sells at $1.00 per pound and "strictly fresh northern eggs" bring $1.00 per dozen. It is indeed the rich man's paradise, but the man of ordinary means is entirely out of his element in this mad scramble for paper profits that never materialize.

Florida people themselves realize that the boom has gotten beyond their control and that conditions do not warrant the tremendous inflation of real estate values that has taken place. The more conservative of them are counseling moderation in an effort to stabilize conditions, but the boom has already reached such tremendous proportions that a terrific crash is inevitable and when it does come it will carry down with it hundreds of thousands of innocent victims, while the shrewd and crafty real estate gamblers will probably have gotten out from under by that time.

> Go to Florida if you can afford it. But keep the old farm in Minnesota so as to have something to fall back on.

Miamians reacted violently to such northern propaganda. They combined facts, figures, and rhetoric to combat the new version of the carpetbagger. Apologists alternately denied a boom existed and that the boom approached collapse. They circulated widely new and more attractive publicity to counteract northern "slander and libel."

To deny the existence of a boom was no new experience for Miamians. In February, 1925, before the unsuspected speculative frenzy had made its appearance, the *Miami Herald* quoted J. B. Hecht, President of the Mortgage Security Corporation of America, who had spent ten days in the area and had made a "thorough" study of loan conditions. Although he had come prejudiced against Miami, Hecht returned to Norfolk "thoroughly satisfied that Florida's rapid expansion is not of a boom character, but . . . based upon sound fundamentals." The editor of the *Herald* later observed that Miami's was not a boom in the western sense. This one made improvements and that meant money invested. In August, a visitor, Osgood E. Fifield, superintendent of the home office of the Massachusetts Mutual Life Insurance Company, found the growth of Miami and Florida to be more sound than at any time in the past two years. But speculation was rife, he cautioned, and the people of Miami must see to it that promises for outside areas were kept, otherwise the ruin of Miami business must follow. In August, too, Alvin F. Whitney, Pennsylvania's Deputy Secretary of Banking, saw nothing but expansion. He found it impossible to estimate the Miami or Florida of five years hence. Since Florida had everything possessed by every other state and more, its possibilities had no limits. So with Felix Isman, writing for the *Saturday Evening Post.* It was not an ordinary boom; it was unlike an oil or gold discovery; Florida had none of the privations of the Klondike or "Pike's Peak or Bust." Florida, which had lagged behind in national development, was coming into its own. One, Francis McCullagh, who on his own admission went to Miami not to invest but because of "the human interest of the scene," found just the opposite. He found a gold rush without the gold, an oil bonanza without the oil. The booms in California, the Klondike, Oklahoma, Texas, and Arizona had tangible values behind them, but in Florida "the land is being sold and resold at ever-increasing prices, with which values have long since ceased to keep pace."

The attitude of most Miamians was aptly expressed by an editorial in the *Miami Herald,* which pointed out that in answer to the question "how long will the boom last?" the Miamian modestly replied that he did not "know how long the present activity in real estate prices will continue to soar." The editor liked particularly the answer of Charles E. Forbes: just so long as people continue to read "ads" and are influenced by them to act Florida will prosper. In the editor's own estimation prosperity would continue so long as Florida had the climate and resources and people had money to invest.

Elmer H. Youngman, editor of *Bankers' Magazine,* argued that no one who really knew anything about Florida from actual observation ever asked when the bubble would burst, for the very sufficient reason that no bubble existed. "Make no mistake: some of the ablest men in America are pouring millions into Florida — not for speculative objects, but for the development of enterprises like those upon which the solid and lasting prosperity of every American community has been built."

Still in an explanatory and mildly apologetic vein the *Herald* observed that the truth was that practically everyone had made some money: "It would be almost impossible to avoid it." Speculation had really played a small part; speculation is everywhere. "No one," said the editor, "asks when the boom in New York is going to break simply because several thousand people are engaged in nothing else than speculation."

There was nothing mild, however, about the meeting held at the Waldorf Astoria Hotel in New York to correct misconceptions. Florida's governor, John W. Martin, had made the journey to participate. A score of other prominent Floridians and representatives of the country's most powerful newspapers and magazines had joined him. The meeting's sponsors had cordially invited representatives of Boston, Pittsburgh, Cleveland, Washington, and Philadelphia newspapers, and of Crowell publications, the *Literary Digest* and *World's Work,* to the "Truth about Florida" meeting. The sponsors simply requested fair treatment. At the conference, U. S. Senator T. Coleman DuPont suggested that there were many people in Florida who were "overstating things." Since the state had "laws for that sort of thing" he would "bag about four of them and give them the limit. That would discourage the rest." George Sebring, founder of Sebring, Florida, blamed "curbstone" real estate dealers. Another speaker, however, felt misrepresentations would "die of their own failure." The meeting, according to the *New York Times,* opened the counter-offensive against anti-Florida propaganda. Its supporters were men who held heavy investments in the state, important men among whom were Barron Collier, T. Coleman DuPont, H. H. Raymond, President of Clyde Steamship Lines, August Heckscher, President of the August Heckscher Foundation, and S. Davies Warfield, President of the Seaboard Air Line Railway.

During the meetings several speakers referred to advertisements in various newspapers as propaganda against Florida. One cited an advertisement, paid for by Ohio bankers, designed to stop emigration to Florida. Others noted advertisements that referred to Florida as the "paradise of 'get-rich-quick' gentry." The consensus deemed the campaign unjustifiable; newspapers and magazine publishers were invited to discuss methods of curbing fraudulent misrepresentation of Florida lands and securities.

Floridians, said the "Topics of the Times" (a *New York Times* editorial feature), must be getting uneasy, for the fact that

> . . . a delegation of some thirty Florida business men of prominence should have come up here last week to say they disliked some of the advertising which their State is getting shows a realization on their part of the dangers that lie in a "boom," or rather in the after effects of one when it has gone the lengths which have characterized some of the recent speculation in Florida real estate.
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> Of course, they are careful to say that for a good deal of the rise in land value on the two coasts of their State there was a solid basis, but they evidently were worried over what would happen when a great number of "investors" who bought only to sell again at once found that purchasers at the expected great profits were missing. Whether or not that painful situation already is making its appearance, present advices do not reveal, and neither do the Florida papers.

The editorial writer went on to point out that the "missioners" who issued timely words of warning did not endear themselves to all their fellow citizens, but to the wiser ones, yes. The *Miami Herald* would certainly admit to no decline. It pointed out that "contrary to the general rumor now current in some circles around Miami and through the North that Real Estate activity in the Miami district had slumped . . . the activity in sales during the past week shown (*sic*) an increasing volume over many past weeks." Revenue stamps sold in the last week totaled $96,674, equal to a dollar volume of business of $96,674,000. The total for the entire month of August (the best month to date) was only $141,000 in revenue stamps sold or $141,000,000 in dollar business volume.

The character of replies to Florida criticism changed from rather soft answers to injured dignity. Walter W. Rose, President of the Florida Association of Real Estate Boards, told association members that the organized propaganda against Florida must be combatted, for it attacked unfairly the state's vast resources like agriculture, phosphates, and fruit. The new association secretary, Paul O. Meredith, also complained of unjust criticism. The bubble would burst, said he, "when the sun decides not to shine any more, when the Gulf Stream ceases to flow, when the railroads lengthen their schedule and when they stop making Fords. Then Florida will slow up."

Antagonistic propaganda, according to an editorial on the *Herald* financial page, also took the form of advice to those going to Florida to live or invest. It contended that the area enjoyed a "maelstrom of wild speculation" destined to end in disaster. The attitude of the propagandists would seem to indicate that a dollar withdrawn from northern banks and invested in Florida could be counted as a lost dollar. Patently, a foolish argument! To begin with, much of the money invested in Florida enterprises never came into the state at all. In many cases the transfer was from one northern bank to another, for land that a Bostonian sold to a Chicagoan, for instance. Money coming into Florida and deposited in Florida banks was in turn deposited by them with banks in New York, Chicago and Boston; and they in turn loaned money to firms and manufacturers in their own areas. Since Florida did little manufacturing of steel and such products, it must buy in the North. After all, the Florida East Coast Railway freight embargo (August, September, 1925) was not on out-going freight but on incoming goods.

To the Duke A. de Richelieu, the Ohio attack on the Florida boom really constituted an attack upon mobile capital and, therefore, endeavored to strike at the very foundations of modern business organization. Florida might well, he felt, someday be inclined to follow the same precepts by forbidding her citizens to invest either in northern coal fields or oil deposits. The Duke found the "nefarious" practices of the Northerners a betrayal of American origins; British mercantilism, preventing British capital from finding an outlet in the American colonies, he noted, had led to the War of Independence. The Duke had an interest in a Fort Lauderdale project.

J. A. Riach, Director of Publicity of Miami Shores and Venetian Isles, thought the North short-sighted; it shared Miami prosperity. He was really too busy, however, to pay much attention to antagonistic northern attitudes. The Miami Chamber of Commerce cited statistics to show that, in 1924, 169 local firms had purchased $43,822,350 worth of goods from firms north of the Mason-Dixon Line. By implication, Northerners should take an active interest in the prosperity of Greater Miami.

Miami did set about putting its house in order. The Miami Realty Board became sensitive to the charge that crooks and others "of a dishonest class, some of whom engaged in the real estate business," infested Miami. Further efforts, it felt, should be made to rid the city of real estate business of such a character, which incidentally, could be found in any city!

As a part of their house-cleaning, Miamians turned to a Better Business Bureau. Edward L. Greene, General Manager of the National Better Business Bureau, spoke at an afternoon meeting of the Miami Ad Club and the Exchange Club. He advocated the adoption of some plan by which unfair business methods might be eliminated, probably a Better Business Bureau, but one not a part of the Chamber of Commerce. The idea seemed attractive. Greene had already addressed more than 1,000 Miami businessmen and other citizens at a meeting held in the Central High School auditorium. A drive for finances soon got underway with various civic and business clubs organizing teams. The necessary money was raised and the bureau organized.

To prevent a reappearance of the notorious "binder boys" of the previous summer, the Realty Board set up strict procedures for realtors to follow. Binders must not run less than 5 per cent, preferably 10 per cent, on all transactions and the date of closing must follow within ten to fifteen days after abstract delivery. Abstracts must be kept up to date. Only one form of a deposit receipt could be filled out and must be placed in escrow. The deposit receipt form must include, too, a clause to the effect that the property be delivered only to the purchaser named therein and not to any assignee. To discourage speculative binders the realtor must investigate the sincerity and responsibility of the purchaser.

George E. Merrick, at Coral Gables, tried a somewhat different approach to the problem of Florida criticism. He made of his answer an emphasis upon the progress made by his community to point up the fact that in sound development there could be no criticism. He had already realized "the vision of the builder of a city unique in beauty, in architectural symmetry, in tropical landscaping, blending together in a symphony of color never before attained in city planning. . . ." He announced, in December, that there would be a six and one-half mile Riviera on the bay south of Miami; it would climax all of his projects. The area, to be known as the Biscayne Bay Section, would have its own business district, apartment section, and amusement center. The key to the business district would be Cocoplum Plaza. Buildings devoted to business purposes must have a minimum cost of $750 a front foot for the first story, a $600 minimum for the second story, and a

$500 minimum for all additional floors. To complete the super-development Merrick planned a chain of islands, the "South Sea Isles of Coral Gables," along the bayfront. In all, Merrick calculated the cost for residential building would be in the neighborhood of a quarter of a billion dollars. To add colorful support to Merrick's dream gondolas purchased from a factory in Italy by John McEntee Bowman of the Biltmore Hotel arrived before the properties opened for sale. They were to ply the calm waters of the Coral Gables canal that ran through the Riviera Section and skirted the Biscayne Bay Section.

On Sunday, December 13, the *Miami Herald* published a special section on the new Coral Gables project. A forty-acre business district centering on the 400-foot wide Cocoplum Plaza had been set aside for higher types of business, and some New York firms already were said to be negotiating for sites. A new "millionaires row," along a 100-foot boulevard, Ridge Road, could have no dwelling costing less than $50,000. Along the water's edge would run a magnificent "Beira Mar" Boulevard, a six-mile, 200-foot wide scenic drive.

The *piéce de résistance* was a new Bowman-Biltmore project, a casino and yacht club costing between three and five million dollars. The yacht club would have an international membership, headed by Sir Thomas Lipton. A new Biltmore Hotel of 1,000 rooms and larger than the one opening in January, 1926, in the Riviera Section, completed the picture.

Coral Gables now had, observed the *New York Times*, on January 16, 1926, 2,132 structures whose sale value totaled $147,000,000. Merrick's outlay in four years ran to $55,000,000, and he anticipated an annual program of civic improvements costing from $8,000,000 to $10,000,000 for the next seven years or eight years.

Willard A. Bartlett, writing in *Barron's*, usually quite favorable toward Florida, summed up the situation in Florida at the close of the year in an article, "Opportunities and Dangers in Florida." Many fortunes had been realized from the sale of Florida real estate over the years, a legitimate outcome of rapid development. The majority of stories of great profits, however, were grossly exaggerated. Real estate was not being sold on the basis of actual worth or productiveness. Sales talk centered on "profits, profits, and more profits." The state, he found, had gone on a real estate spree and was enjoying it. Nevertheless, when lands sell for hundreds of dollars an acre, when worth a fraction of that, and when city lots sell at more per front foot than on State Street in Chicago, or on Fifth Avenue, New York, those who invested in such properties were "riding for a fall." He also cautioned investors to beware of Florida municipal bonds which came good, bad, and indifferent. Most of them were public improvement bonds. Their sponsors simply got their friends out to vote. No one thought of "pay day."

The country was developed only a short distance back from the coast. In many cases the "beyond" consisted of wilds "even an experienced hunter could not penetrate." Much of the land was good for nothing except for real estate swindlers to sell to real estate "suckers." Bartlett estimated that 20,000,000 lots had been laid out, enough (with three people to a home) to house one-half of the population of the United States. He felt it safe to say that 90 per cent of all subdivision "stuff" would prove a total loss to the investors and not worth paying taxes on.

Florida was, Bartlett said in a burst of chauvinistic writing, an outstanding example of the bad effect of a state or community getting started wrong. If the land had been discovered by the English, instead of the Spaniards, or St. Augustine had been founded by the Pilgrim Fathers instead of gold-seeking Spaniards, Florida would not be nine-tenths a wild state with only 100 out of each 1,000 acres cultivated. Florida was still a frontier country in need of development. It was primarily an agricultural state and would remain so. Its development would be long and tedious, neither "speculative" nor "spectacular."

Toward the end of the season of 1925-26, Florida newspapers and other publications were beginning to indicate a slackening in defamatory propaganda. The people of the rest of the country, so they intimated, were realizing that they had been unjust toward Florida. They were beginning to assess Florida at its true value. But the papers overlooked the fact that the Florida real estate season of 1925-26 had been indifferent; that real estate sales were down. Those who had been so critical of Florida during its boom months might well consider that they had accomplished their mission. Just as the enthusiasm engendered by the remarkable development of the Miami area was a tremendous psychological factor in Florida's boom, so a wave of criticism might well have an adverse effect upon the continuation of that boom. One fact concerning anti-Florida propaganda stands out. Many stories which had their inception in boom-time are still parroted in various sections of the country.

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