

FLORIDA'S LAND BOOM

Swamp Values Soar

By the U.S. Correspondent of the *Financial Times*

THE Florida land boom, flourishing undeterred during Wall Street's recent palpitations, has proved a more enduring and in some ways more striking monument to speculative enterprise than the great bull market born two years ago. The second rough coincidence in time of a Florida boom and a bull market — although in fact the bubble shattered three years before the stock debacle of 1929 — has not been overlooked by prophets of doom.

But among Florida property men as in Wall Street, there is talk of a New Era, in which another speculators' Waterloo is unthinkable and in which even speculation is solidly based on real values. Florida's great real asset is its year-round sunshine, temptingly close to the often chilly and usually inhospitable industrial cities of the North.

Property developers have strewn roses in the path of those deciding to retire to Florida. Mock-ups of its tropical glories, set up in railway stations, invite the harassed commuter to buy his future haven for only \$10.00 down and \$10.00 a month. Under \$1,000 buys a small clearing in the swamps, and enough swamp has been sold in this way to provide a major foundation for the boom. In the 'twenties by contrast, the boom consisted largely of a spiralling traffic in "binders" — reservations of future building sites — passed on quickly for whatever profit was going.

Today's purchasers have every intention of hanging on to their undeveloped and often unseen property. This is both a blessing and a curse to the Florida developers, since hardly any of these hearteningly eager buyers have taken the climactic step of actually building a home. The result — enough building sites are already on hand to meet all foreseeable construction needs for the next twenty years. Not one of the biggest developments, intended to create whole cities out of limbo, has yet reached the proportions of a large village.

By all rights, this strange imbalance should have slowed down the boom. There have been occasional and apparently premature reports of a decisive slackening. But Florida's charms still burn brightly in the speculators' eyes. It appears that those glumly discouraged from pursuing profits on sagging Stock Markets have turned to "boiling speculative activity" in Florida. Two such irrepressibles recently made a \$750,000 profit in seven weeks on a \$150,000 investment — rivalling the achievements if not the spirit of 1925.

The second great prop of Florida's boom is in fact the influx of "smart money". Names recently linked with large purchases there include Louis E. Wolfson (America,

too, boasts a financially prodigious Wolfson), Winthrop Rockefeller, and Daniel K. Ludwig, the eminently shrewd super-tanker king. Ludwig thought 18,000 acres of mangrove swamp worth \$5 m., despite the prospect of spending at least \$1,000 on each of those acres to raise them one foot from the mud. Some of the dominant property companies, such as General Development, also possess canny and rich backers.

Others, for example Arvida, have sold securities on a market so avid that nearly all a \$27.5m. offering vanished on the first day of sale. Even smart money is sometimes dumb. But its owners know that the number of undeveloped building sites is not the only thing in Florida that grows. With industry and agriculture expanding strongly, the population, obtaining two-thirds of its gains from other States, has come close to doubling in a decade. Between 1950 and 1958 bank deposits rose at three times the national rate, a pleasing contrast to the time 30 years previously when bank clearings were all but decimated as the bubble burst.

But Florida's greatest industry is property itself. Building contracts totalled \$1,400m. in 1958, bringing new grist to the mills of the 36,000 estate agents, easily outnumbering even the 25,000 who flourished, in some cases so briefly, in 1925. The sale of \$10-down sites and the creation of great rural estates are only part of the story. Equally startling is the boom in those areas which are already desirable and developed — as opposed to those that will be if the developer's luck holds out.

Land prices in favoured locations have soared to \$9,000 to \$10,000 an acre, bringing joy to the hearts of landowners. According to *Fortune*, one dairy-farmer, moving his farm further inland after getting \$5m. for his old Miami property, sold his new acreage to the same developer at 200 per cent profit before the cows got to the cud. But builders have less reason for joy: land prices at these dizzy heights place houses beyond the means of the middle-income buyers who are their chief clients.

There is thus one more fly in Florida's rich ointment. Some developers, however, are aiming well over the heads of the middle-income groups. Arvida, nothing if not grandiloquent, is erecting the Royal Palm Yacht and Country Club (bill at least \$3m.) as the focus of an estate where sites alone cost \$11,000 to \$45,000. Fortunately the rich have proved as eager as the poor. Arvida sold \$4m. of these lots in the first few months, and on another site, found customers for \$1m. worth of land in a single day.

The most ambitious ventures are not these luxury estates, however, but the vast "site-cities" — integrated communities which, in the developers' rosy visions, will rise

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out of the wilds to populations as high as 750,000 souls. At present most are ghost towns which have never lived.

Industry, despite shining baits, will shun these deserted acres until they offer workers, and not just semi-retired ones. The legions of the middle-aged will eventually descend — perhaps before long if a General Development survey, indicating that 78 per cent of its site owners will build in the next five to ten years, is to be believed. With

them will come real growth. But Florida, which took almost 30 years to recover from its previous boom, will have to wait again. Like the devotees of some "growth" stocks, its investors must hold on for the brighter day they have already discounted. Massive over-extension, however, is obviously the biggest danger Florida faces. Hence even those who have profited most from the eight fat years have reason to hope for a long pause in the boom.

Boycott Deserved Our Support

To the editor of *LAND & LIBERTY*

Sir,—I can hardly credit that after all that has been said and written regarding the South African Boycott, there are still those who are apparently completely unaware of its aims and intentions. If *Land & Liberty* was a neo-Fascist magazine or even an extreme Right Wing Tory one I could have understood, but the fact that its views are normally so liberal and libertarian only adds to the shock.

Will you please understand, and also inform your readers, that THE BOYCOTT IS NOT INTENDED TO BE AN ECONOMIC MEASURE, it is intended as a moral gesture only and it is only in this context that it should be judged. The background to the boycott is very simple. The black South Africans are being cruelly oppressed and exploited by the whites. They have been deprived of every constitutional means of retaliating and can in fact be sentenced to a flogging and three years imprisonment for organising a boycott such as this. They have no vote and no voice with which to express their views.

The boycott has been arranged as a means whereby the free peoples of the world can express their disapproval of South African policies, NOT through their respective Governments, but as private individuals, by refusing, of their own free will, to buy South African goods for one month.

It is true that this may hurt those whom it is intended to help, but that is the price that must be paid in the struggle for freedom and justice. As far as can be ascertained under the circumstances, the black South Africans are quite willing to pay this price, and it will certainly be less costly than a crusade of violence which is practically the only alternative. It is known that the immediate result will be a worsening of relations between blacks and whites and that there may be some retaliation, but the knowledge that the bulk of opinion in the free world was absolutely dead set against them would surely have its effect on the white masters in the long run.

The question of extending the boycott to include all those countries with whose policies we disagree simply does not arise. This boycott was asked for by the Africans themselves as a way in which we could indicate our solidarity with them and sympathy for their cause. It was not intended to bring the South African Government to its

knees nor to show that we would have no truck with governments which pursued policies we disliked. If it is widely supported it might have some effect, which it quite certainly will not if it is not supported. In fact it will quite probably strengthen the convictions of the whites if it fails.

In conclusion, I can say that I agree with you that it is quite wrong for local authorities to support the boycott. In the first place the distribution of food etc., by a local authority is a measure designed to alleviate poverty. Their activities should be confined to this purpose. My main objection however is that it is against the terms of the boycott for an *organised* body to join in. The boycott is a private measure for private individuals to support or reject as they see fit.

Yours faithfully,

T. E. BAKER

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A TAXPAYER'S PROTEST

To the editor of *LAND & LIBERTY*

Sir,—As a taxpayer permit me to protest against the action of the Government in spending my money on the aircraft industry, and thus depriving me of the freedom to invest my hard earned income where I think best. The same goes for their investments in strip-mills, the motor industry and ship building. It does not satisfy me to say that "Parliament should demand some assurance that taxpayers will get a full return" for their money. I do not trust them. I remember the promises made when they bought the mining industry, the railways and the airways. If there has been any profit, I have not seen it or benefited thereby. I have not forgotten the "ground nuts" fiasco. Right now I could make use of this money which has gone down the drain. I want the right to get rid of my investments, to sell them, if they are not profitable.

The Government was not elected to act as a finance corporation. Their objective should be to maintain an order in society wherein justice prevails and human destiny is shaped by the free transactions of individuals.

Yours faithfully,

STEPHEN MARTIN

London S.E.9.

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