

Why won't we learn from our own history?

*By David Colburn
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Florida became a metaphor for the boom-and-bust years, and no state experienced the highs and lows more acutely than Florida.

Investors, developers and real estate hucksters were confident that their speculation in Florida land and housing would bring them a quick fortune.

Signs of decline appeared early when the national press warned about widespread fraud and speculation in Florida.

As migration slowed to a halt and investors pulled back, construction ceased and banks began to foreclose on homes and businesses.

The financial system teetered toward bankruptcy, and 220 Florida banks collapsed.

The state, as well as many cities and counties, had thrown caution to the wind to capitalize on the growth during this period. They granted permits to developers without consideration of their financial risk or their impact on the environment.

And many cities and counties ended up deeply in debt by constructing roads and tourist facilities in the belief that if they built them the investors would come.

This reads eerily like the Great Recession of 2008-10, but these events unfolded between 1926 and 1929 as Florida's economy collapsed and the nation entered the Great Depression.

One can find a similar story for Florida in 1981-83, when nearly all construction cranes disappeared from the landscape.

And again in the recession of 1991-92, as speculation in housing and commercial real estate collapsed.

So what is it about Floridians that keeps us repeating history?

The simple answer is that we don't know our own history.

Only 33 percent of Floridians were born in this state — one of the smallest percentages in the nation. By contrast, 81 percent of Pennsylvanians were born in that state. In addition, 17 percent of Florida's population was born in another country, and another 17 percent are over 65 years of age and spend approximately half their time in another state. Also, 20.6 percent of our population are Hispanics, and most are "Birds of Passage," who travel frequently to their native country and continue to identify with its history.

Altogether 10.5 million people relocated to Florida in the 35 years between 1970 and 2005, and these non-natives remain largely unaware of the state's history.

This historical amnesia makes it possible for someone in the real estate industry to make the senseless claim at a recent state economic summit that all will be fine in Florida if "the government just gets out of the way in this recession."

And no one challenged this assertion because they, too, are unaware that the actions of realtors, land speculators, developers and bankers drove Florida into the Great Depression and to the severe recessions of 1981-83 and 1991-92.

Nor are they aware that the policies of the federal government during the Great Depression saved Florida and Floridians from abject poverty and bankruptcy, and that the actions of the federal government in both 1981-83 and 1991-92 rescued Florida from much deeper recessions.

Historical ignorance is no excuse for stupidity, but it is much easier to be ignorant and, consequently, clueless when you don't know what happened in Florida prior to 1995.

Right now, Florida's political leaders are wrestling with a state budget that has been devastated by this Great Recession, and they are basing their decisions on certain assumptions.

If those ideas are rooted in the same historical ignorance expressed by the real estate agent, then the path taken by legislators is likely to repeat the mistakes of the past.

As we look to the future to construct a healthier and more diverse economy for Florida, we need to be mindful of a speculative past that has frequently placed us in harm's way.

David Colburn is director of the Askew Institute at the University of Florida and author of "From Yellow Dog Democrats to Red State Republicans" (2007).