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Historians fight it out on the battleground of ideas

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Being a historian is not a profession for the weak of heart.

After you've gotten a doctoral degree (or are killing yourself trying to get one), you bury yourself in libraries, studying old books word by word and driving yourself dizzy reading newspapers on microfilm. You scour the Internet, visit historical sites, and interview elderly eyewitnesses or the grandchildren of eyewitnesses, for years on end.

After more years of writing and rewriting, your book gets published.

Then your peers at rival institutions get to take shots at it in the scholarly journals, perhaps destroying your reputation -- which, basically, is all you have, because you probably are not getting rich writing history books on fairly obscure events. And, if you defend yourself in a letter to the journal's editor pointing out the flaws of the reviewer/critic, you look like "a spoiled child," in the words of one historian.

Or, you present your findings at a convention of historians, and the moderator shoots holes in your thesis.

This is what historian Raymond "Vic" Vickers endured after he wrote "Panic in Paradise," about bank failures in 1920s Florida, in 1994. And he can expect more of the same when his next book, "Panic in the Loop," about banking in 1930s Chicago, comes out after 13 years of work. It is now sitting on a publisher's desk.

Reviews to follow. And they are sure to show once again that although history is constantly undergoing revision, revising it is a monumental challenge fraught with risk and rejection.

BANK FRAUD AND THE BOOM

"Panic in Paradise" puts the story of the 1920s Florida land boom, and the catastrophic bust that followed, within a new frame, basically contending that fraud and insider abuse by key bankers and developers in South Florida created a climate in which the real estate bubble could occur. Many other accounts, though, do not mention bank fraud in the debacle.

One reason is that most of the histories on library shelves were written before the publication of banking attorney/historian Vickers' book, which is based on bank-examination records that previously were held secret. Another is that history is slow to change.

"It speaks to the paucity of studies on Florida," said Gary Mormino, Ph.D., professor of Florida Studies at the University of South Florida's St. Petersburg campus. "To be a Florida historian is sometimes to be very lonely.

"It's not that people are ignoring Vickers or don't accept his argument, it is that there's not that much (writing) going on."

At Florida Southern College, in Lakeland, the director of the Center for Florida Studies points out several reasons why Vickers' story is not widely accepted.

"One is that it was published by the University of Alabama Press, which does not market very well," said Dr. James Denham in an interview. "At the time Vic's book came out, University Press of Florida was on the skids and let a lot of good books go.

"Plus, it's a complicated story. Banking doesn't really turn people on too much."

Insularity and conservatism also play a role, said Denham, noting that Vickers was a career attorney before earning his Ph.D. in history in an effort to become more credible as an author.

"The so-called 'head monkeys' in history, the established professors at various Florida institutions, not only do they not like Florida history very much, but also they are very suspicious ... of someone like Vic. That's just the nature of the profession."

Both Vickers and Denham were mentored by William Rogers at Florida State University.

"Gradually, even in general textbooks, what had been accepted as gospel is undergoing a revision, and that takes time," said Rogers, professor of Southern History emeritus at FSU. "Vic's interpretation ... was revolutionary. When the book came out in 1994, it really set them all back."

Vickers' book is full of jaw-dropping details about how South Florida retailer-turned-banker J.R. Anthony and Georgian W.D. Manley developed a corrupt chain of banks across the two states that created a financial environment in which real estate could boom. They routinely bought the favor of Florida's banking regulators with unsecured personal loans that often weren't paid back; "excessive" personal loans also were taken out by them and their business associates.

After the boom went bust and the indictments came, Manley later claimed insanity as a defense in court (Vickers calls him "the Mad Banker"); his partner, James R. Smith, killed himself with a shotgun as he sat at his desk, which was covered with checks drawn on an account at a failed bank.

"It is a major contribution Vic made," said Rogers. "It caused a new interpretation of the panic. It turns out the bankers are the real villains ... and they got off unscathed. The records had been closed," by Florida Comptroller Ernest Amos, whom, Vickers reports, was heavily influenced through unsecured loans made by the bankers.

Rogers reviewed Vickers' doctoral dissertation at Florida State and says Vickers is a good friend.

"I think he (Vickers) was the only one who could have written this book, because he himself was a banker," Rogers said. "He forced the records open. By doing that, he got into them, and only he could understand them ... like a banker would." (Vickers has been a director at a Miami bank.)

"Panic in Paradise" said Rogers, "set off a huge controversy, and the reviewers of his book, some of them played the usual line that it was all wrong ... and they went to great efforts to defend the bankers. But the bankers were responsible. That's a massive shift in interpreting the 1920s in Florida."

THE LEADING CRITIC

One of those reviewers was Larry Schweikart, professor of history at the University of Dayton. Writing for the Business History Review, Schweikart was blunt.

As for Vickers' assertions regarding insider abuse and the looting of banks by bankers and developers while regulators kept quiet, Schweikart wrote, "At best, this is a weak interpretation of the documents, and at worst it is conspiracy theory run wild."

The Dayton professor wrote that "Panic in Paradise" has two major flaws:

"First, the term 'insider abuse' or 'insider lending' was common in virtually all examiners' reports because the examiners lacked the time, energy and sophistication to figure out what really caused each bank to fail," wrote Schweikart. "Vickers forgets that the very reason businessmen started banks was to use depositors' funds for their own projects. ... Depositors clearly endorsed this activity and willingly put their funds in such banks. ...

"An examiner's assertion that loans were bad does not mean that the banker 'looted' the bank by making the loan."

Schweikart wrote that the second major problem "is the recurring view that, if depositors knew about weaknesses earlier, they would not have raced for their deposits in a panic. Does logic not suggest that as soon as depositors get word of a weakness in a bank, they will panic? Thus, Vickers' recommendations that weaknesses be made public sooner would lead to panics earlier in a bank's life, not later."

In an interview, Vickers fired back. "This is coming from a guy who hasn't looked at the documents," said Vickers. "Look at my footnotes and you can see I've looked at these bank-examination reports, which is a lot more than I can say for him."

The reports showed that, in many cases, the bad loans were made to bank insiders, developer-bankers and banking regulators. Vickers called the latter "bribes disguised as loans."

As for depositors endorsing the activity of banker-businessmen: "Good luck on that. How did they do that? They didn't endorse it. They withdrew their money once they caught wind of something wrong at the bank."

Something was wrong at the bank, in this case the Palm Beach National Bank, because something was wrong with Mizner Development Corp., which, Vickers wrote, controlled the bank and ran it virtually as a subsidiary.

Schweikart also wrote, "Does Vickers really think that these bankers had a short-term view in which they preferred a few profits today in place of much greater profits tomorrow?"

To that question, Vickers said, "Yes -- that was an easy one. It was a get-rich-quick scheme. It was one of the biggest booms in the history of the world, and the promoters -- there's always real estate connected to all of this -- what they were doing is borrowing as much money as they could from the bank they had formed, the ones that failed, and they were buying real estate that was rapidly increasing in value." That is, until investors stopped buying and it began rapidly decreasing in value.

"But they were, in fact, looting -- that is the word, looting -- the banks that they controlled, and they were using those banks as their own piggy banks. There was absolutely no concern about fiduciary obligations to depositors. They were just trying to get rich as fast as they could. And it just became a feeding frenzy. That was what pumped up the boom, and that is what made the boom collapse."

CONFERENCE CONTROVERSY

Oh, but there is more to this war of words. In May 1995, Vickers presented a paper on the Florida banking crash before the Economic & Business Historical Society. The moderator was ... Larry Schweikart, who the previous year had co-written a history of the California Bankers Association that was funded by the bankers. As Vickers tells it, Schweikart went on the offensive: "He was attacking me."

In the audience that day was Dr. David Whitten, professor of history, now retired, at Auburn University. "The exchange between Vic Vickers and Larry Schweikart was emotionally charged, but only on Larry's part," said Whitten in an e-mail interview. "Vic is a searcher for truth and he will fight and claw his way to it, if he must. ... He (Schweikart) attacked Vic at the EBHS meeting because Vic put the blame for the Florida real estate debacle on the bankers and not the public."

In a recent telephone interview, Schweikart had a different recollection of that day.

"Very seldom do I get emotional over land and banking deals. I can't imagine it was contentious, like I've seen at some meetings," he said. "But I could be wrong -- if he has a different recollection, go with his version.

"I can never remember a single session of the Economic & Business Historical Society being enough to keep you awake, let alone fight over. To some people, criticism is attacking. But I thought as a moderator I had to say a few things negative as well as positive. That's what moderators do."

CIVIL DISCOURSE

Denham at Florida Southern says controversial issues often come up at conferences of historians, when papers are presented and discussed.

"If the discussions can stay civil ... we move the knowledge forward," he said.

Can it become uncivil? "Oh, gosh, yes, are you kidding? People's credibility is at stake, their career is at stake, their honor is at stake, their promotions and stature in the profession are at stake ... which is to say not much is at stake (in the view) of the American people," said Denham.

"It's more personal that it is anything else. And a lot of this is essential to the historical craft. And that is,

what interpretation do you make out of primary sources. We always try to shoot for objectivity."

Denham uses the example of two historians analyzing the same material: "If we both get the same stack of stuff and both pore over it, we ought to basically come to the same conclusions, theoretically. But she has her perspective on things, and I have my perspective on things, and she and I would write different books. On the other hand, it seems as though we should come to the same basic thesis.

"People have to understand their own biases."

For his part, Vickers says historians have to be strong enough to take the heat.

"I was astonished by reading Schweikart's comments, but the one thing about going through this process is you do develop a pretty thick hide. Criticism is fine. I am delighted by it. If you work by yourself for years writing a book, you are delighted that anyone would read it outside your family members -- you're not quite sure they read it," he said.

Whitten, the retired Auburn professor, agrees that Vickers' book has not changed the standard history of the boom.

"It is nearly impossible to shake out a commonly accepted notion" for the boom and bust, he writes. "I don't think most who stay with the standard story regard it with the passion I saw in Larry (Schweikart). They are comfortable with the old story and they have not, in most cases, even heard about Vickers' revision.

"The more into the history the observer is, the less likely he is to accept the standard approach, anyway."
