Tallahassee Democrat

REVIEW

Calmly reinterpreting the 1926 panic

A historian sheds much-needed light on Florida's abrupt shift from boom to bust.

By William Warren Rogers
SPECIAL TO THE DEMOCRAT

■ **TITLE:** "Panic In Paradise," by Raymond B. Vickers.
■ **PUBLISHER:** Tuscaloosa: University of Alabama Press; $34.95.

This dramatic and pioneering book by Raymond B. Vickers — lawyer, former assistant comptroller of Florida and Ph.D. in American history — makes important contributions to Florida and American economic history.

First, it challenges the traditional interpretation that the end of Florida's prosperity in the 1920s resulted from the failure of the land boom. The view of historians, economists and others has been that bankers were blameless for the dramatic decline in real-estate values.

The recession that followed created a monumental banking panic in 1926 that extended to Georgia. Bankers, helpless to stem the tide, were defended by Comptroller Ernest Amos, who, as head of the state's banking operations, blamed the economic debacle on "the public."

Problems were compounded by a crippling railroad strike and a devasting hurricane, as customers made relentless runs on banks, leaving uninsured depositors with millions of dollars in losses.

Florida was left vulnerable to future devastations: an even more serious hurricane in 1928; the arrival of the Mediterranean fruit fly in 1929, which temporarily devastated the citrus industry; and on-going failures of state and national banks.

Finally, and for varying reasons, the economic crisis hit the entire country with the catastrophic collapse of the Wall Street stock market in 1929.

Until now, the standard analysis of the 1926 panic has not indicted banking officials or the state's bankers. Vickers' book does.

Backed by original research, Vickers points out that conservative and honest bankers survived both panic and depression, but that many Florida bankers exploited the financial institutions they were supposed to defend. They did so, basically, by speculating wildly with the cash entrusted to them, and with the protection of state officials.

Vickers contends further that, almost without exception, all of the Florida bank failures can be attributed to conspiracy to defraud and insider abuses.

The author's revelations are so dramatic — he names and cites multiple examples — that they are sure to invite challenge and already have, as in "The Florida Land Boom: Speculation, Money, and the Banks" (Westport, Connecticut, 1995) by William Frazer and John J. Guthrie Jr.

Even so, Vickers' pioneering book is not just for scholars. It is a well-written, compelling account that is given added veracity by a second contribution Vickers makes to historiography.

Aided by the Florida Historical Society, individial historians and newspaper publicity, he forced a reinterpretation of Florida's bank secrecy law (dating to 1926). That statute closed vital records to those seeking them for research. Once bank records of the 1920s became open to Vickers, he utilized their contents as the basic data for his book.

His book should find a place on the shelves of all Floridians interested in the colorful history of their state. Whoever said that economics is the "dismal science" was wrong.

William Warren Rogers is professor emeritus of history at Florida State University.