

Supercalifragilisticexpialidocious Growth Returns to Florida

By William D. Toal

The recent tempo of Florida's economy suggests that after a brief pause in 1970, the rapid growth experienced during the Fifties and Sixties has returned once again to the Sunshine State. Much has been written about Florida's boom of the past two decades, with recent attention being focused on central Florida's economic growth, a phenomenon stimulated to a large measure by the Disney World development. Florida's renewed economic expansion, however, is much more widespread geographically than is commonly acknowledged. We might well borrow a word from a Disney movie and ask, "Is the recent uptick in Florida's economy a return of 'supercalifragilisticexpialidocious' growth?"

Throughout 1971 and thus far in 1972, the economic pace of the Sunshine State quickened. The unemployment rate, one indicator of economic activity, has been heading downward since early 1971. In order for this to have taken place, there had to be a sharp expansion in employment because the civilian labor has been growing rapidly. Except for the fourth quarter of 1971, this growth in jobs has been forthcoming, with nonfarm employment expanding at a pace generally greater than that of 1970 and almost as fast as that of the Sixties. Although the expansion in jobs has taken place among all types of industries, with the possible exception of Federal Government employment, the sharpest contrast with 1970 is in construction and manufacturing, particularly durable manufacturing. Both of these industries reversed the sharp job losses of 1970 with gains beginning in 1971 that continued into 1972.

Two Freezes Hit Florida

Personal income has also expanded at a brisk pace, especially during the last three quarters of 1971. The country's inflationary problems have, of course, accelerated income growth measured in dollar terms. Even though the wage-price freeze held down the growth of the wage and salary portion of personal income in 1971's fourth quarter, a sharp rise in farm proprietors' income maintained personal income growth at the previous quarter's rate. In the first quarter of this year, despite a sharp pickup in wage and salary disbursements following the wage-price freeze, personal income growth slowed, as farm cash receipts dropped and contributions to Social Security increased.

Throughout 1971, Florida farmers fared very well, despite a severe freeze that caused crop receipts to nose-dive early in the year. Both crop and livestock receipts were up sharply over the previous year, with crop receipts providing most of the irregular quarterly fluctuations. So far in 1972, the

farmers' outlook continues rosy, despite the first quarter decrease in farm cash receipts. Citrus sales are expected to reach a new record in dollar value for the year.

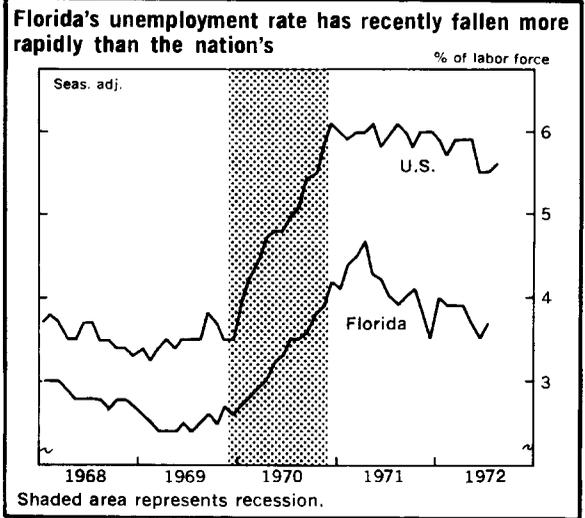
Although a general boom is taking place in Florida, the biggest boom of all is in construction activity. Measured by construction contract awards, the construction sector advanced strongly throughout most of 1971. These rapid gains not only continued but, in fact, accelerated during the first half of 1972. This robust performance has been centered in the residential area, which had slackened off in 1970. Florida is well known for its rapidly expanding construction sector. This expansion is directly related to the State's fast population growth and has been helped along by a sharp rise in mortgage lending by savings and loan associations, which have enjoyed rapid increases in new saving since mid-1970. The recent residential construction boom has made Florida's construction activity of the Fifties and Sixties look paltry by comparison.

Florida banks have also participated in the economic revival. Rising personal income and strong employment gains have stimulated deposit growth in the last year and a half. Growth in demand deposits picked up strongly in 1971, after little growth the preceding year. Florida banks have used these additional funds to expand both loans and investments at a more rapid rate than in 1970.

The 1970 Slowdown

This renewed expansion of the Florida economy at a pace equal, if not exceeding, the average growth rate of the Sixties has been a welcome breath of fresh air for Floridians after a rather sluggish 1970. Previous articles in this *Review* have documented that Florida was affected adversely by the national recession of 1969-1970.¹ But it is generally believed that Florida, because of its economy's unique structure and unique growth pattern, has suffered smaller economic contractions than nationally. A comparative look at Florida and U. S. unemployment rates in the chart substantiates this. Florida's unemployment rate did rise in tandem with the nation's unemployment rate; but the extent of its rise was much less than nationally, and its decline began much sooner.

What is so unique about Florida's economic growth and economic structure that allows it to weather national recessions so comfortably? To begin with, unlike other states, Florida's growth has been triggered by one very important characteristic—its population growth. The rapid



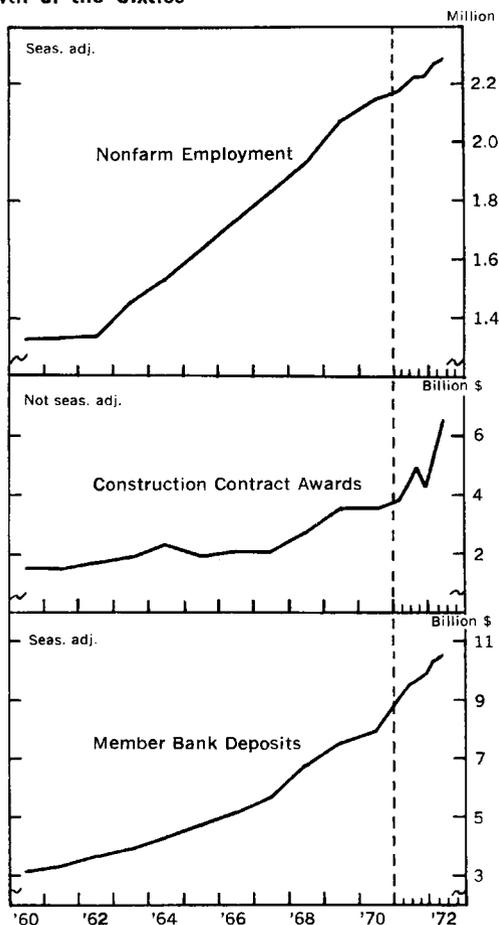
growth in Florida's population, stimulated by in-migration of people seeking the many advantages of the Sunshine State's climate and location, is the driving thrust to its economic growth. Just how rapid has this population growth been? Florida's population has been rising at a much faster pace than nationally throughout the past two decades and on into the present. The long-run trend in population advance did slow down somewhat in the Sixties, but it was still nearly three times as fast as nationally.

Structure and Stability

The Florida economy, spurred on by rapid population gains, has thus developed in a unique way; its economic structure is more heavily weighted toward serving local markets, rather than exporting goods and services to other states and regions of the country. As compared with the nation, a higher proportion of Florida's work force is employed in the services and trades and a smaller proportion is employed in manufacturing, particularly in durable manufacturing. This economic structure reflects the internal focus of Florida's economy. A smaller proportion of heavy industry, which is usually more closely tied to national economic developments, means that Florida is less dependent on the nation's economic environment than most states and, consequently, is able to move through national economic recessions with a minimum of discomfort. This, of course, does not immunize Florida from all economic ills. For example, the State has a larger proportion of its work force in construction than does the nation; and construction, particularly residential, did take a dip in 1970. Moreover, Florida's tourist industry,

¹Arnold Dill, "Florida's Torrid Growth Cools a Bit," this *Review*, February 1970, pp. 27-31.

Florida's recent growth matches or exceeds its rapid growth of the Sixties



Note: For 1971 and 1972, quarterly data are shown. Quarterly data for construction contract awards and deposits are expressed at annual rates. Data for 1960 through 1970 are annual totals except for nonfarm employment, which is an annual average. Total construction contract awards are shown by permission of F. W. Dodge Division, McGraw-Hill Information Systems Company.

which caters to a national market, is influenced by general economic tides. In general, however, the Sunshine State's economy, because it relies less on nationally oriented industry, feels national downturns less severely.

One other facet of Florida and its economy has strengthened its resistance to national economic woes. The lure of sunshine, easy living, and, perhaps, tax advantages has brought about a massive influx of retirees. Proportionate to its size, Florida has a larger number of older and retired people than do most other states. As a result of this older age distribution, transfer income (i.e., Social Security payments) and property income (e.g., private pension and interest income) make up a substantially greater portion of personal income in Florida than they do nationally. These sources of

income have traditionally remained more stable than wage and salary disbursements, which are less important in Florida's personal income make-up than they are nationally. This too, of course, has added to the stability of Florida's economy.

Florida's Growth Spreads Out

Most areas now appear to be expanding at approximately the pace that characterized the decade of the Sixties, indicating that rapid economic growth has certainly returned to Florida. Employment during the last year and a half increased at almost as fast a pace as that experienced during the Sixties. And construction activity, particularly residential, has been booming. Although some of this surge may be related to a bounce-back after a rather sluggish 1970, there can be little doubt that Florida is once again back on the growth track.

The breadth of this expansion has been even more impressive. While in the past, Florida's growth has been largely limited to the lower two-thirds of the State, today's expansion appears to be reaching every nook and cranny of Florida. The Panhandle region, in particular, the State's last economic frontier, is now beginning to come alive; and, of course, the effects of Disney World on central Florida have by now become common knowledge. Furthermore, Jacksonville, Florida's first industrial center, appears to be readying for a new round of expansion.

As the table shows, only the Melbourne-Titusville-Cocoa metropolitan area suffered employment losses from the same time period one year ago. With the reductions in aerospace expenditures, this area, the home of the Cape Kennedy space facility, has undergone a contractionary transition for several years now. The designation of the Cape as the launching site for the space shuttle program has, however, given this part of the State at least some hope for a partial revival.

"A Case of Comic Relief"

To the northwest of the Cape, though, things are really jumpin'. Mary Poppin's expression, "supercalifragilisticexpialidocious," probably comes close to describing the impact Disney World has had on central Florida and, in particular, the Orlando area. While the Disney complex was initially expected to have a first-year attendance of 8 million, this figure has since been revised upward—first to 10 million and then to 12 million, as droves of people have become infatuated with Mickey and his Magic Kingdom. The employment at the Park has reached over 10,000 workers and now ranks as Florida's largest employer, replacing another Orlando firm, Martin Marietta, for this

Economic Growth Hits Most Corners of Florida

	Unemployment (% of Labor Force)		Nonfarm Employment (Thousands)		
	2nd Quarter 1972	1971	2nd Quarter 1972	1971	% Chg.
Daytona Beach	3.2	3.4	47.8	46.0	3.9
Fort Lauderdale- Hollywood	3.1	3.9	191.0	181.4	5.3
Jacksonville	2.3	2.4	194.3	193.0	0.7
Lakeland-Winter Haven	5.5	7.1	78.8	73.5	7.2
Miami	4.9	6.1	528.0	519.3	1.7
Melbourne-Titusville-Cocoa (Brevard County)	5.3	6.3	70.9	71.3	-0.6
Orlando	3.0	4.1	169.7	153.0	10.9
Pensacola	2.5	2.7	71.8	69.2	3.8
Tallahassee	1.8	1.6	49.0	46.3	5.8
Tampa-St. Petersburg	2.3	3.1	334.1	315.5	5.9
West Palm Beach	4.1	4.9	113.4	111.0	2.2

distinction. The boom caused by Disney World has spread out all over central Florida. Lakeland, Tampa-St. Pete, and even the Brevard County area have felt the economic shock waves. Many large residential and commercial complexes have been announced. And then, of course, the announcement of the Ringling Brothers Barnum and Bailey Circus facility, which is to be built 30 miles southwest of Disney World, will make central Florida even more of a tourist mecca.

In the northeast corner of the state, Jacksonville, whose growth had been slower than in other areas of Florida, continued to post only a modest employment advance over the last year and a half, despite a low unemployment rate. The recent announcement of Westinghouse-Tenneco to build a plant on nearby Blount Island that will produce offshore floating nuclear power plants should provide a big boost to Jacksonville's economy in the future. When in full production, this plant could employ as many as 10,000 workers, with an annual payroll of approximately \$100 million. Construction of this facility will provide

an immediate impact on the Jacksonville economy and contribute additional steam to construction activity, which revived during the past year.

The Panhandle area has also begun to participate in Florida's growth. In fact, this region may possibly be Florida's newest growth center. The discovery of oil in the Jay Fields in the northwest corner of the State will provide a lift that cannot be underestimated. More generally, residential housing projects along and near the Panhandle's Gulf Coast, along with a surge of road construction, have also bolstered this region's economy. In South Florida, where economic activity has been expanding at a fever pitch, evidence suggests that some of the rapid growth may be shifting from southeast Florida to southwest Florida along the Gulf Coast. The recent designation of two new metropolitan areas in this region, Fort Myers and Sarasota, confirms this view.

The Questions Ahead

Whether Florida in the Seventies will match or exceed the economic strides it made in the Sixties is, of course, still an open question. There does appear sufficient evidence, however, based on the last year and a half's experience, to indicate that the Sunshine State's economy is off and flying again. Moreover, the current surge of economic expansion appears to be touching all corners of the Peninsular State. Many Floridians, convinced that their state can and will achieve a rapid rate of growth in the current decade, have raised another question: "What *kind* of growth will be best for all Floridians in the long run?" A growth that is balanced, protects Florida's many natural resources, and safeguards the environment is the answer most often given. Thus, as "supercalifragilisticexpialidocious" growth returns to Florida, the question remaining in many people's minds is not, "Will growth be rapid?" but, "What *kind* of rapid growth will it be?" ■

Bank Announcements (Continued from p. 175)

September 21, 1972
THE BANK OF CORAL SPRINGS
Coral Springs, Florida

Opened for business as a nonmember. Officer: R. L. Hofmann, president. Capital, \$600,000; surplus and other capital, funds, \$400,000.

September 25, 1972
FIRST NATIONAL BANK OF JAY
Jay, Florida

Opened for business. Officers: C. D. Bailey, chairman; Jesse L. Golden, president; Charles Stephens,

vice president and cashier; Sara Youngblood and Virginia Hendricks, assistant vice presidents; and Larry Booker and Evelyn Westmoreland, assistant cashiers. Capital, \$250,000; surplus and other capital funds, \$417,989.

September 26, 1972
BANK OF CENTRAL MISSISSIPPI
Carthage, Mississippi

Opened for business as a nonmember. Officer: H. M. Mitchell, president. Capital, \$250,000; surplus and other capital funds, \$240,000.