

# California dreamin' turns into a nightmare

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**The world's eighth-largest economy is 'fast becoming a post-industrial hell' for many.**

It is less than 30 km from the pristine surfing beaches of the Californian coast to a scene of Third World deprivation.

In Skid Row, a grimy pocket of downtown Los Angeles, homeless people lie strewn across the pavements.

The lucky ones have tents for shelter but others make do with a sliver of cardboard for a bed and a supermarket trolley to carry their rags.

At the last police count 1,662 people live on these streets, twice as many as a year ago. And now, among the drug addicts and the drunks, there are families who not so long ago had homes and ordinary suburban lives.

« Los Angeles is re-experiencing the Great Depression, » said Rev. Andy Bales, who runs the nearby Union Rescue Mission shelter. « This is the worst I have ever seen it and there doesn't seem to be an end in sight. This is all these people have as a last resort and I think there's going to be 2,000 by Christmas. I don't think people around the world understand just how bad it is here. »

California - the Golden State, the world's eighth largest economy - is spluttering and stalling and for many the dream life is turning increasingly sour.

Bill Watkins, director of the California Lutheran University's Centre for Economic Research and Forecasting, has compiled a new report detailing a failing state with double digit unemployment, a home foreclosure crisis, bad schools, painfully gridlocked traffic and the flight of young families to places with more hope.

« California is fast becoming a post-industrial hell for almost everyone except the gentry class, their best servants and the public sector, » he said. « The future is pretty grim. If you live in a beautiful area like Ventura County on the coast it's not hellish in any way, but not everyone is living that dream in California. » The people at the bottom, young people trying to start their career, the underclass, people in the service and agricultural industries, they have got an insurmountable problem in attaining the California dream. A young person leaving college and wanting to start a family in California today goes to Texas."

The stark divide between the haves and have-nots is growing.

Beverly Hills 90210, with its \$50-million mansions, was named the fifth most expensive zip code in America this week by Forbes magazine. But two of the state's other cities, Fresno and San Bernardino, are among America's 10 poorest population centres of more than 200,000 people.

San Bernardino, nearly 160 km east of Los Angeles, has 34.6 per cent of its residents living below

the poverty line, meaning it trails only Detroit.

For several smaller towns in the so-called Inland Empire area around San Bernardino, that figure is more than 40 per cent.

According to Census Bureau figures released last month, 2.2 million children in California, nearly one in four, are now living in poverty.

The most populous state in the U.S. is also the most in debt with the deficit at one point spiralling to \$25 billion. The prospect of having to cut the school year by a week to save money from the education budget is a real one. Since 2008, the value of an average home has dropped by about \$90,000 and about three per cent of mortgages are in foreclosure.

This week nearly all the state's 32 Democrat congressmen and congresswomen signed a letter to President Barack Obama urging him to create a « homeowners' bill of rights. »

According to Watkins, California has only 50,000 job openings a year for people with college degrees, yet 150,000 are graduating annually. Inflation adjusted earnings for workers declined 1.9 per cent between 2006 and 2010.

Watkins said : « The August job growth was zero but if it's revised downward, as the previous two months were, then we're into a negative. »

An influx of immigrants could increase demand for property and revitalize urban areas but, amid a lack of lowpaid labour, existing immigrants are leaving in droves to other states or to go home to Mexico.

Carlos Gonzalez Gutierrez, the Mexican consul-general in Sacramento, said it is « now easier to buy homes on credit, find a job and access higher education in Mexico. »

Perhaps the starkest example of how far some people have fallen in the economic downturn is a man in his 50s, who once earned a six-figure salary as a producer on television sitcoms and small budget Hollywood films. A few years ago, he lived in a three-bedroom house with two cars in the drive and occasionally mixed with well-known stars. Now, he lives with his wife and two children in one room at the Union Rescue Mission. He calls it the shelter's penthouse suite.

The producer, who asked not to be identified because he is still applying for work, said : « There was this concept that the economy would grow and grow, so don't worry about it, and people didn't hold on to their money. » Things spiralled downward for me. It got very rough and ugly. We lost our home, then stayed in a hotel for a while, and then we came here.

« I can't tell people in Hollywood I'm living in a shelter. » You have to have a positive outlook though. I have made it before and I am absolutely confident I can make it again."

BY NICK ALLEN, DAILY TELEGRAPH OCTOBER 15, 2011

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**P.-S.**

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