

# **Broke ... and Broken**

**Too many people are struggling to survive.**

**A region blessed by nature can't put all its people to work.**

**Something terrible has happened to the Valley's economy.**

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Originally published 2003-09-07

A jobs crisis is ravaging the central San Joaquin Valley. Too many people are broke. There aren't enough jobs. The paychecks are too meager. A once-thriving economy from Merced to Bakersfield is broken. The result is a disaster of unprecedented length in Valley history.

It fuels crime, depletes government treasuries, devastates businesses, overwhelms schools and leaves tens of thousands of the Valley's most vulnerable people unable to provide more than the barest necessities for themselves and their families. This is the reality in 2003.

It has been the reality for nearly a quarter century. Jimmy Carter was president the last time Fresno County had an annual unemployment rate less than 10%; the scene is hardly better -- and is sometimes worse -- in Tulare, Kings, Madera, Merced and Kern counties.

Poverty travels hand-in-hand with joblessness and the working poor. Nearly one of every four Fresno County residents lives below the federal poverty line; more than one-third of the county's children live in poverty. Fresno County's level of poverty ranks No. 57 among the state's 58 counties; Tulare County is No. 58. This record of economic despair goes on and on. The poverty of the six-county area is on a level with the mined-out hills and "hollers" of Appalachia and a Mississippi River Delta still reeling from its legacy of slavery.

"The people in Arkansas used to say, 'Thank God for Mississippi,' " says Chris Schneider, executive director of Fresno-based Central California Legal Services."Now, the people in Mississippi can say, 'Thank God for the central San Joaquin Valley.' "

For the past four months, The Bee has explored the Valley's jobs crisis in general and Fresno County's in particular. Government officials, welfare workers, job trainers, educators, immigrant advocates, economic development executives and employers were interviewed. So were the working poor and the jobless.

We found these are among the region's most serious challenges:

The Valley in the 20th century bet its economic future on irrigated agriculture. It is paying off handsomely. The region is the richest farm belt in the world.

But agriculture also causes the most unemployment. The state Employment Development Department found that farmworkers generated about 35% of the unemployment insurance claims in Fresno County in 2002, even though figures from a year earlier show that farming accounted for only 14.6% of the county's jobs.

Legal and illegal immigration, particularly from Mexico, is a subject no one wants to talk about. Mexican and Mexican-American farmworkers are the backbone of the region's most powerful industry. They toil in seasonal jobs few locals would dream of doing. Their children climb the American ladder of success, adding more energy to the regional economy.

Yet immigration also is causing the transfer of rural poverty from Mexico to the Valley as poorly educated workers stream north for brighter opportunities, several university professors have found. The result is stunning unemployment, sometimes exceeding 30%, in the Valley's small farm towns.

Job growth is not keeping up with population growth.

Fresno and Madera counties together have added an average of about 6,700 nonfarm jobs annually since 1996. Fresno in 2002 ranked No. 8 among the nation's 200 largest cities for job growth, according to the Milken Institute in Santa Monica.

Yet Fresno County's annual unemployment rate rose from 13.8% in 2001 to 14.4% in 2002; Madera County's rose from 12.1% in 2001 to 12.7% in 2002.

Government isn't using its job-producing tools.

For a variety of reasons, including increased mechanization, agriculture is cutting jobs. State records show that Fresno and Madera counties together have lost an average of 2,850 farm jobs annually from 1996 to 2002.

Government officials, though, are unable to compensate by exploiting various economic development "zones," each with tax breaks for private sector companies locating or expanding there. Fresno labored mightily two years ago to land a federal empowerment zone for some of the city's poorest neighborhoods. Residents were promised 1,000 new jobs within two years. In the first 16 months, the zone produced 82; most were low-wage jobs at a downtown food court.

Too many adults are poorly educated and trained.

Nearly one in five Fresno County residents 25 years and older lack a ninth grade education. In Tulare County, it's almost one in four.

It is a work force not getting much help from the school system. At the start of the 1998-99 school year, Fresno Unified greeted 8,049 freshmen in the Class of 2002. Four years later, the Class of 2002 had 3,678 graduates. School officials give a multitude of reasons. A culture of poverty is well-entrenched.

Welfare annually puts more money in the pockets of Fresno County residents than the payrolls of major employers such as the Fresno Unified School District or the county.

In the past year, county residents received \$655 million from three key public assistance programs: food stamps, Medi-Cal and cash aid. Unemployment insurance checks added another \$223.6 million, up 48% from 2001.

Welfare plus the Central Valley's relatively low cost of living make the region a popular destination for those struggling. Don Pierce, interim director of Fresno County's Human Services System, says 30% of the approximately 1,000 families added every month to the county's welfare rolls come from another county or state.

Key institutions have been slow to publicly dig into causes of the economic disaster unfolding around them.

Government, schools, the media all recognized their world was changing. None asked: "What happened?" or "Why?"

The institutions didn't know how to respond to a crisis of such magnitude and duration. Example: Fresno City Hall has been trying for a decade to develop Roeding Business Park, with its promise of 20,000 jobs; the park's showcase area remains largely dirt and weeds.

It's not that people were asleep. The Bee reviewed about 20 plans, reports and studies written since the mid-1970s and devoted to creating jobs. Some came from government agencies, some from consultants, some from nonprofits.

It's just that none worked.

Whether this was because of the immensity of the task, institutional incompetence, inadequate resources or the limitations of social engineering is open to debate. Each explanation has been pitched with conviction by well-meaning people during the past four months.

Fresno County Economic Development Manager John Popp helped write one of the plans nearly three decades ago. He offers an obscure phrase used by economists to explain the plans' failures: "All other things being equal,"

Translation: The plans looked great on paper, where everything is theoretical and easily controlled. But when the plans were put to the test, reality -- wars, recessions, elections, deaths, births, the messiness of everyday life -- kept getting in the way.

So nothing much happened. And people continue to suffer.

It wasn't always this way. To understand how the Valley got into this mess, it is necessary to look at the past.

The region is blessed by nature. Forget the hot summers and tulle fog. They are insignificant compared to the Central Valley's assets: thousands of square miles of fertile land; oceans of water from the Sierra Nevada's annual snowmelt; easy access to the markets of Northern and Southern California cities.

The Valley has all the pieces for a dynamic economy. It's an economy that has been growing more complex since the Forty-Niners quit searching for easy gold in the mid-1800s. The railroads spread down the Valley, bringing farmers and ranchers. By the mid-20th century, a vast network of dams and canals had turned the region into the food basket of the world.

Agriculture was king. As numerous government reports reviewed by The Bee attest, rare was the mid-20th century Valley business that didn't depend directly or indirectly on the farmer. It was an economy that sustained small-town life; central business districts in many farm communities thrived.

The economy started to change in the 1950s and accelerated in the turbulent 1960s. In Fresno, long the region's largest city, the retail, financial, manufacturing and government sectors were increasingly important job producers.

It was an economy that appeared to work for most people. A 1977 Fresno County report noted that the county's unemployment rate in 1976 was nearly a full percentage point below the state's (8.3% to 9.2%). In 1975, the county's per capita income was about 90% of the state average. Not bad for a farm-based economy.

Then, starting in the late 1970s, it began to fall apart, particularly for huge numbers of the region's least educated people.

Today, Fresno County's unemployment rate is more than twice the state average, and its per capita income is about two-thirds of the state average. In Kings County, the per capita income is barely half the state average. More than half the people filing for unemployment insurance in Fresno County last year lacked high school diplomas.

Explaining this reversal of fortune is a politically charged issue. The Bee rarely had trouble finding someone -- government official, community leader, average citizen -- willing to voice an opinion; few would be quoted by name.

Immigration (from Mexico and Southeast Asia, in particular), the breakdown of the nuclear family and too much welfare were the most common explanations. Fresno Mayor Alan Autry puts much of the blame on what he sees as a bloated, unresponsive public education system.

There was a brain drain of sorts, says former Fresno Mayor Dan Whitehurst: "If you're an entrepreneurial sort in Fresno, you go into real estate rather than developing a next-generation industrial process."

Others suggest that the Valley's so-called "golden age" in the 30 years after World War II wasn't really that great, that a statistical trick made the glory years possible.

The county's unemployment rate was relatively low because farmworkers were assumed to be migratory. When the harvests were over, they had to get out of town or starve. "[T]hey are never officially unemployed ...," a city of Fresno report published in 1972 stated.

In the mid-1970s, the state extended unemployment insurance benefits to seasonal farmworkers. The goal was to stabilize their lives; with it went higher unemployment rates. In 2002, farmworkers filed about 35% of the unemployment insurance claims in Fresno County, the largest group. The next biggest occupation group was clerical/sales at 15.9%.

Some critics have suggested that the jobs crisis was caused by powerful business interests keeping higher-paying jobs out of the region to ensure a large pool of low-cost labor. The Bee could find no evidence to support that claim.

Some point to greed, racism and prejudice, volatile opinions that, to a degree, have the support of Whitehurst. Politicians reacted quickly to the Great Depression because the unemployed were their friends, their neighbors, their relatives, he says.

"Here, the unemployment is suffered by 'the other.' "Whitehurst, who became mayor in 1977, compares the unfolding jobs crisis to a frog dropped into a pot of water; the heat is slowly turned up until the surprised frog finds itself boiled alive.

"There was not a single abrupt event that would galvanize us into action," Whitehurst says.

There is an answer to what caused the jobs crisis: The world in the last quarter of the 20th century passed the Valley by.

The computer chip, not the sturdy tiller of the soil, became the symbol of wealth. Knowledge workers, not farmworkers, earned the livable wage. Success went to regions that embraced the perpetual change -- called "creative destruction" by economist Joseph Schumpeter -- that is the hallmark of capitalism.

Some in the Valley were able to embrace such change. Witness the suburban castles and gleaming shopping centers of north Fresno.

But too many were left behind. Witness the struggling farm towns, the despair at Fresno's welfare motels, the lines at food banks.

The latter part of the 20th century was a time when agriculture lost much of its pricing power. With changes in the nation's trade policies, U.S. consumers found it cheaper in many cases to buy imported fruits and vegetables. Karla Kay Fullerton, executive director of the Fresno County Farm Bureau, has a simple prescription for a stronger farm economy: "Buy American."

The reach of agriculture, despite its woes, is international. The dress shirt buttoned in the morning by a South Korean industrialist could well be made of cotton grown in the Valley. Same

with the raisins popped into the mouth of a London TV viewer, the orange that finishes off lunch for a Hong Kong office worker and the wine sipped by lovers in a Viennese cafe.

Trouble, though, overshadows it all.

The agriculture industry, which portrays its profit margins as razor thin, has a constant need for cheap labor that works only part of the year. It is a labor pool that originates largely in Mexico and perpetually renews itself through legal and illegal immigration.

This large labor pool also tends to hold down wages for other low-skill, entry-level occupations in towns and cities. Among the consequences of this labor model, although by no means the sole cause of it, are rising unemployment and poverty.

With them go the social ills that strain government budgets, social harmony and, most important of all, the well-being of people needing work or a better job.

All of which raises the most frightening explanation for the Valley's jobs crisis: The problems are systemic, and therefore permanent.

This is the backdrop for another jobs effort.

Old enough to remember when the region could put most of its people to work, Fresno Mayor Autry, Fresno County Board of Supervisors Chairman Juan Arambula and Clovis Mayor Lynne Ashbeck are heading a group drafting a plan that aims to change the way the Valley does business.

Called the Fresno Regional Jobs Initiative, it wants to create 25,000 to 30,000 new jobs in Fresno and Madera counties during the next five years in addition to the number that typically would be created in the same period.

At the initiative's heart, though left unsaid in so many words, is the dethroning of agriculture as the region's economic king.

The plan has been six months in the making; a near-finished product will be unveiled Friday at a Fresno jobs summit where the public will get a chance to contribute.

A final report is scheduled to be written by Sept. 30.

The politicians are trying to mobilize community action with blunt words.

"In so many aspects, it's the most challenging time in the history of the Valley," Autry says.

Adds Arambula: "I can't think of any other issue that affects the entire region and almost everything we do."

They speak with the authority of experience; Autry and Arambula both come from farmworker families where destitution often was only one missed paycheck away.

Two words sum up the initiative's vision: Industry focus. They are mentioned repeatedly by initiative leaders. Behind them lies this theme: The private sector is the only true job-creator; Fresno is notoriously ambivalent, if not hostile, to the private sector; therefore the city must embrace an "industry focus" if it hopes to solve its unemployment problem.

In the end, the Valley jobs crisis is about people. The human toll knows no geographical, social, religious, racial or educational boundary.

A closer look reveals that the unemployed and working poor are not Whitehurst's "other." They are your neighbor, your friend, your sister or your brother. Or you.

They are, by turns, scared and angry, hopeful and resigned. Among those who shared their stories with The Bee:

Alfredo Martinez, 28, is a cabinetmaker living in Reedley. But he is not making cabinets now. He is making wood fruit bins for a container company in Goshen, earning \$6.75 an hour. He has three children at home.

Martinez has 12 years of cabinetmaking experience. He left his last job at a Sanger shop when he moved out of the Valley. The Goshen job was all he could find when he returned. "I don't have time to be angry," he says. "But sometimes you're running on empty as you're trying to get to payday."

Elaine Wright, 65, of Fresno used to work at the heart of American capitalism, selling memberships to the Greater Fresno Area Chamber of Commerce. She helped introduce business owners to one another "so they could network."

Then she got laid off when the chamber went through a restructuring. Retirement should be her future, but now she needs a job because she has no income except Social Security: "I didn't think I'd be in this position at this point in my life. I hope I don't have to work until I'm 85."

Amber is a 23-year-old mother of two who declines to give her last name. She used to be a "patient transporter" in a radiology department at a Fresno hospital; her job was to make sure gurneys with their patients got to their appointments.

Then her back went out and her hours were reduced to "pretty near nothing." By midsummer, she was unemployed, at a loss on how to find a decent job and applying for welfare in southeast Fresno.

"I didn't want it to come to this. I didn't want to be on welfare. This was a last resort for me," she says.

The biggest challenge for the jobs initiative, however, may be symbolized by the 28-year-old farmworker in front of a busy Orange Cove convenience market. His past represents the region's problems; his cocky ambition represents its promise.

His name was Jorge in Mexico, where he was born, but he has gone by George since coming to the United States 12 years ago. He won't give his last name, but he isn't shy about admitting he has no documents to be here legally. He wants to stay; America, he says, is his home.

George went to high school for a year, then quit. He says that is where he learned a bit of English. He points to his half dozen friends standing nearby -- farmworkers who say they speak no English.

"Everybody wants another type of work," he says. "Why? Because it's too hard for the body."

On a good day, George says, he will pick more than 2 tons of oranges to earn about \$60. Some weeks when the weather is bad, he works only two days. His extended family -- some members have immigration documents, others don't -- is in Orange Cove.

Several of his picking buddies have no such roots. George points to a friend squatting on the dirt: "He says he's going to Minnesota with his roosters."

Despite his limited schooling, George has seen enough of the Valley's economy to offer some advice to those who want to fix it. Justice is the key.

The secret to getting a job is as simple as 1-2-3-4, he says, raising his fingers one at a time to make his point. There's the big boss. Then the big boss' assistants. No. 3 in the pecking order is the foreman; last is the job-seeker. The foreman gives the jobs, George says. Too often, they go to the foreman's buddies. He asks the question at the heart of the job initiative's 25,000 to 30,000 new jobs: "Who gets them? It's got to be fair."

Self-pity isn't George's style. He smiles often, showing no embarrassment that he obviously needs a dentist, and ignores the stares of his companions who apparently think he talks too much.

Oliver Wendell Holmes said of America that it's the world's least exclusive club but has the highest dues. George instinctively understands the concept. Shouting across the parking lot, he adds one last piece to his economic analysis: "I'm going back to school."

The economic recovery of Fresno County and the Valley depend on many things. That's one.