



Published on Monday, February 23, 2009 by TomDispatch.com

Tough Times in Troubled Towns

America's Municipal Meltdowns

by Nick Turse

When Barack Obama **traveled** to Elkhart, Indiana, to push his \$800 billion economic recovery package two weeks ago, he made the former "RV capital of the world" a poster-child for the current economic crisis. Over the last year, as the British paper **The Independent** reported, "Practically the entire [recreational vehicle] industry has disappeared," leaving thousands of RV workers in Elkhart and the surrounding area out of work. As *Daily Show* host Jon Stewart **summed the situation up**: "Imagine your main industry combines the slowdown of the auto market with the plunging values in the housing sector." Unfortunately, the pain in Elkhart is no joke, and it only grew worse recently when local manufacturers Keystone RV Co. and Jayco Inc. **announced** more than 500 additional job cuts.

In a speech at Elkhart's town hall, Obama **caught** the town's plight dramatically: "[This] area has lost jobs faster than anywhere else in the United States of America, with an unemployment rate of over 15 percent when it was 4.7 percent just last year... We're talking about people who have lost their livelihood and don't know what will take its place... That's what those numbers and statistics mean. That is the true measure of this economic crisis."

Elkhart, as it happens, is but one of countless towns and small cities across the U.S. that have proven particularly vulnerable to tough times simply because their economies relied on just a few major employers, or a single industry, or even a single company that has gone under or cut back drastically. Places like Elkhart are feeling the pain in ways most of the country isn't -- yet; and even worse, from the out-of-work to local officials, no one knows how to stop the bleeding.

Take Dalton, Georgia, and its 33,000 residents. As the self-proclaimed "Carpet Capital of the World," it wasn't exactly well positioned when the foreclosure crisis hit and the construction industry ran off the rails. In fact, with its carpets piling up underfoot rather than heading out the factory doors, the housing crisis has all but wrecked Dalton which, from the 1980s to last year, had never been at a loss for jobs. Now, the *Atlanta Journal-Constitution* **reports**, U.S. Bureau of Labor statistics show the Dalton metro area ranking "second among 369 American cities in its rate of job loss, jumping from 6.2 percent to 11.2 percent last year."

Across the country, **individuals**, foreclosed or suddenly jobless, have been melting down like the economy and so bubbling up into the news in the form of extreme acts ranging from suicide and murder to arson and robbery. The same might now be said for news about whole troubled communities.

A few months ago, stories of economically-troubled towns were strictly local fare. Now, more and more of them are rising to regional or national attention. Take Lehigh Acres, Florida, a community that's home to large numbers of carpenters and pest exterminators who rode the housing boom until it went bust in a county that, between June 2007 and June 2008, lost a higher percentage of jobs (8.8%) than any other in

the nation. A *New York Times* article [on the "once-middle-class exurb"](#) detailed the devastation:

"[H]omes are selling at 80 percent off their peak prices. Only two years after there were more jobs than people to work them, fast-food restaurants are laying people off or closing. Crime is up, school enrollment is down, and one in four residents received food stamps in December, nearly a fourfold increase since 2006."

Similarly, the *Wall Street Journal* [profiled](#) the plight of Rockford, Illinois, an industrial city about 90 miles northwest of Chicago with 12.5% unemployment, the highest in the state, a shortfall of \$7.6 million in the city's budget, streets filled with "gaping potholes" and a "city center... rife with vacant storefronts."

Most of America's desperate towns and small cities, however, still remain relatively anonymous. Even with their pain quotient on the rise, they lack *New York Times* profiles or presidential photo ops to draw attention to their woes. But it's important to note that Elkhart, Dalton, and Lehigh Acres aren't American oddities. Other towns and cities in surprising numbers are following fast down the path they have already cleared. Such places are now hurt or possibly, in some cases, even dying -- with little in the way of hope or help in sight. Under the circumstances, they should no longer be treated as individual stories, locally or nationally. They represent a pattern, and putting even a small number of their stories together casts a light on a disturbing countrywide trend that may determine the tomorrows of a remarkable number of Americans.

Tough Times in the East

After Governor Deval Patrick slashed aid to municipalities across the state, the "cash-strapped" town of Winthrop, Massachusetts, was left with a \$512,000 budget gap. As a first step, the town axed its \$117,000-a-year police chief and is now considering shuttering its public library. "The library has gotten a lot of attention, but if it's not the library it's going to be something else," said Winthrop Town Council President Thomas Reilly, a 40-year veteran of local government. "This is the worst I've seen," he [told](#) the *Boston Herald*.

Tough times have even reached tony Greenwich, Connecticut, which, the *Greenwich Time* [reports](#), is looking to cut \$5 million from its proposed 2009-2010 budget, in part through layoffs as well as a wage freeze for public employees. This famed haven for the rich is also experiencing joblessness "near a record high that has not been seen since the withering downturn of the early '90s."

West Warwick, Rhode Island, a textile mill town that, according to its [website](#), gave the world the "Fruit of the Loom" trademark, is another municipality in dire fiscal straights. In early February, West Warwick announced that it could not meet its obligations on a multi-million dollar lawsuit settlement stemming from a nightclub fire and that its school system was \$3.5 million over budget. "There is no way that we can tax our way out of this problem," Town Manager James Thomas [told](#) local television station WPRI.

Tough Times in the South

The small Appalachian town of West Jefferson, North Carolina, like its northern brethren, has also been hit hard. A recent Associated Press [report](#) noted that in a little more than a year, "the town and the neighboring county seat of Jefferson have lost more than 500 factory jobs -- a number equal to 20 percent of the town's population." All of this resulted from crucial town businesses like its light-switch plant, which had long benefited from the housing boom, shutting down, sending ripples through its heavily manufacturing-dependent economy. As a result, other local businesses, from Thistlewood, a women's

clothing boutique, to a Dodge car dealership, are shutting down as well. It's a symptom of the times that the local food bank is now feeding nearly 50% more families than a year ago.

When the Peanut Corporation of America plant linked to the 2008 salmonella outbreak decided to lay off almost all of its 50 workers in January -- the company has since filed for bankruptcy -- it was a hard pill for Mayor Ric Hall of Blakely, Georgia, to swallow. After all, it was one of the two main businesses the town of 5,700 -- and the self-proclaimed "Peanut Capital of the World" -- relied on for its economic wellbeing. In a sign of the times (and perhaps of the collapsing newspaper industry), the other, a newspaper production plant, had already announced plans to lay off at least 100 workers. "We're already struggling with high poverty and a struggling agricultural economy, and this will impact not just our community, but this entire region of the state," **Hall told** the *Los Angeles Times*. "That's a total of about 150 to 170 people who have lost their jobs," he said. "Being the small agricultural community that we are, the prospect of finding new employment is virtually impossible. People here don't have much, and the layoffs make it even more devastating."

Times are tough in Dillon, South Carolina, too, the town where Federal Reserve Chairman Ben Bernanke grew up. Just recently, his childhood home was purchased at a foreclosure sale -- an all-too-common occurrence in a town already long battered by the decline of the local tobacco and textile industries. Now, **writes** the *Wall Street Journal*, it's "facing a fresh assault of plant closings and layoffs that have pushed its unemployment rate to 14.2% -- almost double the national average." As in so many other places, the catastrophic housing and automotive markets have hit Dillon with hurricane force. Mohawk Industries, which made yarn for carpeting and employed 137 people in town, shut down, while Wix Manufacturing, which produces automotive filters, has slashed employee hours and some jobs. In fact, just outside of town, at South of the Border, a faux Mexican-themed "village" of souvenir stops, restaurants, and low-rent attractions where Bernanke once worked, business -- which depends on vacationers trekking down the East Coast to Florida -- is off 10%, the worst downturn since the 1973 oil crisis, according to Richard Schafer, the patriarch of the family that runs the tourist trap. "People are losing their home and jobs," he says, "and they're not traveling as much."

Tough Times in the Midwest

Wilmington, Ohio, is another company town whose fortunes have plummeted. After overnight shipper DHL shut down its domestic courier service, the town went into a tailspin. Already, 3,000 jobs have been lost at the local airport. Within months the number is expected to rise to 8,000, according to an **Associated Press report**. As a result, in the town of 12,000, new claims for unemployment benefits are the highest they've been in 26 years and many businesses are facing the prospect of closing down, as is its hospital. "I think one in five small businesses will fail or could fail," **says** Wilmington's mayor David Raizk. As a result, more and more families are visiting local food banks, while community leaders are promoting backyard gardens as an inexpensive way to help feed families. In fact, Wilmington College is even opening up gardening plots on its property for needy townspeople.

In Lordstown, Ohio, a town of 3,600, General Motors and its 5-million-square-foot plant was the lifeblood of the community. In January, however, GM told 2,800 of its more than 4,000 Lordstown workers to stay home for the month. At the end of the month, 800 of them were told not to return. Now the town, which derives 75-80% of its tax revenues from the auto plant, according to the **Youngstown Vindicator**, is facing ruin. "We're a one-horse town in that regard," said Mayor Michael Chaffee, who estimates, according to a **CBS Evening News report**, that for every GM job lost, at least two others are needed to replace it, due to pay differentials. Meanwhile, the Lordstown village council approved a wage freeze for its full-time workers and 60 part-time employees and is looking for other ways to cut costs, like suspending

capital improvements like road repair. Elsewhere in Ohio, other GM towns are feeling Lordstown's **pain** . At GM's engine and transmission parts plant in Defiance, for instance, 100 GM employees were being laid off in mid-February.

GM isn't the only source of mid-Western woes, though. In recent months, massive layoffs by businesses in downtown Des Moines, Iowa, have caused great economic **hardship** . And the situation won't be getting better soon as software giant Microsoft recently **shelved plans** to build "a \$500 million data center in West Des Moines" that would have brought with it 75 new jobs. On top of that, just this month the American Enterprise Group, a local insurance company **announced** 51 layoffs; the Des Moines City Council **announced** 88 jobs cuts; while the Des Moines County jail is **contemplating** unpaid furloughs or layoffs and a scheme by which inmates would pay for their own toilet paper. Robert Crandall, the executive director of the Bidwell-Riverside Center, a food pantry in Des Moines, noted that the number of families his group was serving had risen as much as 33% in recent months. "The really sharp [jump in numbers] started late summer, early fall," he **told** the *Des Moines Register*.

Tough Times in the West

In the West, California dominates the news with a seemingly endless string of stories about the deepening crisis faced by towns (sometimes in that state officially labeled "cities," even with populations of less than 1,000). El Centro, California, for example, **boasts** an eye-popping 22.6% jobless rate -- and while this is the highest rate in any metropolitan area, it isn't even the worst case in the state.

"We have a major problem to deal with," Mayor Robert Silva of Mendota, California, **told** local TV station KFSN in January. A month earlier, the "Cantaloupe Capital of the World" (population: 10,000) experienced the greatest spike ever in its unemployment rate. At an astounding 35%, it was clearly in a local Great Depression, whatever the rest of the country was in. In a rich agricultural area, it was also in a great drought as water supplies dwindled, fields were left fallow, and farming jobs dried up. Not surprisingly, with so many out of work, local businesses are suffering. Among the hardest hit are fertilizer and irrigation equipment suppliers as well as trucking companies with nothing to transport. "And, of course, it all trickles down to hairdressing shops, restaurants and other small businesses in town," Sarah Woolf of the Westlands Water District, which provides water to more than 600 family-owned farms in the region, **told** the *San Jose Mercury News*. Silva, who also works as a manager at a local store, agrees: "We're down 20% like all business in Mendota. Everybody's down." The fallout from the agricultural crisis has also hit the housing market where, the *Wall Street Journal* **reports** , Mendota's home sales "fell to fewer than 10 in the fourth quarter of last year from nearly 100 in the second quarter of 2007; [and] median prices dropped 37% to about \$175,000 from a 2006 high of about \$275,000..."

Things are only slightly better eight miles north in Firebaugh (population: 5,700), which saw its jobless rate climb to nearly 23%. In that town, too, the crisis is intimately linked to drought conditions across California. "I would call it the perfect storm or compound crisis," said Firebaugh City Manager Jose Ramirez.

In Rio Vista, a town of about 7,000, "plummeting property and sales taxes and building fees due to the housing bust, and a drop in funds from the state" have led to a \$900,000 deficit in the local budget, according to a **report** in the *San Francisco Chronicle*. As a result, Rio Vista was forced to lay off four employees and leave 20 already vacant full-time jobs empty, freeze salaries, cut recreation programs, and adopt a four-day work week at city hall. The austerity plan has so far staved off bankruptcy, but the wolves at the town's door didn't have far to travel to find easy prey.

Maria La Ganga of the *Los Angeles Times* **recently reported** that Rio Vista's neighbor, tiny Isleton -- a half-square mile town with just 817 residents -- is almost \$1 million in the red and fighting to stave off

bankruptcy, if not dissolution, due to its seemingly insurmountable debt. "Some people have said, 'Just hand it over to the county and go home,'" said City Manager Bruce Pope. But while Isleton's case is among the worst in the state, it's hardly alone in its fiscal anguish. La Ganga notes:

"Vallejo, 36 miles northwest, filed for bankruptcy protection in May. Watsonville closed all city services except police and fire for two weeks over the holidays. Calexico declared a fiscal emergency... The state's 10 biggest cities are more than a quarter-billion dollars in the red this fiscal year. Next year, San Francisco and Los Angeles predict a combined \$1-billion deficit."

Big Cities Going Bust in Tough Times

San Francisco and Los Angeles are far from alone. The one- or two-factory towns lacking economic diversity and suffering mightily for it may be harbingers for the fate of the bigger cities, many of which are already facing financial hardships. After all, as CNN **reported**, Labor Department statistics show unemployment rates rising "in 98% of metropolitan areas across the country in December."

In Chicago, recently **named** "the third most miserable city" in the United States by *Forbes* magazine, "unemployment is expected to rise to 9.2 percent... and major layoffs have hit local powerhouse employers including Midway Games, Motorola and the University of Chicago Medical Center."

In January, during his fourth State of the City message, Mayor Jerry Sanders of San Diego **painted** a typically grim picture, citing "a \$54 million deficit, scaled-back city services, higher fees, layoffs and mandatory water rationing." And it could get much worse, he told San Diegans. "This year, an even larger deficit looms. Sacramento [the state government] is more likely to hurt us than help us, and we'll again need to make painful decisions. That scenario could repeat itself, next year and the year after." Subsequently, Rani Gupta of **VoiceOfSanDiego.org** -- San Diego's non-profit on-line site that has been hailed as a new model for news gathering -- reported that estimates of the city's budget gap by a former mayoral candidate's think-tank actually top out at more than double the mayor's figure -- an astounding \$128 million.

In New York City, 65,000 jobs were lost in the last three months of 2008 alone, while the jobless rate jumped from 6.3% to 7.4% between November and December. Mayor Michael Bloomberg **has estimated** that an additional 300,000 job losses, including 46,000 fewer jobs on Wall Street, are expected to clobber the Big Apple by year's end. At the same time, a report by investment bank UBS **suggests** that such losses may translate into a 10.5% unemployment rate, "a level not seen since the mid-1970s."

Meanwhile, New York's Metropolitan Transportation Authority (MTA) is considering a 23% increase in fares and tolls, the elimination of multiple subway lines and more than 24 bus routes, among other measures to help close its own \$1.2 billion budget gap. The MTA is just one of many big city transportation authorities looking to make giant cuts in tough times. Recently, the *New York Times* **reported** that "[t]ransit systems across the country are raising fares and cutting service even after attracting record numbers of riders last year." A particularly dire case is St. Louis, where "despite rising ridership, the transit system plans to lay off a quarter of its work force and make drastic service cuts to balance its books." Boston, Atlanta, and San Francisco are facing similar tough choices when it comes to cutting subway or bus services, raising fares, and potentially leaving significant numbers of city and suburban dwellers high and dry.

Troubled Towns and Troubled Times

Stories about the economic woes facing individual cities and towns are already a staple of national newspapers, even as the bad news, experts believe, is only beginning to flow in. Spikes in unemployment already reaching double-digit levels in some cases, municipal governments deep in the red, essential cutbacks in local services, increasing lines at food pantries, towns facing bankruptcy or even contemplating municipal suicide are increasingly common nationwide.

Towns like Elkhart, Lehigh Acres, and Mendota may now be media poster-towns for tough times nationwide, but most distressed small towns are still suffering in silence and, as a group, they may only be the proverbial canaries in the coal mine. It isn't surprising that towns which relied heavily on the collapsing auto industry and the building trades are going belly-up first, but what about the rest of America's towns and even big cities? The same economic forces are battering them, and while they may have been able to withstand immediate collapse, there's no guarantee that town after town won't be deep in the red, drowning in joblessness, and facing catastrophe as the American depression drags on.

Copyright 2009 Nick Turse

*Nick Turse is the associate editor of TomDispatch.com. His work has appeared in many publications, including the Los Angeles Times, **the Nation**, **In These Times**, and regularly at TomDispatch. A paperback edition of his first book, **The Complex: How the Military Invades Our Everyday Lives** (Metropolitan Books), an exploration of the new military-corporate complex in America, will be published this spring. His website is **Nick Turse.com**.*

Article printed from www.CommonDreams.org

URL to article: <http://www.commondreams.org/view/2009/02/23>