



Written by [Warren Mass](#) on October 25, 2018

California Middle Class Disappearing

While agriculture, science and technology, trade, media, and tourism have contributed to making California's economy the largest in the nation and fifth largest in the world, with a per capita income that is the sixth highest in the nation, those figures are driven mainly by those in very high income brackets. High real estate prices, high rents and utility bills, and increasingly higher property, income, and sales taxes fall heavily on the middle class, who — no longer able to afford living in California — are leaving the state in large numbers.



In September, the real estate blog Curbed posted an article that cited U.S. Census Bureau statistics showing that when factoring in housing costs and other basic necessities, nearly one in five Californians lives in poverty, a rate that is higher than any other state.

A report in *The Hill* on October 24 attributed the high cost of housing in California to government regulation, noting that the state and its cities “use environmental and zoning laws to restrict housing, which often disallows large-scale development of apartments. The result? Less access for middle class residents.”

The article compared California's welfare statistics to those of Texas, noting: “In Texas, 6 percent of families under the poverty line receive welfare — in California the figure is 66 percent. Texas's supplemental poverty rate is a quarter less than California's.” It continued, “The combination of government overreach and ineffective programs creates a brutal dichotomy of very rich and often very poor.”

As middle-class Californians look for more affordable places to move to, other Western states such as Arizona, Nevada, and Idaho are often their destination. An October 23 report from *Bloomberg* noted that California's “punishing housing costs, high taxes, and constant threat of natural disaster have all become too much. [Californians are] making their escape to areas such as Boise, Phoenix, and Reno, Nev.”

In an article last April, we observed that high taxes and regulations also have prompted businesses to leave states such as California, taking thousands of middle-class jobs with them, a trend that we reported on back in 2012. That report quoted economist Mark Perry, who wrote: “The American people and businesses are voting with their feet and their one-way truck rentals to escape California and its forced unionism, high taxes, and high unemployment rate for a better life in low-tax, business-friendly, right-to-work states like Texas.”

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