



Poverty, Despair, and Big Government

Freddie Gray's death was the spark, but Baltimore's governance was the powder keg.

By Michael Tanner

April 29, 2015

Let's get this out of the way right at the start: There is no excuse — no acceptable reason — for the rioting in Baltimore this week. But, that said, there are lessons to be learned about the failures of government and how those failures can create a climate of anger and frustration that just awaits a spark to ignite the flames of violence and destruction.

That spark in this case was the still-unexplained death of Freddie Gray in police custody, but the powder keg was put in place by decades of big-government liberalism, both in the city of Baltimore and in the state of Maryland.

For example, Maryland has one of the most generous welfare systems in the nation. A mother with two children participating in seven common welfare programs — Temporary Assistance for Needy Families (TANF), food stamps (SNAP), Medicaid, housing assistance, Supplemental Nutrition for Women, Infants, and Children (WIC), energy assistance (LIHEAP), and free commodities — could receive benefits worth more than \$35,000. Yet, nearly a quarter of the people in Baltimore still live in poverty. In 1960, Baltimore's poverty rate was just 10 percent. While some of the increase since then is a result of demographic and other structural changes, we've clearly been throwing a lot of money at poverty in the city without much result.

And while Baltimore's high welfare benefits haven't reduced poverty, they may well have exacerbated other social problems. For example, some studies have long shown that high welfare benefits correlate with high out-of-wedlock birth rates. It should not come as a surprise, then, that two-thirds of births in the city are to unmarried mothers, and almost 60 percent of Baltimore households are headed by single parents.

The unemployment rate in Baltimore in February was 8.4 percent, compared with just 5.5 percent nationally. In the Sandtown–Winchester/Harlem Park area, which is near the center of the unrest, more than half of the people did not have jobs, according to a February 2015 report from the Justice Policy Institute and the Prison Policy Initiative.

One reason for this is the city's — and the state's — unremitting hostility to business. The U.S. Chamber of Commerce reports that only seven states and the District of Columbia have a worse business climate than Maryland. The state's tax burden is huge and growing. According to the Tax Foundation's State Business Tax Climate Index, Maryland ranks a dismal 40th in terms of business taxes, and an even worse 45th in terms of personal-income taxes. According to this report, Maryland is one of just a few states where the personal-income tax creates "an unnecessary drag on economic activity." The state's small businesses face the nation's seventh-highest marginal tax rates.

As if that were not bad enough, the city of Baltimore adds one of the highest property taxes among comparable cities. Despite a recent modest reduction in property-tax rates, Baltimore still has a tax rate more than twice the rate of most of the rest of the state. A recent study by the Minnesota Center for Fiscal Excellence and the Lincoln Institute of Land Policy ranked Baltimore twelfth out of 53 major cities in terms of high property taxes. When the city taxes are combined with state taxes, Baltimore ends up with the ninth worst tax burden out of 50 major American cities.

The city's economic stagnation has driven out much of the middle class, black as well as white. The result is tiny pockets of affluence surrounded by large concentrations of poverty.

The city's schools represent another failure of government. Teachers' unions are among the most powerful special interests in Maryland. To cite just one example, even as other states were enacting right-to-work laws for public employees, Maryland passed a law mandating that all teachers pay fees to the Maryland State Education Association.

Although Baltimore ranks fourth among major cities in per-pupil expenditures for districts with more than 40,000 students and spends \$16,578 a year per pupil — roughly 52 percent above the national average — more than a quarter of Baltimore students fail to graduate from high school. Fewer than half of Baltimore high-school students passed the last Maryland High School Assessment test. SAT scores for Baltimore students are more than 100 points below the national average.

Yet Maryland has one of the nation's most restrictive charter-school laws. There are just 52 charter schools statewide. In neighboring Washington, D.C., 44 percent of the city's public-school students are educated in the District's 112 charter schools, according to the National Alliance for Public Charter Schools. Even within the public schools, choice is extremely limited in Maryland; parents are not generally allowed to send their children to schools outside their assigned district. Needless to say, any larger efforts to give parents more control over their children's schooling — such as vouchers or tax credits — have gone nowhere.

Crime remains a major problem in Baltimore. Despite some of the nation's toughest gun laws, there were 99 murders in Baltimore in the first six months of 2014 (the most recent FBI data available), making the city the fifth-most-deadly in America. But, while the city remained violent and crime-ridden, the police have pursued a policy of random stops and arrests for minor offenses that has alienated residents.

If you are looking for an example of the failure of the War on Drugs, Baltimore would be a showcase. Martin O'Malley, in particular, both as mayor of Baltimore and as governor of Maryland (he is now a Democratic presidential candidate), pushed a "zero tolerance" policy that resulted in the arrest of thousands of young black men for minor drug offenses.

This approach to policing has inevitably led to widespread abuses. Baltimore paid out more than \$5.7 million in settlements for police-brutality complaints from 2011 to 2014, and spent another \$5.8 million on legal fees defending police. While we shouldn't leap to conclusions until the investigation is complete, it is very easy to see Freddie Gray's death fitting into this context.

Again, none of this is an excuse for violence or the destruction of property. Moreover, the riots are counterproductive, destroying the very businesses and other resources needed to rebuild troubled communities. Businesses are not going to flock to inner-city Baltimore after this week's mayhem. Taxes are not going to go down. Yet, it is hard to look at the results of decades of big-government failure and not understand the frustration and hopelessness of those victimized by such policies.

Once order is restored in Baltimore, there will be time to take stock. We can expect to hear the usual chorus about neglected neighborhoods and the need for government jobs programs or additional social spending. Instead, we should take to heart President Obama's admonition that "When what you're doing doesn't work for 50 years, it's time to try something new."

Big government has failed Baltimore. If we learn nothing from what just happened — if we simply go back to throwing money at the same tired old programs — it will be just a matter of time until this happens all over again.

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