

All forms of revenues fell in Maryland in the last year. Property transfer taxes are down 22%, corporate income taxes fell 22%, and personal income is growing at the slowest rate in 20 years. Thanks to a lower rate of savings and the drop in the inflated property values which had been the basis for the majority of bank loans, the Maryland banking system is only slightly behind the state of decay that is now hitting New England. Bankruptcy filings for Maryland were up 23% in the first quarter of 1990 over 1989. In Baltimore they were up 32% in the same period: from 1,030 in the first quarter in 1989 to 1,346 in the same period in 1990.

### Homelessness

The rate of bankruptcies and layoffs is forcing a huge increase in the number of people seeking shelter. In 1990, 50,000 homeless people were turned away from shelters, a 20% increase. The number of people seeking shelter has doubled in the last five years. Increasingly, those looking for shelter are families whose breadwinners have lost their jobs. Almost 60% of those turned away nightly from shelters are families, compared to 25% two to three years ago. Maryland's program for the homeless was seeking an increase of \$2.3 million from the state, of which \$1.8 million was to go for 500 additional beds. With all state agencies already cut back by an average of 5%, there is little likelihood of more assistance as the ranks of the homeless grow. The November jobless rate rose 5.3% in the state—the highest level in six years—an increase of 2.1% over last year. Things look even bleaker in the biggest city, Baltimore, with an unemployment rate of 8.2%.

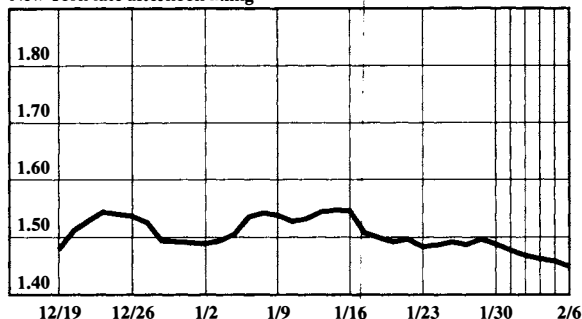
Many accuse Schaefer of deliberately overestimating future revenue so the budget deficit does not soar to new heights. Here is a clear example of the problem of not knowing, or not wanting to know, how bad things are. In the first three weeks of October 1990, the budget deficit grew from \$249 million to \$322 million. How did the deficit grow \$73 million in such a short time? The lower estimate was based on individual tax revenue declining by \$52 million. In this scenario, retail sales taxes would be off by \$55 million and corporate income taxes would be down by \$17 million. But the revised estimates were much worse. The new figures showed individual income taxes down by \$108 million, sales taxes off by \$75 million, and corporate taxes dipping by \$33 million.

That was back in late October, when the deficit was re-figured to be \$322 million. By January, it was estimated to be between \$423 and \$450 million. What will it be by next month, by the summer, or by next year? No one is willing to say, and given the poor level of understanding of the science of economics, maybe no one in the government truly knows. But we know one thing for sure: If we keep following the same stupid economic policies we have for the last 20 years, no one's standard of living will be secure as we head deeper into this depression.

## Currency Rates

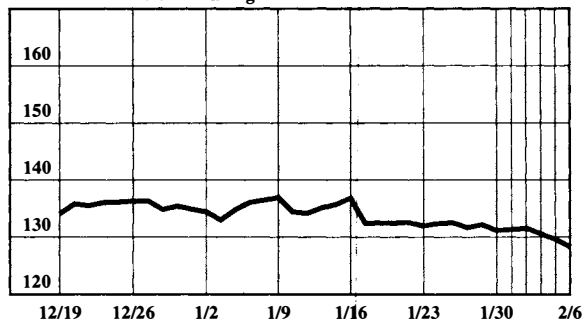
**The dollar in deutschemarks**

New York late afternoon fixing



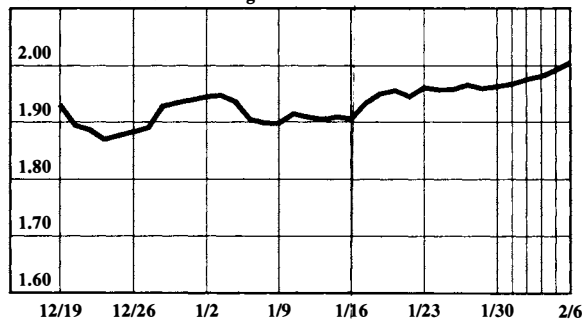
**The dollar in yen**

New York late afternoon fixing



**The British pound in dollars**

New York late afternoon fixing



**The dollar in Swiss francs**

New York late afternoon fixing

